Baku at All Costs: The Politics of Oil in the New Soviet State

By

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I used to imagine how I would compose my acknowledgements as a way to keep me focused on long weekend runs- one of the various coping mechanisms for making it through graduate school. As I pushed through the miles, I would remind myself that, just like those runs graduate school would not last forever, despite my senses telling me otherwise. As I added miles, so too did I accrue debts.

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LIST OF TERMS

Ədalət (Justice)	Social Democratic Organization (later Political Party) of Iranian immigrants in Baku, merged with Hümmət
ASSR	Azerbaijan Soviet Socialist Republic
Azneft'	Azerbaijan Oil Trust
Azneftekom	Azerbaijan Oil Committee (precursor to Azneft')
Azsovnarkom	Council of People's Commissars of Azerbaijan
Baksovet	Baku City Soviet
CCC	Central Control Commission
Comintern	Communist International
GKK	Main Concessions Committee
Glavkoneft	Main Oil Committee
Hümmət (Endeavor)	Azeri and Muslim Social Democratic Organization
Iranburo	Iranian Bureau of the Russian Communist Party
Kavburo	Caucasian Bureau of the Russian Communist Party
Müsavat (Equality)	Azerbaijani Political Party, Ruling Party of Azerbaijan Democratic Republic
NEP	New Economic Policy
NKF	People's Commissariat of Finance
NKID	Commissariat of Foreign Affairs
NKVT	People's Commissariat of Foreign Trade
Neftesindikat	Oil Syndicate
Obvneshtorg	Unified Foreign Trade
Politburo	Political Bureau of the Russian Communist Party
RSFSR	Russian Soviet Federated Socialist Republic
Sovnarkom	Council of People's Commissars
TsK AKP (b)	Central Committee of the Azerbaijan Communist Party
TsK RKP (b)	Central Committee of the Russian Communist Party
TSFSR	Transcaucasian Soviet Federated Socialist Republic
VES	Higher Economic Council
VSNKh	Supreme Council of the Economy

NOTE ON TRANSLATION AND TRANSLITERATION

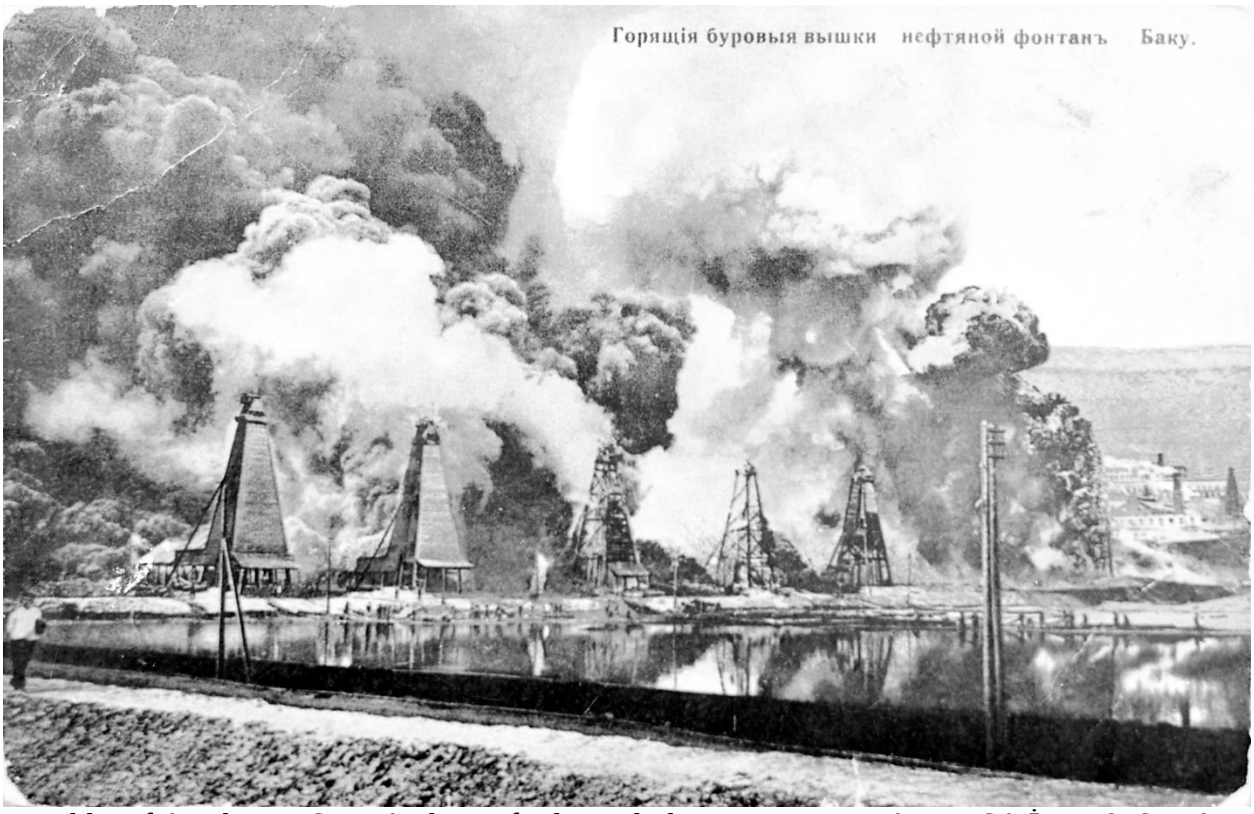
Unless otherwise indicated, all translations are my own. All Russian names and quotations have been transliterated into the Latin alphabet using a modified system based on the *Library of Congress*. All names have been transcribed according to the *Library of Congress* transliteration of the Russian spelling, not popular Anglophone forms. For example, Serebrovsky and Mikoyan are written Serebrovskii and Mikoian. I have chosen to use the familiar Politburo and Kavburo rather than the Politbiuro and Kavbiuro. The diacritic (**'**) indicates a soft sign (**ь**). All Azeri names and titles, when possible, have been transliterated according to the Latin alphabet adopted by the Republic of Azerbaijan in 1991. This revised Latin alphabet includes the following additional letters: Ə [æ], X [kh], and Q [k]. For example, some of the names of the major Azeris and political parties discussed in this work and their popular forms are: Nəriman Nərimanov (Nəriman Nərimanov), Mirzə Davud Hüseynov (Mirza Davud Huseinov), Ruxnulla Axundov (Rukhnulla Axundov), Adaeət (Ədalət), Hümmət (Himmat/Hummet). When my primary sources are Russian-language, I have maintained the Russian transliteration found in the records, e.g. Gusienov instead of Hüseynov and Mirza Kuchuk Khan. I also use Persia and Iran interchangeably as it was at the time.

MAPS AND PICTURES

http://www.turkey-visit.com/azerbaijan-map.asp

http://upload.wikimedia.org/wikipedia/commons/d/d8/Soviet_Caucasus_map_%28ed%29.jpg

Contemporary map of Iran http://www.iranpoliticsclub.net/maps/maps10/index.htm



Republic of Azerbaijan State Archive of Film and Photo Documents AR DFSA İ. 141816, s. 0. Buring oil derricks, Baku, circa 1917.

AR DFSA İ. 2, s. 14 Baku. General view of Bibi-Heybat, 1917.

AR DFSA İ. 1604, s. 2. Baku. Bibi-Heybat, 1913.

AR DFSA İ. 5009, s. 2. Camel caravan on the streets of Baku, circa 1917.

AR DFSA İ. 1563, s. 2. Aleksandr Serebrovskii, head of Azneft' (left); Nəriman Nərimanov (right)

Ruxnulla Axundov

Sergei Kirov

From: Cəmil Quliyev, ed. *Azərbaycan tarixi. Yeddi cilddə. VI cild (aprel 1920 - iyun 1941)* (Bakı. "Elm" 2008), 513 and 511

View of Baku circa 1920-1930. From: Quliyev, *Azərbaycan tarixi*, 522.

Sergo Ordzhonikidze
http://enondplats.files.wordpress.com/2011/03/sergo.jpg

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Azneft' headquarters, Baku, 1922. AR DFSA İ. 5922, s. 5.

Workers on site in Semnan, Persia at *Kevir-Khurian*. Circa 1928.
State Archive of the Azerbaijan Republic, ARDA: f. 1610, op. 1, d. 199, page unnumbered.

Şəkil 1. Azərbaycan İctimai Şura Cümhuriyyəti hökumətinin ilk tərkibi (1920)

Azerbaijan Republic Council of Soviets, 1920.

From, Quliyev, *Azərbaycan tarixi* ,505.

INTRODUCTION: THE SITUATION IS CATASTROPHIC

On the heels of the Bolshevik revolution, the Russian Empire fell apart and in the spring of 1918 three new states in the south Caucasus—Azerbaijan, Armenia, and Georgia— declared independence. Baku, Azerbaijan's capital city and the largest producer of oil in the empire, quickly fell under the control of the pro-Bolshevik Baku Commune. The Baku Commune collapsed, rather dramatically, within a matter of months and by September 1918 the Ottoman Army, followed by the British Army, occupied Baku and the surrounding oil fields of the Absheron peninsula. Despite these occupations, the Azerbaijan Democratic Republic maintained its independence until the Red Army invasion and occupation of Azerbaijan in April 1920.

The extent to which the Bolshevik Revolution was dependent on carbon sources, that is, oil and coal for survival was startlingly apparent in the early months of 1920. The vulnerability of the revolution was exposed as Soviet Russia confronted a debilitating energy famine. Under the pressure of an economic blockade enforced by the Allied powers, Moscow was on the verge of freezing to death, the Volga region was starving, and the Caucasus was in upheaval. The Red Army desperately needed deposits of oil or coal as transportation ground to a halt and food supplies never made it to their destinations. Railroads that ran on coal and oil products were converted to burn lumber, the only available fuel source, and were crawling at speeds under 4 miles per hour, if and when they were even operable. What had been one of the world's mightiest oil producers was reduced to an all-out scramble for resources.

The Red Army occupation of Baku in 1920 must be viewed in this context of energy famine. The challenges of harnessing these resources were significant. The Bolsheviks quickly nationalized the coal and oil industries but found these strategic energy hubs in a catastrophic state. The coal mines of the Donbas were flooded and nearly inoperable, the fields and factories

in Grozny had been burned to the ground in 1917, and drilling had come to a complete a halt in Baku.[1] The challenges in Baku were compounded by years of infrastructural neglect between 1905 and 1914. The Soviets had to rely on outdated technology and stored reserves until they could rebuild the industries—a daunting task that would take years. To recover productivity in the oil fields, the Soviets had to rebuild the infrastructure in the industry as well as the supporting infrastructure of railroads, shipping and distribution, restructure administration of the fields, establish international trade partnerships, and unify the south Caucasus.

BAKU AT ALL COSTS: OIL AND POLITICS IN THE NEW SOVIET STATE

This dissertation examines the Soviet project to rebuild Baku's oil industry in the aftermath of World War I and the attendant politics of oil in the formation of the Soviet Union. For oil towns, such as Baku, Azerbaijan the exploitation of oil resources served as a catalyst, transforming the Caspian city at the edge of the Russian Empire from a predominately-Muslim town of several thousand at the turn of the 19th century to a cosmopolitan metropolis by 1913. The Bolsheviks, for their part, viewed oil not just as an energy resource to develop its industrial capacity but also, and even primarily, as a political tool which they could leverage strategically to gain diplomatic recognition, attract foreign investment, obtain hard currency on the international market, and conclude trade agreements.

This study reframes the discussion on the formation of the Soviet Union by connecting it to the field of energy history. The consolidation of Soviet power in Azerbaijan was not simply a

[1] For an account of the oil industry from 1917-1920, including the first months of Soviet rule see, A.A. Igolkin, *Otechestvennaia neftianaia promyshlennost' v 1917-1920 godakh* (Moscow: B. i., 1999), 67-69, and Chapter 2, 70-131. It is important to note that drilling and transportation were the main problems with the industry in Baku and it had suffered less damage than either Grozny or the Donbas. Oil production dropped dramatically after the 1920 Bolshevik nationalization of the industry.

matter of brute force or economic exploitation, as asserted in much of the English-language literature.[2] This work reveals that the Azerbaijani political leadership in Baku believed Azerbaijan could walk a line where it was tightly bound to Russia out of both ideological affinity and economic necessity even while maintaining a degree of independence in cultural affairs. In 1920, Lenin struck a deal with the Azerbaijani leadership whereby Baku agreed to supply Russia with oil in exchange for a degree of religious and cultural autonomy. As this arrangement broke down in the mid-1920s, oil became the focus of deeply contested visions of independence and sovereignty as both Baku and Moscow laid claim to Azerbaijan and its oil. Ultimately, I use Soviet Azerbaijan as a case study to show the dynamic process of state-building in the periphery and the dependence of that process on oil.

The Caucasus played an important role in the formation of the Soviet Union because of its geographical position, its resources, and because the pre-revolutionary oil industry had cemented a strong Bolshevik and radical presence in the region. Baku and its environs were a notorious breeding ground of radicalism in the Russian empire and it was long a stronghold of the Bolshevik party as well as a myriad of other political groups. Propaganda and agitation material secretly accompanied oil shipments throughout the empire, produced by the illegal printing press hidden in the basement of the future Commissar of Foreign Trade, Leonid Krasin. Guns, passports, bombs, and money flowed from Baku to the Russian, Ottoman, and Persian empires as surely as oil did. I show the ways that the need for oil—to win the Civil War and to reconstruct the Soviet economy—mediated the options available to the Soviet leadership. The infrastructure of Baku's oil industry was determined by the geography of the Caucasus; oil from

[2] A representative work in this genre is, Richard Pipes, *The Formation of the Soviet Union: Communism and Nationalism 1917–1923*, Cambridge: Harvard University Press, 1964.

Baku's Absheron peninsula, which jutted out into the western shore of the Caspian, was shipped to Astrakhan, up the Volga, and then to the rest of Russian Empire, its main market. Over land, petroleum products traversed the south Caucasus to the Black Sea port city Batumi in present day Georgia to the international market.

Once these connections were reestablished, the Soviet government utilized oil to help maintain both political and economic power at home, as well as to establish a place for the Soviet Union in the global post-World War I order. Geostrategic competition shaped domestic policies both out of necessity, in the short term, and out of a Soviet ambition to be a major power in world politics and to project its view of modernity outward in the long term. In the early years of Soviet power general anxiety was coupled with a more immediate fear that oil resources—located on the fringe of the empire and geographically concentrated in one location, which could be seized easily by a stronger force—rendered Soviet power vulnerable even while it provided the fuel that stoked the engines of Bolshevik power.

If oil was a potential strength it was also a potential weakness. Lacking the power and resources to actually take advantage of this natural wealth or to properly secure its borders, the Bolsheviks believed that oil actually made the Soviet Union more vulnerable and became a liability with the conclusion of the Civil War. The fear that the British would attempt to seize the Caucasus was a consistent insecurity that drove policy across institutions. A safer strategy was to use oil as leverage: to secure contracts, to facilitate diplomatic recognition (the attempts at Genoa), to bring in foreign resources (concessions). Viewed through this lens, the treatment of the Soviet oil industry was not simply the victim of a backward and misguided Communist Party but was in certain senses successful. Early policies, although economically unviable, kept the British out of northern Persia, reestablished trade networks, and contributed to diplomatic

recognition. A focus on energy history allows us to see the formation of the Soviet Union and the development of its energy system in new ways.

A NOTE ON SOURCES

This dissertation draws primarily on archival material—transcripts, speeches, reports, articles, and memos—as well as published works produced in the 1920s. They are almost exclusively Russian-language sources from the State Archive of the Azerbaijan Republic (ARDA), mostly on the Azerbaijan Oil Trust (Azneft'); materials from the State Archive of the Russian Federation (GARF), the Russian State Archive of the Economy (RGAE), and Russian State Archive for Social and Political History (RGASPI). This dissertation would not have been possible without archival access in both Azerbaijan and Russia. Although the Soviet Union was a highly centralized state and the archives in Moscow contain a tremendous amount of material from the non-Russian provinces, local archival sources in Baku revealed often overlooked and critical views of the formation of the Soviet Union in Azerbaijan. The archival sources from the ARDA provided a nuanced perspective of the daily challenges Azneft' and the local Azerbaijan SSR government faced in rebuilding the oil industry. Monthly reports from Azneft' on the condition of factories, workers' moods, and supplies, read alongside higher level policy reports from the archives in Moscow, allowed me to reconstruct many of the obstacles both the industry and the Bolshevik party had to negotiate to consolidate Soviet power in the south Caucasus. Some of the most important insights I gained from the archives include the importance of Baku's oil industry as an overall factor in Soviet economic and diplomatic policy throughout 1920-1922, from the unification of Transcaucasia to border security with Persia. Archives from both Baku and Moscow revealed the vital role of Azeri Bolsheviks such as Nəriman Nərimanov, Mirzə Davud Hüseynov, and Ruxnulla Axundov in the sovietization of Azerbaijan. Other key points of

this dissertation, such as the strong opposition to Soviet concession policy from Baku Bolsheviks and geologists going into Genoa and the role of the joint-stock companies in Soviet foreign policy, came directly from the archives.

I also found a wealth of material at the M.F. Axundov National Library in Baku, Azerbaijan, and the State Public Historical Library of the RSFSR in Moscow, Russia. The Russian Empire was multicultural and multilingual and until the mid-1920s there are many and varied voices in the state and party archives and those voices were recorded in Russian. Russians, Armenians, Tatars, Jews, Kurds, Persians, Georgians and others communicated with the state and with each other in Russian. Because this dissertation primarily deals with the connections between state-building and oil in the Soviet period, I privilege those sources in the narrative that follows.

I rely heavily on the reports, articles, and other works of Aleksandr Pavlovich Serebrovskii, the head of the Azerbaijan Oil Trust from 1920-1926. Serebrovskii's monthly reports to Moscow in the first months of Soviet power and his two-year and five-year reports on the state of the oil industry provided a critical framework for understanding the structural needs of the industry as well as an on-the ground view of conditions in the fields.[3] Serebrovskii was a strong and vocal advocate of the Oil Trust as well as prolific writer and his influence is prevalent throughout the archival material.

[3] The two-year and five-year reports were published later: Azneft', *Obzor bakinskoj neftianoi promyshlennosti za dva goda natsionalizatsii 1920-1922* (Baku: Gosudarstvennoe Ob"edinenie Neftianoi Promyshlennosti, 1922. (reprint, 1989)); Azneft, *Obzor Azerbaidzhanskoi Neftianoi Promyshlennosti: Za piat' let natstionalizatsii 1920-1925* (Baku: Gosudarstvennoe Ob"edinenie Neftianoi Promyshlennosti, 1925). A number of Serebrovskii's monthly reports are also available: Serebrovskii's reminiscences of Lenin can be found in: *Rukhovodstvo V.I. Lenina Vosstanovleniem neftianoi* (Moscow: Gospolitizdat, 1958).

I draw significantly on the speeches, reports, and stenographic records of Nəriman Nərimanov to understand the dynamics of early Soviet rule in Azerbaijan. While Nərimanov was a playwright, author, and educational reform advocate he was also a political figure. I use his political writings in this dissertation. In particular, volume two of his *Izbrannye proizvedenii* [Selected Works]—a collection of his political speeches and articles from 1918-1921— was a major resource for this dissertation. His now-published *K istoriia nashe revolutsii v okrainakh* [History of Our Revolution in the Provinces] and the materials of the Central Control Commission of the Russian Communist Party that his history sparked are also major sources in this dissertation. Another important source that helped me understand the place of the oil industry in overall Soviet policy was the compiled works of Ivar Tenisovich Smilga, Chair of the Main Administration on Fuel.[4] The majority of these articles come from the press, primarily trade publications such as *Neftianoie khozaistvo* and *Ekonomicheskaia zhizn'*. I also found stenographic reports and propaganda reports extremely useful for both local Azerbaijani politics and broader Soviet-wide politics.[5] All of these sources must be read with caution and in the context of the goals of the writers. Most of these materials were written with specific projects in mind—the allocation of funds to the oil industry, agitation in favor of economic unification, a call for more regional autonomy. By keeping these motivations in mind and reading the sources

[4] Ivar Smilga, *Vosstanovitel'nyi protsess: Piat' let novoi ekonomicheskoi politiki (mart 1921 g.-mart 1926 g.) Stat'i i rechi* (Moscow: Izdatel'stvo "Planovoe khozaiastvo," 1927).

[5] Azerbaijan Central Ispolkom, *Pervyi Sozyv vseazerbaidzhanskogo s'ezda sovetov rabochikh krest'ianskikh krasnoarmeiskh i matrosskikh deputatov*. Stenograficheskii otchet (Baku, Izdatel'stvo AzIspolkom, 1921); Zakkraikom, *Pervyi zakavkazskii s'ezda kommunisticheskii organizatsii.* Voprosy partiinoi zhizni (Tiflis: Izdatel'stvo Zakkraikoms RKP, 1922); *Otchet k III-mu Vseazerbaidzhanskomu s'ezdu Sovetov 1922-1923 g.* (Baku: Sovnarkom, 1924); Azerbaijan Central Ispolkom, *Stenograficheskii otchet sessii Plenuma Azerbaidzhanskogo Tsentral'nogo Ispolnitel'nogo Komiteta Sovetov rabochikh, krest'ianskikh i krasnoarmeiskikh i matrossskikh deputatov. (Vtoroi sozyv)* (1922-1923) (Baku: B.i., 1923); R. Arskii, *Kavkaz i ego znacheie dlia sovetskoi Rossii* (St. Petersburg: Gosudarstvennoe izdatel'stvo, 1921).

against each other, it is possible to piece together both the conflicting and overlapping agendas of these historical actors.

HISTORIOGRAPHY. THINKING ABOUT HOW TO THINK ABOUT OIL.

Journalists and historians have focused on the story of international competition and post-war intrigue by large oil trusts seeking to recover confiscated property— particularly Standard Oil, and the Royal Dutch/Shell—in the decade after World War I to the exclusion of what was happening in Baku and the Soviet Union. [6] The oil industry is still largely the purview of political scientists, who debate the so-called resource curse—the idea that large oil and gas reserves are incompatible with economic growth and democracy— and focus primarily on the post-World War II era. Reflecting the lack of treatment by other disciplines, particularly history, the Soviet oil industry is still largely addressed within the "great men" and "great actions" paradigm.

Western historians have disregarded the early Soviet oil industry largely because regardless of having been the leading producer of oil globally at the turn of the last century, oil was not a major sector of the tsarist economy and or even the Soviet economy until after the Second World War. Despite Russia's vast oil wealth, the economy was primarily agrarian and oil products were seen as an export commodity. Russia's domestic market (outside of the railroads) primarily consumed kerosene, which was produced at low cost and used for heating and lighting in peasant households. Coal maintained predominance over oil in the Soviet Union for more than two decades after WWII. In the Russian Empire and early Soviet Union alike, coal and lumber

[6] For example popular contemporary examples see, Louis Fisher, *Oil Imperialism. The International Struggle for Petroleum*, (Westport, Conn.: Hyperion Press, 1926), reprint, 1976; Pierre l'Espagnol de la Tramerye, , *The World-Struggle for Oil*, trans. C. Leonard Leese, (New York: Alfred A. Knopf, 1924); Delaisi, Francis, *Oil: Its Influence on Politics*, trans. C. Leonard Leese, (London: Labour Publishing and George Allen & Unwin, 1922). For something more recent, Daniel Yergin, *The Prize. The Epic Quest for Oil, Money & Power*, New York: Free Press, 1991, 2009.

were viewed as energy sources while oil was relegated to the status of export commodity. Nicholas Lund's 2013 dissertation, *At the Center of the Periphery. Oil, Land, and Power in Baku, 1905-1917,* is the most recent— and by far the most insightful—new work on Baku's oil industry in imperial Russia. Lund argues that the lack of political consensus vis-à-vis the oil industry under the tsarist system prevented the industry from ever becoming a major source of either hard currency or domestic development.

Soviet historiography on the oil industry generally followed one of two lines, it focused either on purely economic questions—production numbers and investment figures—or it looked at the imperial Russian oil industry and the so-called monopoly of the Rothschild and Nobel families, eliding the Soviet period altogether.[7]

The Russian historian A.A. Igolkin wrote several monographs on the Soviet oil industry in the early 2000s. His work is the most notable exception to the bifurcation of historical and economic studies on the Russian and Soviet oil industry(ies). He was the first historian to explore the Soviet oil industry outside of the economic-paradigm model as well as integrate political history into his account of the Soviet industry.[8] His work is also notable because he treats the industry in Baku as the origin of the Soviet oil industry. One pitfall to looking at Baku through Moscow is that he does not always account for variation within Soviet policies in its periphery. For example, War Communism, a policy that greatly affected the nascent Soviet economy, was not uniformly implemented in Soviet Russia and Soviet Azerbaijan. Farhad Jabbarov's

[7] A typical example for the Soviet period is, A.A. Fursenko, *Neftianye tresty i mirovaia politika 1880-1918 g.* (Moscow: Izdatel'stvo "Nauka", 1965). For a challenge to the claims of monopoly within the industry see, Nicolas Lund, *At the Center of the Periphery. Oil, Land, and Power in Baku, 1905-1917,* PhD diss. Stanford University, 2013.

[8] Most relevant for this study are A. A. Igolkin, *Otechestvenaia*, 1999; and *Sovetsksaia neftiania promyshlennost' v 1921-1928 godakh.* Moscow: B. i., 1999.

Bakinskaia neft' v politiki sovetskoi Rossii (1917-1920) [Baku's oil in the policies of Soviet Russia (1917-1922)] is, to my knowledge, the only monograph on Baku's oil industry based almost exclusively on archives from Azerbaijan. While I disagree with Jabbarov's main claim that the relationship between Azerbaijan and Russia was exclusively exploitative, this work is an excellent overview of the major issues between Azerbaijan and Russia in regulating the oil industry.[9]

Despite the contrasting geographies and political circumstances, the work of historian Alison Frank on the oil industry in Austrian Galicia and Paul Sabin's study on California's oil industry contributed to the framing of this dissertation.[10] Frank's *Oil Empire* helped me to see the methodological advantages in privileging a natural resource—in this case, oil— as the historical locus of my story. Oil cannot be the protagonist of a history in any literal sense; instead, it is the motivations and capacities of the people who try to take advantage of it and use it for their own ends that are the protagonists. As Frank asserts, a focus on oil cuts across the various boundaries of nation, state, language, and class.[11] Working from this assumption, I asked not only how the Bolsheviks understood oil but also how the needs of the industry shaped Bolshevik policy. Paul Sabin's *Crude Politics* directed my attention to the institutional and political factors that shape(d) the petroleum economy. Sabin's case study focuses on subjects that are not intuitively relevant to

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[9] Jabbarov, Farhad. *Bakinskaia neft' v politike sovetskoi Rossii (1917-1922 gg.)* (Baku: Azerbaijan National Academy of Sciences, 2009). Jabbarov's book is wonderfully sourced but this work suffers from a preoccupation with demonstrating Russia's exploitation of Azerbaijan's national wealth, sometimes to the detriment of understanding both the political context and the industry. Leila Muradverdieva, *Bakinskaia neft': Uroki istorii* (Baku: Tipografiia "Şərq-Qərb," 2006). This monograph makes extensive use of primary materials although it does not use archives.

[10] Alison Flieg Frank, *Oil Empire: Visions of Prosperity in Austrian Galicia* (Cambridge, MA: Harvard University Press, 2005); Paul Sabin, *Crude Politics: The California Oil Market, 1900-1940* (Berkeley: University of California Press, 2005).

[11] See the introduction, in particular, Frank, *Oil Empire*, 4-10.

Soviet history such as property politics, federalism, regulatory rules, and public investment in infrastructure. But he shows the ways that the cross-purposes of state and federal government action in the oil economy profoundly shaped the political and physical landscape of California, a point if anything magnified in the Soviet case with its overlapping bureaucracy, especially in the chaotic 1920s.

This dissertation is also influenced by the work of the historian and political scientist Timothy Mitchell, particularly his study *Carbon Democracy*.[12] In *Carbon Democracy,* Mitchell urges scholars to look not at the actual monetary gains that oil produces, but at the material and political connections it facilitates. These connections, or interdependencies, from pipelines and transportation to political stability, trade unions, and high level diplomatic maneuvering, create energy networks. Examining entire energy networks, rather than just the direct economics of the oil industry can reveal new relationships. Applying this methodology to Baku's oil industry, the narrative of early Soviet history shifts. While official diplomatic recognition was elusive in the 1920s, the Soviet Union was not as isolated diplomatically or economically as most accounts suggest. The Bolshevik leadership was keenly aware of the existing value — and even more of the *potential* value — of oil not just as a source of energy and hard currency, but just as importantly as a tool of international politics and domestic infrastructural reconstruction.

As explored in Chapter 4, for example, the leadership of the new state used the lure of oil profits to good effect against the British by reasserting influence over northern Persia — a traditional stronghold of Russian power — through the joint stock company *Kevir-Khurian, Ltd,* an oil-prospecting venture. The Bolsheviks established the company to prevent British access to

[12] Timothy Mitchell, *Carbon Democracy. Political Power in the Age of Oil* (New York: Verso, 2011).

potential oil deposits in northern Persia, to solidify the Soviets' foothold in the region and to give them a voice in the Majlis (Persian Parliament) by lobbying for increased prerogative for the joint-stock venture. They successfully achieved these political goals under the guise of this oil company. These strategic successes have been dismissed in the scholarship because the company failed to turn a profit, but this was only ever a tangential aim of the enterprise. The Kevir-Khurian episode speaks to the need to move beyond the question of commercial viability to explore how networks of people and material are generative of new political and physical infrastructures.

A focus on energy networks can offer new insight into old debates. I found that the energy sector was accorded special status in the formation of Soviet concessions policies, and further, that energy issues shaped Soviet attitudes concerning the USSR's engagement with the outside world in the state's formative years. Domestically, the concession debates were not only about loans and debts; they were also about how the Soviet Union would structure its energy system. The necessity of reconstructing the coal and oil industries forced the Soviet Union to consider the significance of the infrastructure it inherited from the tsarist system in Baku (Azerbaijan) and the Donbas (Ukraine). This assessment led to some significant changes in the physical landscape of the oil fields in Baku. For example, when the Bolsheviks nationalized the oil industry they eliminated the patchwork system of individual plots and consolidated the fields into large individually administered units, thus allowing Soviet geologists and engineers to restructure the process of drilling and refining. In other instances, geographical and physical realities forced them to construct policies around existing infrastructure networks, such as in the case of the pipelines and rail-lines that began in Baku on the Caspian Sea and terminated in Batumi on the Black Sea, the access point to outside markets. In the 1920s, the placement of

refineries, pipelines, workers' barracks — in short, the entire built infrastructure of the oil industry — was re-conceptualized with the needs of the state in mind. Centrally-minded geologists pushed for the nationalized Soviet oil industry to rebuild with the political purpose of tying regional centers of production such as Baku to Russia proper through the movement of refineries and distribution points from Azerbaijan to the Russian Soviet Federative Socialist Republic (RSFSR). Moscow, with the political imperatives of swift economic reconstruction in mind, often ignored the long term advantages of altering infrastructure and instead relied on existing networks.

HISTORIOGRAPHY. SOVIET AZERBAIJAN AND EMPIRE.

The need to possess and harness natural resources—especially sources of energy—is not exclusive to empires or to imperialist or colonialist agendas. It is a necessity common to all states. If states do not directly own these resources, they require access to them or their state will not be viable in the long-term. Explaining the overriding importance and connection between the Bolshevik drive to possess Azerbaijan's oil is not, therefore, an endorsement of the idea that the Soviet Union was an empire. There was an obvious imbalance in power between the Russian Red Army and Azerbaijan and the initial takeover of Baku was motivated by military and geostrategic goals—namely to secure energy. But this does not extend to the entire Soviet project. My sympathy lies with the view expressed in the works of Francine Hirsch and Adeeb Khalid that the Soviet Union was primarily a modernizing state that sought to transform and incorporate the non-Russian regions of the Soviet Union into a common state.[13] Understanding

[13] Francine Hirsch, *Empire of Nations Ethnographic Knowledge and the Making of the Soviet Union* (Ithaca: Cornell University Press, 2005); Adeeb Khalid, "Between Empire and Revolution. New Work on Soviet Central Asia" *Kritika* 7, no. 4 (Fall 2006), 865-84; Adeeb Khalid, "Backwardness and the Quest for Civilization: Early Soviet Central Asia in Comparative Perspective" *Slavic Review* 65, no. 2 (Summer 2006): 231-251.

the role of the Caucasus in Soviet history is not just a question of a nationalities policy but a fundamental part of the story of the formation of the Soviet Union and that formation was intimately related the extraction and use of oil and other natural resources.

Jörg Baberowski's monograph, *Der Feind ist überall. Stalinismus im Kaukasus* [The Enemy is Everywhere. Stalinism in the Caucasus] is the only archivally based monograph on Soviet domestic politics in Azerbaijan during the 1920s. He chiefly argues that Soviet policies of repression and control were evident in Baku and Azerbaijan long before they presented themselves in the center. While Baberowski provides valuable insight into the patronage and dysfunction of early Soviet administration, he dismisses the Bolsheviks out of hand as illegitimate and hyper-violent colonizers. There is no question that the Bolsheviks relied on violence as a political tool but Baberowski overlooks the perspective of those Azeris who worked with the Bolsheviks and joined the Bolshevik Party to help establish Soviet power in Azerbaijan.[14]

There are numerous studies by Azerbaijani scholars on the 1918-1920 republic, although these are primarily concerned with establishing a national narrative. Of a general nature and broader in scope is Audrey Altstadt's *The Azerbaijani Turks. Power and Identity under Russian Rule.* She provides an overview and introduction to the Azerbaijani people from ancient times to the present, with a focus on the late 19th century to the Gorbachev era.[15] Altstadt's account is, in my view, overly sympathetic to the Azerbaijani national narrative. Tadeausz Swietochowski's 1985 publication *Russian Azerbaijan, 1905-1920. The Shaping of National Identity in a Muslim*

[14] Jörg Baberowski. *Der Feind ist überall. Stalinismus im Kaukasus,* (Munich: Deutsche Verlags-Anstalt, 2003).

[15] Audrey L. Altstadt, *The Azerbaijani Turks: Power and Identity under Russian Rule,* (Stanford: Hoover Institution Press, 1992).

Community remains the standard work on national identity and political change in the revolutionary period. He provides an introduction to political trends and parties within the Muslim community of the South Caucasus. Other general works include Soviet volume produced in the 1960s and the Azerbaijani-language volume *Azərbaycan Tarixi*.[16] Although *Azərbaycan Tarixi* has been rewritten to correct some of the political bias of the Russian-language *Istoriia Azerbaidzhana* it too suffers from a political agenda.

There are no works on Azerbaijan in English on the period from the 1920s through the 1930s, although Audrey Altstadt has a forthcoming volume covering the period. The available accounts stop in 1920 with the reestablishment of Russian control or in 1922 after the consolidation of power throughout the South Caucasus.[17] Older works by Alexandre Bennigsen, E.H. Carr, and Louis Fischer remain valuable for having taken the periphery of the Soviet Union seriously in establishing a general narrative of Soviet history and I draw on their work for this purpose.[18] There are also numerous new works on nationalities policy and the non-Russian republics that have a broader Soviet-wide framework or a nationality specific focus, but Azerbaijan is either absent or only briefly mentioned.[19]

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[16] Guseinov, I.A., M.A. Dadashzade, and A.S. Sumbatzade. eds. *Istoriia Azerbaidzhana*. v. 3 part 1 (Baku: Azerbaijan SSR Academy of Sciences, 1963); Cəmil Quliyev, ed. *Azərbaycan tarixi. Yeddi cilddə. VI cild (aprel 1920 - iyun 1941)* (Bakı. "Elm" 2008).

[17] Stephen Blank's article extends into 1924. Stephen Blank, "Bolshevik Organizational Development in Early Soviet Transcaucasia: Autonomy vs. Centralization, 1918-1924" in *Transcaucasia, Nationalism, and Social Change. Essays in the History of Armenia, Azerbaijan, and Georgia*, ed. by Ronald Grigor Suny, (Ann Arbor: University of Michigan Press, 1996), 307-340.

[18] Alexandre A. Bennigsen and Enders Wimbush, *Muslim National Communism in the Soviet Union: A Revolutionary Strategy for the Colonial World*, (Chicago: The University of Chicago Press, 1979); E. H. Carr, *The Bolshevik Revolution 1917-1923,* volume 3, (New York: Macmillan Company, (1953) 1961); Louis Fischer, *The Soviets in World Affairs. A History of the Relations Between the Soviet Union and the Rest of the World. 1917-1929*. Volume 1 (Princeton: Princeton University Press, 1951).

[19] To name only a few: Hirsch, *Empire of Nations*, 2005; Terry Martin, *The Affirmative Action Empire: Nations and Nationalism in the Soviet Union, 1923–1939*, Wilder House Series in Politics, History, and Culture (Ithaca: Cornell University Press, 2001); Adrienne Edgar, *Tribal Nation: the Making of Soviet Turkmenistan* (Princeton: Princeton

STRUCTURE

My first chapter begins with the entry of the Soviet Red Army into Baku, Azerbaijan in 1920. During the Russian Civil War (1918-1921) Baku, and the prize of its oil fields, acted as a magnet for the warring powers in the region; the geostrategic importance of oil was apparent to all interested onlookers, from politicians to geologists. The Bolshevik leadership believed that in taking Baku by force it would have to secure the whole of Azerbaijan and that this would entail the integration of Azerbaijan—and likely the entire south Caucasus—into the Soviet political system. The radical Bolshevik party not only brought armies, but promises of Communist revolution and radical change. The prospect of bringing revolution to the East was one of the key reasons that Azerbaijani Communists supported Bolshevik power and helped secure the Red Army's initial entry into the city— and into the oil fields. The Politburo, the highest decision-making body in Soviet Russia, however, abandoned the spread of revolution in the East almost immediately after the Soviets established power in Baku.

In this chapter, I explore the role of oil in the process of the economic and political unification of the Transcaucasian Socialist Federative Soviet Republic (TSFSR) and I argue that the unification of Transcaucasia was the result of economic and political necessity, which was heavily dependent on a steady flow of oil.[20] To achieve an economic union the Bolshevik leadership also had to pursue the political reconciliation of the recently warring constituent republics of Transcaucasia. The Soviet Union needed political stability to achieve economic recovery, both of which were predicated on the procurement of oil and other fuel sources.

University Press, 2004); Elissa Bemporad, *Becoming Soviet Jews: The Bolshevik Experiment in Minsk*, (Bloomington: Indiana University Press, 2013).

[20] The TSFSR was composed of the Azerbaijan Socialist Soviet Republic (SSR), the Georgian SSR, and the Armenian SSR.

In my second chapter, I turn to the 1922 Genoa Conference and suggest that the Conference represented a turning point in early Soviet history. Instead of focusing on the outcomes of the Conference to determine its importance, I follow one of the most contentious questions facing the Soviet government heading into the Conference and ask how the Bolsheviks addressed it—the oil question. Some of the most urgent dilemmas of the day coalesced around oil, which were tied to larger questions about economic reconstruction and the New Economic Policy (NEP). The Genoa Conference forced the Bolsheviks to confront a number of fraught questions—for example, about concessions, economic reconstruction, and the political status of the ostensibly independent Soviet republics of Transcaucasia, Ukraine etc. — that they had until that point been able to postpone. I show that the prospect of obtaining substantial agreements and concessions, particularly in oil, was a motivating factor in pushing for the creation of the Soviet Union by 1922. Further, this chapter reveals that official Soviet concessions policy going into Genoa aroused strident opposition at home from ideologically minded Bolsheviks and expert geologists alike. I show that international relations and domestic Soviet policy were intertwined projects and changes in one had consequences in the other.

In Chapter 3, I explore an episode made more likely as a consequence of the oil industry's location on the borderland of empire—the Soviet occupation of the northern Persian province of Gilan from 1920-1921.[21] This chapter frames the occupation of Gilan as an

[21] This episode in Soviet history has received relatively sparse attention from scholars of the Soviet Union or Soviet foreign policy, despite its clear importance. There are a couple of exceptions from the Soviet perspective, including, Stephen Blank, "Soviet politics and the Iranian revolution of 1919-1921" *Cahiers du monde russe et sovietique*, vol. 22, No. 2 (Avril-Juin 1980): 173-194; A participant and member of the Jangali-movement Ekhasnaulla Khan had his memoirs in the Soviet Union in Volumes 25 and 26 of *Novyi Vostok* under Abikh, R, *National'noe I Revolutsionnoe Dvizhenie v Persii: Vospominaniya Ekhan-Ullu-Khana,* (Moskva: 1928): 3-33 and 7-28; A newer volume based on Soviet archives is Vladimir Genis, *Krasnaia Persiia: bol'shevkiki v Giliane. 1920-1921. Dokumental'naia khronika* (Moscow: Center for strategic and political research, 2000). The standard source for many years was Cosroe Chaqueri, *The Soviet Socialist Republic of Iran, 1920-1921. Birth of Trauma.* (Pittsburgh, PA: University of Pittsburgh Press, 1995).

unintended consequence of the Bolshevik drive to possess Azerbaijan's oil and incorporates the occupation of Gilan into a narrative of the consolidation of Soviet power in the Caucasus. Inserting oil politics into the narrative of the short-lived Gilan Soviet Republic —and its greater context of revolution, trade politics, and economic reform—deepens our understanding of Soviet policy vis-à-vis Iran and provides much needed insight into the political conflicts that rent the Azerbaijan Communist Party in the 1920s. The so-called Gilan adventure revealed three things. First, the distinction between what constituted foreign and domestic policy was highly contested on the periphery. Second, although the location of the oil industry helped facilitate the entry of Soviet troops into northern Persia it also made the Azerbaijani-Persian border vulnerable to seizure by outside powers and ultimately limited Bolshevik actions in Gilan. Third, Gilan was an origin of conflict between Russian and Muslim, especially Azeri, communists. Russian communists largely viewed the East as irrelevant to the Revolution while many Azeri and other Caucasian Bolsheviks believed revolution in the East, beginning in Persia, was the key to worldwide revolution.

In my fourth chapter, I argue that energy politics was an essential aspect of Soviet foreign policy in the 1920s that has been almost completely overlooked by scholars. I show how Soviet foreign policy in the 1920s was implemented in Persia through a case study of the formation of the oil company, *Kevir-Khurian, Ltd.*. The company was formed by the Soviets as both an oil prospecting venture and political outpost in Persia. The history of this company demonstrates how Soviet diplomats, bureaucrats, and party members translated policy into practice, and how they created unofficial networks to realize Soviet policy goals by limiting British influence in the

north. This chapter reveals the compromises and tactics involved in early Soviet foreign policy from the grandiose— setting up banks and companies as fronts for political intrigue, and using disreputable middlemen— to the mundane—buying space in newspapers, and bribing officials. *Kevir-Khurian, Ltd.*, allowed the Soviet government to establish a strategic foothold inside of Persia's borders. Through the company, the Soviets staffed offices in Tehran and cultivated personal, political and economic ties. These ties helped reconnect severed trade networks, bolstered Soviet prestige, and most importantly, fulfilled the policy directive of creating a bulwark against the British who were present both directly and through the Anglo-Persian Oil Company (APOC).

As the Soviet economy stabilized in the mid-1920s, political questions about the place of the non-Russian republics and their relationship to Moscow gained ground. Chapter 5 is divided into two sections. The first section explores Nəriman Nərimanov and his *History of our Revolution in the Provinces*, a manifesto written in 1923 that denounced the course of the Bolshevik revolution in Azerbaijan. In his *History* Nərimanov directly tied the oil question to the national question in Azerbaijan and argued that the two questions were different expressions of the same problem: Moscow's exploitation of Azerbaijan. I argue that the conflicts between Nərimanov and the Azerbaijan Communist Party were rooted in generational conflict and Moscow's centralization drive, not oil or national deviation. The second section of this chapter looks at the institutional cross-purposes of the Azerbaijan Soviet of People's Commissars (Azsovnarkom) and Azneft'. I show that in the early Soviet Union bureaucratic weakness encouraged the expansion of personalized institutional power to resolve problems.

CHAPTER 1: FROM BAKU TO BATUMI, OR OIL AND UNIFICATION IN TRANSCAUCASIA

After World War I and the Russian Civil War (1918-1921), Soviet Russia needed political stability to achieve economic recovery, both of which were predicated on the procurement of oil and other fuel sources. The geopolitical importance of oil was apparent by the end of World War I, and during the Russian Civil War, Baku, or more accurately the prize of its oil fields, acted as a magnet for the warring powers in the Caucasus and the borderlands of the Russian, Ottoman, and Persian empires.[22] The end of hostilities, however, saw the withdrawal of Turkish and British troops from the south Caucasus—and Baku was left to its fate, and to the Bolsheviks. The Red Army entered Baku in April 1920 and within a month the oil industry had been (re)nationalized. Baku's oil fields were located on the fringe of the Soviet empire in a region populated by non-Russians and in an inhospitable environment susceptible to harsh winds and temperature extremes, making them both difficult to exploit and defend.

Many scholars and analysts take the idea that oil is important *a priori* –and the concrete ways that the needs of the industry shaped the formation of the Soviet Union have been left virtually unexplored. The Bolsheviks learned quickly that simply possessing oil fields was not enough to guarantee economic recovery. The exploitation of oil necessitates the maintenance of an expansive system of developed transportation, machinery, refining, shipping, and expertise. Beyond the needs of economics and logistics, it also requires certain political and social conditions, such as relative stability, a steady workforce, and safe passage for crude oil to refineries and in turn for refined petroleum products to the world market. In this chapter, I show

[22] Baku is the capital of present day Azerbaijan and was one of the leading oil producers in the pre-World War I era, as well as the largest source of oil in the Soviet Union at the time. The majority population was Shiia Muslim—known at the time as Tatars or Muslims (today, Azerbaijani's). There were also a large numbers of Armenians, Russians, Persians, and numerous other ethnicities, religions, and nationalities in the city.

how the imperatives of the oil industry affected Soviet approaches to state-building in Transcaucasia. The fuel famine that gripped the Soviet republics from 1920-1922 created a situation in which the oil industry gained a disproportionate consideration in determining policy vis-à-vis other industries and ultimately shaped the formation of the Soviet Union.

Oil is a resource rooted in place and often geographically concentrated. This was particularly true in the Russian Empire and early Soviet Union. While other deposits existed and companies were exploiting them—in Grozny, and Emba, primarily—the industry was nearly synonymous with Baku and the fields of Azerbaijan's Absheron peninsula. The invasion of Baku for the sake of its oil required much more commitment than simply taking the city and the surrounding fields, however. The occupation, particularly from the point of view of Azerbaijani Bolsheviks, was also a local story heavily informed by an ideological worldview forged through years of war.

In the spring of 1920, the Red Army was approaching the south Caucasus and Azerbaijani Bolsheviks confronted a number of possible options about how to proceed. In this chapter, I show that the options, as understood primarily by the Azerbaijani political leadership and to a lesser extent by other Party members in Baku (Russians Armenians, and others) were defined through a series of oppositional choices. The prominent Azerbaijani intellectual, statesman, and reformer Nəriman Nərimanov believed that the country faced a return to tsarism and repression through the likely occupation (direct or indirect) of the country by western-backed forces, or a chance to intervene in history under Bolshevik tutelage; either a guaranteed loss of self-determination, or new participatory politics under socialism; either the collapse of possibility and independence or the success of the oil industry and the Revolution; either a return to the past, or progress toward the future. For those involved in the reconstruction of the oil

industry and the establishment of the Transcaucasian Socialist Federated Soviet Republic (TSFSR) in 1922, the choices were simply between success and failure, there was no middle ground, no alternative. Oil survived and fed the Revolution, or the Revolution collapsed.

This is not to say that the Bolsheviks literally faced a series of obvious choices between two opposing options. On the contrary, precisely because the stakes were so high the fields of contestation were all the greater and the participants believed that each decision literally carried the weight of history because the consequences of incorrect decisions could be profound. The formation of the Soviet Union was an ad hoc process of amalgamation and the political leadership, both in Baku and Moscow, made decisions, often inconsistent and contradictory, in the name of furthering the revolutionary cause as the Party understood it.

In early 1920, Lenin struck a deal with Nərimanov whereby Baku agreed to supply Russia with oil in exchange for a degree of religious and cultural autonomy; in return Nərimanov would have a say over the course of policy in Azerbaijan. Nərimanov believed that Azerbaijan could walk a line where it was tightly bound to Russia out of both ideological affinity and economic necessity while maintaining a degree of independence in cultural affairs. Nərimanov was put in charge of the Soviet government of Azerbaijan with the understanding that he would be granted significant leeway in cultural policies; he would provide the stability required to maintain Soviet power and in exchange he would be allowed to mediate the sovietization of the Muslim population of Azerbaijan.[23] This agreement granted Nərimanov significant authority

[23] I have not been able to locate a document of Lenin and Nərimanov's pact but there are numerous references to an agreement between Lenin and Nərimanov to this effect. For example see: RGASPI, f. 64, op. 1, d. 9, l.19. While there is a consensus that Nərimanov had a particular mission in Azerbaijan it has not been talked about in terms of a deal or pact. I believe that this is how Nərimanov understood the arrangement.

initially but when the war ended, oil shipments increased, and Lenin's health deteriorated, the deal frayed and eventually collapsed altogether.

Through the optic of oil, we can see how the Azerbaijan Communist Party's rigid understanding of dichotomous choices resulted in fluid policies in Transcaucasia. Moscow, for example, issued a concrete decree for Baku to nationalize the oil industry, but the implementation of this in the fields was left to the judgment and perception of a group of revolutionaries thousands of kilometers away. The resulting picture is of a Soviet system predicated on a tremendous amount of discretion on the local level in the implementation of dictatorial decrees.

This chapter also makes an important historiographical intervention. I suggest that the usual periodization between the Soviet invasion of Azerbaijan and the establishment of the New Economic Policy (NEP) does not work for the Caucasus. Historians have tended to look at the Caucasus through the lends of Moscow-centric policies and refer to War Communism as a discrete period from the beginning of the Civil War in 1918 to the introduction of the NEP in March 1921— yet this applies only to certain areas of European Russia. Instead, I argue that in Azerbaijan the period between the Red Army's occupation of Baku and the introduction of the NEP is best understood as one of Revolutionary Communism. While I focus on Azerbaijan, the implications of this argument extend beyond its borders.

ILYICH'S MANDATE

The extent to which the Bolshevik cause was dependent on carbon sources, that is, oil and coal for survival was illuminated in stark relief in the early months of 1920. The vulnerability of the revolution was laid bare in the most literal sense as Soviet Russia faced a

crippling energy famine. The Red Army was desperate to find even minimal deposits of oil or coal as transportation ground to a halt and food supplies never made it to their destinations. Railroads that ran on coal and oil products were converted to burn lumber, the only available fuel source, and were running at speeds of 3.5 miles per hour, if and when they were even operable. One of the world's mightiest oil producers was reduced to an all-out scramble for resources. After taking the Emba fields in present day Kazakhstan, the Red Army located oil reserves at an old factory. Frunze, the commander of the Red Army in Central Asia, contacted Lenin with the news of the findings and was ordered to ship the supplies immediately to Moscow, which faced a long winter. Without petroleum and kerosene, the city would freeze as well as starve. The waterways were frozen over, however, and there was no way to get the oil to European Russia. Lenin ordered the Red Army to find a way regardless.

Frunze enlisted the help of the Main Oil Committee (Glavneftekom), whose proposed solution was to create a series of camel caravans across the steppe over nearly 500 kilometers to the nearest railway station. A call to locate as many barrels as possible was put out and an extensive search began, scouring the country for containers [*mobilizatsiia bochek*]—from Moscow to Emba—capable of transporting petroleum. Eventually enough barrels were collected for 100 camels at a time to carry 25-30 tons of oil across the steppe. The first caravan was to head for the railway station in Uralsk. The operation, which had to cross the exposed steppe region known as the "snowy Sahara," would be a logistical nightmare. It would take two weeks to traverse the harsh plains. The potential dangers involved in getting enough oil to Moscow to make the so-called Camel Operation worthwhile were immense, but the fuel situation was so dire it was a scheme deemed worth the risk.

The caravan was never realized, however. During the time it took to gather the material to outfit the camels and find the necessary barrels, the Red Army took Grozny and its oil fields, followed by the coalmines of the Donbas, rendering the caravan useless. The Bolsheviks completed their resource coup in April when they seized Baku, assuring that the Red Army, and the Revolution, would live to fight another day.[24]

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When the 11th Division of the Red Army took Baku in early 1920 it was to secure the oil fields and establish a supply line that could sustain Soviet Russia to the north, fuel transportation networks to feed Russia's cities and, critically, support the Red Army in the Polish-Soviet war, which had been renewed several days before the invasion of Baku. On 1 May, the Azerbaijan SSR Revolutionary Committee (Revkom) issued an appeal to the workers of Baku: "Soviet Russia is suffocating from a lack of fuel and every pound of oil infuses life and strength into the devastated economy of the country. Comrade workers! Our duty is to give oil immediately to the Russian proletariat and peasantry…On May 1, stand at your revolutionary posts and work to send oil to Soviet Russia who thirsts for it."[25]

The man commissioned with the monumental task of reviving the oil industry was Aleksandr Pavlovich Serebrovskii. In many ways, Serebrovskii's biography is representative of an entire generation of elite Bolsheviks who attained a technical education, joined the party as disillusioned youth, were in and out of prison, and passed through Baku—often entering with

[24] Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki, [Russian State Archive of the Economy RGAE], f. 270, op. 1, d. 8, l. 27.

[25] RGAE, f. 270, op. 1, d. 8, l. 53b-54. Pages 53-60b of this dela are taken, as is this quote, from the article: I. Peshkin, *Leninskaia komandirovka* "Stanitsy minuvshego" October no. 11, 1966, pp. 155-170.

one passport and exiting with a new one. By 1920, Serebrovskii was a member of the Central Committee of the Azerbaijan Communist Party (AKb), by 1922 a member of the All-Russian Central Executive Committee, and candidate of the Central Committee of the All-Union Communist Party in 1925. He held numerous posts in the Supreme Economic Council (VSNkh), including that of Deputy Chairman of the Supreme Economic Council of the RSFSR in 1921; and from 1926-1930, he also headed the oil industry and later, the gold industry. As was the case with so many of his contemporaries, Serebrovskii would be arrested and executed in 1937 during the purges.[26]

Serebrovskii was an old Bolshevik and came from a family of revolutionaries, which would have made him familiar with the underground from an early age. His father had been a member of the populist People's Will movement, a group of political activists who sought to overthrow the tsar and turned to terrorism, and was sentenced to exile and hard labor in Siberia in connection the Trial of the 193. Like his father, he was rebelled against the tsarist autocracy and arrested for the first time in 1902 and joined the Bolshevik wing of the RSDRP in 1903.

The years that followed were remarkable as Serebrovskii took part in multiple events that entered Soviet lore. After several more arrests, he moved to St. Petersburg where the Bolshevik commission assigned him to the Putilov factory as a machinist and organizer under the name Loginov.[27] The Putilov factory was notorious as hotbed of socialist and anti-imperial agitation and Serebrovskii would have become acquainted with numerous other Bolsheviks and socialist organizers. On directives from the Bolshevik party, he joined the followers of Father Gapon—

[26] Reference Guide to the Communist Party of the Soviet Union, 1917-1991, http://www.knowbysight.info/SSS/05532.asp, accessed on September 27, 2013.

[27] RGAE, f. 270, op. 1, d. 2, l. 1. The dates on his various biographical sheets do not always match.

the priest who led a march on the Winter Palace which ended in bloodshed and sparked the Revolution of 1905— where he acquired the underground name of Gaponist (*Gaponovets*). Following the 1905 Revolution, he was sent to Baku, where he hid in the underground and worked as a fitter under the pseudonym Glazunov.

In Baku, he worked with the Baku Committee Bolsheviks and gained experience in the oil fields, which would later serve him well because he could claim revolutionary credibility and experience in the fields he was charged with saving. He lived in Black City for a few months where he joined the Balakhano-Sabunchi Bolshevik organization. He left in September, however, after a raid ended with the arrest of most of the Bolsheviks in the region.[28] He returned to St. Petersburg, again as Loginov, joined the Petersburg Executive Committee and was arrested under that name but released until the trial. In the interim he changed names and began military work for the Bolsheviks smuggling weapons in from Finland, yet another location of revolutionary legend. Several more years of arrests, narrowly avoided sentences, and passport changes followed. He fled Russia in 1909 and earned a degree in engineering in Brussels while continuing his work with the Bolsheviks. Lenin ordered him to return to Russia in 1913 where he worked in factory in Moscow until he was once again arrested by Tsarist police and sent to the north Caucasus.[29]

At the start of the World War I in 1914 he was conscripted into the army. In 1915 his command transferred him for detrimental influence on his fellow soldiers, to the South-West front and stationed in Batumi. After the February Revolution in 1917, he returned to St.

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[28] RGAE, f. 270, op. 1, d. 8, l. 54.

[29] RGAE, f. 270, op. 1, d. 2, l. 1-6. This is a paraphrasing of Serebrovskii's autobiography as written in his personnel file. One report claims he returned to Russia in 1911, another in 1913.

Petersburg (Petrograd) "together with a machine gun regiment" and started working with the Vyborg Bolsheviks. At the time of the October Revolution, he led a company and then a battalion of the Red Guard. In autumn, 1918 he was appointed Deputy Chairman of the Extraordinary Commission for the supply of Red Army, a post he held until 1919 when he became the Deputy Chairman of the Commissariat of Transportation. He was transferred again to help support the effort against Denikin and in December 1919, he was appointed Chairman of the Central Directorate of artillery factories for the RSFSR [30] These experiences cemented his reputation as a superior organizer who could move goods and people in the face of major obstacles.

On April 16, 1920, Serebrovskii was in Moscow and Lenin requested that he come to his office. As Serebrovskii entered, Lenin turned to him and immediately inquired "How do you feel about oil?"[31] The following day, ten days before the Red Army entered Baku, the Soviet of Labor and Defense (STO), at Lenin's request, granted Serebrovskii an expansive mandate with three responsibilities. As a member of the Glavneftekom and representative of the Baku Oil Committee, he was commissioned with the following tasks: 1) to organize the oil industry in Baku in accordance with the orders of Vesenka and to increase productivity as much as possible, 2) to direct the shipping and transport of oil and its products, 3) the right to use military, naval, and civil forces for the fulfillment of the above outlined goals.[32] The mandate stipulated that all organizations, be they military, civil, or otherwise follow his orders. The command of the 11th Division of the Red Army was instructed to obey and assist Serebrovskii in maintaining the

[30] RGAE, f. 270. op. 1, d. 2, l. 4-6.

[31] RGAE, f. 270, op. 1, d. 8, l. 53 (reverse side).

[32] RGAE, f. 270, op. 1, d. 7, l., 17.

security of the bays, ports, and factories in both Baku and elsewhere. The mandate gave him the title Head of the Garrison (*Nachal'nik Garizona*). Oil transport had priority on railroads and his orders superseded those of NKPS (Commissariat of Ways and Means). Those disobeying his orders would be sent before the Revolutionary Military Tribunal and sentenced under military law. The mandate allowed him use of any and all transportation as well as communication lines (priority in telegrams).[33] The Azerbaijan Oil Committee (Azneftekom, later Azneft') was formed to administer the industry and oversee nationalization, which he headed.

The effects of this mandate, sometimes referred to derisively by Serebrovskii's later opponents as "Ilyich's Mandate," were far-reaching and shaped party politics in Transcaucasia for the next 5 years. The mandate effectively allowed Serebrovskii to work outside of the regular channels of bureaucracy, bypassing the authority of the Commissariat of Foreign Trade, and the Baku Communist Party, among others. This authority contributed to the creation of factions within the Azerbaijan Communist Party and led to accusations of Russian chauvinism.

Serebrovskii arrived in Baku together with Sergo Ordzhonikidze and Sergei Kirov, all of whom would, in various capacities, be deeply involved in the reconstruction of the oil industry. Ordzhonikidze was the Chairman of the Caucasian Bureau of the Central Committee of the Russian Communist Party (b) (Kavburo) and Kirov, sent to the Caucasus as a representative of Moscow, served as his deputy. Ordzhonikidze would later gain fame for his close relationship with Stalin, while Kirov would be turned into a martyr whose assassination sparked the Great Purges. The Kavburo was in charge of the sovietization and implementation of policy in the Caucasus and was formed in April 1920, a few days before the creation of the Azneftekom.

[33] RGAE, f. 270, op 1, d. 7, l. 17.

Serebrovskii's first task in Baku was to ship oil to Astrakhan and up the Volga to Moscow.[34] Shortly after his arrival in April 1920, he toured the collapsing fields and found that the reserve reservoirs were at capacity but that there was no way to ship the oil. The Caspian fleet was at the Persian port of Enzeli, having fled with the approach of the Red Army. In order to begin shipping the oil, the fleet had to be returned first to the Bolsheviks and then to Baku. What remained of the Volga-Caspian fleet was ordered to proceed to Enzeli.[35] As will be discussed in Chapter 3, F.F. Raskol'nikov successfully returned the remainder of the fleet to Baku and shipments began quickly thereafter.

REVOLUTIONARY COMMUNISM & THE COMMISSION ON THE NEEDS OF THE OIL INDUSTRY

Initially, oil from Baku sustained Soviet power and the Bolsheviks were able to stave off collapse. However, a year after the invasion of Azerbaijan and two months after the invasion of Georgia by the Red Army, the economic crisis continued to deepen. By April 1921, Baku's oil workers faced chronic material and housing shortages, a debilitating food crisis, lack of proper clothing, and generally miserable working conditions. Their discontent manifested in that classic form so often agitated for by the Bolsheviks—a strike in the oil fields.[36] Even Persian bailers, the foreign workers who manually extracted oil and traditionally steered clear of the strikes that rocked the fields in pre-revolutionary Russia, participated together with Russian and Azerbaijani

[34] RGAE, f. 270, op. 1, d. 8, l. 27-28.

[35] RGAE, f. 270, op. 1, d. 8, l. 54.

[36] For Stalin's role in pre-revolutionary oil strikes see Ronald Grigor Suny, "A Journeyman for the Revolution: Stalin and the Labour Movement in Baku, June 1907-May 1908," *Soviet Studies* 23, 3 (1972): 373-394.

workers under the slogan: "bread or home."[37] Ordzhonikidze sent a telegram to Lenin that read simply: "Due to absolute hunger in Baku the workers went on strike." His follow-up telegram was equally to the point: "The strike has been liquidated, but if the food situation among the workers does not improve there is absolutely no guarantee that the strike will not repeat itself with a good deal more force and a good deal more undesirable consequences."[38]

Historians refer to the period between June 1918 and March 1921 by the shorthand of War Communism. Both a policy and a periodization, War Communism has come to signify the entire period between 1918 and spring 1921 in the historiography of the Soviet Union. As a policy, War Communism was a replacement for the market economy and included the nationalization and state control of industry and trade, military discipline for workers, compulsory labor, agricultural requisitions and centralized redistribution of agricultural products, food rations, and the elimination of private trade.

In Azerbaijan, however, War Communism did not have the same chronology as it did in the RSFSR. During the period of independence from 1918-1920 links between Baku, the only industrialized city in the region, and the remainder of Azerbaijan, that is, the countryside, were virtually severed. The Bolsheviks did not introduce War Communism when they took power in 1920. Instead, they hoped to reestablish the trade links between the villages and the city and believed that War Communism would undermine these efforts by alienating the peasantry (something tried on a Union-wide scale with the introduction of the NEP the following year). Only when the market failed to provide the needed surplus by September 1920, did the Party

[37] Rossiiskii Gosudarstvennyi Arkhiv Sotsia'no-polioticheskoi Istorii [Russian State Archive for Social and Political History, RGASPI] f. 85, op. 5, d. 46, l. 1.

[38] Ibid.

leadership in Moscow force the introduction of requisitions of the peasantry familiar to those in Soviet Russia. Grain was seized and redistributed to the Red Army (which was stationed in Baku) and the oil workers. However, by November 1920, mere weeks later, it was clear that there was no surplus, either in grain or livestock, and the leadership abandoned War Communism altogether and requested food aid from Soviet Russia.[39] The period between the fall of the Müsavat government in April-May 1920 and the introduction of the NEP (September 1921 in Azerbaijan, not March) is better termed Revolutionary Communism than War Communism. Revolutionary Communism was period was characterized by the same ideological militancy and harsh punishments as War Communism but allowed trade and did not requisition foodstuffs from the peasantry, two fundamental differences.[40]

The first half of 1920 changed Soviet Russia's strategic position dramatically. The RSFSR acquired the oil fields of Emba, Grozny, and Baku as well as the coalmines of the Donbas.[41] Oil shipments from Baku to Soviet Russia via the Volga rose dramatically and the Bolsheviks secured access to the port in Batumi on the Black Sea, the traditional point of export for Russia's oil abroad—all necessary prerequisites to assure oil supplies and begin economic

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[39] I. A. Guseinov, et. al, *Istoriia Azerbaidzhana, chast' perviia,* Baku: Izdatel'svto Akademii Nauk Azerbaidzhansoi SSR, 1963, 247-249.

[40] It did, however, confiscate foodstuffs from the city population and redistributed the goods to oil workers. A.A. Igolkin, *Otechestvennaia neftianaia promyshlennost' v 1917-1920 godakh,* Moskva: RGGU, 1999, 119.

[41] In total, Baku had 310 million poods* (37,214,886 barrels), Grozny had 43 million (5,162,064 barrels) and Ebma 14 million pood (1,680,672 barrels) of oil. In contrast, in 1919 Soviet Russia's total consumption of oil products stood at 26 million pood (3,121,249 barrels), of which 13 million pood (1,560,624 barrels) went to the railroads. By May 6 half a million pood (300,012 barrels) were shipped to Astrakhan and sent up the Volga. By the end of the month more than 16 million pood (1,920,768 barrels) had been shipped. See, RGAE, f. 270, op. 1, d. 8, l. 54, and Igolkin, *Otechestvennaia*, 112-113. Igolkin notes further that, although the majority of oil went to fuel the railroads, it consisted of only 6.7% of the fuel they used, coal stood at 5,1%-- the other 66.1% of fuel used by the railroads in 1919 was lumber. "In December 1919 Soviet Russia had no more than 5 million pood [600,240 barrels] of oil products, had absolutely no coal reserves, and the railroad functioned on coal, generating an average speed of 5,2 verst per hour [about 3.5 mph]." *8.33 poods = 1 barrel (42 gallon US).

recovery. But these military successes did not translate into success in oil production. The increased shipment of reserves to the domestic market was a temporary victory that masked a more fundamental problem—that of drilling. Already in 1914, much of the machinery in the fields had fallen into disrepair. By the end of World War I and the Civil War the technology used in Baku was badly out of date. The region's success in supplying Soviet Russia and the Red Army from 1920-21 was based on already existing reserves that had been extracted before the Bolshevik invasion. Initial Bolshevik attempts to restart production failed and actually resulted in a steady decrease of an already severely curtailed output.[42] Correspondence and reports to Moscow uniformly told tales of catastrophe, hunger, shortage, and ruin. Harsh confiscatory polices, military discipline of the industry, and harassment of technical specialists had taken a heavy toll.[43] The oil industry, in other words, was on the verge of complete collapse by April 1921.

In Baku, the renewal of the oil industry took place through its nationalization. The industry had been nationalized in 1918 under the Baku Commune but was turned back over to private hands under the Müsavat government.[44] In 1920, the (re)nationalization of the oil industry was carried out by the Azneftekom and all firms were consolidated and then divided into six territorially delineated and administered sections.[45] This was a dramatic change in both the structure and functioning of the fields. It eliminated all previous boundaries between firms

[42] Igolkin, *Otechestvennaia*, 115.

[43] Ibid., 112-131.

[44] For an account of the first nationalization of the oil industry after the October Revolution and under the Baku Commune, see Suny, *Baku,* 237-250. He notes that the Baku Sovnarkom went ahead with nationalization before the more moderate implementation or worker's control as practiced in the RSFSR.

[45] Igolkin, *Otechestvennaia*, 118.

and plots, making any possible reverse in nationalization incredibly difficult, something that would be used later to argue against foreign concessions in the oil industry.

On January 2, 1921 members of the Azneftekom, including Serebrovskii, and Baku Ispolkom established the Commission on the Clarification of the Needs of the Baku Oil Industry.[46] According to the Commission's first protocol, it was formed to help the oil industry recover and emphasized "that the purpose of the Commission is not to interfere in the oil business…but to provide the most comprehensive and systemic aid to those bodies" involved in oil production both in Baku and in Moscow.[47] The Commission divided the industry into sections based on function (drilling, refining, exploration, etc.). It assigned a representative of the Oil Committee, a representative from the trade unions, and a political representative of the Soviet government to each section to carry out assessments, the results of which the representatives submitted to a plenum of members from the Commission.[48] It compiled a series of these reports and in these reports offered recommendations to provide a clearer picture of what the industry was facing and where it believed the industry should be going. These reports provide one of the most comprehensive views of the effects of the first year of nationalization in the oil industry and of the early period of Revolutionary Communism in the oil fields. They show the chaotic and ad hoc experience of nationalization. The Commission had to reconcile an ideological commitment to the newly nationalized industry, which was tightly centralized, with the strategic necessity of

[46] Azərbaycan Respublikası Dövlət Arxivi [Sate Archive of the Azerbaijan Republic, ARDA], f. 1610, op. 16, d. 3, l. 1-2. Members of the Commission included Lomov, Agamirov, Poroshin, Virap, Zhurida, Rustambekov, Kvartsev, and Mirzoian, 2.

[47] Ibid.

[48] ARDA, f. 1610, op. 16, d. 3, l. 2 (reverse side). The protocol does not list the names of the representatives, only that they are to be appointed.

being flexible. This created a tension seen throughout the reports, and indeed, in the claim above that the Commission would keep a distance from the day-to-day administration of the industry, an attempt to mollify specialists who were reluctant to work with the Soviet government..

As a first step, the Commission emphasized the importance of the Baku oil industry to Russia as a whole. It recommended an information offensive, which it would carry out by publishing articles in newspapers, holding meetings, and appealing to the Central Committee in Moscow on behalf of the oil industry. To strengthen the workforce, it called on the local Central Committees to transfer workers, both qualified and unskilled, from Russia, Azerbaijan, Georgia, and Armenia to work in Baku on the reconstruction of the industry. The Commission did not ask for volunteers and there is not indication that workers had a choice in their transfers to Baku. Additionally, two members of the Commission, were charged with compiling a list of specialists working in the 11th Division of the Red Army, then stationed in the south Caucasus, to be sent to the oil fields and help with recovery.[49]

As part of this information offensive Serebrovskii, in his capacity as head of the Azneftekom and a member of the Commission's plenum, delivered a report, dated February 7, 1921, to the 3rd Congress of the Azerbaijan Communist Party (AKP(b)) titled "The Revival of the Oil Industry and Economy of the ASSR." He started his report by outlining the general state of fuel consumption and production in the RSFSR for the first 10 months of Soviet power. He noted a significant improvement in 1920 over 1919. In 1919, the RSFSR exploited only 36,881 poods (665.9 tons) of coal versus 341,232 poods (6,161 tons) in the first 10 months of 1920. The change in oil was even more dramatic—in 1920 the RSFSR exploited 161,000 poods (19,328

[49] ARDA, f. 1610, op. 16, d. 3, l. 2. The member of the Commission were Lomov and Agamirov.

barrels) of oil while in 1919 the RSFSR had not exploited *any* liquid fuel. The improvement in fuel production speaks more to the proximity of collapse in 1919 than to any real success in 1920, however.

After recounting similar improvements in transportation, Serebrovskii pointed out that the "incipient revival of the RSFSR's industry demands huge reserves of raw materials and fuel. From this point of view, Azerbaijan is of special importance as a source of incalculable reserves of liquid fuel."[50] Expressing what was already becoming a common refrain, Serebrovskii clarified the stakes of rebuilding the industry and declared that "it is not a secret to anyone that the entire world revolution depends on the successful functioning of oil extraction."[51] Despite the gains noted above for the RSFSR, the oil industry in Baku and extraction in particular had been declining since nationalization the year before. As he saw it, the future of the revolution hung in the balance. To be sure, Serebrovskii had an interest in linking the success of the revolution and oil extraction. He was responsible for the realization or failure of the largest oil industry in what would soon become the Soviet Union and through this the ultimate success of the revolution. Whether his dire predictions about the collapse of the revolution were true is beside the point. He, and his colleagues, repeatedly argued that the fate of the oil industry and the fate of the revolution were fundamentally connected and they treated the reconstruction of the industry as part and parcel of carrying out the revolution. What was on the line, then, was for more than the amount of oil extracted. It was a vision of a Soviet future and the revolution itself. The

[50] ARDA, f. 2548, op. 1, d. 4, l. 2.

[51] ARDA, f. 2548, op. 1, d. 4, l. 11.

reconstruction of the oil industry was a revolutionary task; it was this message that Serebrovskii sought to convey again and again over the next five years.

To return to Serebrovskii's report at the 3rd Azerbaijan Party Congress, in early 1921 the situation in Baku was, as he described it, "catastrophic."[52] He attributed the decline in extraction to inadequate numbers of workers and poor technological material. With little help coming from Moscow, the oil industry was leaning heavily on the Azerbaijan Sovnarkhoz for supplies. Serebrovskii pointed out that "all of the [ASSR] Sovnarkhoz's stores were being used for the oil industry."[53] In fact, the only reason the industry was surviving at all and showing even these slight improvements was because of the support of the Baku Soviet [Bakispolkom] and the core of loyal Bolsheviks supporting the industry. [54] He concluded that the Soviet economy writ large was dependent on the successful recovery of Baku's oil industry and each and every Soviet republic would have participate in its reconstruction.[55] Serebrovskii agitated continually for Baku's oil industry in Moscow and throughout the Soviet republics, with great success, indicating that his message of the industries importance was well received.

In response to Serebrovskii's plea for more workers and greater "labor enthusiasm" the 3rd Congress of the Azerbaijan Communist Party resolved to improve working conditions and granted the request that workers from Russia, Armenia, and Georgia, as well as the 11th Division of the Red Army be sent to the oil fields. The Party Congress also ordered the military to assist

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[52] ARDA, f. 2548, op. 1, d. 4, l. 11. For example, in July 1920 there were 3173 bailers in the fields and by January there were only 1596, a staggering drop.

[53] ARDA, f. 2548, op. 1, d. 4, l. 11. Igolkin also credits the Baku Soviet with forming the commission, Igolkin, *Otechestvennaia*, 121.

[54] ARDA, f. 2548, op. 1, d. 4, l. 12.

[55] ARDA, f. 2548, op. 1, d. 4, l. 19.

the Neftekom whenever possible and to fulfill all economic tasks assigned to them by the Neftekom. The Party Congress also approved Serebrovskii's request to reassign all able-bodied members of the population not already involved in "productive work" to the oil industry.[56] This type of compulsory labor was a feature of the oil industry until the introduction of the NEP in September 1921. The Azerbaijan Communist Party thus acceded to the demands of Serebrovskii and aided the reconstruction of the oil industry by placing at his service Red Army units stationed in and around Baku and through the voluntary and involuntary transfer of workers to the oil fields.

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Baku, while vital to the Soviet cause, was too far away and the problems faced by Soviet Russia too great for it to receive the kind of financial and material support needed to recover. The result, reproduced throughout the Soviet republics, was that local leaders together with those sent by Moscow, had to tackle the situation on their own. Moscow handed local leaders decrees and told them to fulfill the decrees without instructions and without supplies. The actual means of achieving success, and by extension of carrying out the revolution, was therefore, by necessity, highly discretionary. Serebrovksii and Ordzhonikidze both understood this and for this reason were trusted in the center.

The initial Soviet takeover of the oil industry in spring 1920 aggravated an already dire situation, which is what eventually led to the establishment of the Commission on the Needs of

[56] ARDA, f. 2548, op. 1, d. 4, l. 17. The decision to mobilize workers from across the region quickly ran into problems. In March 1921, a month after the resolution, groups of workers from Simbirsk and Tiflis came to Baku but there were no available apartments for them and they essentially became refugees. In an effort to attract Persian workers, Azneft' paid the bailers, who were mostly Persian, in Persian currency, ARDA, f. 1114, op. 1, d. 6639, l., 30 (reverse side).

the Oil Industry later in 1921. In accordance with directives from Moscow and despite crippling material shortages, the Azneftekom shipped oil from Baku to other Soviet organizations free of charge beginning immediately with nationalization 1920. The industry received no compensation, even in the form of barter, for the oil it sent. The industry was not regularly supplied with new equipment and, perhaps most damagingly, it was not in charge of the ration cards its employees received so "the size of rations had absolutely no connection to labor input."[57] The result was widespread hunger. Correspondence and reports from Baku to Moscow were uniformly grim. Workers returned to their extended families in the regions and, despite orders that no one working in the oil industry was allowed to desert their posts, workers fled in droves and production plummeted throughout mid-1920 through 1921. The food supply crisis was not isolated to the south Caucasus. A famine struck the Volga region from 1921-1922 as the confiscatory policies of War Communism, years of war, and a debilitated railway system laid waste to the region; as many as 6 million deaths were attributed to hunger and disease during this period. Further, the grain and bread supplies for Transcaucasia were shipped in from the north and the shipments were not arriving. It was in this context that the fight for the improved rations and supplies for the oil industry was taking place.

The first report, submitted to the Commission on the Clarification of the Needs of the Baku Oil Industry in January 1921, focused on the need to stop the hemorrhaging of workers. The Commission attempted to identify the areas where Baku's oil industry was most in need of assistance and then to get the peoples and materials in place.[58] The most serious problem singled

[57] Igolkin, *Otechestvenaia*, 118-119.

[58] ARDA, f. 1610, op. 16, d. 3, l. 1-2.

out was the desertion of the bailers [*tartal'shchiki*]. Bailing was the dirtiest job in the fields and had a high mortality rate. It involved the manual extraction of oil by sending men directly into the wells with buckets, many of whom suffocated from the gas fumes. In the Baku fields, these jobs were traditionally filled almost exclusively by Persian subjects. An already dire production situation was made worse by the continuing bread shortage and the cold winter weather.[59]

Work in the fields had always been shaped by the harsh environment. The wells were located in areas that were subject to extreme temperatures, strong winds, sand storms, and snow in the winter. The complete collapse of infrastructure and the lack of goods and foodstuffs, not just in Baku but throughout the former Russian empire, meant that workers were more vulnerable to the elements than ever. The author of the report urged higher food rations, industrial quality work clothing, and higher salaries to try and keep what workforce remained and attract those who left back to the fields. He noted that workers were more frequently seen half-naked and without shoes, huddled around the machines that gave off steam, than actually extracting oil. The only thing, in his mind, that would improve production, was to make working conditions livable.[60]

The lack of qualified workers, especially in maintaining the heavy equipment, was felt in lagging production and constant breakdowns. But the distribution of qualified workers was also a problem. Just as reserves of oil were running low, so too were supplies—such as steel, glass,

[59] In the seven-month period from July 1920-January 1921 the number of bailers decreased from 1,538 to 825 resulting in the abandonment of 700 wells.[59] In December 1920, production reached a low point with only 621 bailers working. Extraction, which was at 278 pood/day (33.4 barrels) in July, plummeted to 135 pood/day (16 barrels).

[60] ARDA, f. 1610, op. 13, d. 246, l. 17-18.

cement etc.— and technical equipment being exhausted throughout the industry.[61] The report pointed to the continual recall and transfer of skilled workers and specialists to various departments or assignment of additional duties as a major problem.[62]

The position of engineers was equally unenviable, if for different reasons. The hyper-vigilant atmosphere of Revolutionary Communism meant that skilled workers were accused regularly of sabotage, dismissed without warning and without the informing the Factory Division in advance; they were deprived of ration cards and sometimes arrested.[63] According to the report, this persecution of engineers, combined with the interference of political representatives in the day-to-day running of factories, resulted in complete confusion as to who was in charge and an absence of discipline among workers. Further a "readiness to accuse [engineers] of sabotage and counter-revolution at every insignificant circumstance has led to a loss of initiative on the part of engineers to avoid being found guilty for the risk and bad luck that often accompanies initiative."[64] Engineers worked in constant fear of confiscation and relocation. At the end of the day, their concerns were the same as the workers—trying to find flour, cabbage, and food for their families. Requisitions were not only disrupting the work of engineers and specialists, but were also hindering the transport within the fields. Horses in particular were subject to requisition, which disrupted the entire production process.[65]

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[61] ARDA, f. 1610, op. 13, d. 246, l. 28.

[62] Ibid., 19-23.

[63] Ibid., 26.

[64] Ibid., 26.

[65] Ibid., 27-28.

According to the report, the combination of low food rations, high prices, requisitions, diminishing reserves of both material and oil, and an overall destabilizing and aggressive work environment were to blame for the flight of workers and the inability to begin production. As Igolkin argued, these were primarily political problems brought about by war-time policies and not simply due to the neglect of capitalist owners and recklessness of the preceding years.

Reports from the Commission on the Needs of the Baku Oil Industry were not the only way Baku kept Moscow abreast of developments in the oil fields. Serebrovskii sent weekly updates to Lenin on the status of production from his transfer to Baku in early 1920 through November 1921, and his findings echo those of the Commission. As the head of Azneft' Serebrovskii was in charge of housing, transportation, the production of electricity, goods procurement, maintenance, drilling, shipping and every other subfield involved in the production of oil. A year after nationalization every subfield was suffering from one kind of shortage or another. The absence of unskilled laborers meant that the fields were not staffed, the lack of qualified workers and materials meant that machinery could not be repaired, untrained and exhausted staff ran the accounting offices, and in general, discipline was difficult to enforce. Problems that had been plaguing the reconstruction efforts since he took over were especially noticeable in April 1921 and were progressively worsening.[66]

Serebrovskii's reports from the early 1920s devoted significant space to the crisis among the workers. The famine that struck the Caucasus, what Serebrovskii termed the "food collapse" [*prodovol'stvennaia razrukha*] combined with the inability of Azneft' to meet its salary

[66] ARDA, f. 1114, op. 1, d. 6639, l. 2 (reverse side). In the first quarter of 1921 a total of 51,972,149 pood (6,239,153 barrels) were extracted while in the first quarter of 1920, just before nationalization, 72,459,907 pood (8,698,668 barrels) were extracted for a drop of 28.3%.

obligations, meant that the basic food needs of the workers were not being met. Workers fled en masse back to Russia proper, or in the case of the bailers, to Persia and those who remained showed signs of scurvy "due to systematic malnutrition."[67] Workers could not be persuaded to work overtime or complete their shifts. Many of them fell asleep at their posts and "negligence bordering on criminal sabotage" was everywhere evident to Serebrovskii. He used one example by way of illustration: in the engine room of one of the factories a stoker poured water directly into four of the boilers and seawater gushed into the piping system of the electric station which formed layers of scum and salt. The steam-powered safety controls which would have mitigated the situation were not functioning. As a result, all factories served by the boilers were forced to shut down and production dropped 60%. In order to correct the situation the pipes would need to be completely dismantled, cleaned, and fitted with new parts. The plant was not, however, in a position to do so for the foreseeable future.[68]

Serebrovskii continued that additional obstacle to increasing production was "the refusal of workers to complete their tasks satisfactorily." The absence of proper clothing for workers in the fields during the harsh winter months led many of them to stop production. The barrellers [*bondarki*] were not doing their jobs; in one of the refineries the employees simply refused to work until they were provided with wool clothing, resulting in 0% production for the month of April. Among the same group of workers, Serebrovskii noted a "drop in labor discipline" presumably meaning that they stopped following orders because conditions were so poor. The factory needed qualified workers and instead these people "approached their work with a cold

[67] ARDA, f. 1114, op. 1, d. 6639, l. 3b.

[68] ARDA, f. 1114, op. 1, d. 6639, l. 3 (reverse side)-4. The report does not mention the fate of the worker responsible for pouring the water into the boilers.

and negligent manner." Workers set arbitrary goals for the day and refused to work beyond them, resulting in lowered production. [69]As a result of regular surveys undertaken among the various working groups, Neftekom reported to Serebrovskii that the biggest obstacle facing workers beyond the food crisis was the lack of transportation to get them to their places of employment outside of the city. Many workers had to travel up to an hour and an hour and a half to get to work and, because of the food situation, they were exhausted by the time they arrived. This resulted, Serebrovskii estimated, in a 50-60% reduction in efficiency among the workers.[70]

The only solution, Serebrovskii argued, was to allow him to make purchases abroad with foreign currency, on the open market, and get the parts and materials that he needed himself."[71] Serebrovskii would eventually succeed in lobbying Lenin for permission to personally go abroad and make direct purchases on behalf of Azneft'. In a series of trips to Constantinople, which elicited continual protests from the Foreign Trade Commissariat, Serebrovskii purchased the shoes, clothing, and other supplies needed for the workers. As things stood, the oil industry was being supplied from all over the Soviet Republics.[72]

Serebrovskii had acquired a reputation as someone who could solve problems, even, or perhaps especially, if it meant working around the rules. During this time, February-March 1921, the Bolsheviks invaded Georgia, ostensibly to assist an uprising, and finally secured access to Batumi, the trade city and traditional port of export for Baku's oil. At the end of February,

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[69] ARDA, f. 1114, op. 1, d., 6639, l. 6.

[70] ARDA, f. 1114, op. 1, d., 6639, l., 10.

[71] ARDA, f. 1114, op. 1, d. 6639, l. 7-8.

[72] In April alone iron was supplied from Tiflis and Enakiev, cement from Tonnel, leather belts from Taganrog, stationary supplies from Moscow, flax oil from Armavir, paints from Rostov, glass from Siuchinskii, lumber from Astrakhan, and goods from factories throughout the region. ARDA, f. 1114, op. 1, d. 6639, l. 11-11 (reverse side).

Mensheviks in Georgia blew up a railroad bridge over the Kura River on the border between Azerbaijan and Georgia, cutting the passage of armored Soviet trains into the country. The bridge needed to be repaired in the shortest period possible lest the Mensheviks gain the upper hand, but engineers determined it would take weeks to repair. According to a biography of Serebrovskii written in 1963, he attended the meeting of engineers called by Ordzhonikidze to fix the bridge, but rejected their claim that it would take so long to repair. He, together with one of his engineers, got in a small boat and went out to examine the wreckage personally and declared that they could have the bridge repaired and able to support armored trains within 72 hours. Over the objections of the railroad workers and engineers, Ordzhonikidze went ahead with Serebrovskii's plan to use trusses intended for a different bridge. Still not convinced that Serebrovskii's plan was sound, the train conductor agreed to cross over the new construction only "if Serebrovskii himself stood under the bridge." He obliged, the train crossed without incident, and "at 2 o'clock in the morning a brigade of oilmen, who had been working on the reconstruction of the bridge, entered Tiflis."[73] While Serebrovskii's biographer was certainly taking literary license by implying that he was responsible for the taking of Tiflis, there is no doubt that Serebrovskii was acutely aware of the importance of Georgia to the reconstruction of the oil industry. The incorporation of Georgia into the Soviet fold guaranteed access to Batumi on the Black Sea, which was also the terminus point of the kerosene pipeline from Baku, and the point of access to international market via Constantinople.

CRISIS & UNIFICATION

In March 1921, Lenin announced a major shift in Soviet policy with the introduction of

[73] RGAE, f. 270, op. 1, d. 8, l. 55-55 (reverse side). From Peshkin's article, pp. 159-160.

the New Economic Policy (NEP), which was to replace War Communism. In Soviet Russia, the NEP ended grain requisitions and allowed free trade on a local level but the oil industry, as one of the so-called commanding heights of the economy, remained under state control. As I pointed out above, these periodizations by policy do not align well with what was happening outside of Russia. The NEP was not implemented in Azerbaijan until six months after it was introduced in Russia, and War Communism had ended months before and had lasted less than a month. Moreover, the Transcaucasian republics were independent and, although the Kavburo was taking orders from Moscow, it could not and did not strictly follow the same policies as the RSFSR. The result was inconsistent policies between Moscow and Baku. In an attempt to mitigate this confusion, Lenin instructed the Kavburo to unify and coordinate the policies of the republics with the RSFSR, but it was not told how to do this. The ultimate interpretation of Lenin's decree on unified action was left to the members of the Kavburo, many of whom disagreed with one another about the best way to implement it.

While it took several months for the NEP to go into effect in Azerbaijan on any significant scale, certain effects were apparent immediately after the decree. Serebrovskii connected free trade on the local level with an increase in desertion in the fields.[74] The addition of the markets in Batumi and Tiflis, which had desperately needed European goods, made these tensions even more evident as speculators engaged in price gouging and hoarding. The situation was exacerbated tremendously by competing Foreign Trade Agencies (Vneshtorg) in the separate republics.[75] In scenes foreshadowing those made famous by Soviet propaganda over the

[74] ARDA, f. 1114, op. 1, d., 6639, l. 30 (reverse side).

[75] RGASPI, f. 85, op. 5, d. 46, l. 6. There was an Azerbaijani vneshtorg, Armenian vneshtorg, and Russian (Rossiiskii) vneshtorg, as well as a newly established Georgian vneshtorg, all of which were competing with one

ensuing years, Ordzhonikidze described the presence of the so-called bagmen at the markets, "a representative of one of the Vneshtorgs appears in some store—it doesn't matter which representative—Azerbaijani, Armenian, Georgian, or Russian—and literally carries in a bag of money and says, well come on [*nu-ka*], give me what you have, I'll buy it. The buyer puts it in the bag and carries it out. If the vendor offered 2 thousand he, to avoid a loss, offers 4-5."[76] Ordzhonikidze continued and offered an example, relayed to him by Serebrovskii, "if before 4 p.m. you buy nails for a certain amount, let's say 2-3 thousand, then after 4 p.m., if you please [*to izvol'te*] pay 100% more."[77] The markets in Batumi and Tiflis, however, were in a precarious position. The entry of Soviet troops into Georgia alarmed foreign merchants, many of whom fled with their goods as the Soviets approached, fearing confiscation.[78] Much like the sovietization of Baku only provided temporary respite from the fuel famine, so too the sovietization of Tiflis and Batumi did not alleviate the economic crisis.

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The immediate cause of the April 1921 strike outlined at the beginning of this chapter, which Ordzhonikidze noted was quickly put down— was the food crisis. The strike itself was indicative of the dire situation facing the Soviet republics in 1921 but it also foreshadowed systemic supply problems that were to haunt Soviet Union. Shortly after Ordzhonikidze telegraphed Lenin about the strike and its hasty resolution, the Central Committee of the

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another and perpetuating the existence of the speculators in the market. In addition, they were very conscious of looking incompetent to European observers who they feared would not take them seriously; Ibid., 9.

[76] Currency not specified.

[77] RGASPI, f. 85, op. 5, d. 46, l. 1-2. The extreme inflation brought about by the indiscriminate printing of money was not helping matters.

[78] RGASPI, f. 85, op. 5, d. 46, l. 1.

Azerbaijan Communist Party (TsK AKP) met to discuss the striking workers, the ongoing food crisis, and the general economic catastrophe in the south Caucasus. Underlying the debate that ensued was a central paradox that plagued the Bolsheviks in Transcaucasia—they needed oil to feed the workers but could not feed the workers without oil. That is, oil was the only source of currency both in terms of barter and trade contracts, but the workers could not produce the oil until they obtained goods—such as clothing, food, and shoes—that would allow them to work in the fields. As long as oil remained in the ground, in storage houses, and unrefined it was only potential wealth, and the workers would remain unfed and unproductive. Any consideration of foreign trade, therefore, was implicitly referencing oil.

The discussion that follows is drawn mainly from the stenographic record of a Central Committee of the Azerbaijan Communist Party (TsK AKP) meeting with the Kavburo held on April 10, 1921 in Baku. The transcript is titled "Questions and Debate of M.O.[*sic* D] Hüseynov's report on the Higher Economic Council [*o vysshem ekonomicheskom sovete*]" and it was called in response to a decree Lenin sent to Ordzhonikidze the previous day, instructing the Transcaucasian republics to "create a regional economic body for the whole of Transcaucasia."[79]

Lenin's decree is generally accepted as the origin of the unification of Transcaucasia in Soviet historiography but in fact unification had been proposed in early March 1921 by the Azerbaijan government and then on March 16, 1921 the proposal was sent to the Central Committee of the Russian Communist Party, which formed a commission to discuss the issue.[80] The unity of

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[79] A. M. Menteshashvili, *Bol'shevistskaia pressa Zakavkaz'ia v bor'be za sozdanie zakavkazskoj federatsii i soiuza SSR (1921-1922 gg.)* (Tbilisi: Izdatel'stvo Tbiliskogo Universiteta, 1972), 21. He is quoting Lenin's telegram to Ordzhonikidze.

[80] Menteshashvili, , *Bol'shevistskaia* , 22. For example, Farhad Jabbarov, *Bakinskaia neft'* still cites this as the origin of unification, pg 163.

Transcaucasia and its status vis-à-vis Russia, Armenia, and Georgia had been discussed in Party circles since 1917 but the focus here is on the role of Azerbaijani communists and the specific proposals that brought about Transcaucasia's actual unification after Soviet power had been established.[81]

The purpose of the April 10 meeting was to discuss how to interpret Lenin's decree on coordinated action between the republics.[82] Here, I focus on Mirzə Davud Hüseynov, a major figure in the Azerbaijan Communist Party. Hüseynov [Guseinov, in the Russian-language sources] was elected Chairman of the Central Committee of the Azerbaijan Communist Party in 1920 and served as both the Commissar of Finance and Foreign Affairs, first of the Azerbaijan SSR and later of the Transcaucasian SSR.

Hüseynov's proposal on unified action provided the general parameters of the debate that ensued. It centered on economic questions, primarily access to western European goods—where to get them, how to transport them and how distribute them; equally important, however, was the question of social and political stability.[83] The Kavburo viewed the animosity and nationalist

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[81] There is a large literature on the unification of Transcaucasia, although the focus is usually on national questions. To name only a few: G.E. Garibdzhanian, *V.I. Lenin i bol'sheviki Zakavkaz'ia*,(Moscow: Izdatel;stvo Politicheskoi Literatury, 1971); Kharmandarian, S. V.. *Lenin i stanovlenie zakavkazskoi federatsii* [Lenin and the formation of the Transcaucasian Federation] (Yerevan: Izadatel'stvo "Aiastan", 1969). For a solid overview of Bolshevik positions from 1917-1920 see, Stephen Blank, "Bolshevik Organizational Development in early Soviet Transcaucasia: Autonomy vs. Centralization, 1918-1924" *Transcaucasia. Nationalism and Social Change. Essays in the history of Armenia, Azerbaijan, and Georgia*, ed. Ronald Grigor Suny, Ann Arbor: the University of Michigan Press, 1983, 305-338. For more recent accounts see, Francine Hirsch, *Empire of Nations: Ethnography and the Making of the Soviet Union*, (Ithaca: Cornell University Press, 2005); Adrienne Lynn Edgar, *Tribal Nation: the Making of Soviet Turkmenistan* (Princeton: Princeton University Press, 2004); Terry Martin, *The Affirmative Action Empire: Nations and Nationalism in the Soviet Union, 1923–1939*. Wilder House Series in Politics, History, and Culture (Ithaca: Cornell University Press, 2001).

[82] RGASPI, f. 85, op. 5. d. 46, l. 1-31. Lenin's decree, which was sent to Ordzhonikidze, is generally cited as the origin of the unification of Transcaucasia but in fact it had been proposed in March 1921by the Azerbaijan government. A copy of Lenin's decree can be found in Kh. G. Vezirov, ed.. *V.I. Lenin ob Azerbaidzhane* [V.I. Lenin on Azerbaijan]. Baku: Azerbaidzhanskoe gosudarstvennoe izdatel'stvo, 1970, 215.

[83] RGASPI, f. 85, op. 5, d. 46, l. 1.

divisions brought on by years of war between Azerbaijan (Müsavatists), Armenia (Dashnaks), Georgia (Mensheviks), and the Bolsheviks as a major impediment to successful economic recovery. Intimately tied to any economic policy then was an acknowledgement of the need to address the national question.[84]

This discussion also illuminates the decision-making process and relationship between the TsK AKP and the Kavburo. The discussion touched on topics such as: what did it mean to be a Soviet Republic and subordinate to the Russian Communist Party, but not part of Russia? How did the Azerbaijani Bolsheviks view their leadership positions? What relationship did they have with the Kavburo and with its representative Ordzhonikidze? To be sure, the Politburo was the ultimate authority and held the final say that did not mean that local Communists, particularly in Transcaucasia, had no voice in shaping policy. The Kavburo could not enforce its decisions without the active support of local Bolsheviks and by extension, it could not formulate those decisions without input from the Transcaucasian leadership.[85] Further, and perhaps more importantly, the leadership of the Kavburo was made up of many local Bolsheviks, making a distinction between the two somewhat spurious.

The discussion that follows is important for a number of reasons. First, the secondary literature assumes that there was no discussion of Lenin's decree—that it was hammered out in Moscow and sent whole-clothe to the Caucasus.[86] This was clearly not the case and even after unification the particulars were constantly renegotiated. Second, the dominant paradigm in both

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[84] The NEP period and the *korenizatsiia* of the 1920s in many ways can be viewed as corollary policies.

[85] These nuances have been overlooked in part because of the Georgian Affair, and in part because of works, which nonetheless remains an excellent account, such as Richard Pipes, *The Formation of the Soviet Union: Communism and Nationalism 1917–1923,* Cambridge: Harvard University Press, 1964.

[86] Pipes, *Formation*, 267.

Soviet and western historiography relegates Muslim communists to pawns and observers before the more militant Russian and Armenian Bolsheviks rather than active participants in the creation of Soviet power. This account is an important corrective. Finally, the events in this transcript became the subject of denunciations by Nərimanov – a prominent Azerbaijani Bolshevik and leader of the Azerbaijan Soviet of People's Commissars, and member of the Kavburo and Azrevkom. In his 1923 manifesto *On Our Revolution in the Provinces*. Nərimanov accused Ordzhonkidze of coopting Lenin's ideas as his own and accused Hüseynov of defending the unification of Transcaucasia while in Baku but of denouncing unification (together with Axundov) in Moscow.[87]

At the April 10 meeting Hüseynov, a member of the Azerbaijan Central Committee proposed the collaboration of the foreign trade organizations of Azerbaijan, Georgia, and Armenia in coordination with the policies of the RSFSR.[88] The nature of that collaboration had not yet been determined but Hüseynov and Ordzhonikidze had already discussed the arrangement with Georgian communists in Tbilisi. There were two proposals up for debate. First, Hüseynov's proposal was that the republics create a union whereby they would delegate which trade body (Russian, Azerbaijani, Armenian, or Georgian) could conclude which deals. In other words, a confederated foreign trade agency that made contracts contingent on joint decisions. Second, Ordzhonikidze advocated a more formal union that would eliminate the individual

[87] RGASPI, f. 588, op. 2, d. 176, l.15. He accused Hüseynov of various transgressions, including political ones (advocating for the complete union of Azerbaijan to Russia) as well as personal (harassing a young woman who did not wish to marry him). RGAPSI, f. 588, op. 2, d. 176, l. 8-9. Nərimanov noted that it was the latter that convinced him Huseinov was not a reliable person.

[88] RGASPI, f. 85, op. 5, d. 46, l. 9.

vneshtorgs and form one unified [*ob'edinennyi*] foreign trade body in Transcaucasia.[89] Unification, Ordzhonikidze argued, would stop merchants from playing the republics off one another. In addition, it would solve some of the distribution and supply problems. He summarized the logic behind such a move, claiming that a unified organization could combine its resources and make consolidated purchases. This would also streamline supply of the Red Army:

> [Then] first and foremost, supply the oil industry, second the railroads which possess a common value not only for us, but in general, for all of Russia, while the oil industry possesses a global value— it has always had this value and now even more so, because without fuel Soviet Russia cannot survive and talk of a world revolution is not even necessary— third agricultural equipment, and fourth, if we are able, to procure manufactured goods….[90]

Hüseynov proposed the establishment of a consultative body, a Soviet, to regulate foreign trade. Ordzhonikidze pushed for complete unification and formal consolidation as way to achieve Lenin's directive on unified action. Significantly, both proposals agreed on the categorical economic need to make decisions in concert.

The discussion on the unification of foreign trade expanded to include the unification of the railroads, with parallel proposals on collaboration from Hüseynov and on unification from Ordzhonikidze. Pushing his argument, Ordzhonikidze pointed out that while each republic in Transcaucasia had national borders that reflected the ethnographic make-up of the republics, the railroad, completed in the 1870s-1880s, had not been built with those divisions in mind. It had not been constructed with the idea that these republics would someday be ripped apart by war.[91] In short, he argued, the railroad, and more broadly the economy, did not accommodate national

[89] RGASPI, f. 85, op. 5, d. 46, l. 2.

[90] RGASPI, f. 85, op. 5, d. 46, l. 3.

[91] Ibid.

distinction. By implication, if they wanted to save the economies of the Transcaucasian republics then they had to unify, regardless of national sentiment. The logistics of the oil industry were much like those of the railroad— the pipelines, the location of the refineries, the ports, were all built to serve an integrated economy in the Russian Empire. Controlling one part of the whole was not enough.

The consequences of a collapse of the oil industry to Soviet power would have been immense, making these discussions vitally important. Ordzhonikidze continued to agitate for unification, citing the following example to highlight his point: If a railway engine broke down in Azerbaijan it could only be repaired in Tiflis because maintenance stations were located in Georgia under the tsarist regime. The experts and materials were still there. Further, he believed that Georgia would defer to its national interests and would fix Azerbaijani railway cars only after it had fixed its own, regardless of the overall good to the Soviet economy. To avoid such backlogs, the republics should unify.[92]

After Ordzhonikidze outlined his proposal, the floor was opened for questions. The members wanted to know what decisions had been made during the a previous meeting with the Georgian comrades, and what the Armenian Central Committee's position was. Ordzhonikidze noted that no decisions had been made and there was no clear position yet among the different groups. Further, after Hüseynov spoke with Nəriman Nərimanov about the proposal they all agreed that any decisions should be postponed until after a debate was held in Baku.[93]

In terms of the oil industry, Moscow was already in charge of regulating international oil

[92] RGASPI, f. 85, op. 5, d. 46, l. 4.

[93] RGASPI, f. 85, op. 5, d. 46, l. 5.

shipments from Baku's petroleum industry.[94] Azerbaijan and Russia signed a treaty in 1920, ensuring that Soviet Russia received the petroleum it needed before the remainder went to market, preventing western Europe from getting it first. In fact, preventing Europe from using Azerbaijan's oil was one of the main reasons why Nərimanov endorsed Russian control over shipping and distribution.[95] But Soviet Russia did not yet have an agreement with Georgia, nor did Azerbaijan and Georgia have foreign trade arrangements. As noted earlier, Baku's oil could only reach the international market through Batumi. There were also refineries in Batumi and contracts also had to be concluded with those.[96]

Domestic shipping was only part of the equation, however. The refined products still had to reach the international market. In the pre-revolutionary period, the Nobel Brothers and Manteshev factories would ship the products in concrete but those factories were no longer running because of the shortages. While there was a market waiting, the Turkish government for example was willing to trade kerosene for bread, there was no way to even get the supplies to Turkey. Ordzhonikidze concluded, "In any case, don't ever think that because we have oil that we can buy everything."[97] As Nərimanov had warned, possession of oil fields was not enough to guarantee economic recovery.

The Bolsheviks considered Baku's oil collective property that they would distribute to

[94] Igolkin, *Otechestvennaia,* 130.

[95] RGAPSI, f. 85, op. 5, d. 46, l. 28.

[96] Refineries were located both in Baku and Batumi. In the long term it was cheaper to ship crude oil to Batumi and have it processed there where it could be promptly shipped.

[97] RGASPI, f. 85, op. 5, d. 46, l. 28.

those points that would most benefit the overall economy of the Soviet republics.[98] If Moscow believed that Nizhnii Novgorod or Samara needed Baku's oil more than Astara, then that is where it would be shipped, regardless of local sentiment. Oil was not just a commodity, it served the Soviet cause.

The Azerbaijan Central Committee agreed that foreign trade and the railroads needed to act jointly. However, concerning oil, they feared the population would react harshly when it realized how the final products were being distributed.[99] Cut off from Moscow financially and unable to procure hard currency through gold or silver, oil was the only available form of currency. Therefore, oil workers were given priority in supply and all available resources were being pumped into production and reconstruction. As far as the broader population was concerned, the only thing that was visible was the flow of goods and resources to Baku in a time of severe shortage. The TsK AKP feared this would lead Georgia and Armenia to accuse Moscow of favoritism vis-à-vis Baku and Azerbaijan. The products and profits of the petroleum industry, however, would be distributed to Armenia, Georgia, and the Mountain Republic in the northern Caucasus, in the form of food and supplies. The allocation of the fruits of Baku's labor to its recent enemies, they feared, would lead the population of Azerbaijan to accuse Moscow of stealing its natural wealth and dispensing it to its neighbors. While the Bolsheviks held Transcaucasia militarily, the communal peace that held was precarious and the distribution of oil products could easily spark conflicts.[100] Further, while the leadership in Georgia was against

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[98] RGASPI, f. 85, op. 5, d. 46, l. 15. This sentiment was repeated throughout. For example, according to Agamali oglu, "This is all nonsense after all, as if God is the source of Azerbaijan's oil or something. Oil is for everyone." [*Ved' etogo chepucha, ved' otkuda Azerbaidzhan vzial neft' Bogu rodstvennik, chto li. Neft' znachit, dlia vsekh.*]

[99] That is, the remaining oil that was not shipped to Moscow.

[100] RGASPI, f. 85, op. 5, d. 46, l. 13.

unification on political grounds, it was also because neither Azerbaijan nor Armenia had functioning economies (outside of oil production in Baku) and Georgia did not want to be tied to these other republics.[101]

Hamid Sultanov, the Azerbaijan Commissar of Internal Affairs, continued the discussion by raising the question about whether one republic would have to shoulder a disproportionate cost of unification. The implication echoed the one outlined above, that Azerbaijan would end up rebuilding the other Transcaucasian republics. Ordzhonikidze answered:

> If the question is posed in a soviet manner [*po-sovetskii]* a communist manner, then not one republic will be harmed [*obizheno*]. If the question is posed in a strictly economic manner, then a direct answer must be given, to a large degree Azerbaijan will be harmed, while Georgia to a lesser degree because it is poor, and Armenia and the Northern Caucasus absolutely will not be harmed. But let me ask the question in this way: does anyone here really dare to say that with everything we succeed in getting through the trade of Baku's oil—which nature created here, in Baku, and not in Erivan—that we are going to refuse to help our Armenian comrades. I don't think anyone here would dare to say that….[102]

This reply was more or less accepted by those present, but the distribution of goods received from the oil trade in Transcaucasia did in fact become a matter of contention over the following decade.[103] In fact, the strictly economic point of view meant that Azerbaijan's resources *would* rebuild the railroads, feed Armenia, and sustain the northern Caucasus. Nərimanov himself would level such accusations a few years later and would ultimately contribute to his permanent removal from the south Caucaus.

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[101] RGASPI, f. 64, op. 1, d. 90, 37-48.

[102] RGASPI, f. 85, op. 5, d. 46, l. 6. Nərimanov took an identical position vis-à-vis Armenia and the north Caucasus. He disagreed with Ordzhonkidze's overall proposal, however, Ibid., l. 20.

[103] They wanted more details. Another objection was that a unification would look bad on the international stage since each republic was supposed to be independent. The logistics of how to direct these joint bodies was also subject to discussion. Ibid., 8.

The issue, as Ordzhonikidze pointed out, was not financial or economic per se. It was about learning to interpret the revolution, about learning the political economy of Soviet power. If the revolution was going to succeed then the pursuit of the individual prerogatives of the republics was counter-revolutionary. While this was not explicitly stated, it clearly manifested itself in the years that followed in campaigns against so-called national deviation. Historians often overlook this economic underpinning to later ideological debates.

Another concern pushing unification was the knowledge that the Transcaucasian republics had to rely on their own resources. Help from Moscow would not be coming. On the need to coordinate the administration of the railroads, Hüseynov contended "this is my deep conviction and I say frankly that it is necessary, that our economic situation demands it. For once and all we have to give up the notion that, first, we can put our hope in Moscow, not because Moscow refuses to help, but because it cannot."[104] This statement speaks to the way power was mediated in the Soviet republics. The republics deferred to Moscow's directives, which as Bolsheviks they viewed as entirely appropriate and necessary.

How those decrees were implemented, however, was at the discretion of the Bolsheviks on site. A clear indication that this distinction between policy-making and implementation was both assumed and valued was voiced by one of the delegates, Stukalov, in relation to the unification of Vneshtorg "…we have to answer the question in principle here, and I think that, maybe, we can fundamentally make a decision here, and the Orgburo and Politburo can develop

[104] Again, this did not mean the kind of complete unification advocated by Ordzhonikidze. He called for a centralized administration that maintained the separate bodies and kept a degree of political power in the hands of the individual republics, a mirror proposal to the Vneshtorg problem. RGASPI, f. 85, op. 5, d. 46, l. 10.

and work out the details, and then offer it for adoption."[105] This constant negotiation of power between Moscow and the local Party organization was a hallmark of Soviet administration. Moscow increasingly sought to centralize as it consolidated power but even as it ruled by decree and strict adherence to Party decisions it still relied on local implementation. Moscow did not shy away from using force to enforce policy decisions but this was not enough to hold power in the long term. For that, Moscow needed local help.

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The matter of political sovereignty was also at issue. The topic is more familiar to students of Soviet history through the Georgian case but it was also a contested concept in Azerbaijan. In essence, it was clear that economic unification would almost certainly lead to political unification. More specifically, there was a question about whether it was even realistic to have economic unification without political unification. Although this was only a tangential topic in initial Party meetings in Transcaucasia, it was the logical implication inherent in a proposal that called for unifying the administration of the major assets of all three, possibly four, republics and it was mentioned throughout the session. The first person to raise the question was Mir Başir Kasumov: "the question is, can three or four soviet republics unite into one republic at this time, and if they can, then by all means."[106] While there was no consensus on whether a political union was desirable, or even feasible, the idea was now in circulation.[107]

[105] RGASPI, f. 85, op. 5, d. 46, l. 12.

[106] RGASPI, f. 85, op. 5, d. 46, l. 9.

[107] This was not the first time political unification had been raised, it had, in fact, been in the background since a similar decision was taken during the brief life-span of the independent Transcaucasian Federation in 1918.

The Kavburo was still working to put down uprisings throughout Transcaucasia and its success at this time was tenuous and predicated on military power and the harsh repression of enemies. Ordzhonikidze outlined the very real political situation the Bolsheviks in the south Caucasus were facing and painted a picture of hostile environment and a confused system that made a mockery of the so-called national borders in place. The reluctance of some members of the Azerbaijan Central Committee to extend help to Georgia and Armenia reflected the broader animosity and distrust among the republics. Buniatzade remarked that Georgians, by his implication Mensheviks, would rather let workers starve than give Baku trains; Sumbatzade argued that Armenia (i.e. Dashnaks) should not be in charge of trade because that would be putting Dashnaks in control.[108] The Dashnaktsutyun, or Dashnak for short, was a left-leaning Armenian nationalist party, and the ruling party in independent Armenia (1918-1921). Among Transcaucasian Muslims, the Dashnak party had a reputation as virulently anti-Muslim as well as nationalist, and a series of violent border wars between Azerbaijan and Armenia had occurred before the Bolshevik invasions. The Mensheviks, on the other hand, were the arch enemies of the Bolsheviks by this point. Addressing the comments by Sumbatzade and Buniatzade, Ordzhonikidze chastised them and once again reframed the situation *po-sovetskii*:

> …how can you talk like that a party meeting? We aren't talking about Dashnaks, but about Soviet Republics. If there was a revolution in Armenia, well, there was also one in Baku. If in Baku there was a revolution in '18, that doesn't mean that because of that Baku is the standard.

In other words, Azerbaijan was no more immune from anti-Bolshevik agitation than the other republics, regardless of the presence of a Bolshevik stronghold in Baku. He continued,

[108] RGASPI, f. 85, op. 5, d. 46, l. 19, 21.

highlighting the tenuous power balance in the Caucasus and pointing out Baku's dependence on Russia. Ordzhonikidze, rather candidly, pointed out that if the Red Army evacuated Baku there would be an anti-Soviet uprising within days. He noted that two years of independence had created nationalist sentiment in all of the republics, not just in Armenia or Georgia. The authority of all of the Caucasian Bolsheviks flowed from Moscow and conversations about property and resources were abstract at best.[109] Ordzhonikidze was asserting that Azerbaijan's independence was a material fiction. The Azerbaijan Republic did not own its trains, Russia did. From there he turned to the real question, as far as he was concerned— falling in line, fulfilling decrees and showing results. [110]

Ordzhonikidze's arguments did not convince even a majority of those present at the April meeting.[111] He claimed that his proposition would not infringe on the political sovereignty of the republics. However, he did remind them one final time who actually claimed their loyalties "People know perfectly well that we are members of the Russian Communist party, everyone knows that the TsK [Central Committee] in Moscow makes decisions, that we are subordinate to them [*nam prepodnosit*] and we accept [their decisions]. There is no need to play hide and seek.

[109] RGASPI, f. 85, op. 5, d. 46, l. 24.

[110] Ibid.

[111] Some members—Nərimanov, Sultanov, Hadzhiev, Hüseynov— were not swayed by Ordzhonkidze's interpretation of soviet political economy, while Karaev, Kasumov, Kadirly, Agamali oglu, and Teimur Aliev agreed with him. Kasumov, Kadyrli, and Agamadi oglu expressed support for a political union. Karaev advocated for a vneshtorg with an even broader mandate than Ordzhonikidze and wanted all trade, not only that with western Europe, to be united. Sultanov and Hadzhiev were against the idea and supported Hüseynov. Nərimanov requested the formation of a commission to decide the matter. The other members did not voice an opinion one way or the other.

Ali Heidar Karaev-Commissar of Military and Naval Affairs Azerbaijan SSR.

[*v zhmurki igrat' ne nado*]."[112] The meeting ended with the adoption of Ordzhonikidze's proposals and they were sent to a commission that would be formed, either in the Orgburo or the Politburo, where the details would be worked out.[113] Four days later, on April 14, Ordzhonikidze sent a telegram to Lenin and the Central Committee proposing the unification of the railroads and foreign trade. They approved the proposal two days later.[114]

ON POLITICAL SOVEREIGNTY

Beginning in 1922, the Bolshevik Party debated the implications of the unification of Transcaucasia. These debates, initially economic and later political, were part of larger debates about the structure of the Soviet Union and in March 1922 the Transcaucasian republics unified to create the Transcaucasian Socialist Federated Soviet Republic, which was in turn incorporated into the USSR, formed in December 1922. In the historiography, these debates in the south Caucasus are largely associated with Georgian opposition to the unification, exemplified in the Georgian Affair, a dramatic incident but only a small part of the story. During one of the debates on unification, tensions ran so high that Ordzhonikizde assaulted a fellow Georgian Bolshevik, precipitating a crisis that led Lenin to criticize harshly both Ordzhonikidze and Stalin, his biggest advocate in Moscow. This altercation is notoriously referenced to demonstrate Soviet imperial policies toward the non-Russian regions of the empire.[115]

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[112] RGASPI, f. 85, op. 5, d. 46, l. 27.

[113] RGASPI, f. 85, op. 5, d. 46, l. 29, 31.

[114] Menteshashvili, , *Bol'shevistskaia* , 27. A treaty unifying foreign trade between the republics was signed on June 2, 1921, ibid., 31.

[115] For a good description of the lead up to this event see, Ronald Grigor Suny, *The Making of the Georgian Nation.* Bloomington: Indiana University Press, 1988, 210-218.

While this episode was undeniably important and indeed indicative of Soviet approaches to problem-solving, the disagreements were not isolated to the Georgian Republic, nor were they only over political matters and concepts of national autonomy. More accurately, the political issues were not limited to personality conflicts and theories of national self-determination. These arguments were about the future economic development of Transcaucasia and the security and territorial integrity of the Soviet state.[116] When the Georgian Affair occurred the Bolshevik leadership of Transcaucasia was debating the unification of foreign trade and the railroads, discussed above. The conversation, however, quickly transformed from an economic discussion to a campaign for the complete political unification of the Transcaucasian Republics. Historians have largely decontextualized this story from the brutal economic circumstances that the Soviet republics faced in the early 1920s.

Stalin and Ordzhonikidze were not the only two Bolsheviks who believed that the future of the revolution lay unequivocally in unification. When the optic shifts to Azerbaijan the picture that comes into focus is quite different from the familiar image of Stalin and his henchman Ordzhonikidze going rogue. In fact, the Central Committee of the Azerbaijan Communist Party (TsK AKP) also backed unification. Nərimanov explained at length the necessity of binding Azerbaijan to Soviet Russia and further, why Georgia by extension was also part of the equation:

> Comrades, you have to get it into your heads [*vbit' v golovu*] that when I say the life of Azerbaijan depends on the life of Soviet Russia these are not empty noises; when I say that our soviet construction depends on the existence of Soviet Russia, that is, I repeat, not empty noise…What is Soviet Russia, surrounded on all sides by enemies? Thus far she receives nothing. And what forced the British to talk about a treaty with Russia, when earlier they would not recognize Russia? Without question, it was oil. When we

[116] The fate of Nagorno-Karabakh was also a part of these debates and was highly contested. It, too, carried a heavy economic dimension mainly in relation to the connections between highland and lowland Karabakh and the use of pasturelands. A detailed discussion of this important question can be found in: Jörg Baberowski, *Der Feind ist überall. Stalinismus im Kaukasus,* Munich: Deutsche Verlags-Anstalt, 2003.

> announced that our oil belongs to Soviet Russia, it was a trump card in the hands of Soviet power. This, comrades, revolutionaries, and communists is how you should reason: what is more important to us—the life of Soviet Russia or oil?[117]

He continued, asking those present to consider the consequences for Azerbaijan if Soviet Russia were to collapse. He emphasized that "We firmly believe and declare that there is no middle ground between Soviet power and monarchism in Russia. After everything that has happened, there is no middle ground." He warned that the national republics would again fall under the yoke of Russian imperialism and the events of the past several years would come to naught. He reiterated a sentiment he had expressed in a closed session, namely, that it was Baku's responsibility to provide oil and material to Armenia and to Georgia. Their economies and their futures were intertwined.[118] For Nərimanov, as for many other dedicated revolutionaries, the situation was essentially a choice between aligning themselves with the Bolsheviks and following Moscow's policies or collapsing altogether.

Members of the Azerbaijan Central Committee, and most certainly Ordzhonikidze, believed that Georgia had to unify with Azerbaijan if the economy of the republics and the oil industry was to recover. Stalin highlighted some of the connections between trade and Georgia's status when he travelled to Tiflis to make his case for unification. In a July 1921, Kavburo protocol he noted that the three Transcaucasian states were granted full independence for two reasons. First, each had been independent for three years and the republics were therefore accustomed to a national state. This experience made it impossible for the republics to

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[117] May 8, 1921 "Rech' na tret'em zassedanii 1 vsezaerbaidzhanskogo s'ezda sovetov rabochikh, kresti'ianskikh, krasnoarmeiskikh i matrosskikh deputatov"[Speech at the 3rd Session of the 1st All-Azerbaijan Congress of Soviets of Workers, Peasants, Red Army Soldiers, and Sailors Deputies] from Narimanov, *Izbrannye proizvedenii. Tom 2* [Selected Works, volume 2] Baku: Azerbaidzhanskoe gosudarstvennoe izdatel'stvo, 1989, 489.

[118] Narimanov, *Izbrannye*, 490-491.

immediately cooperate with one another. Second, in contrast, was the international market. Once Armenia and Georgia had come under Soviet control the port in Batumi began supplying all of Transcaucasia. Stalin argued, that "we must use Georgia as an open path [*svobodnuiu dorogu*] to foreign firms. A recognition of Georgia's complete independence will make trade that much easier."[119] Businessmen who refused to deal directly with the Soviet Union had no problem doing so through the auspices of the Georgian Republic. Maintaining a degree of independence and later autonomy was a way to keep those trade connections open and goods flowing. Stalin declared that Georgia would use her geographical position to blackmail the other republics if they were not unified:

> Georgia has a port in Batumi from which goods from Europe are replenished, Georgia has a railroad junction like Tiflis that does not bypass Armenia and does not bypass Azerbaijan, getting its goods from Batumi. If Georgia was a separate country, if she did not belong to the Transcaucasian Federation, she would be able to give a few little ultimatums— to Armenia, who cannot make it [*ne oboitis'*] without Tiflis, and Azerbaijan, who cannot make it without Batumi.[120]

Regardless of the veracity of Stalin's accusations of blackmail, it was certainly true that much of the leadership in Azerbaijan shared this view. We must incorporate these viewpoints into our narrative of the creation of the Transcaucasian Republic to better understand these debates. The logic that soviet power was rooted in economic concerns was outlined in *Bakinskii Rabochii,* in an article titled "The economic foundation of the Soviet Republics" on December 12, 1922, the eve of the formation of the USSR:

> The national question for the laboring soviet nations consists first, of maintaining the

[119] RGASPI, f. 64, op. 1, d. 13, l. 223. This formal independence did not mean independence in practice. The Georgian and Transcaucasian Republics were still expected to maintain complete subordination to the Central Committee.

[120] RGASPI, f. 64, op. 1, d. 1, l. 230.

> power of the worker-peasant masses, second, in building an economy that ensures the equality of workers, and third, to establish the conditions of cultural development of the laboring masses of the backward nationalities to the level of an understanding of Communism and the practical ability to realize the historical tasks of the communist revolution.

This article was clearly intended as a guide for readers on how to understand the unification of the Transcaucasian Republics and the creation of the Union of Soviet Socialist Republics and it reveals a hierarchy. Officially, the national question was not about cultural and political sovereignty but about maintaining power, developing the economy, and educating non-Russians about Communism. The article spoke of this view as an achieved reality:

> … the worker-peasant masses of the individual Soviet republics became convinced that the goals of their republics did not consist of the existence of some national nation designed only for each individual interest but *exclusively* [*iskliuchintel'no*- italics mine] to support the power of the Soviets (as the only condition of liberation) and to build the country's economy, so that it served the interests of the workers, and was not a storehouse of imperialism.[121]

The view that each republic was working in harmony for the greater whole and had set aside national interests was obviously untrue. But the ideal had support within each of the republics. Although it was highly contested this view ultimately triumphed in 1922, if tentatively and temporarily, and contributed to the creation of the TSFSR.

BACK IN THE FIELDS

Meanwhile the Commissariat for Foreign Affairs was making its own plans about how to resolve the continuing economic crisis: through foreign concessions. On top of transport and distribution problems in the oil industry, fear that wells would flood and that water would mix

[121] *Bakinskii Rabochii,* 12 Dec 1922, No. 280.

with the oil rendering them unexploitable was a cause for acute anxiety throughout 1920 and 1921 and sparked a public panic that the oil industry would collapse.[122] Discussion about the best way to solve this problem brought out dramatically different visions for the future of the oil industry in Baku and the Soviet Union as a whole. At issue was whether Soviet resources and, most contested, Soviet know-how, would be capable of managing the wells or if outside help was necessary for the oil industry to recover fully and avert disaster. One view, advocated by three major figures in the industry— the well-know geologists Ivan Gubkin and Ivan Strizhov, the head of the oil trust Azneft', Serebrovskii, and the head of the Tsk AKP, Kirov, believed that granting concessions to foreign firms would be a mistake technologically as well as a potential security threat.[123] The main proponents of granting Baku's oil fields to concessionaires were Leonid Krasin, the Commissar of Foreign Trade, who himself had extensive experience working as an engineer in the Absheron fields, and Georgii Chicherin, the Commissar for Foreign Affairs.[124]

The debates on opening the petroleum industry to foreign firms—mostly likely Standard, or Shell, coincided with, and in many instances were the object of, a broader conversation during the transition to the New Economic Policy. The questions that occupied the Bolsheviks included the desirability of foreign participation in the Soviet project, the role of oil in the Soviet economy—whether to focus on coal or oil as the primary fuel; the role of oil in foreign policy

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[122] Ivan Smilga, *Vosstanovitel'nyi protsess: Piat' let novoi ekonomicheskoi politiki (mart 1921 g.-mart 1926 g.) Stat'i i rechi* [The recovery process. Five years of the new economic policy (March 1921-March 1926) Articles and speeches]. Moscow: Izdatel'stvo "Planovoe khoziaistvoe," 1927, 11.

[123] Aleksandr Serebrovskii, *Rukovodstvo V.I. Lenina Vostanovleniem neftianoi Promyshlennosti*, Gospolitizdat, Moscow: 1958, 3-4, 7-9.

[124] Timothy Edward O'Conner, *The Engineer of Revolution. L.B. Krasin and the Bolsheviks, 1870-1926*, Boulder: Westview Press, 1992, 40-45. For Chicherin, RGASPI, f. 159, op. 2, d. 15, l. 66-71.Chicherin was also the head of the Soviet delegation at the Genoa Conference, which I will address in the following chapter.

decisions; contestation over who was most able to make decisions about the industry—oil specialists, local Azerbaijani communists, or diplomats in Moscow; and ultimately, the structure of the Soviet Union itself as a federation or a confederation.

CHAPTER 2: LOOKING BEHIND GENOA: THE OIL QUESTION AND SOVIET CONCESSIONS POLICY

The radical American journalist and astute onlooker Anna Louise Strong travelled to the Soviet Union in 1923 to witness the Soviet project firsthand. On her journey to the USSR, she visited Baku, Azerbaijan—Russia's primary source of petroleum and noted, "I have spent two weeks in Baku. It is desolate, and fascinating as hell." She observed that Baku was "an industrial oil city, modern, mechanical, ruthless. In it live children orphaned by famine, and veiled women of the East, and men, Russians and Tartars and Persians and Armenians and the tribes of Central Asia who have not yet learned to read and write but who can produce oil for rebuilding a nation."[125] Strong visited Baku at a tumultuous time when the city, and the oil industry, were still recovering from years of war and occupations. In early 1923, Baku was a relatively well-known city because it had been in international headlines for the past year in connection with the Genoa Conference. As the *New York Times* reported "Baku has literally moved to Genoa, and Azerbaijan has been put on the map for diplomats who formerly had little idea where that republic on the Caspian was located."[126]

The Genoa Conference convened in the spring of 1922 to re-establish economic relations and resolve outstanding claims between Soviet Russia and western Europe following the conclusion of WWI.[127] The Allied powers hoped to resolve outstanding Russian loans and debt,

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[125] Anna Louise Strong, *The First Time in History .Two Years of Russia's New Life (August 1921 to December, 1923),* Boni & Liveright, 1925 accessed on October 20, 2013 http://www.marxists.org/reference/archive/strong-anna-louise/1925/first_time/ch05.htm.

[126] *The New York Times*, "Oil Lease Talk Stirs Genoa Delegates; Russians Deny They Will Give Monopoly" May 5,1922.

[127] The Genoa Conference was "called for the purpose of laying the foundation for a genuine economic rehabilitation of Europe…without Russian and German rehabilitation no rapid recovery from the effects of the war could be expected." Leo Pasvolsky and Harold G. Moulton, *Russian Debts and Russian Reconstruction. A Study of*

and sought compensation for the nationalization of private property after the 1917 Bolshevik revolution.[128] The Soviets likewise sought compensation for Allied intervention in the Russian Civil War. Historians in English-language scholarship dismiss the Conference because it failed to result in any significant agreements, overlooking the domestic implications for the young Soviet state. In the midst of the Conference, Soviet Russia concluded the Treaty of Rapallo reestablishing diplomatic relations with the then pariah state of Germany, which overshadowed all other concerns. The Russian-language scholarship similarly overlooks the Conference, focusing on the conclusion of the Rapallo Treaty. In contrast to the English-language studies, these works frame Genoa as a success by the Bolshevik delegation. Genoa is thus subsumed under the question of the Rapallo Treaty in both literatures and domestic implications are ignored.[129]

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the Relation of Russia's Foreign Debts to Her Economic Recovery, New York: McGraw-Hill, 1924, 162; The Supreme Allied War Council issued so-called Cannes resolutions, which served as the starting point for discussion at Genoa. The Cannes resolution stipulated that Soviet Russia recognize all debts and obligations of the Russian Empire and Provisional Government in exchange for the reestablishment of full diplomatic recognition and the extension of loans to the Bolsheviks for reconstruction, Timothy O'Conner, *Diplomacy and Revolution*, Ames, Iowa: Iowa State University Press, 1988, 81. For the official Soviet record of the Conference proceedings, published by NKID, see: *Materialy Genuezskoi Konferentsii. (podgotovka, otchety zasedanii, raboty komissii, diplomaticheskaia perepiska i pr.) [Materials for the Genoa Conference. (Background, Reports on Meetings, Work of the Commissions, Diplomatic Correspondence, Etc.)]*, Moscow: People's Commissariat of Foreign Affairs, 1922.

[128] Great Britain, France, the US were the major Allied (or Entente in Russian-language sources) powers. The United States only had observer status at the Conference.

[129] By no means do I argue against the intertwinement of Genoa and Rapallo, rather I think we need to look more closely at the domestic implications of the conference. Even E.H. Carr who devotes more space than most to Genoa notes "Above all, the Genoa conference had made possible the Rapallo treaty" E. H. Carr, *The Bolshevik Revolution 1917-1923,* volume 3, New York: Macmillan Company, (1953)1961, 380. Some English-language works include, Carole Fink, *The Genoa Conference. European Diplomacy, 1921-1922,* Chapel Hill: University of North Carolina Press, 1993; Carole Fink, Axel Frohn, and Jurgen Heideking, eds, *Genoa, Rapallo, and European Reconstruction in 1922*, New York: Cambridge University Press, 1991. For one of the few accounts that includes oil, see the chapter in the above book by A.A. Fursenko, "The Oil Problem and Soviet American Relations at the Genoa Conference of 1922." The book by George Gibb and Evelyn K. Knowlton, *The History of the Standard Oil Company (New Jersey): The Resurgent Years, 1911-1927*, New York: Harper and Row, 1956, also covers the Genoa Conference and oil. For general works see, Richard Debo, *Survival and Consolidation. Foreign Policy of Soviet Russia 1918-1921*, Montreal: McGill-Queens University Press, 1992; Alistair Kocho-Williams, *Russia's International Relations in the 20th Century*, New York: Routledge, 2013; for a classic view, George Kennan, *Soviet Foreign Policy 1917-1941*, Princeton: D. Van Nostrand Company, Inc., 1960. Beyond Rapallo, the secondary Russian-language literature is

The Genoa Conference forced the Bolsheviks to confront a number of fraught domestic questions—about concessions, economic reconstruction, the structure of the energy sector, and the political status of the ostensibly independent Soviet republics of Azerbaijan, Armenia, Georgia, and Ukraine — that they had until that point been able to postpone. This chapter proposes a new way of talking about Genoa and suggests that the Conference, and more specifically the question of concessions, represented a turning point in early Soviet history.

Instead of focusing on the outcomes of the Conference to determine its importance I follow one of the most contentious questions facing the Soviet government going into Genoa and ask how the Bolsheviks addressed it— the oil question. Oil was pivotal to the Bolshevik strategy at the Conference and encapsulated the most urgent political and social problems facing Soviet Russia, and the source of Russia's oil, Azerbaijan.[130] The oil question was not limited to technical problems of extraction or economic questions. As Alison Frank, in her work about the Austro-Hungarian Empire has argued, the main characters in a story about oil "are all those people who hoped to use oil to achieve a certain goal…"[131] In this chapter, I examine the connections wrought by people from encounters in the pursuit of the control of oil and its profits.

The Soviet leadership and most notably Lenin viewed concessions, which were the basis for the Soviet strategy of reconstruction at the conference, as key to the recovery of the Soviet economy. Concessions commonly refer to the policy of granting foreign interests rights to

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either concerned with specific topics, such the partial return to the gold standard, or with the establishment of Soviet diplomacy. The Conference itself receives little attention.

[130] Because oil was considered an insignificant sector of the economy, its wider importance has been dismissed. For example, the view put forth in 1924 has become a standard assumption: "Petroleum is popularly but erroneously regarded as a very important Russian export" Pasvolsky, 100.

[131] Alison Flieg Frank, *Oil Empire. Visions of Prosperity in Austrian Galicia*, Cambridge, Mass.: Harvard University Press, 4-5.

exploit natural resources.[132] These interests—be they individuals or companies—necessarily involve foreign governments. The Soviets had prepared expansive plans for concessions in the fuel and mining sectors of the economy for presentation at the Genoa Conference.

Official Soviet concessions policy going into Genoa in 1922 supported offering sections of the Soviet oil and coal industries to foreign participation and aroused strident opposition from ideologically minded Bolsheviks and expert geologists alike.[133] Lenin's invitation to the former owners— capitalist oil magnates— to begin negotiations for the exploitation of Soviet oil exposed internal divisions within the Bolshevik ranks. The appropriate role of foreign participation in the Soviet project, and by extension the question of who had control of what parts of production and distribution, became intertwined in ideological, social and political questions. Thus the decision to allow concessions in Soviet industry, an issue dismissed by both contemporary onlookers and historians, was one of the most contested domestic policies in the 1920s.

Intimately tied to the question of concessions was how the Soviets would handle the owners of the industries seized in 1917, which the Bolsheviks now sought to lease. This issue, together with the problem of loan and debt repayment,[134] was the most ideologically divisive in

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[132] Antony Sutton outlined three types of concessions, including a so-called "pure" concession (Type I), a mixed-company concession (Type II), and the technical-assistance transfer (Type III). At the Genoa conference, the Soviets had intended to propose type II concessions. Antony C. Sutton, *Western Technology and Soviet Economic Development 1917 to 1930,* Stanford, CA: Stanford University Press, 1968, 8.

[133] A. A. Igolkin, S*ovetskaia neftiania promyshchlennost' v 1921-1928 godakh*, [The Soviet Oil Industry from 1921-1928] Moscow: RGGU, 1999, 94. Although the coal and oil industries were discussed in tandem, they took very different paths. Oil never had major foreign concessions, unlike coal.

[134] This was a fundamental sticking point: "It was regarded as self-evident that any Russian government…must first of all recognize without equivocation ordinary contractual obligations both with reference to the past and the future….It was therefore laid down as a basic principle that Russia must recognize the *legality* of all outstanding foreign obligations whatsoever, whether contacted before or during the war, by the Imperial Russian government, by the Provisional government, by municipalities and local communities or by private companies or individuals—

the international arena and the primary obstacle to an agreement at Genoa. Former owners—particularly in Britain, France, and the US— lobbied ceaselessly to undermine the normalization of relations with the Soviet government and organized economic boycotts of Soviet petroleum and other products abroad.[135] Former owners also pursued legal recompense in courts abroad making would-be concessionaries think twice before agreeing to do business with the Bolsheviks.[136]

One of the most persistent assertions in historiography on the early foreign relations of the Soviet Union is that foreign affairs remained a realm apart from the more urgent domestic task of consolidating power and reconstruction**.** Refocusing our gaze on oil, we can see that this was not the case. International relations and domestic Soviet policy were intertwined projects and changes in one had consequences in the other. In the preparations for the Genoa Conference, we locate the Soviet decision to favor coal over oil, for example. The Genoa Conference had reverberations at home and the imperatives presented by international obligations, as seen through the case study of rebuilding the oil industry, compelled the Bolshevik leadership to tackle these domestic problems

This chapter is divided into five sections. After a brief background discussion, I outline the official Soviet position going into Genoa, based on the Commissar of Foreign Trade Leonid Krasin's proposals for the creation of joint capitalist-socialist firms. Second, I turn to the reaction from the economists and geologists at the Russian State Planning Committee (Gosplan) in charge

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wherever the obligations involved private property which had been confiscated or nationalized by the state" Pasvolsky, *Russian Debts,* 162-163.

[135] Despite these boycotts, the major firms—Shell and Standard— were often purchasing Soviet petroleum products, in modest sums, in third locales such as Constantinople and thus rendered their own agreement ineffectual.

[136] This was indeed a deterrent, but not one that could not be gotten around.

of compiling and organizing data on industries for the conference. I then shift to Azerbaijan and explore how those directly involved in the oil business in Baku— including the head of the Azerbaijan Oil Trust (hereafter, Azneft') Aleksandr Pavlovich Serebrovskii, and the political point men Sergei Kirov, and Sergo Ordzhonikidze— reacted to (and fought against) concessions policy. From Baku, I move to the conference itself and give a brief overview of the outcomes. The final section goes beyond Genoa and explores the fate of concessions in the oil industry throughout the 1920s. Here I argue that Lenin enforced the 10th party congress ban on factions in relation to oil concessions, suggesting a more prevalent application of that ban than is usually assumed.

SOVIET OIL IN CONTEXT

Standing behind Genoa was the oil question—who would control it, and who would reap the profits of a rebuilt Baku. The fight over Soviet oil was part of the world-wide scramble for control of petroleum reserves after World War I. The Bolsheviks were acutely aware of oil's potential to bring in profits and foreign capital and sought to portray Genoa in this context, even in the preparatory phase.[137] The importance of oil to war-making, to the economy, and to power was as clear to statesmen as it was to oilmen by the end of WWI. Recently established British control over vast territories in the Middle East (Mesopotamia) believed to contain oil deposits, combined with new open door policies in the US that saw American-owned companies like Standard Oil of New Jersey (Standard) and Sinclair cross the oceans in search of new markets

[137] The Bolshevik association of the Genoa Conference with oil was well-known at the time, "The Amused Onlooker" *The New York Times*, May 26, 1922: "Some of our forward-lookers have adopted the Bolshevist view of the Genoa conference—that it was only a fight among rival groups of capitalists for exploitation of Russian oil lands…The competition of rival groups of capitalists for Russian concessions is, in fact, the highest card Russia holds…For an onlooker, Russia is pretty active in this 'scramble'." The Soviet delegation did present the negotiations as somehow taking place without them but they were of course heavily invested in trying to conclude concessions deals.

dramatically shifted the political and economic landscape by introducing new competitors.[138] Before the conference began, former owners asserted a series of claims and counterclaims over shares that had been lost to Bolshevik nationalization, engaged in backroom deals, and proposed strategies to recover losses and regain control of Soviet oil in Baku and Grozny.[139] Foremost among those with claims or interests were Royal Dutch Shell, Standard Oil of New Jersey, and Anglo-Persian.[140] Royal Dutch Shell had the largest claim against the Soviet Union as it had purchased 80% of the Rothschild's shares in the years leading up to World War I.[141] Standard Oil of New Jersey, meanwhile, purchased all of the Nobel Brother's shares in 1920.[142] This claim was far more dubious than Shell's because the Nobels sold their shares to Standard *after* the Bolshevik nationalization of Baku's oil in spring 1920 and the deal was clearly predicated on the

[138] For the competition between Standard and Sinclair see, Michael Rubin, "Stumbling through the 'Open Door': The U.S. in Persia and the Standard-Sinclair Oil Dispute, 1920-1925." *Iranian Studies.* 28. no. ¾ (Summer-Autumn, 1995): 203-229. Standard Oil of New Jersey was the largest successor to the pre-monopoly-busted Standard Oil and was the Standard that purchased the Nobel's shares; Standard Oil of New York was also entering into business deals with the Soviets and it was this Standard that later built refineries in Batumi and sold Soviet kerosene abroad. The Soviet sources do not distinguish between the two companies in correspondence making it difficult to sort out to which Standard they are referring. Daniel Yergin, *The Prize. The Epic Quest for Oil, Money, and Power*, New York: Free Press, 2009 (1991), 178-180.

[139] On backroom alliances and oil deals see, Gregory P. Nowell, *Mercantile States and the World Oil Cartel, 1900-1939*, Ithaca: Cornell University Press, 1994, 154-155.

[140] Despite the name, Royal Dutch Shell was largely associated with British interests.

[141] Louis Fischer, *Oil Imperialism. The International Struggle for Petroleum*, Westport, Conn.: Hyperion Press, 1926, 42. Shell's interests in the Caucasus went beyond oil—it also owned a number of other factories. Two major prewar owners, previous to the 1912 sale, had been the Rothschild and Nobel families. Further, the Nobel company was had also begun negotiations with Shell at the same time and thus backed out of that deal to enter into the agreement with Standard. Yergin, 221.

[142] See, Rubin, "Stumbling through the 'Open Door.'"; Igolkin, *Sovetskaia*, 96-97; Fischer, *Oil Imperialism*, 43. Fischer notes 160 small companies also had grievances against oil nationalization.

assumption that the Communist government would be overthrown in short order. Anglo-Persian's interest was more indirect but no less avid.[143]

The pursuit of (often unproven) oil deposits was global and competition between companies was fierce. Outside of the former Russian Empire France and Britain concluded an agreement in April 1920 known as the San Remo Agreement. Under the agreement, France would receive 25% of the oil produced in British-controlled Mesopotamia (Mosul) through the Turkish Petroleum Company.[144] Although the announcement of the San Remo Agreement initially outraged both US oil companies and the US government, Standard Oil and Anglo-Persian reached a joint agreement in relation to northern Persia before Genoa.[145] In 1922, no major oil reserves had been discovered in these locations—Mesopotamia or northern Persia—and these ventures remained highly speculative. The relevance of guaranteed oil reserves in Baku and Grozny, in comparison to the then undiscovered reserves in the Middle East, were therefore extremely attractive.

The Soviet position going into Genoa was informed by the Russian State Planning Committee's (Gosplan's) understanding of the global oil market. As Gosplan—the advisory committee that coordinated economic plans— viewed the situation the United States drove the market for petroleum products but the rapid growth of American domestic consumption (which was virtually guaranteed with the expansion of the personal automobile) would outpace

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[143] Anglo-Persian was more concerned with Soviet attempts to establish influence, and later a concession, in northern Persia.

[144] This was the previously a German share but it was given to France after the Versailles Treaty. Yergin, *The Prize*, 173.

[145] Fischer, *Oil Imperialism*, 39. The competition between these companies in northern Persia is the subject of Chapter 4. On the American reaction see, Yergin, *The Prize*, 179.

extraction, meaning that the US would become an importer nation in the near future. [146] The U.S. did become an importer nation but far later than Gosplan predicted. [147] Increased US extraction, with its corresponding declining reserves, would force the U.S. abroad in search of new reserves putting it in conflict with Shell and the British, something already evidenced in Mesopotamia.[148] Gosplan predicted that this would put Soviet Russia in an advantageous position by creating an outlet for Russian oil products.[149] Gosplan concluded that the increased demand of oil products would mean a "bitter global struggle for oil [*ozhestochennuiu mirovuiu bor'bu za neft'*]…" that would lead to limited supplies and high prices.[150] In fact, Gosplan asserted that "The value of our oil wealth is so great and the race for the fields will be so energetic that the oil industry is one of our biggest trump cards in the international game…."[151] Soviet domestic growth and development, diplomatic overtures to normalize relations with the West, and re-integration into the international economy were thus inextricably linked, and at the center of these projects as the vital resource of oil.

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[146] In the 1920s, Gosplan was mainly an advisory body but it gained more significance after the introduction of 5-year plans in 1928.

[147] Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki, [Russian State Archive of the Economy RGAE] f. 4372, op. 5, d. 34, l. 3-4. From 1912-1916 Russia produced between 16-20% of world's oil (second behind US) but in 1920 produced only 4.4% of the total (3rd place). At the current moment, 1922, the most important oil fields were under the control of the US (domestic and Mexican), England (India, Persia, S. America, Mexico, jointly with France the Romanian fields and Mesopotamia), France (85% Galicia, Algeria, Morocco). The discovery of oil in Texas in the 1930s changed the US situation dramatically and it did not need to import oil for several more decades.

[148] RGAE, f. 4372, op. 5, d. 34, l. 4-4 (reverse side). In fact, Gosplan believed that the US was likely to use all of its reserves leaving Soviet Russia with a monopoly, Ibid., 5.

[149] RGAE, f. 4372, op. 5, d. 34, l. 4. While the pre-war Russian petroleum industry mainly produced kerosene for the domestic market, there was an assumption that Soviet Russia would produce heavy fuels for exportation.

[150] RGAE, f. 4372, op. 5, d. 34, l. 5.

[151] RGAE, f. 4372, op. 5, d. 34, l. 5 (reverse side).

Western oil companies had hoped to create a united front against Soviet Russia at Genoa with the aim of pressuring Russia into a general settlement on nationalized private property. But competition among them hindered any possible unity.[152] Lenin was counting on these rifts. He believed that the war over reserves and emerging markets between Shell and Standard (NJ) was intense enough that Standard (NJ) would enter into a concession with the Soviets exclusively to push Shell out of the market.[153] Unofficial meetings between oil representatives and Soviet delegates took place throughout the conference giving the Soviets cause to believe a deal might be possible.[154] Lenin's view was representative of a fundamental problem going into Genoa, however—the western powers and the Soviet delegation were essentially preparing for two completely different conferences. The oilmen and their various backers busied themselves with sorting out who had a legitimate claim to what territories while the Soviets were proceeding from the premise that nationalization of these industries was non-negotiable. [155] This disconnect characterized both the preparations for the conference and the conference itself.

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In addition to the international pressure coming from former owners and oil companies, there were also compelling domestic imperatives pushing the Soviets into Genoa. As explored in

[152] Shell and Standard could not agree on a strategy. Shell, and its backer Great Britain, thought it would have a more persuasive case before the Soviets if it insisted that only pre-Revolutionary owners be compensated. This would have left Standard out of the picture, Igolkin, *Sovetskaia*, 96-97.

[153] A. P. Serebrovskii, *Rukovodstvo V.I. Lenina vosstanovleniem neftianoi promyshlennosti*, Moscow: Gospolitizdat, 1958, 4. Serebrovskii disagreed and believed that their animosity toward the Bolsheviks outweighed any competition they had toward one another and they would gladly cooperate to prevent a Soviet recovery.

[154] Igolkin, *Sovetskaia*, 100.

[155] "Thus the whole of Soviet oil allegedly had 'owners' in the West, and in their view, the Soviet government could under no circumstances sell it in external markets." A. Igolkin, "The High Price of Soviet Oil" *Oil of Russia: Lukoil International Magazine*, No. 1, 2005. www.oilru.com/or/22/359/ accessed on September 22, 2013.

Chapter 1, the Baku oil industry was threatened by an infrastructural collapse from 1920-1922 and when Genoa was announced in early 1922, the situation in the oil fields remained critical. The main culprit was an old problem—the threat of flooding in the wells, which would render them useless. A year earlier in March 1921 at the 10th Party Congress, when the Bolshevik Party officially endorsed concessions policy in the energy sector, the situation had been even worse—there had been a very real danger that production would halt altogether. The Soviets, therefore, felt they were facing the prospect of complete collapse in the oil industry when they began formulating their approach to concessions.

At the same time, there were added legal questions about the status of the other Soviet republics, including Azerbaijan, that had been pushed aside until the looming Conference forced the issue. [156] The Union of Soviet Socialist Republics (USSR) was not formed until December 1922. In the period between the end of the Civil War (1921) and the creation of the USSR the status of the other Soviet Republics was ambiguous. Georgi Chicherin, the Commissar for Foreign Affairs (hereafter NKID or NKID) noted that "by the time the conference begins it is desirable to carry out the federation of all of the fraternal Republics, including them in the RSFSR.[157] Formal close-union ties with the FER [Far Eastern Republic] is also desirable, although its sovietization is premature."[158] How to clarify the relationship between the RSFSR and the other allied Soviet republics was of serious concern to Chicherin and the Commission

[156] Soviet Republics included, the Russian Soviet Federated Socialist Republic (RSFSR), the Transcaucasian SFSR (Armenia, Azerbaijan, Georgia), the Ukrainian SSR, the Belorussian SSR, the Far Easter Republic, and the People's Republics of Bukhara and Khorezm.

[157] I use Soviet Russia and RSFSR—the Russian Soviet Federated Socialist Republic interchangeably.

[158] Rossiiskii Gosudarstvennyi Arkhiv Sotsia'no-polioticheskoi Istorii [Russian State Archive for Social and Political History, RGASPI] f. 159, op. 2, d. 15, l. 5.

alike. Chicherin wrote to Molotov at the Politburo that the "question of the inclusion of the fraternal republics into the RSFSR before the conference" was a matter of "extreme importance." The Commission felt that the international situation was such that their swift incorporation into the RSFSR would not cause serious problems on the world stage and it was in the interests of Soviet Russia "to present to the Great Powers with a fait accompli."[159] The RSFSR had no legal mandate to negotiate on behalf of the nominally independent republics and achieving any concrete results at the conference would be virtually impossible if they were not legally bound to one another. This international context for domestic confederation has been largely ignored by historians. Therefore, the imperatives of the oil industry encouraged unification on several levels—in the federation of the Transcaucasian Republics as explored in Chapter 1, and as a matter of international pressures going into Genoa.

LEONID KRASIN AND SOVIET CAPITALIST JOINT STOCK COMPANIES

> *"If we cannot interest Europe in the recovery of our economy—we will perish [my pogibnem]."*[160] Leonid Krasin, Commissar of Foreign Trade, Genoa, 1922

The Preparatory Commission (*Komissiia po podgotovke Evropeiskoi Konferentsii/genu*) was formed in January 1922 to develop materials for the Soviet representatives to the Genoa Conference on major positions including, diplomatic recognition, loans, compensation for former industrialists/owners, credit, and technical questions. The commission was housed within Gosplan, which was in charge of determining the amount of losses, by industry, incurred by the Soviet government due to western intervention in the Civil War. Gosplan was responsible for

[159] RGASPI, f. 159, op. 2, d. 15, l. 4. They were also being pushed by other countries to clarify the relationship between the republics, Ibid., l. 11.

[160] RGASPI, f. 159, op. 2, d. 15, l. 109.

compiling both technical information and offering expertise on a range of topics but it was not in charge of formulating policy. The latter remained in the hands of the Politburo

As the Soviet delegation prepared to enter into negotiations over leasing Baku's oil, the Geological Committee, which oversaw the technical aspects of running the oil fields and compiled reports for the conference, actually had no idea what the overall condition of the fields was. Meanwhile the oil industry was suffering from crippling material and personnel shortages of which Gosplan was well aware. Additionally, knowledge about the wells had been lost during the war. During the tsarist period hundreds of small companies had conducted their own surveys of wells and kept the results secret from their competitors. Although the information became state property with the nationalization of the industry in 1920, the company archives were incomplete. Many of the archives had burned, or possibly were intentionally burned, during the Soviet invasion. The result was that "in the hands of the geologists there were only a comparatively small amount of data on drilling wells, their condition, on their productivity etc."[161] Until autumn 1921, the collection of data on individual wells had been completely dependent on the participation and cooperation of workers in the fields who would gather information and relay it to the geologists. In an effort to improve the situation in the fields, the Soviet of Labor and Defense (STO) formed a commission in late 1921 to investigate and restructure the oil industry in Baku.[162] Until such a time as a reorganization could actually take place however, Moscow remained highly skeptical of the prospects of Baku recovering on its

[161] *Obzor Azerbaidzhanskoi Neftianoi Promyshlennosti: Za piat' let natstionalizatsii 1920-1925* [A Survey of the Azerbaijani Oil Industry: Five Years after Nationalization 1920-1925] (Baku: Gosudarstvennoe Ob"edinenie Neftianoi Promyshlennosti, 1925), 12.

[162] See chapter 2 for a discussion on the Commission on the Needs of the Oil Industry.

own. The need to get Baku's oil industry back on its feet made getting results from the Genoa conference more imperative.

To avert a potential disaster, stop flooding, and boost recovery, Krasin the Commissar of Foreign Trade, proposed joint ventures between foreign capitalists and the Soviet government in the energy sector. He prepared a detailed proposal that served as the basis for talks at the Genoa Conference. He eventually convinced Chicherin, and most importantly Lenin, that concessions were the surest way ensure recovery of the industry.

Krasin believed that the internal predictions from Soviet economists— that they could turn the industry around— were unrealistically optimistic and that the ruination of the energy base was too thorough and complex to save without serious outside assistance. He outlined his position in a report marked top secret to the Central Committee of the Politburo, submitted March 1922. He argued that the energy sector was fundamentally different than the other sectors of the economy, "In our current economic situation, in the absence of organized knowledge and competency, it is vital that we save our fuel industry by any means necessary as the basis of our entire industry and transportation system." [163] He continued that, unlike other sectors of the economy, which could grant concessions on an individual basis, they had to approach the energy sector as an indivisible economic unit. The consolidation of oil fields and elimination of previous company boundaries under nationalization fundamentally altered the landscape of the oil fields, both literally in their exploitation and figuratively through their combined administration. During the tsarist period, the oil fields in Baku were a veritable patchwork of ownership, with noncontiguous wells spread out over large distances and cross-sectioned with plots from other

[163] RGAPSI, f. 159, op. 2, d. 15, l. 108. The report, with some commentary, is on pages 107-115 and serves as the basis for the following discussion.

owners and businesses.[164] Consolidation of the plots allowed for centralized administration. Reconstituting previous borders, as former owners and potential future concessionaires wanted, would seriously cripple any broader reconstruction efforts. Any interested concessionaires would therefore have to accept the new administrative units as a precondition for an agreement.

According to Krasin, he never entertained the proposition of returning the enterprises to their former owners, which in his opinion would not have worked in any case. The coal and oil industries relied on an integrated infrastructure of production and transport that was no longer functional. If the Nobels, the pre-Revolutionary magnates of Baku's oil industry, returned to the fields they would find their wells seeped with water, little to no electricity, and roads and pipelines in desperate need of repair. The Donbas was in a similar state and "not even its [the Soviet powers] most bitter enemies can deny the reality that, in these industries, all concepts of ownership have been hopelessly confused and all boundaries erased."[165]

The Soviets were not willing to negotiate over nationalization but they were willing to negotiate over foreign participation in industry. As Gregory Nowell has argued, the Soviets were willing to negotiate in the oil sector because "oil was the most readily available source of desperately needed revenue for the new regime, but it could not be sold worldwide without a proper distribution network." Those networks, Nowell pointed out:

> held titles to expropriated oil lands in the Caucasus and opposed Soviet exports. Soviet oil had to pass through the Dardanelles. Turkey lay in the hands of the capitalist Allies,

[164] See Nicholas Lund, *At the Center of the Periphery. Oil, Land, and Power in Baku, 1905-1917,* PhD diss. Stanford University, 2013.

[165] This discussion is based on a secret report entitled "*Tezisy Krasina po voprosam v sviazi s konferentsiei v Genue"* [Krasin's theses on questions related to the conference in Genoa], RGASPI, f. 159, op. 2, d.16, l. 286.

> and the Soviets had to consider that the commercial antagonism of Standard Oil and Royal-Dutch Shell could translate into an oil blockade at this geographic chokepoint.[166]

Much like the Bolsheviks had found themselves at the mercy of geography in the Caucasus (see Chapter 1)—bound to the existing infrastructure of rail lines and pipelines—domestic policy was also constrained by the structure of the oil industry.

Krasin's plan was based on the thesis that "nationalized oil should (*dolzhna*) help rebuild the nationalized coal industry."[167] Domestically, Krasin regarded the recovery of the coal and oil industries as interdependent processes, as profits from oil exports could be theoretically reinvested in the more economically precarious business of coal extraction. In this context, coal referred to the Donbas in Ukraine and oil was, of course, synonymous with Baku. Of the two, oil was in a more favorable position for development because there was demand on the international market and, if managed properly, oil could be exported. The situation with coal, however, was different because the market (both domestic and international) was less certain. Krasin pointed out that "If some wizard suddenly, magically, gave the hundreds of millions of necessary rubles for the recovery of the coal enterprises, the question is then how and where to depose of the coal?"[168] Soviet industry had not recovered to the point that it would even be able to use the coal, or export it. He did not believe that they would reap any profit relative to the amount of capital

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[166] Nowell, *Mercantile States,* 151.

[167] RGASPI, f. 159, op. 2, d. 15, l. 110. This did become policy and was articulated more clearly in Gosplan materials for the Genoa conference. "This would provide the possibility whereby selling oil and its products will purchase coal; such a plan, considering the likely future atmosphere will be significantly in Russia's favor, rather than burning oil at home as a fuel, because for a pood of oil we can get 3-4 poods of coal….Thus, we should export the maximum possible amount of oil, both to receive necessary [*unclear*] currency , and to improve our fuel supply." This is found in: RGAE, f. 4372, op. 5, d. 34, l. 3 (reverse side).

[168] RGASPI, f. 159, op. 2, d. 15, l. 110.

that would have to invest to rebuild the Donbas. The Soviet industrial base could not support the industry, he asserted, nor could the railroads, and the government did not have the resources to subsidize it.

Krasin's solution was for the oil industry to subsidize the coal industry and facilitate its reconstruction. He recommended a trade-off and gave the following example,

> assume that the country uses 350 million poods[169] [42,016,806 barrels] of oil. Of that amount maybe no more than 150 million poods [18,007,202 barrels] are specific to oil consumption/for special oil furnaces, for the chemical industry etc./ the remaining 200 million poods [24,009,603 barrels] are simple caloric fuel which, with corresponding alteration of the furnaces, can be replaced with coal.[170]

He advocated consuming the absolute minimum oil possible for domestic needs and exporting the remainder. Oil scarcity would create a domestic market for coal and because coal burned more inefficiently than oil a greater amount of coal would be necessary i.e. for the 200 million poods (24,009,603 barrels) of oil exported 350 million poods (4,375,000 tons)[171] of coal would have to be produced. In other words, he advocated that Soviet Russia intentionally convert more efficient oil-based machinery and engines to less efficient coal to thereby create an outlet and a stable state market for the coal produced in the Donbas. Further, because oil sold at a much higher price than coal the 200 poods (24,009,603 barrels) of oil sold abroad would more than pay for the 350 poods (4,375,000 tons) of coal coming from the Donbas.

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[169] There are 8.33 pood in 1 barrel of oil (1 barrel= 42 US gallons).

[170] Ibid.

[171] There are 8 pood in 1 ton of coal.

This position—to favor coal over oil domestically, and to slate oil as a commodity for foreign exchange rather than domestic consumption—would have lasting consequences for the economy of the Soviet Union. The Soviet turn to coal after WWI was heavily informed by the need for the industrial base to recover cheaply and quickly while providing a much needed market for the coal industry, which would not be competitive on the international market. Krasin emphasized this point again at Genoa, noting that the export value of oil was the only hope of saving the Donbas.[172] In fact, I believe the position taken at Genoa is the origin of the later Soviet energy system, which saw oil production falling behind coal. Favoring coal over oil was the policy for the remainder of the 1920s—railroads, factories, electric stations, etc.—were reconverted to coal. The Caucasus was instructed to expand hydroelectric power and move away from oil. And by 1922 oil was already export oriented.

Krasin doubted the ability of Soviet administrative and technical bodies to undertake successfully such a large project as rebuilding the energy base and more importantly, he did not believe that international capital (potential investors) had any faith in Soviet know-how or Soviet capability to use money effectively even if loans or other resources were granted for reconstruction. To overcome disputes about ownership and Soviet counter claims vis-à-vis Western interests for intervention in the Russian Civil War, he proposed the formation of joint trusts between Soviet owned enterprises and international capital. He believed that once former owners understood the extent to which the war uprooted and rendered unrecognizable the oil and coal industries they would see that the Soviet government could not honor their claims even if it wanted to:

The exit from this situation, in our opinion, is the creation of several large state-capitalist

[172] RGAPSI, f 159, op. 2, d. 16, l. 287.

> trusts in the field of the coal industry and in the field of the oil industry….The Soviet government finally and irrevocably affirms the nationalization of all coal and all oil enterprises but, at the same time, expresses its readiness to grant compensation to those foreign owners who controlled coal and oil enterprises up to 25 October 1917.[173]

The Soviet government, and likely Krasin himself, would be responsible for working out the details the proposed compensation on an individual basis. The foreign participants in the combined trusts would be responsible for bringing in new capital—machinery, in particular. In this scenario Krasin argued that the benefits reaped by both sides would prove far more profitable than a simple return of property, a prospect Krasin hoped would guarantee participation of the former owners and mollify calls to return their enterprises. The Soviet government, for its part, would own a percentage of the shares and be guaranteed either a part of the profits, the output or a combination thereof.

The actual administration of the trusts would be trickier. Krasin conceded that, although the Soviet government would participate in the running of the trusts and would be in control, the ultimate administration would be "in the hands of representatives of capital." This carried with it some danger, namely that the capitalists could sabotage the recovery of the Soviet economy. But, he said, "One must, finally, at some point acknowledge that in terms of managing production outstanding revolutionaries and eminent experts and theoreticians of communism turned out to be somewhat unfit masters."[174] He asserted that businessmen would not waste the time and capital required to do real work in the coal and oil industries only to sabotage their own efforts and profits. Given the proper surveillance and precautions—using the trade unions and local

[173] RGASPI, f. 159, op. 2, d. 15, l. 113.

[174] RGASPI, f. 159, op. 2, d. 15, l. 113-114.

militias—any threats or intrigues by the capitalists could be controlled. If it came to such a serious situation as war, the Soviet government could simply take over the administration of the trusts (exactly what former owners feared).

Krasin thought the proposal would be compelling but was unsure of whether western capitalists would accept the conditions. He pointed to the continued "distrust of the professional qualities of Soviet power" among potential takers. He hoped the prospects of significant profits and a share of the Russian market, not to mention that reestablishing the industrial base of the former Russian empire would allow the Soviets to fulfill early debt obligations, were incentive enough. The organizational and legal questions were also a hurdle but:

> One of the greatest difficulties is how to reconcile the conflicting interests of those trusts like Standart[*sic*] Oil, Shell, Royal Dutch. Perhaps these global plunderers, unable to divide the world among themselves, can amicably come to an agreement on the division of spheres of influence in Russia. Mostly likely each will try to out maneuver the others. For this reason, it would be desirable, in the Don Basin as well as in the oil regions, to divide the regions between 3-4 trusts so that, for example, British participation in one of Grozny's trusts would require from them a formal renunciation of claims to the Baku region so that it would be possible to attract American or French participation in the Baku trust without interfering with the British.[175]

The Commission for the Preparation of the Genoa Conference, as the Preparatory Commission was renamed, debated Krasin's proposal and adopted his position on March 16, 1922 with the added condition that the Entente powers officially recognize the nationalization of Soviet industries.[176] The condition, in effect, tied Krasin's plan to the overall outcome of the Conference. This restricted his ability to make guarantees to foreign companies or conclude

[175] RGASPI, f. 159, op. 2, d. 15, l. 115.

[176] RGAPSI, f. 159, op. 2, d. 15, l. 109.

agreements that did not explicitly acknowledge the official Soviet position. The exact reasons for the addition of the condition are unclear but it may have indicated a hesitancy to endorse Krasin's plan fully, or possibly, an overconfidence in the Soviet position going into Genoa.

Indeed, reactions to Krasin's plan were mixed and it would be tempting to argue that positions broke down into ideological positions versus pragmatic solutions driven by economic expedience. I think this view discounts the flexibility of the Bolshevik worldview, however. The ultimate goal of the Bolsheviks was to retain political power and Krasin believed his proposal was the best was to do this. Some of his comrades disagreed, not because Krasin's proposal was not ideologically sound, but because they did not think his plan would work. Despite four out of five votes in favor of Krasin's scheme (Maxim Litvinov, Chicherin's deputy, abstained) there were some reservations. Evgenii Preobrazhenskii, the economist and soon to be member of the Left Opposition,[177] objected that the entire policy of concessions could not be solved "only in relation to Baku and the Donbas."[178] He noted that the Central Committee remained skeptical of Krasin's plan and argued that Krasin had not proven that granting concessions in Baku would facilitate the reconstruction of the Donbas. Further, he claimed that Krasin had presented no compelling evidence that his plan could be carried out to the end, and the idea that they should had over the majority share in administration to foreign capitalists was simply untenable. Andrei M. Lezhava, the trade representative to the Council of Labor and Defense (STO), was also hesitant to back Krasin and asked the Politburo to reconsider its support for the proposal.

[177] Also, he later made deputy representative to the GKK. "Reference book on the history of the Communist Party and the Soviet Union 1898 – 1991" accessed September 1, 2013, http://www.knowbysight.info/PPP/05247.asp.

[178] RGASPI, f. 159, op. 2, d. 15, l. 107.

Although it sounded good, Lezhava noted, it was not achievable because Krasin had provided no concrete evidence.

Litvinov, Chicherin's deputy, also had reservations and was correctly concerned that not directly addressing the question of ownership from the beginning would cause confusion. He advocated coming to the table with a clear refusal to recognize the rights of former owners and to propose the concessions in that context.

Chicherin, in contrast, was a staunch supporter of Krasin's view on concessions. By late February, he was convinced that the Soviet economy, and in particular major branches of industry, would not be able to recover without the help of foreign capital.[179] He was confident going into the conference that the Soviet government would be able to negotiate some form of capital, even if was not the ideal amount of investment. Acutely aware of the problem of loans and former owners, Chicherin was convinced that Krasin's plan was the most likely to succeed in persuading former owners to participate in these industries and/or placate them enough that others would be able to participate. [180] Krasin's proposal for joint Soviet-capitalist trusts was presented as the only reasonable option available, despite a steady flow of information from Baku arguing for another approach altogether.

GOSPLAN OBJECTS: "CONCESSIONS ARE A FESTERING THORN IN OUR ECONOMIC BODY"

The possibility of foreign concessions on Soviet territory, especially in such essential areas as coal and oil, was highly contested and met with fierce resistance from within the

[179] RGASPI, f. 159, op. 2, d. 15, l. 66. Report from Chicherin on the question of tactics for the Russian Delegation at Genoa, 66-71.

[180] RGASPI, f. 159, op. 2, d. 15, l. 66-71, 77, 127.

Bolshevik party and from geologists on the ground. This backlash resulted in a campaign from within Gosplan, and from Baku Bolsheviks, to counter Krasin's plan and seek to minimize foreign interference—as they saw it—in the Soviet project. In January 1922, Gleb Krzhizhanovskii, in his capacity as Chairman of the State Planning Commission (Gosplan) of the Council of Labor and Defense (STO) of the Russian Federation, submitted a report to the Politburo titled, "Why We Should not Offer the Industrial Regions of Baku or Grozny for Concessions."[181] His report outlined several points arguing that the Soviet government should not grant foreign concessions in the major oil regions. This report laid out in clear and concise language the major objections, detailed below, of the Gosplan economists and geologists. Foremost, he argued that because oil is one of the fundamental sources of energy— both in its raw and in multiple refined forms — it must "be completely and indivisibly under the control of the government."[182] He believed that it was irresponsible to allow capital, particularly foreign capital, to have a controlling interest in such a resource. Further, he asserted that the oil industry was not only recovering under the NEP but that the industry, if granted access to its profits, could fund its own reconstruction. These points would become standard objections to official concessions policy.

Gosplan argued that Soviet Russia could handle the situation itself. According to the report, the oil industry was the most profitable sector of the economy and as such, it could feed, clothe, and supply the 50,000 workers and their families attached to the industry. It could also, in the form of a loan floated on gold or refined petroleum products, replace outdated equipment.

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[181] Gosudarstvennyi Arkhiv Rossiiskoi Federatsii [State Archive of the Russian Federation, GARF], f. 8350, op. 1, d. 51, l. 17-20.

[182] GARF, f. 8350, op. 1, d. 51, l. 17.

The second major objection was that concessions would prohibit the Soviet government from gaining any profit from the oil industry in the short term. The report claimed, rightly as it turned out, that the industry required a recovery period of at least 4-5 years to return even to pre-war levels of production. Concessions would mean that the Soviet government would be sending any profits to foreign companies rather than reinvesting it in the industry and building the Soviet economy. Concessions were also viewed as untenable because when the Bolsheviks nationalized the oil industry they eliminated the patchwork system of individual plots and consolidated the fields into large individually administered units, thus allowing Soviet geologists and engineers to restructure the process of drilling and refining.

There was a clear argument coming out of Gosplan that concessions in oil and coal would be an infectious political element. Concessions "[are] the introduction, in the form of one strong or forgotten wedge or in the form of overlapping [*cherezpolosnogo*] ownership, a thorn in our economic body around which there will be a permanent festering."[183] Krzhizhanovskii warned the Politburo that it was, in his estimation, forgetting the worldwide scramble for oil resources currently underway. This objection was firmly ideological. Concessionaires may have been interested in profits, but they would not have a vested interest in aiding the Soviet economy. A strong Soviet economy would have propped up the Bolshevik government and thus run directly counter to the interests of international capital. Discounting Krasin's argument that foreign capitalists would protect the Soviet economy by protecting their investments, Gosplan worried that foreign oil companies could use concessions to undermine Soviet control of its own resources:

[183] GARF, f. 8350, op. 1, d. 51, l. 19.

> Concessionaires are not by any stretch of the imagination interested in the development of the Russian oil industry. The global oil industry is controlled by two trusts: Standard Oil and the 'Shell' group. These trusts have at their disposal over 5,000,000,000 pood of oil [600,240,096 barrels]/ 3.5 billion [420,168,067 barrels] in the United States and more than 1.5 billion [180,072,028 barrels] in Mexico. What interest does our 300 million pood [36,014,405 barrels] offer? But the contested point about the future domination of Baku and Grozny is of interest to them.[184]

In another often-raised argument among opponents to concessions, Krzhizhanovkii pointed to past experience as a warning. He emphasized again that the foreign industrialists would not put in the resources needed to rebuild flooded wells and poorly laid out plots. In the tsarist period, the industrialist ran the fields "predatory" way and he laid the blame the state of the industry at their feet "The current threat of flooding in our oil regions is the heavy legacy of past rule by capitalists. It is hard to believe that the capitalists will come to us with new methods of work. They were predators and that is how they remain."[185] This was only partially true. The heavy machinery and infrastructure of the fields had been outdated for over a decade by the time the Bolsheviks took the fields. However, as we saw in Chapter 1, mismanagement of the oil industry in 1920 by the Bolsheviks under Revolutionary Communism harmed production, alienated specialists, and exacerbated flooding.

IVAN STRIZHOV AND ALTERNATE VISIONS OF A SOVIET FUTURE

One of the Gosplan strategists in charge of formulating the Soviet position within the confines of official policy was the geologist Ivan Nikolaevich Strizhov. Before the revolution Strizhov, worked in the oil industry, primarily in Grozny in the north Caucasus. He was an expert geologist who was sympathetic to Soviet ideas of planning and centralized administration.

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[184] Ibid.

[185] GARF, f. 8350, op. 1, d. 51, l. 19-20.

In the Russian Empire, only mining engineers or those with extensive technical backgrounds could act as administrators in the oil fields and Strizhov was one of these experts. After having served in multiple posts, he participated in the Administration of the Caucasus Mining Okrug and was appointed head of the oil industry in Grozny. After the Bolsheviks came to power, he continued to offer his services to the new state, first in 1920 as an engineer at Grozneft. Soon after, he was sent to Moscow to work as Deputy Chair and then as Chair of the Production and Technical Department of the Main Oil Committee (Glavneft). From Glavneft he was promoted to the Main Fuel Administration (GUT) and by February 1924, he was appointed Director of the Baku Oil Industry. He was ordered to help boost production in Azerbaijan and from Moscow, he coordinated with Serebrovskii, who worked from Baku. In 1926, he was promoted again to Senior Director of the Oil Industry at the Supreme Soviet of the National Economy (VSNKh or VSNKh) of the USSR.[186]

In early 1922, Strizhov authored much of the Gosplan material on the oil industry submitted to the Preparatory Commission. He wrote a report in February 1922 "Oil Business. Mistakes of the Past and Signposts for the Future," to give the conference delegates a clear understanding of the state of the industry and a sense of the macro organizational problems confronting the oil business.[187] Baku's oil industry, he began, had existed for 50 years and Grozny's for 30. During this period, the shortcomings of the established system became clear and while oilmen accumulated a great deal of knowledge, they made many mistakes. He argued that the engineers and geologists did not manage the wells rationally and that the industry did not

[186] K. S. Basinev, ed, *Professor Ivan Nikolaevich Strizhov 1872-1953*, Moscow: Izdatel'stvo "Neft i Gaz" RGU nefti i gaza im. I.M. Gubkina, 2005, 8-9, 21, 23.

[187] RGAE, f. 4372, op. 5, d. 34, l. 67-74. *Neftianoe Delo. Oshibki proshalo i vekhi dlia budushchago.*[Oil Business. Mistakes of the Past and Signposts for the Future].

meet its obligations before the state. The oil industry could have corrected some of the inefficiencies, he emphasized repeatedly, *gradually* but the revolution rendered this evolutionary process moot. Now, he said, they have a "cleared ground on which they can build new buildings." The mistakes of the past, he asserted, would not be in vain.[188]

Strizhov's report is noteworthy because of his position, both past and future, as a planner and participant in the reconstruction of the oil industry. It also typifies a view in the early Soviet Union among scientists, theorists, and revolutionaries to see that the sciences—and particularly the exploitation of natural resources and the mechanization of labor—should be rationally planned and directed by the state. Theoretically, the state would use the knowledge and skills of these scientists and technicians for the betterment of society as a whole. This view regarded the state as an engine of historical progress and believed that working through the state would contribute to progress. Planning and the rationalization of productive forces, as they were termed, played a major role in the making of the Soviet Union.[189] For Strizhov, first identifying inefficiencies and pinpointing ways of correcting them was the key to the rationalization and reconstruction of the oil industry.

In his initial report, Strizhov outlined a litany of past mistakes made in the exploitation of oil and the issues he believed the Soviets must address for recovery to be successful.[190] He

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[188] RGAE, f. 4372, op. 5, d. 34, l. 67.

[189] For some examples on the role of tsarist-era specialists and liberals in the early Soviet period see, Peter Holquist, *Making War, Forging Revolution: Russia's Continuum of Crisis 1914-1921*, Cambridge, MA: 2002; Francine Hirsch, *Empire of Nations: Ethnography and the Making of the Soviet Union*, Ithaca: Cornell University Press, 2005; Daniel Beer, *Renovating Russia: The Human Sciences and the Fate of Liberal Modernity, 1880–1930*, Ithaca: Cornell University Press, 2008.

[190] Some of the problems Strizhov noted included the allowance of small undersized plots, the absence of a plan to organize plots, and the disorderly layout of surface structures and buildings. He also singled out the predatory exploitation of wells—drilling as quickly as possible and then abandoning them. These problems were compounded

complained of fierce competition between companies for contiguous plots that resulted in excessive derricks along the boundaries of plots. There had been insufficient mining regulation from the state and unsatisfactory provisioning of fire safety in industrial areas resulting in burning fountains and significant losses, both of oil and human lives.[191] The other problems he highlighted were broader in scope. He pointed to a lack of initial capital investment from companies—a problem that was easily connected to Krasin's plan to bring in capitalist investors. Most important to him was the lack of scientific and technical know-how among geologists and the absence of higher training. Geologists had not surveyed much of the country and those parts that had been surveyed would likely need to be reexamined because geological methods were technologically undeveloped.

The solution, for Strizhov, was clear. He made a passionate case for government control of oil and asserted that the oil industry was obligated to put oil to good use. The industry must be planned and it must be in the hands of the state.

> I think that the oil industry is the type of branch that in particular/by its very nature [*preimushchestvu*] demands a plan that takes many years ahead into account, the kind of branch that must be a unified state industry, and must be built according to a specific, complete plan. If the oil industry is once again divided up into little sections and distributed to different firms then we will once again be lacking any kind of orderliness and we will have much to regret about what has been done.[192]

He argued that planning must be targeted and that the oil industry should concentrate primarily on extraction—the rational exploitation and shipping of oil. The production of subsidiary goods

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by the unsatisfactory condition of workers' lives, an irrational system of indirect taxes, unsatisfactory policies on railway tariffs, and the absence of state control of oil pipelines.

[191] RGAE, f. 4372, op. 5, d. 34, l. 67 (reverse side)-68.

[192] RGAE, f. 4372, op. 5, d. 34, l. 77.

and the concentration of refining products on site only cluttered the fields. Refined products, which were intended for use by the state, should be manufactured there, i.e. in Russia proper

In addition to providing the Preparatory Commission with a clear understanding of the state of the oil industry, Strizhov also submitted a lengthy commentary against the official line on concession policy in oil.[193] He argued that inviting foreign companies into the industry was short-sighted. He began by addressing the underlying logic of concessions put forth by Krasin and Chicherin:

> Lately, in all of the discussions about concessions and debates on this question, it has turned out that one of the main motives for granting concessions is that at the present moment the oil fields are heavily flooded, that this flooding has reached threatening levels, that we are not dealing with it and that we, therefore, need to give our oil fields to foreigners as concessions.[194]

He acknowledged that flooding was a serious problem and that nearly 3,000 of 3,650 wells were currently inoperable. The amount of water that had infiltrated the wells was unknown and could be as much as 10 billion poods (1,200,480,192 barrels). The Geological Section agreed that the main issue was flooding. The question then was how to fix the problem and who was going to fix it.

Strizhov noted that the industry had faced a similar situation in 1905 and 1906 when the fields were burned and largely destroyed during the so-called Armeno-Tatar War—a conflict in the south Caucasus primarily between the Armenian and Muslim populations.[195] In fact, flooding was never resolved, even fifteen years after the unrest. Instead, private companies "just moved to

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[193] RGAE, f. 4372, op. 5, d. 34, l. 75-84.

[194] RGAE, f. 4372, op. 5, d. 34, l. 75.

[195] See, Leslie Sargent, "The 'Armeno-Tatar War' In the South Caucasus, 1905-1906, *Ab Imperio*, 4 (2010): 143-169.

the wells that were easiest. They just expanded and found new wells leaving the old ones in disrepair because it wasn't profitable." He emphasized, "State interest [*gosudarstvennye interesy*] did not lie with the duties of private firms. No one compelled them to do it [fix the wells] and they didn't do it themselves because it wasn't profitable."[196]

He cautioned that the Soviets had to learn from this experience or face the consequences in the form of a stagnating industry. The Soviets needed to restore drilling in the fields but in the final reckoning they could not depend on private capital to take the overall development of the Soviet state into account. He strongly believed that turning to private capital would only exacerbate problems with flooding because their primary motive was profit. Instead, the state must take the initiative. In 1905-1906, he argued, the state stood by and left the recovery of the industry up to private capital, a mistake that loomed large 15 years on, "Thus, the struggle with the flooding of the oil fields was, is, and must be a problem for the state [*delo gosudarstva*]…I think that the struggle with flooding is a difficult struggle that we will inevitably have to lead, that we will have to put in the hands of the state because otherwise it will be a ruined business [*inache delo eto budet pogubleno*]."[197]

Thus, Strizhov located deeper roots to the flooding crisis. The problem was not as most often stated exclusively a result of the Civil War and foreign invasions.[198] Nor were the problems only the result of harsh Soviet policies in the fields, although the above issues certainly exacerbated existing shortcomings. The crisis in the oil industry, according to Strizhov, was built

[196] RGAE, f. 4372, op. 5, d. 34, l. 75-76; Gubkin shared this view.

[197] RGAE, f. 4372, op. 5, d. 34, l. 76. Flooding was overcome without the aid of foreign concessions but the use of western equipment likely helped.

[198] Soviet secondary literature attributed the crash of the oil industry to foreign intervention rather than to the first year of Bolshevik policies of Revolutionary Communism.

into the fields from their inception and lay in the structure of the industry, in the disorderly arrangement of derricks and placement of factories.

To underscore his credentials and further his argument, he presented himself as someone in the unique position of being able to speak to the problems at hand. He had dealt with flooding in 1905 and could deal with it again. He had direct experience working with foreign owners and knew them to be unreliable in general. He positioned the geologists and the engineers as laborers in opposition to capitalists "if those at the top side with defenders of the concessions and decide to give oil concessions to foreigners then the state will still have to vigorously follow these problems…." He implied that oil concessions would not work and that it would be left to specialists—loyal to the state—to fix the problems.

Azerbaijan must be bound to Russia, Strizhov asserted. In another forceful plea for centralized state control, he argued that Azerbaijan should be stripped of its control of Baku's oil, not only through a series of treaties (as it already was), but by dismantling the infrastructure of the oil industry and binding Azerbaijan to Russia irrevocably:

> In line with the general policy of creating new enterprises we need to respect the interests of the center and ensure [*nabliudat'*] that the regions [*okraini*] have no advantage and would not be able to live a complete, independent industrial life. The regions must be dependent on the center. Only the fact that BAKU, in addition to the oil fields, also has refineries, chemical factories, machine-building factories, cotton factories, cable [*kanatnye*] factories, and various other sorts of production, not only for the oil business but for other industrial life, allowed BAKU to tear itself away [*otorvat'sia*] from the State and for a short time to live as an independent state.

Strizhov understood that the oil industry had the potential to form around it a power base outside the direct control of Moscow. He saw Azerbaijan's brief independence as evidence that the infrastructure built to support the industry could also support a separate state under the right

conditions. If Moscow wanted to control Azerbaijan, it had to control the oil industry. He concluded:

> We have to make it so the regions cannot live without the state for even a minute. Therefore [*ill*] BAKU should only extract oil and refining it should be done in the Center of Russia, and everything that is necessary for Baku's oil industry, all of the pipes, cables, sulfuric acid, belts, etc. – all of it should be produced in RUSSIA.[199]

Strizhov was approaching Baku's oil industry from the interests of a strong centralized state. He astutely understood the intertwinement of state power and the extraction and production of petroleum products. As it turned out, he understood the implications of leaving the infrastructure intact far better than policy-makers. Strizhov's advice did not become policy but his view offers a glimpse at how a geologist—one of the technical specialists the Soviet Union came to rely on—understood the relationship between Azerbaijan and Russia, natural resources and centralized power.

Offering his opinion on concessions policy, however, was not his main task on the Commission. He could state his objections, but he did not make policy. Instead, he needed to articulate a position for the Soviet delegates to present at the Genoa Conference that would win over hostile European powers. His strategy was to frame Russia's reconstruction as the source of European economic recovery. Strizhov, and other uncited authors, laid out this line of argumentation in a Gosplan report "The Role of Russia in Global Fuel Supply." First, Gosplan argued that Europe, and England in particular, needed Russia to buy its coal. If England helped increase Russia's purchasing power, it would be guaranteeing a market for England in the

[199] RGAE, f. 4372, op. 5, d. 34, l. 68-69. This did not come to fruition in the Soviet Union but Timothy Mitchell argues that this dismantling was at the heart of political power in the second half of the 20th century, Timothy Mitchell, *Carbon Democracy. Political Power in the Age of Oil*, New York: Verso, 2011.

process and it was thus in everyone's best interest to rebuild the Russian energy sector. Russian and European interests would also be served through an exchange of this coal for Russia's oil and its products. More specifically, by "exporting its oil through southern ports, Russia would be able to supply the needs of the Mediterranean coast; conversely, England could supply North-west Russia with its coal."[200] This plan would limit transportation costs for both Russia and England and, hopefully, lead to lower costs for the global economy.

To push the point further, the report asserted Russia's historical role as the "natural" owner of Europe's oil; because Europe was dramatically increasing its use of the internal combustion engine and the diesel engine it would need Russia's oil more than ever. "Russia, in the interests of the entire global economy should export oil, replacing it at home with coal. This replacement will be beneficial for Russia because in giving 1 pood of oil she receives in exchange 2-3 times more per caloric value of coal."[201]

The entire world economy, Gosplan argued, was now dependent on oil and if Europe wanted it to function, it would have to help Russia. Mechanical engineering (*mashinostroenie*) was weakly developed in Soviet Russia and it would need a significant amount of new technology in the energy sector to get the oil industry running reliably. Europe, it argued, had just as much of a stake in the transfer of this technology as Russia did.

Soviet delegates articulated the view that Europe was dependent on Russia on the international stage and Gosplan echoed a similar line of reasoning, in the same report, in a section on the domestic economy, the "General Plan for the Recovery and Development of

[200] RGAE, f. 4372, op. 5, d. 34, l. 2.

[201] Ibid.

Russia's Fuel Supply."[202] For Soviet Russia, the first priority was to reestablish agriculture to alleviate famine, then, in order of importance, was fuel, transport, and metals. The nature of the fuel sector, Gosplan argued, meant that it had to be developed at a pace outstripping the other sectors of industry. This was necessary because other sectors of the economy needed fuel to function and because the economy needed the benefits of export [currency and coal] that renewed production would bring.[203] The oil industry was singled out as the most important sector to target for recovery because costs, they believed, could be recovered quickly and export of oil products would bring in hard currency. The Donbas "was in second place", or more accurately, "almost equal to oil" in priority for recovery, particularly because of its transport connections with Moscow.[204]

Thus Gosplan— through Strizhov's reports—formulated a worldview that asserted the interconnectedness of the Russia's domestic recovery to the global market for oil. In this view, Baku's oil was integral to Russia, Russia was integral to the reconstruction of Europe, and Russia relied on Europe as market for Russian petroleum products. But Strizhov's reports to Gosplan went further than this and articulated a vision of a strong centralized state that could harness the capacity of Azerbaijan's (Russia's) oil in the name of establishing a rational, planned economy.

[202] It should be noted that the internal assessment was very much in line with what the Soviets presented, or intended to present, at Genoa indicating that this was more than just rhetoric but reflected the general Soviet position.

[203] RGAE, f. 4372, op. 5, d. 34, l. 2 (reverse side)-3.

[204] RGAE, f. 4372, op. 5, d. 34, l. 3.

THE BAN ON FACTIONS AND OBJECTIONS FROM THE FIELDS

There was also a concerted campaign from Azerbaijan to undermine granting foreign firms access to Baku's oil. Foremost among those resistant to Krasin and Lenin's concession policy were several influential Bolsheviks based in Baku—Kirov, Serebrovskii, and Ordzhonikidze. The Baku Bolsheviks were supported from Moscow by the prominent geologists Ivan Gubkin, and Strizhov.[205] Positing the argument that the oil sector was too important to entrust to foreign capitalists, they set out to prevent the realization of Krasin's plan for Baku. They did this in two ways, first, by advocating to keep oil under Soviet control. Second, they sought out an independent agreement with the American oil company the International Barnsdall Corporation.

They believed not only that the Soviet Union could recover and rebuild on its own but that it was vital to demonstrate this capability to the world. With an eye attentively focused on Europe and the United States (as well as on Shell and Standard), they believed that if they could show the capitalist west that Soviet engineers were just as capable as capitalist engineers it would legitimate Soviet power and command a certain amount of respect for the USSR on the international stage. This respect would of course be convertible to trust, and then hard currency.

Lenin was aware of the opposition to concessions from within the Party and, alarmed, he did not let the issue pass. On April 2, 1921 Lenin sent Serebrovskii a letter instructing him to ensure full cooperation from Baku on the concessions policy:

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[205] Ivan Mikhailovich Gubkin was a famous petroleum geologist and went on to become the founder of Soviet geology. For discussion of Gubkin's view against concessions, Farhad Jabbarov, *Bakinskaia neft' v politike sovetskoi Rossii (1917-1922 gg.)* [Baku's oil in the policies of Soviet Russia (1917-1922)] Baku: Azerbaijan National Academy of Sciences, 2009, 192-5; Serebrovskii against concessions, ARDA, f. 1610, op. 1, d. 364, l. 20-22, also, Serebrovskii, *Rukovodstvo*, 5-10.

> I am sending you a few materials on oil concessions….
>
> It is extremely important that the Baku comrades grasp the *correct* (and approved by the 10th Party Congress [*parts'ezd*], that is, *mandatory* for members of the party) view on concessions. It is very desirable that ¼ of Baku (or 2/4) be given in concessions…Any other view will lead only to dangerous 'let's throw our hats'[206], and 'we can do it ourselves', etc., nonsense that is more harmful than that which is often hiding in the ranks of "pure-communists."
>
> If in Baku you still have traces (even little ones) of the dangerous views and superstitions (among workers and among the intelligentsia), write me immediately: can you take care to break these prejudices completely and achieve loyal behavior according to the decision of the congress (on concessions) or do you need my help. Beat yourself and everyone by the nose: "Concessions are extremely desirable. There is nothing more dangerous and deadly to communism than a communist boasting 'we can do it ourselves.' [207]

Referencing the 10th Party Congress and the ban on factions, Lenin insisted that Serebrovskii bring the Baku Bolsheviks into line, reminding him of the proper interpretation on what the ban on factions meant for the oil industry. The Baku comrades, he stressed, must learn to follow the official line on concessions, thus making it clear that disagreement over the concessions policy could lead accusations of factionalism.[208] That Lenin invoked the ban on factions in relation to oil concessions is significant and has implications for Bolshevik Party culture beyond the oil question. The ban on factions was intended to guarantee a united front in the Bolshevik party and it is most closely associated with the Kronstadt uprising and the

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[206] "*shapkami zakidaem*"— this implies overconfidence heading into defeat and is a reference to the Russian loss in the Crimean War. Thank you to Alex Hazanov for translation help.

[207] RGAE, f. 270, op. 1, d. 8, l. 55 (reverse side); also in Serebrovskii, *Rukovodstvo*, 10-11. This quote is often referenced in relation to Lenin's view on concessions in oil but the reference to the 10th Party Congress is usually omitted. In addition to the ban on factions, the 10th Party Congress also affirmed concessions policy, which is why Lenin made the distinction in the letter.

[208] RGAE, f. 270, op. 1, d. 8, l 55 (reverse side).

Worker's Opposition. Although the ban on factions was introduced in March 1921, it is also frequently referenced in relation to Stalin's rise to power in the later 1920s. If the ban was invoked by Lenin more often and earlier than assumed, as the question of oil suggests it was, then we should consider whether this became an important part of Bolshevik party culture before Stalin took advantage of it. The following discussion, therefore, should be understood within the context of the ban on factions.

Foreign industrial concerns never established major concessions in Baku's oil fields as envisioned by Krasin, but there was one concession that did play a significant role—the Soviet agreement with the International Barnsdall Corporation.[209] In October 1921, Serebrovskii, in his capacity as head of the Azerbaijan Oil Trust (Azneft') and the International Barnsdall Corporation concluded an agreement whereby the American company would provide expertise and equipment to Azneft' in Baku in exchange for oil and other petroleum products.[210] The economist and historian Antony Sutton's 1968 study on technology transfer and the development of the Soviet industrial base—still one of the only accounts of concessions— was one of the first studies to note the importance of the so-called Barnsdall concession. Countering the then conventional wisdom that concessions failed to help the Soviet economy recover he argued that"[w]ith Rapallo and its important military and economic protocols came the International Barnsdall agreement which effectively halted the decline of Baku and modernized techniques to make this area the most important earner of foreign exchange."[211] Sutton chronicles an

[209] International Barndall Corporation, in Russian *Barnsdal'skaia Korporatsiia*. Igolkin, *Sovetskaia,* 112.

[210] This is an important detail. The agreement was not signed by the Soviet government but by Serebrovskii and Azneft'. Brokered through Main Oil Committee (GKK), Igolkin, *Sovetskaia,* 114. Sutton, *Western Technology,* 18. The October 1921 agreement was followed by two more agreements in September 1922.

[211] Ibid., 317.

impressive turnaround in the early Soviet oil industry and convincingly shows the importance of new extraction technology, particularly rotary drilling and deep well pumps, to this revitalization.[212] He credits Serebrovskii with taking the initiative to import this equipment and understand its relevance to recovery. Ultimately, however, Sutton's concludes that Soviet reconstruction and development was completely dependent on western technology.[213]

According to Serebrovskii, the Barnsdall contract was an effort by himself, Kirov, and Gubkin to obstruct concessions as envisioned by Krasin. Instead, they pushed for a limited technical assistance contracts. While these men surely took Lenin's warning seriously, they likely viewed the pursuit of the Barnsdall agreement as within the realm of concessions policy. They hoped to show that the equipment and technical exchange would demonstrate that concessions were an unnecessary risk, thus keeping control of Baku's oil in their hands.[214] According to the historian Matt Lenoe, Kirov's was in Baku primarily to ensure a reliable supply of oil. Kirov was involved in the oil industry beginning with "his management of Caspian smuggling in the summer of 1919 to his battles to ensure adequate shipment of fuel to Leningrad in the early 1930s."[215] Lenin and the Politburo assigned Kirov to Baku in large part to assist Serebrovskii in the recovery of the fields. [216]

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[212] Ibid., 349.

[213] Ibid., 4.

[214] A.P. Serebrovskii, "Vospominnaniia o S. M. Kirova" [Reminiscences about S.M. Kirov] in *Sergei Mironovich Kirov v bor'be za neft'* [Sergei Mironovich Kirov in the Struggle for Oil]. ed. L. Beriia, M.D. Bagirov, R. Axundov, Baku: Azpartizdat, 1935, 125. This work is reflective of the emerging hagiography of Kirov after his assassination. Despite the pervasive cult of personality rhetoric, it remains an important historical source and the factual details, if not the interpretation, are substantiated by the archives.

[215] Matt Lenoe, *The Kirov Murder in Soviet History*¸ New Haven: Yale University Press, 2010, 60.

[216] Serebrovskii, "Vospominnaniia," 117, 199.

Kirov, through extensive conversations with Serebrovskii and Gubkin, became convinced that concessions in Baku needed to be blocked.[217] He was one of the main sources of political clout behind the opposition while Gubkin and Strizhov provided the scientific grounding. When Kirov arrived in Baku in July 1921, he spent a good deal of time with Serebrovskii and Gubkin, immersing himself in the details of the oil industry. He was a quick convert to the idea that rotary drilling and deep vacuums needed to be introduced in Baku (something that could only be done with foreign equipment) and Serebrovskii viewed his support of these innovations as equivalent to support for Azneft'.[218]

Sutton's reading of concession policy assumes no contingency, no fluidity in Soviet policies. He looks exclusively at technology transfers and the exchange of money and goods, a view that is a function of available sources in the early 1960s as well as the author's own interests. He cautions the reader that he does not look at political, social, or psychological factors of Soviet concessions policies, although he nonetheless argues that concessions policy was more political than economic.[219] In his view, naïve western businessmen were duped by Soviet disingenuousness into investing large amounts of capital and time only to be unceremoniously escorted from the Soviet Union.[220] We are now able to add a great deal of nuance to this reading, although some questions remain.[221] In a recent treatment of Soviet oil policy, the historian A. A.

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[217] Serebrovskii, "Vospominnaniia," 124-125.

[218] Ibid. 120, 126.

[219] Sutton, *Western Technology*, 4, 347-349.

[220] Ibid. 349.

[221] Materials related to the Barnsdall Concession, including correspondence between Serebrovskii and Mason Day, can be found in, Azərbaycan Respublikası Dövlət Arxivi [State Archive of the Azerbaijan Republic, ARDA], f. 1610, op. 1, d. 163, 239, 287, 288.

Igolkin offered a more measured assessment of the Barndsdall episode. He acknowledged the importance of western technology transfer but did not exclusively attribute the recovery of the Soviet economy to it: "The agreement with 'the Barnsdall Corporation' was important, it sped up but did not completely determine the tempo of reconstruction and modernization of the Soviet oil industry."[222]

The Barnsdall concession, signed in October 1921, was a contract for the exchange of knowledge and equipment for oil.[223] The contract was strictly for technology transfer, drilling and technical training. There were no rights of long-term land use, extraterritoriality, or other privileges often associated with concessions. The Soviets, however, called it as a concession and it has thus retained the name in the secondary literature.[224] According to this agreement, Barnsdall provided and installed equipment for rotary drilling and deep well pumping and then instructed Soviet oil experts and workers on their use.[225] The deal was made in some secrecy because there was speculation in the foreign press that the Barnsdall Corporation would be exploiting wells claimed by other companies.[226] This was particularly sensitive in the context of Genoa, where former owners were attentively following possible oil deals. In fact, Krasin was

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[222] Igolkin, *Sovetskaia*,119.

[223] There were actually a series of agreements, the first signed in October 1921 and the second in September 1922.

[224] Sutton, Type III; Igolkin also notes that it was a contract for *tekhnichekoe sodeistvie*, technical cooperation, 111. This was complicated by the fact that Krasin announced it was not a concession, Igolkin, *Sovetskaia*, 112. The same problems with terminology plagued the Soviet concession in Persia, explored in the following chapter.

[225] There were two agreements, in one Barnsdall agreed to drill in Balakhani and provided the equipment to do so in exchange for oil; in the second agreement, Barnsdall agreed to install 100 deep drills, Igolkin, *Sovetskaia*, 113-114.

[226] Decree from the Supreme Soviet of the National Economy (VSNKh): "Pursuant to the decree of the deputy chair of the Soviet of Peoples Commissar A.I. Rykov from 5 February of this year it is categorically forbidden by all central and local organs of VSNKh to publish in the press anything relating to concessions without the permission of the Chair of the Concessions Committee c. Piatakova." quoted from Igolkin, *Sovetskaia*, 114. This was indeed the case, Ibid., 115.

meeting the Barnsdall representative Mason Day during the conference, no doubt creating rumor.[227] The deal fell apart by January 1924 for unclear reasons, but not before at least 55 new rotary drills were installed (only 10 had been in operation when Barnsdall arrived) dramatically altering the situation on the ground.[228]

There were multiple complaints from Baku to Moscow about Barnsdall. Its American engineers did not arrive on time, machinery was improperly installed (leading to work stoppages and even strikes), and American workers brought goods into the country not permitted under the agreement (which strictly limited imports to good related to drilling and oil work). Barnsdall did not obey fire safety regulations, disregarded local custom and lobbied to force Muslim workers into the fields on Fridays—a day of prayer in Islam. Barnsdall in turn complained to Azneft' that it was not providing proper supplies (electricity, water, clay, lumber, cement) to the company so that it could carry out its contract.[229] Mason Day, the Barnsdall representative in the US, claimed that Azneft' had not paid its workers for three consecutive months in early 1924 and citing "endless conflicts and numerous obstacles" Day requested a review of the contract. Azneft' responded that broken American equipment remained lodged in some of the wells preventing extraction and a general European boycott of Russian products was the reason for nonpayment.[230] Shortly thereafter, in late summer 1924 Barnsdall announced it was halting work

[227] *The New York Times*, "Krassin Confers on American Help. Meets Mason Day Regarding Projects for Oil Development in Baku Fields," May 6, 1922.

[228] Igolkin, *Sovetskaia*, 117-118; Both Igolkin and Sutton note that the reasons for the cancelation of Barnsdall's agreement are unclear but the most cited possibilities are there they came to a mutual agreement, or that the Soviets kicked them out.

[229] ARDA, f. 1610, op. 1, d. 287, l. 5, 8-9,12-13, 23-24, 28, (reverse side); Jabbarov, 201-202; Igolkin, *Sovetskaia*, 117.

[230] ARDA, f. 1610, op. 1, d. 287, l. 11-13.

altogether.[231] The Barnsdall concession was terminated ahead of schedule because of poor planning on the part of both Azneft' and Barnsdall, problems procuring cash and products, and at least partially, because of local opposition. The Barnsdall agreement, despite its early dissolution, was a major contribution to the recovery of Baku's oil industry but it demonstrated that technology transfer—not a concession as envisioned by Krasin—was sufficient to transform the situation on the ground.

THE GENOA CONFERENCE

As Barnsdall began drilling in Baku, the political and economic issues involved in oil concessions were being debated and fought over in an international area. The Genoa Conference was held from April 10-May 19, 1922 in Genoa, Italy. The Supreme Allied Council[232] established the basic agenda for the conference in the Cannes Resolution of January 6, 1922. The resolution called for a European-wide conference on economic and financial matters and stipulated that all participating governments must recognize public debts and obligations as a precondition for participation. The resolution also stated that diplomatic recognition would only be extended to Russia in the event that it recognize outstanding debts and loans from the tsarist period as well as compensate foreign owners for expropriated properties. Russia, in turn asked for compensation for western intervention in the Russian Civil War.

While the radically different worldviews, particularly on private property and nationalization, were obstacles to an agreement, there were two events that led to a complete

[231] Barnsdall cited nonpayment but also opposition from labor unions in the fields, ARDA, f. 1610, op. 1, d. 287, l. 28. This is also cited in Jabbarov, *Bakinskaia neft'*, 203-04. I was not able to locate additional information about the role of the labor union.

[232] Great Britain, France, and the US (which did not participate in conference) and smaller powers.

impasse at the conference. The first was the signing of the Treaty of Rapallo on April 16 between Soviet Russia and Germany, which reestablished diplomatic and trade relations between the two state.[233] The second was the inaccurate rumor—printed as fact in the *New York Times* on May 3, 1922—that Soviet Russia had concluded a separate oil concession with Shell.[234] The first ignited the ire of Britain and France, the second prompted denunciations from Britain, France, and the United States. The Germans, and shortly thereafter on May 11, the Soviet delegation rejected Allied (French) demands for the restoration of private property. The Conference ended with the agreement that negotiations would be resumed in June 1922 in the Hague.[235]

After the Soviets officially accepted the invitation extended in the Cannes Resolution the NKID formed the *Commission for the Preparation of the European Conference*. While Lenin was the nominal head of the Soviet delegation Chicherin was the Soviet representative at the Conference and was in charge of organizing the Soviet delegation. The meeting minutes noted goals the Soviet government hoped to accomplish before the conference began. These included the conclusion of an economic agreement with Germany (what would become Rapallo) which would also include compensation for Brest-Litovsk in return for a refusal to recognize the Treaty of Versailles and the "extreme importance of the inclusion of the fraternal republics in the

[233] The conference did not end immediately but there was widespread consensus that the Allied powers would not reach a general agreement with Soviet Russia or Germany. Carr, 376; there were also fights between the British and the French-Belgian delegation, Fischer, *Oil Imperialism,* 47-49.

[234] *The New York Times*, "British Deny Shell Deal" May 3, 1922; also, *NYT*, "Germans Reject French Peace Terms unless Allies are to Act in Concert; Oil excitement spreads at Conference." May 5, 1922; *NYT,* "Oil Lease Talk Stirs Genoa Delegates; Russian Deny They Will Give Monopoly" May 5, 1922.

[235] Carr, *The Bolshevik Revolution,* 378-379; Fischer, *Oil Imperialism,* 50-60.

RSFSR at the moment of the Conference."[236] They successfully achieved the first. The second, while not completed by the Conference, did happen within the year.

Chicherin asked the Politburo to instruct the Soviet delegation that the Genoa Conference was an economic venue and not to be used as a platform for Soviet propaganda or as a "revolutionary tribunal for agitation."[237] The NKID extensively monitored foreign press coverage leading up to Genoa and was concerned that the international community was not taking Soviet Russia seriously as business partner.[238] Chicherin increasingly understood that economic incentives would not be enough to persuade European governments of Russia's goodwill:

> In one of my interviews, I was talking about concessions: the table is covered with goodies, but for some reason the guests would not come. The foreign press answered: if the table covered with goodies is in a predatory lair then no one will go there because they will be sure that they will be robbed or killed there. We can propose the most tasty concession but foreign capital will not go for it if there is a fear that the next day or in a few days we will behave toward them the way we did earlier.[239]

Chicherin was telling them that they had to stop scaring concessionaries and act more approachable. Chicherin was essentially arguing that the Soviet delegation needed to professionalize to gain trust and credibility. In addition to being revolutionary communists, the members also needed to be diplomats and learn to tailor their language, their clothing, and their demeanors to satisfy their capitalist counterparts and reach a deal on reconstruction.

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[236] RGASPI, f. 159, op. 2, d. 15, l. 3-5.

[237] RGAPSI, f. 159, op. 2, d. 15, l. 16. Telegram from Chicherin to Molotov, January 19, 1922.

[238] The archives contains hundreds of pages of translated press releases and articles about Soviet Russia from foreign language newspapers.

[239] RGASPI, f. 159, op. 2, d. 15, l. 67. This is part of a report titled "Additional thoughts of Com[rade] Chicherin on the Questions of Tactics for the Russian Delegation at Genoa" February 25, 1922, 66-71.

During both preparations for the Conference and the Conference itself, Chicherin was in contact with the Politburo and sent regular updates, concerns, and requests for clarification on policy positions. He was particularly anxious about controlling the flow of information from Soviet Russia about the state of the economy leading up to the conference. He wrote Lenin and urged him to prevent articles like one that had recently appeared in *Ekonomicheskaia zhizn'*, openly admitting that 50% of Soviet enterprises had closed, plans were left unfilled, and that the domestic market was shrinking. He cautioned "excessive frankness about our devastation worsens our international position" and "seriously strengthens" the position of the Soviets opponents in the upcoming negotiations. It would be best, he argued, if the press were told to be careful about what it writes, and that Soviet economists be given instructions about how to answer questions to assure that they take into consideration Soviet Russia's international interests.[240] Chicherin believed that all aspects of the Soviet presentation to the outside world should be monitored to the extent possible, likely fueling the credibility problem he was seeking to address.

Controlling the flow of information was further complicated by the distance between Genoa and Moscow, something Chicherin feared from the beginning. In mid-March, Chicherin sent a telegram to Molotov chastising him for an article published in *Pravda* that stated unequivocal Soviet positions on loan repayment and former owners. He noted that "if the article had been shown to us, in particular to comrade Ioffe, such a violation of orders would not have

[240] RGASPI, f. 159, op. 2, d. 15, l. 7.

been tolerated." [241] He expressed his frustration that Central Committee directives were not being followed and asked Molotov to see to the situation.

Chicherin cautioned the Politburo that it needed to look at the situation "as Marxists and as realists" and understand that there were direct negative consequences in the realm of trade to successful Soviet propaganda campaigns abroad. He noted, for example, that the US press had largely ignored the Bolsheviks until large labor strikes convinced the right that communism was a real danger. Likewise, in Britain, Soviet trade delegations were viewed with suspicion when British labor movements were strong. Chicherin attempted to convince the Politburo that it must maintain a distinct separation between the Soviet government (the NKID) and the activities of the Comintern, "The Soviet government defends the political and economic interests of the laboring masses of Russia. If, going into Genoa, we forget this strict division we will put in jeopardy all of our economic achievements that make up the tasks of the moment."[242] He compared Genoa and the question of concessions to the decision to sign the Treaty of Brest-Litovsk. At Brest, the Bolsheviks had to choose between refusing to compromise with Germany and perishing because of their own intransigence or falling back, and continuing the revolution. At Genoa, he argued, they faced a similar dilemma— allow the economy to collapse or enter into an agreement "for the sake of maintaining the political power of the proletariat."[243] Other tasks, he emphasized must not interfere with Genoa. The main goal of the Soviet delegation must be

[241] RGASPI, f. 159, op. 2, d. 14, l. 104. Adolf Ioffe, a Soviet diplomat posted in Turkestan at the time of Genoa but who had earlier negotiated the Treaty of Brest-Litovsk and the Soviet-Polish treaty, was in charge of the publicity campaign launched to get Bolshevik positions out to the international press.

[242] RGASPI, f. 159, op. 2, d. 15, l. 69.

[243] RGASPI, f. 159, op. 2, d. 15, l. 66.

"to find an acceptable middle line between the demands of the Entente and our demands. The aim of our trip must be this kind of deal."[244]

Despite the fact that Chicherin and the delegation sought "an acceptable middle line" he was preoccupied with trying to manage the terms of a possible break.[245] He knew that if Soviet Russia did not grant reparations for nationalized property an agreement was unlikely and therefore an early end to the Conference was a probable outcome.[246] He emphasized that the Soviet delegation should do as much as possible to make it clear that they were willing to make a deal with the capitalist countries if such a break appeared to be imminent.

Beyond wider political issues—such as diplomatic recognition and settling debts— there were more mundane problems preventing the Soviets from concluding successful negotiations at the Conference, including internal divisions. The delegation was caught off guard by the informal style of negotiations, which were often in small groups, taking place at Genoa and could not agree on a counter-strategy. Rakovskii, the delegate from Ukraine, rejected absolutely the idea that Chicherin accept an invitation from Lloyd George (the British representative) for a private meeting "Personally, and as a delegate and member of the Central Committee I cannot agree to the most important questions being decided behind closed doors, face to face with Lloyd George…."[247] Chicherin countered that this was "nonsense" and a refusal to participate would be

[244] Ibid., 71. Not everyone agreed that this was the appropriate strategy for Genoa. Ioffe argued that Genoa should be used to cultivate disagreement amongst the western powers and lay the groundwork for bilateral agreements later. Ultimately, this is much closer to the actual result. RGASPI, f. 159, op. 2, d. 16, l. 187-189.

[245] RGASPI, f. 159, op. 2, d. 15, l. 79, 227. Sometimes Chicherin said it would be best to try and have France take the blame for a break, other times, Germany.

[246] RGASPI, f. 159, op. 2, d. 15, l. 32, 74, 127. This is actually discussed throughout the documents from the Preparatory Commission.

[247] RGASPI, f. 159, op. 2, d. 16, l. 54.

grounds for the western powers to call of the conference and he attended the meetings regardless.[248] The most significant obstacle for the Soviet delegation on a day-to-day level was that it had to wait for the Central Committee to send directives before it could proceed. Litvinov admitted that while the Soviets claimed they could not carry out negotiations on debts because the western powers had not made their positions on Soviet counter-claims known, it was actually because they had not made up their minds on the details, and did not have explicit instructions on how to proceed.[249]

Soviet Russia expended a lot of energy on Genoa and the delegation scrambled to appear professional and convince the western powers to conclude an agreement with them. At the conference itself, they underestimated the reaction from the western powers to Rapallo and overestimated their own ability to navigate the situation.

CONCLUSION: MOVING BEYOND GENOA

The Genoa Conference presented the Bolsheviks with strong economic and political imperatives to address concessions, resolve the status of the Soviet republics, and articulate clear positions on the Soviet energy sector. Exploring the role of oil in Genoa demonstrates the interconnectedness of foreign relations, Soviet domestic policy, and energy policy. It also reveals the contested nature of concessions policy within the Bolshevik party.

The problems of concessions and former owners were not resolved with the end of the Genoa conference, however, and the situation shifted quickly throughout 1922 and 1923. The question was again on the table only a few months later at the Hague Conference in June and

[248] Ibid., 55.

[249] On no directives from the Central Committee see, RGASPI, f. 159, op. 2, d. 16, l. 56, 105-106.

more indirectly at the Lausanne Conference in late 1922 and early 1923.[250] As noted above, Soviet oil had first to pass through the Dardanelles in Turkey before it could continue onto wider distribution networks. The western occupation of Constantinople was a constant threat to open access of this strategic port and the Bolsheviks feared the straits would be closed to Soviet products. The Lausanne Conference returned control of the Dardanelles to Turkey, thus removing a significant threat to Bolshevik access to world markets.[251] In 1922, the Soviet Union set up oil syndicate offices in London and Berlin and began exporting to Hungary and the Far East.[252]

The failure of Genoa also demonstrated to the Bolsheviks that informal backroom channels were more productive than an official diplomatic conference for conducting foreign policy and Soviet Russia continued to seek out bilateral agreements. Despite France's diplomatic animosity toward Soviet Russia at Genoa, there was a large pro-Standard faction within French industry and the French government. The role of France and the French-backed Belgian oil company *Petrofina* became increasingly important to the Soviet oil industry when *Petrofina* concluded a marketing agreement with the Soviet Union to distribute Soviet oil in France.[253] French banking interests saw Soviet oil as a way to circumvent dependence on British and American owned oil majors (Anglo-Persian, Royal-Dutch Shell, Standard (NJ)) and more importantly, as a way to recoup

[250] These conferences are beyond the scope of this paper. The Hague Conference was a continuation of Genoa, the Lausanne Conferences were called to renegotiate the Treaty of Sevres which Turkey, now under Kemal Ataturk, did not recognize. While the Soviets were only formally in attendance at the first the issue of oil was a topic at both. On the Hague, see Carr, *The Bolshevik Revolution,* 428.

[251] Nowell, *Mercantile States*, 152.

[252] Igolkin, "The High Price of Soviet Oil."

[253] A French Belgian oil company, founded in 1920- For an extensive account of this company in French politics and in oil politics see, Nowell (especially Chapter 4).

losses from pre-war Russian debt. The domestic French petroleum regulatory commission together with "the French Left wanted to help the Soviet economy, and found allies in the financial and oil interest that needed Soviet oil." [254] They successfully lobbied the French government and French oil policy became decidedly pro-Soviet by 1922, guaranteeing a market for Baku's oil. Soviet and French interests found common ground in oil throughout the 1920s and expanded their ties in Persia.[255]

In addition to the agreement with *Petrofina* to market Soviet oil in France, Standard Oil of New York (Socony)—despite fierce opposition from Standard NJ[256]— agreed to market Soviet oil abroad beginning in 1925 and build a refinery in Batumi in 1927. Excepting the deal with *Petrofina*, Soviet oil was sold gobally by the Standard Oil Company of New York.[257] According to Deterding, the head of Shell, it was the entry of low-priced Soviet kerosene in Burma, sold by Socony, that sparked another round of price wars between the oil majors.[258]

These changes in the international market, combined with the new equipment brought in through the Barnsdall concession, significantly improved the Soviet domestic oil situation. At the

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[254] Nowell, *Mercantile States,* 154-157, 162-163. There was no a consensus on the pro-Soviet policy in France. There was constant flux in French policy vis-à-vis the Soviet Union throughout the 1920s. How to link oil and debt repayment was also fraught. Shell had sought to attach an export tax on all Soviet oil as a compensation for expropriated properties. *Petrofina* felt a general tax as part of a larger settlement would be more appropriate and refused to add an additional tax to Soviet oil exports, arguing that oil owners did not deserve special treatment. As Nowell notes, this was a reflection of that fact that *Petrofina* was run by bankers, not oilmen. The French market could not, however, support the Soviet oil industry alone because France still primarily used light oil products (i.e. not heavy fuels, which brought in more hard currency).

[255] This is the topic of the next chapter.

[256] Yergin, *The Prize,* 225-226.

[257] Nowell, *Mercantile States,* 195. "The oil trusts sold 44% of all Soviet kerosene in 1924/25, and 33% in 1926/27. The entire Soviet export to India and Egypt went through several major Western oil companies." Igolkin, "The High Price of Soviet Oil."

[258] Yergin, *The Prize,* 226.

Genoa Conference concessions policy was an economic policy designed to attract foreign capital to the Soviet republics. The idea of concessions was born out of economic desperation and fear of infrastructural collapse but the policy evolved as shortages—in foodstuffs, and material goods— became less acute and the transportation system resumed operation. By 1923, it was clear that Baku and Grozny had successfully rebuilt enough so that concessions were no longer economically necessary and concessions policy transformed from an economic necessity to a political policy.[259]

This view was articulated in June 1923 by Litvinov (now acting head of NKID) when he sent the Politburo a report on oil concessions where he outlined the shift toward a political view of concessions, "From now on, I am going to proceed from the position that we do not have an economic necessity to give oil concessions to foreigners."[260] He noted that the Soviet Union should not rely on the revolutionary potential of Turkey as a counter to the West and tied oil policy directly to Soviet Eastern policy noting that "the political disorganization of the masses in the East do not and in the long run will not, play a decisive role in the politics of our country." The Soviet Union should not waste its time trying to cultivate relationships with western oil companies or oppressed masses in the East. Instead, he argued, "Oil is our biggest trump card in our game with the global bourgeoisie" and that from a domestic point of view any oil concessions granted on Soviet territory must be accompanied by corresponding political

[259] GARF, f. 8350, op. 1, d. 51, l. 123, 139. The GKK acknowledged in January 1923. This growth was clear, according to A.A. Igolkin "Soviet oil was exported to five countries in 1921/22, and 13 countries in 1922/23. In 1923/24, Naphtha Syndicate had business contacts with 28 trading companies in 20 countries. Petroleum product exports amounted to 10.2 million poods [1,224,489 barrels] in 1921/22, 19.8 million poods [2,376,950 barrels] in 1922/23 and 42.9 million poods [5,150,060 barrels] in 1923/24. The export amounts doubled each year, and the oil industry became increasingly export-oriented. The share of exports in Soviet overall petroleum product production was 6.1% in 1922/23, and 11.8% in 1923/24. Petroleum products accounted for 23.6% of the USSR's entire industrial exports." Igolkin, "High Price of Soviet Oil."

[260] Igolkin, *Sovetskaia*, 103, quoting Litvinov.

compensation. He asserted that this was entirely appropriate because both the Main Concessions Committee and the Main Oil Administration had acknowledged that concessions were no longer economically necessary. Therefore, oil should be the purview of the NKID. He emphasized that the Politburo must leverage oil to gain diplomatic recognition from governments and closed with the warning that the Soviets should not "squander oil concessions on small change."[261] This view signified a policy shift. Litvinov was deputy Commissar of NKID but in reality, he was increasingly in charge of the NKID as Chicherin—due to ill health and a poor relationship with Stalin—was gradually pushed out of the picture after Genoa.

Echoing Litvinov's views, Strizhov submitted a report to VSNKh in January 1925 where he chronicled the progress of the industry over the previous four years. He highlighted the fact that the geologists were against concessions to begin with and time had proven them correct. Grozny had increased extraction by 140% over prewar numbers and Baku had increased production from 11 million poods (1,320,528 barrels) a month to 23 million poods (2,761,104 barrels) since they reestablished drilling.[262] In his report, Strizhov segued into another topic "We can deal with our domestic problems ourselves, but in the exportation of oil abroad and in marketing oil products abroad foreign help would be valuable." France, he emphasized would be particularly helpful in marketing Soviet oil products abroad—in Europe especially. Strizhov envisioned the Soviet Union as the Standard Oil of Europe and saw oil as the key to wiping out all of the pre-war debt. Oil, Strizhov understood, was power. "Germany was defeated by

[261] Ibid., 104-105.

[262] On the recovery of the oil industry he claimed, "We handled it" [*My s etim delom spravilis'*] GARF, f. 8350, op. 1, d. 51, l. 357.

American oil. American oil beat German coal. We need to have this oil fist [*neftianoi kulak*] in our power."[263]

Although the oil majors announced a boycott of Soviet petroleum products in retaliation for the Soviet refusal to grant compensation at the Genoa and Hague Conferences, the united front fell apart in March 1923 when Shell began making purchases from Soviet concerns abroad, which started "a pell-mell stampede of oil companies for Soviet contracts."[264] In a renewed effort to deal jointly with the Bolsheviks, Standard (NJ) and Shell organized a buying organization in late 1924 with the intent of marketing Soviet oil abroad but that agreement too, fell apart.[265]

Soviet oil production recovered and grew over the 1920s and the price wars and double-dealing of the oil industry continued apace.[266] As the Soviet Union consolidated power at home,

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[263] GARF, f. 8350, op. 1, d. 51, l. 360-361 (reverse side).

[264] On the boycott see, Carr, *The Bolshevik Revolution*, 429/quoting Fischer; Jabbarov, *Bakinskaia neft',* 230.-231; Igolkin, *Sovetskaia*, 102. Shell buying Soviet oil see, Nowell, *Mercantile States*, 157.

[265] Yergin, *The Prize*, 224.

[266] In 1928, the oil majors reached an accord of sorts— known as the "As Is" agreement— that established a world oil cartel. Under this arrangement "each company was allocated a quota in various markets—a percentage share of the total sales based upon its share in 1928" (Yergin, *The Prize*, 247). While the Soviet Union was not included in the original agreement they struck a deal with the oil majors in February 1929 "which gave the Soviet Union a guaranteed share of the British market." The Soviet Union had its own imperatives, however, and broke the agreement when it suited them—and when it was able (Yergin, *The Prize*, 248-249).

To begin with, the Soviet Union accepted the "As Is" agreement, as Nowell notes, because it had a weak distribution network and could not compete with the other oil majors in a price war (Nowell, *Mercantile States*, 198-199). Strizhov's dream of capturing the western European market and becoming a Soviet Standard would not be realized but the Soviet oil industry averted collapse and managed to keep concessions out of Baku and Grozny. Nowell argues that the "As Is" agreement was likely responsible for limited growth of the Soviet oil industry in the 1930s and that Soviet rapid industrialization cannot fully explain the trend (Nowell, *Mercantile States*, 220-221). While there is little doubt that the Soviet Union did not possess the necessary distribution network, this view overlooks domestic developments in the transformative post-1928 period, beyond rapid industrialization and five-year plans. It is more likely that the limited growth of the Soviet oil industry in the 1930s can be located in specific policies that favored coal over oil, neglected exploration for new fields, and subordinated economic incentives to political domestic goals.

it sought to its secure borders, establish new trade ties, and gain access to secure flows of oil beyond Baku. The following chapters explore this effort in the Soviet search for oil in Persia.

CHAPTER 3: BEYOND BAKU. SOVIET MISADVENTURES IN GILAN

The Bolshevik pursuit of Baku's oil in 1920 generated a particular set of practices and possibilities that would have been unlikely in the absence of the petroleum industry. The pre-revolutionary oil industry fostered the continuous movement of workers, revolutionaries, and entrepreneurs across the Russo-Persian border in the Caucasus and facilitated the movement of ideas, capital, and a myriad of competing interests.[267] Oil's infrastructure, including warehouses, ports, and distribution points cemented many of these connections in place and these connections became social and political networks that various groups drew on to pursue political goals far outside the realm of the oil business. Baku's oil industry attracted the Bolsheviks and the British to Baku and workers and revolutionaries from all over the Russian, Persian, and Ottoman empires came to Azerbaijan to profit from the industry.

This chapter reincorporates the Soviet occupation of the northern Persian province of Gilan from 1920-1921 into a narrative of the consolidation of Soviet power in the Caucasus and frames the occupation of Gilan as an unintended consequence of the Bolshevik drive to possess Azerbaijan's oil. On May 18, 1920 the Caspian-Volga Red Fleet docked at the Persian port city of Enzeli in the Gilan province to seize the White naval fleet. The White fleet was headquartered in Enzeli under the protection British troops, which had occupied northern Persia after collapse of the Russian Empire in 1918. Upon arrival, the Red fleet reclaimed Soviet war materiel and both the White fleet and the British evacuated the Caspian. The Enzeli operation secured the borders of Soviet Azerbaijan to protect against a possible future seizure of Baku's oil fields and guaranteed shipping routes for oil and other goods to Russia proper. Clearing the Caspian was important to the Bolshevik war effort because oil products from Baku were shipped via the

[267] Timothy Mitchell, *Carbon Democracy. Political Power in the Age of Oil* (New York: Verso, 2011).

Caspian to Astrakhan and the Volga; without the tankers and an unoccupied Caspian, no significant amount of oil could be shipped to Soviet Russia.

The occupation, which scholars have largely overlooked, was made more likely because of the political and social networks enabled by the oil industry's location on the borderland of empire.[268] The Gilan occupation is important to understanding the formation of the Soviet Union because it challenges the division between domestic and foreign affairs and highlights the tensions between centralized and local power that existed with the establishment of Soviet power. The Caucasian Bureau of the Russian Communist Party (Kavburo) was formed on April 8, 1920 and oversaw the military and political establishment of Soviet power—the sovietization—in the Caucasus. Many members of the Kavburo, including Sergo Ordzhonikidze and Nəriman Nərimanov, advocated for revolution in Persia as an extension of the domestic revolution. The NKID in Moscow cautiously allowed the Kavburo to pursue revolution in northern Persia because the possibility of a successful uprising against the Shah in Persia would have been a major propaganda victory for the Soviets.

This chapter also highlights the strategic importance to the Commissariat of Foreign Affairs (NKID) in maintaining Azerbaijan's independence between 1920 and 1922. Soviet

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[268] This episode in Soviet history has received relatively sparse attention from scholars of the Soviet Union or Soviet foreign policy, despite its clear importance. There are a couple of exceptions from the Soviet perspective, including, Stephen Blank, "Soviet politics and the Iranian revolution of 1919-1921" *Cahiers du monde russe et sovietique*, vol. 22, No. 2 (Avril-Juin 1980): 173-194. Blank argues that Stalin was the driver behind the Soviet occupation but Stalin is largely absent from the archival material. A participant and member of the Jangali-movement Ekhasnaulla Khan had his memoirs in the Soviet Union in Volumes 25 and 26 of *Novyi Vostok* under Abikh, R, *National'noe i Revolutsionnoe Dvizhenie v Persii: Vospominaniya Ekhan-Ullu-Khana*, (Moskva: 1928): 3-33 and 7-28; A newer volume based on Soviet archives is Vladimir Genis, *Krasnaia Persiia: bol'shevkiki v Giliane. 1920-1921. Dokumental'naia khronika* [Red Persia; Bolsheviks in Gilan, 1920-1921. A Documentary chronicle], (Moscow: Center for strategic and political research, 2000). The standard source for many years was Cosroe Chaqueri, *The Soviet Socialist Republic of Iran, 1920-1921. Birth of Trauma.* (Pittsburgh, PA: University of Pittsburgh Press, 1995).

Russia pursued goals under the flag of independent Azerbaijan, such as the occupation of northern Persia, which would have come harmed attempts by the NKID and the Commissariat of Foreign Trade (NKVT) to conclude trade agreements with western powers, particularly Britain.

The Bolsheviks coupled the military necessity to seize the warships and tankers in Enzeli with the political agenda to spread communist revolution to the East. The NKID in Moscow hoped an alliance with the populist anti-British Iranian revolutionary leader Mirza Kuchuk Khan, based in Gilan, and his followers known as Jangalis, would push the British from northern Persia and possibly lead to a wider revolution against the Shah. The Jangalis were "a nationalist, social-revolutionary but definitely *not* communist movement."[269] Despite ideological differences, the Bolsheviks and Kuchuk Khan collaborated to oust the British and declared a Soviet-style government in Gilan.

Moscow's commitment to revolution in Gilan was highly contingent on events outside of northern Persia. Although the idea of worldwide revolution was an important tenant of Bolshevik ideology, many Bolsheviks, especially Russo-centric revolutionaries whose loyalty was to Moscow, never took the possibility of a communist revolution in Persia seriously. The Soviet representative to Persia Fedor A. Rotshtein exemplified this view. He believed that Persia was politically irrelevant and incapable of revolution. In contrast, many Caucasian Bolsheviks viewed support of Kuchuk Khan and the Jangalis as essential to the long-term success of the revolution in Russia and Azerbaijan. The international situation shifted in early 1921 with the conclusion of the Russo-Persian Treaty of Friendship and a formal trade agreement with Britain. With these changes, Moscow abandoned the Gilan Republic and many Azerbaijani Communists,

[269] Oliver Bast, "Duping the British and outwitting the Russians? Iran's foreign policy, the 'Bolshevik threat', and the genesis of the Soviet-Iranian Treaty of 1921" in *Iranian-Russian Encounters. Empires and revolutions since 1800*, ed. Stephanie Cronin (New York: Routledge, 2013), 267.

most notably Nərimanov, viewed the shift away from revolution in Persia as a betrayal of revolutionary principles, a betrayal of communist Eastern policy. The so-called Gilan adventure revealed two things. First, although the location of the oil industry helped facilitate the entry of Soviet troops into northern Persia it also made the Azerbaijani-Persian border vulnerable to seizure by outside powers and ultimately limited Bolshevik actions in Gilan. Second, events in Gilan remained a point of conflict between Russian and Muslim, especially Azeri, communists throughout the early 1920s.

BOLSHEVIKS IN AZERBAIJAN

When the Caspian-Volga fleet entered Persian territory in late May 1920, the Red Army had already occupied all of Azerbaijan. The Red Army and the Politburo in Moscow had been apprehensive about seizing Baku because local Bolsheviks had already done so two years earlier during the short-lived Baku Commune, which had ended with tragic results.[270] Local Bolsheviks had managed to take control of Baku but had failed to secure the rest of Azerbaijan, leaving the city open to occupation by both the British and Ottoman Armies, both of which had seized the oil fields.[271] As Nərimanov, a prominent Azerbaijani Communist, noted "We must acknowledge that our exit from Transcaucasia did not elicit any particular regret among the local population."[272]

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[270] The classic work on this is, Ronald Grigor Suny, *Baku Commune, 1917–1918; Class and Nationality in the Russian Revolution,* (Princeton: Princeton University Press, 1972). For a different view see: Michael G. Smith, "The Russian Revolution as a National Revolution: Tragic Deaths and Rituals of Remembrance in Muslim Azerbaijan (1907–1920)" *Jahrbücher für Geschichte Osteuropas* 49, no.3 (2001): 363–388; Michael G. Smith, "Anatomy of a Rumour: Murder Scandal, the Musavat Party and Narratives of the Russian Revolution in Baku, 1917–1920" *Journal of Contemporary History* 36, (April 2001): 211–240.

[271] The Bolsheviks had long history in Baku and the city was one of the few that retained a strong Bolshevik presence from the foundation of the party through WWI.

[272] Narimanov, *Izbrannye proizvedenii. Tom 2* [Selected Works, volume 2] (Baku: Azerbaidzhanskoe gosudarstvennoe izdatel'stvo, 1989), 185.

To be successful, a second invasion of Baku would have to maintain regional stability and make concessions to local cultural and religious norms.

Earlier, in February 1919 Nərimanov delivered a speech to fellow Party members that justified the invasion of Baku on political grounds and also explained the failure of the Baku Commune as a consequence of poor Russian behavior toward Muslims in the quest for oil and power. He explained that the results of a renewed invasion would be no different if the Bolsheviks did not take into account the vital importance of local politics, social conditions, and the cultural traditions of the Muslim population. He believed that the failure of the Bolsheviks to protect Muslims from attacks by Armenian nationalists during the March Days of 1918, when the Bolsheviks had seized power in Baku, alienated local support for the party. Nərimanov further claimed that the Bolshevik failure to protect Muslims led the Müsavat leadership, the government in charge of independent Azerbaijan, to invite the Ottoman Army into the country and directly resulted in the loss of the oil resources for the Bolsheviks.[273] Unfortunately, he argued, the approaching Ottoman Army did not lead the Bolsheviks to reassess their position. Instead "[a]t that time, that is, from September to October [1918] there was no discussion in Baku about the Soviet system, all anyone could talk about was Baku's oil."[274]

[273] Narimanov, *Izbrannye* , 188-189; the whole speech, titled "Vzgliad na zakhvat kavkaza " [A view on the seizure of the Caucasus] is on 185-196.

[274] Narimanov, *Izbrannye,* 189. The events of 1918 were not the first time that gross disregard for cultural sentiment and political realities on the part of the government had led to bloodshed in Baku. The 1905 Russian Revolution manifested in Baku, in part, in the so-called Armeno-Tatar War of 1905-1906 [see, Leslie Sargent, "The 'Armeno-Tatar War' in the South Caucasus, 1905-1906: Multiple Causes, Interpreted Meanings" *Ab Imperio* 4 (2010): 143-169]. The war was tied to the rapid growth of Baku, which was the result of the exploitation of oil and the expansion of the petroleum industry. The transformation of the city from a town of several thousand at the turn of the 19th century to a cosmopolitan metropolis displaced and embittered the local population. The resulting bloodshed also saw the destruction of the oil fields and served to demonstrate to foreign investors, who made up a majority of oil owners, the risks involved in the oil business in what was thereafter considered a volatile region.

In 1920, it was again oil that brought the Bolsheviks back to Baku. Although the lessons of 1918 had made the Bolsheviks cautious of Baku, energy famine brought on by years of war overrode any remaining hesitations and the invasion of Baku became a matter of time. The man in charge of rebuilding the oil industry, Aleksandr Serebrovskii, later recalled that by early 1920 "Access to sources of fuel was an urgent task: one way or another its resolution would decide the fate of the Revolution—the 'to be or not to be' of Soviet Russia."[275] In the spring of 1920, it was clear that the Revolution needed oil, but it was not clear that the Bolsheviks wanted the complications that pacifying all of Azerbaijan might entail. In preparing for the invasion, the Red Army and the NKID debated whether to occupy Baku or all of Azerbaijan. Nərimanov emerged as a champion for the occupation of all of Azerbaijan because he believed that Baku could not be held without taking the whole of Azerbaijan.[276] Baku was an industrial island with a dramatically different demographic composition than the rest of Azerbaijan, which was primarily composed of peasants, and Nərimanov believed Baku needed to be tied to the countryside or it would remain vulnerable and unstable.

After the fall of the Baku Commune in late 1918, Nərimanov had maneuvered to be put in a position of responsibility vis-à-vis the Muslim East within the NKID. From 1918-1919 he petitioned the Central Committee multiple times about Eastern policy, that is, policy toward the

[275] Azərbaycan Respublikası Dövlət Arxivi [Sate Archive of the Azerbaijan Republic,ARDA], f. 1610, op. 13, d. 289, l. 1. From a draft for an article written by Aleksandr Serebrovskii—the head of the oil industry during the NEP years — titled "Oil and October," 1923.

[276] Rossiiskii Gosudarstvennyi Arkhiv Sotsia'no-politicheskoi Istorii [Russian State Archive for Social and Political History, RGASPI], f. 64, op. 1, d. 25, l. 1. Nərimanov's role in helping to facilitate the Red Army's occupation of Azerbaijan has only become clear after the opening of the archives. The historian Richard Debo noted that it was an open question why Lenin was finally convinced to occupy Azerbaijan, although he argued, accurately, that oil was likely the main cause. I believe it was also the agitation of Azerbaijani Communists and Nərimanov in particular. Richard K. Debo, *Survival and Consolidation. The Foreign Policy of Soviet Russia, 1918-1921,* (Montreal: McGill-Queens University Press, 1992), 179.

Near East, and also met with Lenin and Stalin, then head of the Commissariat of Nationalities, to convince them of the wisdom of his policies. When it became clear that the Red Army would take Baku, he worked to ensure that his vision of a unified Azerbaijan would be known and if possible, implemented. As the Bolsheviks readied for the invasion of Baku he was appointed Commissar for the Affairs of the Muslim Caucasus, indicating that his lobbying to be put in charge of domestic policies in Azerbaijan had paid off.[277] Nərimanov's own political agenda was facilitated by the Soviet desperation for oil.

Like most all high-ranking Bolsheviks Nərimanov held multiple posts. In addition to being Commissar for the Affairs of the Muslim Caucasus he was also a member of the Kavburo, or Caucasian bureau and after the Bolshevik occupation he was the head of the Azerbaijan Soviet of Commissars. The Kavburo was in charge of implementing Soviet policy in the Caucasus and it was directly subordinate to the Russian Central Committee. During the early years of Soviet power it ruled directly by decree. Many members of the Kavburo, including Nərimanov, Sergo Ordzhonikidze, and Sergei Kirov were members of both the Russian and Azerbaijani Communist Parties.

Lenin sent Nərimanov to Azerbaijan in April 1920 to facilitate the connection between the oil city of Baku and the overwhelmingly peasant Azerbaijani countryside. Recalling this period, Nərimanov said:

> After our experience in '18 I raised the question in the center, that if it were only up to me, then I have a very specific view of policy in the new soviet Azerbaijan. Namely, I developed the idea that if we want to hold Baku so that Soviet Russia can live in peace and use oil and oil products then we have to tie/bind [*sviazat'*] Baku to Azerbaijan, to create a unified whole. I said that Baku could never be held without the rest of

[277] Narimanov, *Izbrannye*, 269; Also see, 253, 255, 257.

Azerbaijan.[278]

The Kavburo agreed that in order to have stable access to Baku's oil it would have to take all of Azerbaijan. Nərimanov had convinced Lenin to follow his policy toward Azerbaijan. But the relationship was not one-sided and did not only benefit Nərimanov. He was useful to the Kavburo because his status among the Azerbaijani peasantry brought legitimacy and support to the Bolsheviks among the Muslim population in Azerbaijan.

That Soviet Russia would be accused of carrying out an imperialist war was not lost on the members of the Kavburo or the NKID. While Nərimanov advocated a policy that would accommodate the realities and conservative social mores of Transcaucasia, such as the practice of veiling and religious observance, many of the soldiers from the predominately Russian Red Army viewed the Caucasus as a colony of Russia.[279] Ordzhonikidze, also from the Caucasus, was far less interested in accommodating cultural specificities of the Muslim population and focused more on the immediate strategic needs of Soviet power. Ordzhonikidze laid out this logic in a speech to party workers in Tiflis in August 1921, not long after the sovietization of Georgia. He explained:

> …It was clear to us that the existence of governments hostile toward us in Transcaucasia would mean that we would not be allowed to have a peaceful life. Together with this arose the question, in the first place, of OIL. Without B a k u' s o i l soviet Russia could not manage [*ne oboitis'*.] In our opinion, it was necessary to move toward Baku [*spacing and capitalization in original*]…. After the sovietization of Azerbaijan, the leadership of the Müsavat government fled to Georgia and from there tried multiple times to organize uprisings against Soviet power. For us it was clear that with the continuation of Menshevik power in Georgia it would be difficult to hold Soviet Azerbaijan and the

[278] RGASPI, f. 64, op. 1, d. 90, l. 19. Stenographic report of Azerbaijan Central Committee meeting August 23, 1921.

[279] RGASPI, f. 64, op. 1, d. 90, l. 55. Stenographic report of Azerbaijan Central Committee meeting August 20, 1921.

Caucasus….[280]

Both Nərimanov and Ordzhonikidze viewed the whole of Transcaucasia as vital to the success of the Revolution and to Soviet power. While Ordzhonikidze's perspective was less nuanced than Nərimanov's, they came to the same conclusion from different starting points indicating that access to Baku's oil was an overriding concern. How to proceed once Transcaucasia was brought into the Soviet fold, however, was another matter altogether.

Immediately after taking Azerbaijan Ordzhonikidze pushed for Georgia and Armenia to be brought under Bolshevik control to eliminate anti-Bolshevik activity along the borders.[281] Georgii Chicherin, the Commissar of Foreign Affairs, opposed the swift sovietization of either country, fearing the retaliation of European powers and, with the backing of Lenin and Trotsky, forbade Ordzhonikidze from invading either of Azerbaijan's neighbors for the time being.[282] This discussion was not, however, limited to Transcaucasia. The same logic that lead to the invasion of the south Caucasus extended to northern Persia. Ordzhonikidze wanted to push the Red Army further south. With the success of the Enzeli operation on May 18, Ordzhonikidze telegraphed Lenin, Stalin, and Chicherin that the Red Army could easily occupy the neighboring Persian province of Azerbaijan.[283] In relation to Enzeli, which was in the neighboring Gilan province, Ordzhonikidze proposed that they, together with Kuchuk Khan and the Persian

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[280] RGASPI, f. 85, op. 5, d. 52, l. 35-37.

[281] RGASPI, f. 64, op. 1, d. 90, l. 55. For Ordzhonikidze's continued requests to the Politburo to send in the Red Army see, Ronald Grigor Suny, *The Making of the Georgian Nation*, (Bloomington: Indiana University Press, 1988), 206.

[282] RGASPI, f. 64, op. 1, d. 90, l. 53; RGAPSI f. 85, op. 5, d. 52, l. 35-39. Also, Genis, *Krasniia*, 77; On Trotsky see, Suny, *Making*, 210.

[283] Genis, *Krasniia*, 77-78. Ordzhonikidze was hoping to unite with the revolutionary movement of Azeris in Persia.

communists, proclaim Soviet power "and go from city to city chasing out the English."[284] The NKID replied quickly and firmly to Ordzhonikidze's telegram that Soviet troops were not under any circumstances to go beyond the borders of Enzeli. The Red Fleet was only supposed to be ensuring the British and the White Army could not attack Azerbaijan or Russia. Trying to contain international reaction, the NKID instructed Ordzhonikidze to announce that Enzeli was part of Persia, end of story.[285] The NKID, however, held limited sway so far from Moscow and official policy was followed only insofar as Bolshevik leaders on the ground saw fit, as explored below.

TWO REVOLUTIONS

For many Caucasian Bolsheviks spreading the communist revolution to Persia was not a matter of foreign affairs but an integral aspect of revolutionary policy and one rooted in years of experience. Bolshevik involvement in Persian politics can be traced to the revolutionary movements that swept both the Russian and Persian empires in 1905.[286] Many radical Social Democratic revolutionaries operated on both sides of the river Araz—the border dividing Russian Azerbaijan and Iranian Azerbaijan established with the 1828 Treaty of Turkmenchai.

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[284] Genis, *Krasniia,* 78.

[285] Ibid.

[286] For an excellent new volume on connections between Russia and Iran see: Stephanie Cronin, ed. *Iranian-Russian Encounters. Empires and revolutions since 1800*, New York: Routledge, 2013. Also Moritz Deutschmann "Cultures of Statehood, Cultures of Revolution: Caucasian Revolutionaries in the Iranian Constitutional Movement, 1906-1911" *Ab Imperio* 2 (2013): 165-190; On Bolshevik cooperation with the Jangalis see the work of Pezhmann Dailami"The Bolsheviks and the Jangali Movement, 1915-1920" *Cahiers du Monde russe et sovietique* vol. 31, No. 1 (Jan-Mar, 1990), 43-59; in a broader context and by the same author see, Pezhmann Dailami, "The Bolshevik Revolution and the genesis of communism in Iran, 1917-1920" *Central Asian Survey* vol. 11, No. 3 (1992): 51-83; Aram Arkun. "Armenians and the Jangalis," *Iranian Studies* vo. 30, No. 1-2 (1997): 25-52; On Russia and Britain in Persia see, Firuz Kazemzade, *Russia and Britain in Persia, 1864-1914*, (New Haven: Yale University Press, 1968).

The core of the revolutionaries in northern Persia was made up of Iranian immigrants who worked in the oil fields of Baku and Caucasian revolutionaries who crossed the border.[287]

At the turn of the 20th century both the Russian revolutionary movements and Iranian Constitutional movements faced violent reaction from their governments and revolutionaries were forced underground. After 1905 during the years of Stolypin's repression hundreds of revolutionaries from the Caucasus fled to Persia, usually to the provinces of Gilan and Azerbaijan.[288] The Bolsheviks had forged strong ties in northern Iran in this period that would prove vital in the establishment of Soviet influence in Persia in the 1920s. While in Gilan, many Bolsheviks—particularly Georgian Bolsheviks—had worked for the entrepreneur and concessionaire Akakii Khoshtariia. Under the auspices of his Russo-Persian company, Khoshtariia had interests in forestry, railroads, agriculture, and most importantly, oil. He reportedly held great sway with the Russian consul, maintained his own police force and issued passports.[289] But it was his relationship with the Georgian revolutionary Polikarp "Budu" Mdivani, who had worked for Khoshtariia in Enzeli, that would later prove useful when Mdivani vouched for Khoshtariia in the reestablishment of his oil concession with Soviet aid in 1924.[290] This was precisely the kind of cross-border network on which the Bolsheviks came to rely.

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[287] Dailami, "The Bolsheviks and the Jangali Movement,"44. Russian Azerbaijan and Iranian Azerbaijan are also known as Northern and Southern Azerbaijan, respectively.

[288] Tadeusz Swietochowski, "The Himmet Party. Socialism and the National Question in Russian Azerbaijan 1904-1920" *Cahiers du Monde russe et sovietique*, v. 19, n. ½ (Jan.-Jun., 1978), 122.

[289] Dailami, "The Bolsheviks and the Jangali Movement," 44.

[290] Ibid., 45; Genis, *Krasnaia*, 148-149. The Soviet concessionary agreement with Khoshtariia is the subject of chapter 5.

Along with exporting socialist and nationalist ideologies, Caucasian activists organized terrorist acts and distributed arms and explosives to Iranian revolutionary groups. For example, in 1909 the Georgian Sergo Gamdlishvili, together with a group of Georgians and Iranians, assassinated the governor of Resht, the same city that would fall to a Bolshevik coup 11 years later.[291] The Bolsheviks fled Gilan in 1911 when the Persian government cracked down on the region and returned only with the outbreak of World War I in 1914, when the imperial Russian army had occupied Iran.

In 1915 and 1916 several Bolsheviks, including Mdivani and Ordzhonikidze, returned to Persia in the guise of Georgian refugees and reestablished contact with other revolutionaries and carried out political work in Resht, the capital of Gilan.[292] Among those revolutionaries was Mirza Kuchuk Khan, the populist revolutionary and leader of the Jangali movement that the Bolsheviks sought an alliance with later in 1920. The Jangalis began as a guerilla force organized against the tsarist Russian occupation of northern Iran, which had occurred with the outbreak of World War I. Russian troops left in the wake of the Bolshevik Revolution and British troops took their place. The Jangali movement shifted its aim from fighting the Russian troops to ousting the British from Persian territory.

The Bolsheviks and the Jangalis both wanted the British out of northern Persia. Kuchuk had first attempted to contact the Bolsheviks for help in fighting the British in the summer of 1918 and even went to Lenkoran in summer 1919 to try to connect with them. Although the

[291] Deutschmann, "Cultures of Statehood," 178.

[292] Dailami, "The Bolsheviks and the Jangali Movement,"45.

attempt was unsuccessful, he had already made contact with members of the Comintern, and as noted above, he had already met Ordzhonikidze and Mdivani.[293]

INVADING GILAN

Fedor Raskol'nikov, the commander of the Volga-Caspian Fleet of the Red Army, arrived in the port of Baku on May 1, 1920 and soon after telegraphed Moscow requesting permission to pursue the remainder of Denikin's White Naval Fleet to the port of Enzeli in northern Iran. Raskol'nikov wanted to seize the warships, and if necessary, to follow Denikin's troops onto Persian territory. The White Fleet was in Persia seeking shelter under cover of friendly British troops based in Enzeli. Concluding that the Shah's government in Persia would not disarm the White Guards and that Britain was unlikely to interfere, Trotsky and Lenin approved the request up to and including the entrance of Soviet troops into Persian territory.[294] The Shah's government held little sway in its northern provinces—the Iranian province of Azerbaijan was in revolt and had even declared itself an independent state of Azadistan— and it was undergoing its own crisis.

Landing at Enzeli would serve three immediate goals for Soviet Russia: to reclaim the fleet, to make contact with the Persian revolutionary Kuchuk Khan and his Jangali movement, and to return the ships to Baku to transport oil. Raskol'nikov took personal responsibility for the

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[293] On these meetings see, Chaqueri, *The Soviet Socialist Republic of Iran*, 169-171. Also in 1919 the newspaper for the Commissariat of Nationalities *Zhizn' National'nosti* ran several articles on the Jangalis and British meddling in the area. The Azerbaijani communist and theorist Sultan Məcid Əfəndiyev penned these articles portraying Kuchuk Khan's Jangalis as a liberation movement against the British and arguing for more Soviet attention to the revolutionary potential of Persia. However, due to the British presence in independent Musavatist Azerbaijan and the ongoing Civil War the Bolsheviks had not been interested in assisting Kuchuk at that time.

[294] Vladimir Genis, *Bolsheviki v Giliane: provozglashenie Persidskoi sovestskoi respubliki*, Voprosy istorii, No. 1, (1999): 64. Also see, Debo, *Consolidation*, 184-187. Debo argues that the Bolsheviks had no direct involvement with Kuchuk Khan. Archival sources have made it apparent that this was not the case.

invasion of the Red Fleet in order shield the government of Soviet Russia from culpability in the event that things went poorly. On May 18, 1920 he arrived in Enzeli and announced to the Persian government and the British ships in the harbor:

> that the Red Navy [has] no aggressive intentions either towards the British troops or towards the Persian Government. [Its] purpose [is] to recover the ships and military equipment stolen by Denikin's men from Soviet Azerbaidjan [*sic*] and Soviet Russia. So as to avoid any misunderstandings [he] proposed to the British commander that he immediately withdraw his troops from Enzeli.[295]

Regardless of what Raskol'nikov claimed, landing 2000 Soviet marines in Enzeli could not reasonably be interpreted as anything other than hostile by the Persian government.[296] The Soviet invasion sparked fears of a "Bolshevik threat" in Tehran and the Soviet government was indeed giving Raskol'nikov orders.[297] Raskol'nikov was pleased with the expedition and noted "We secured much booty at Enzeli. Besides the naval ships and aeroplanes our trophies included numberless guns, machine-guns, shells and rifles, with stocks of cartridges."[298] He seized all of the White fleet and the British, more concerned with Mesopotamia than Persia, evacuated quickly under the condition that its troops be allowed to maintain its arms.[299]

Meeting the second goal, Raskol'nikov instructed his commanders before he sailed to Enzeli to cooperate with Kuchuk Khan if such assistance was desired on Kuchuk's part. It was

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[295] Raskolnikov, F.F., *Tales of Sub-Lieutenant Ilyin*, translated by Brian Pearce (New York: New Park Publications), 124.

[296] Debo, *Consolidation*, 184.

[297] Bast, "Duping the English."

[298] Raskolnikov, *Tales of Sub-Lieutenant Ilyin*, 132.

[299] Genis, *Bolsheviki*, 66.

and Kuchk contacted Raskol'nikov almost immediately, was explored below.[300] The final objective, to remove the British presence from the Caspian and ensure the peaceful transport of oil and other supplies from Baku to Astrakhan, was also successful. Baku's oil industry was directly dependent on the success of the Enzeli mission because oil was transported primarily via tanker from Baku north to Astrakhan. The head of the Azerbaijan Oil Trust Serebrovksii saw the Enzeli operation as part of his mandate from Lenin to rebuild the oil industry. One of the Azerbaijan Oil Committee's first tasks in spring 1920 was to transport 100 million poods of oil from Baku to Astrakhan by way of the Caspian. This could not be completed without first returning the fleet, which contained the ships responsible for transporting the oil. According to Serebrovskii's biographer "In Serebrovskii's mandate it said that to fulfill the obligations laid upon him he should act through the appropriate bodies to widely draw upon the military and naval forces. 'Appropriate' for these goals was the Volga-Caspian Fleet that had arrived on the first of May [1920] in the port of Baku under the command of F.F. Raskol'nikov."[301] The Enzeli operation completed its three short-term goals, but the Bolsheviks quickly entered Persian politics thereafter.

DIPLOMACY AND REALITY

After Raskol'nikov and the Red Fleet docked at Enzeli, the Persian Prime Minister Vosuq issued a formal protest against the Soviet presence on Persian territory and entered into formal diplomatic correspondence with the Bolshevik government. Before the Bolshevik landing at Enzeli the government under Vosuq had been strongly allied with the British. Vosuq's

[300] Genis, *Bol'sheviki*, 67.

[301] Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki, [Russian State Archive of the Economy RGAE] f. 270, op. 1, d. 8, l. 54.

government signed the 1919 Anglo-Persian Agreement, which essentially rendered Persia a protectorate of Britain and was spectacularly unpopular at home. Despite Vosuq's support for the British he realized within a few months after the agreement in 1919 that the British did not intend to defend Persian interests (despite the vociferous claims of Lord Curzon, the British representative in Persia). No longer trusting the British, Vosuq's government had reached out to the Bolsheviks mere days before the landing at Enzeli.[302] Although the presence of Soviet troops on Persian territory caused great anxiety in Tehran, it also gave Vosuq's government the opportunity to establish relations without the consent of the British.

In reply to Vosuq's protest, Chicherin confirmed the landing of Soviet troops on Persian territory and reiterated Raskol'nikov's claim that Russian troops were there primarily out of military necessity and harbored no aggressive intentions. Soviet troops were there to "liquidate from the shores of the Caspian the base of hostile movement against the RSFSR" that is, the British fleet. Officially, Russian troops were evacuated almost immediately, on June 6, 1920. In reality numerous soldiers remained, or returned, ostensibly as volunteers through October 1921.

Chicherin distanced himself from the troops that remained in Persia after Raskol'nikov's evacuation and claimed that they had no official tie to Soviet Russia.[303] Technically, this was true; the remaining troops were there under the flag of the Azerbaijan Soviet Republic. Chicherin indicated that Azerbaijani troops were forced to occupy Enzeli and the neighboring city of Resht in order to protect peaceful trade, and secure the Azerbaijani border from the British threat to Baku, and the Caucasus more broadly. Chicherin claimed that the troops would be withdrawn "as

[302] Bast, "Duping the English," 275.

[303] Chaqueri, *The Soviet Socialist Republic of Iran* ,183.

soon as the Azerbaijani government has confidence that the threat to its borders has passed and the British troops begin their evacuation of Persia."[304]

This illustrates one of the most important and overlooked reasons that the NKID maintained Azerbaijan as an independent state in 1920 rather than incorporating it directly into Soviet Russia. The presence of Azerbaijani troops allowed Soviet Russia to carry out its foreign policy with a much freer hand than would have been the case under the flag of the Soviet Russia. This abundance of caution was to preserve the image of noninterference for the British, with whom the Soviets, despite events in Persia, were negotiating a trade deal that would eventually become the Anglo-Soviet Trade Agreement. The British would only agree to trade deal with the Bolsheviks if the Soviet government agreed to stop hostile propaganda and actions against British interests. The Bolsheviks were walking a thin line, lending support to Kuchuk while trying to establish trade ties with the British. This tension between revolutionary policy and economic necessity was characteristic of Soviet foreign policy from the beginning. There was an acute awareness that if events in Enzeli got out of hand it would jeopardize a possible trade agreement and the security of the Caucasus more generally. The British were furious that the Soviets sent troops into Gilan but too busy elsewhere to push the issue. A nominally independent Azerbaijan provided a pretext for both British and Soviet diplomacy.

The Bolsheviks only wanted to engage Kuchuk Khan to the extent that it did not interfere with the overall Soviet foreign policy of regularizing trade relations with the economic powerhouses of western Europe.[305] Despite recent gains in the Caucasus, Chicherin reminded

[304] RGASPI, f. 159, op. 2, d. 51, l. 12.

[305] Genis, *Krasnaia,* 82.

Raskol'nikov that the Bolsheviks would not even be able to hold Baku without the Red Army, let alone hold Persia. Lev Karakhan, the deputy commissar at the NKID, instructed Raskol'nikov that Soviet policy was active and enthusiastic support of revolution against the Shah and the British presence in Persia. But this came with limits. Crossing the line in Persia could lead to a new blockade or even the loss of Baku.

IN ENZELI, A BRIEF SUMMARY

Although Kuchuk wanted to cooperate with the Bolsheviks, his support for the communists was not unconditional. Kuchuk was not hostile to local landlords and merchants and he sought local control, rather than a full-fledged social and political transformation like the Bolsheviks. As the head of the Kavburo Ordzhonikidze was in charge of establishing an agreement with Kuchuk and, somewhat disappointed, he telegrammed the NKID that Kuchuk Khan was not interested in establishing Soviet power in Persia. Ordzhonikidze further informed the Politburo that Kuchuk Khan's supporters hated communists and that there was no proletariat in Persia, making a real Soviet style government impossible.[306] Despite these ideological disparities, the Politburo and the NKID believed Kuchuk's Jangali movement shared a common goal with the Bolsheviks of wanting the British out of the northern Persia, which they believed was a solid basis for cooperation.

Upon hearing about the Bolshevik arrival in Enzeli on May 18, 1920, Kuchuk Khan together with his close collaborator Ekhsanulla Khan left their forest base and headed to the port city to negotiate with the Soviet representatives. Meeting aboard the steamship *Kursk*, Kuchuk spoke with Ordzhonikidze, Raskol'nikov, and members of the Ədalət (Justice) party, the Persian

[306] Genis, *Krasnaia*, 87.

Communist Party based out of Baku. The Ədalət sought to form a Revolutionary Committee (Revkom) that would be in charge of coordinating actions between the Bolsheviks and the Jangalis. The Ədalət distrusted and was openly hostile to Kuchuk Khan from the outset and the representatives of the Persian communists made it clear that the organization would not willingly work with Kuchuk Khan, whom they considered bourgeois.[307] In response, Ordzhonikidze returned to Baku and then sent Mdivani, a member of the Kavburo, to meet with Kuchuk Khan in place of the earlier Ədalət representatives. Kuchuk and Mdivani quickly found they could work together and upon the latter's return to Baku they formed the Iran Bureau of Communist Organizations (Iranburo). Members of this second Iran Communist Party included Anastas Mikoian, Beso Lominadze, and Mdivani.[308] The Politburo, Kavburo, and NKID all hoped that this second Party would obey Moscow, unlike the Ədalət.

After Kuchuk negotiated a deal with Ordzhonikidze on the *Kursk***,** the Politburo ordered Raskol'nikov to provide Kuchuk Khan with goods and instructors. On May 26 1920, Raskol'nikov was ordered to leave Enzeli and make sure any areas under Bolshevik control be passed to Kuchuk Khan. He finally departed on June 6 and when leaving, he made a public statement that the Soviet government did not wish to interfere in Persia's domestic affairs. Finally, he left behind enough troops—under the flag of independent Azerbaijan— to ensure Kuchuk Khan remained in charge of Enzeli.[309]

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[307] The Ədalət, under the leadership of Sultanzade, believed that Persia had already passed through a bourgeoisie revolution in 1909 and was therefore ready for a socialist revolution on the order of the October Revolution.

[308] RGASPI, f. 85, op. 5, d. 52, l. 44.

[309] Genis, *Krasniia*, 80.

These two Communist parties in Iran, the Ədalət and the Iranburo, were both based out of Baku and had close ties to the Russian Communist Party. The first party, the Ədalət was originally founded with the help of Nərimanov and Sultan Məcid Əfəndiyev as the Social Democratic party of Iran (SDI).[310] The SDI was composed primarily of Persian immigrants and workers who had experience in the oil fields of Baku but its political program largely mirrored the leftist social democratic Muslim Party the Hümmət. During World War I, the SDI became increasingly radicalized and more closely aligned itself with the Bolsheviks. A group of radical members of the SDI split off and formed the Ədalət in 1916. The Ədalət viewed the success of the revolution in Russia as an important part of spreading the revolution to Iran and actively organized and fought alongside Bolsheviks in the south Caucasus and set up party branches throughout Iran.[311] At a congress from June 23-25, 1920, about five weeks after Raskol'nikov landed in Enzeli, the Ədalət created the Iranian Communist Party (ICP) and thereafter the ICP and the Ədalət were used interchangeably.[312] At this same conference, the Ədalət was technically subsumed into the Russian Communist Party. In practice, however, the Ədalət continued to pursue its own policies, namely that of a Communist revolution in Iran.

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[310] Əfəndiyev was a member of the RSDP since 1904, a member of the failed Baku Commune, and a member of Hümmət, a radical left Muslim group that was eventually subsumed into the Bolshevik party.

[311] Chaqueri, *The Soviet Socialist Republic of Iran*, 153-155. The Ədalət allied with the Baku Commune in 1918. The policies of the Ədalət initially remained in step with the Hümmət, which was renamed the Azerbaijan Communist Party in February 1920, Sweithocowski, *Russian Azerbaijan*, 170-171.

[312] Chaqueri, *The Soviet Socialist Republic of Iran*, 158. A report submitted to the Kavburo noted that the Ədalət Congress held in June marked the "liquidation" of the Ədalət and its merger with the Russian Communist Party, RGASPI, f. 64, op. 1, d. 20, l. 19; The ICP elected Lenin and Nəriman Nərimanov honorary chairmen but it was divided by factions from the outset. Two Bolsheviks from the Caucasus Abukov and Naneishvili (also a member of the Kavburo and thus subordinate to Ordzhonikidze) headed the so-called "national-revolutionary" faction which argued that Iran was not ready for a socialist revolution and should cooperate with the bourgeoisie. This was the line that the NKID was to adopt in short order. The more radical left faction was "purely communist" and it was to this wing that Sultanzade and Agaev belonged. This wing actively pursued revolution and carried out propaganda in contradistinction to orders from the Politburo.

The second communist party, the Iranburo, like the Kavburo, was directly subordinate to the Central Committee of the Russian Communist Party. The Iranburo, together with Kuchuk's men, formed the Revolutionary Committee mentioned above to direct the Persian Revolution. The personnel of these various organizations overlapped to a large degree. By the end of July 1920, the Iranburo was composed of Mdivani and Nərimanov from the Kavburo, Lominadze and Mikoian under the Central Committee of the Azerbaijan Communist Party, and Buniat-zade and Aga-zade from the Central Committee of the Iran Communist Party.[313] In theory, each of these bureaus and parties were subordinate to the Central Committee of the Russian Communist Party and directly under Ordzhonikidze, although in practice this was virtually impossible to enforce.[314] The conflicting interests of these parties—and the individuals backing them on both sides of the Araz—would wreak havoc on any unified action.

Forming a coalition of sorts with the Bolsheviks, Kuchuk declared a Soviet Socialist Republic of Gilan on June 4, 1920 and the Soviets began providing arms and training to the Jangalis. Kuchuk and the Bolsheviks departed for Resht to set up a new base, as the British retreated to the nearby city of Kazvin [315] It was never clear who was actually in charge, Kuchuk Khan, the Iranburo, or the Bolsheviks. Kuchuk had to balance the demands of his erstwhile

[313] Genis, *Krasniia*, 151; The Iranburo stated that 1) the national liberation movement of Persia may rely on the petty-bourgeois but not the landowners, 2) military goals include chasing out the British and overturning the Shah in Tehran as well as a peasant revolution and land reform, 3) all propaganda must follow these lines, 4) with the goal of supporting anti-British elements the Party will support the leader of the Persian movement [Kuchuk] for its own ends, 5) the Iranian revolution will only be assisted through Communist organizations [Iranburo], 6) in addition to the goals of ousting the British and strengthening communism the Iranburo must organize troops, RGASPI, f. 64, op. 1, d. 20, l. 19-21.

[314] For a more complete account see Genis and Chaqueri.

[315] Chaqueri, *The Soviet Socialist Republic of Iran* ,180-181.

Bolshevik allies with those of local elites, mostly merchants who feared the Soviets. In addition, the more militant communist presence of the Ədalət continued to disrupt Kuchuk's plans.

Within six weeks, the coalition fell apart and a radical faction of Bolsheviks —led by the Armenian Bolshevik Mikoian, and a faction of the Jangalis led by Ekhsanulla Khan and the Kurdish revolutionary Khalu Kurban, overthrew Kuchuk. On August 2, 1920, Mikoian, in his capacity as a representative of the Azerbaijan Central Committee to the Iranburo, sent a telegram to the Eastern Department of the Commissariat of Foreign Affairs in Moscow with the simple title, *Revolution in Persia*.[316] He reported that the night before, on August 1, they had carried out a coup in Enzeli and Resht following which the Revolutionary Committee of the Iranian Soviet Republic took power. The Revolutionary Committee seized control of the entire province of Gilan. Mikoian declared that among the goals of the Revolution were to form an Iranian Red Army and overthrow the Shah, to destroy feudal privileges, to help the peasantry, and reestablish trade between Russia and Azerbaijan, which had come to a halt when the British consolidated a hold on northern Persia.[317] He stated that "Kuchuk turned out to be a spokesman for the merchants of Gilan. But the presence of his main forces, the Baku workers, Persians, Azerbaijanis, and sailors fueled the revolutionary movement…."[318] Kuchuk, having had a falling out with Ekhsanulla had already left for the forests outside of Resht on July 19 to lead his guerilla troops from there.[319]

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[316] RGASPI, f. 159, op. 2, d. 51, l. 4

[317] Ibid.

[318] Ibid. also, Chaqueri, *The Soviet Socialist Republic of Iran*, 237-239.

[319] RGASPI, f. 85, op. 5, d.52, l. 42.

Ordzhonikidze, in his characteristically frank style, gave an abbreviated account of why he believed the Bolsheviks had fallen out with Kuchuk—an inevitability that did not likely surprise anyone. He noted first that Avetis Sultanzade's Persian communists, the Ədalət, were partly to blame for the uneasiness that developed between Kuchuk and the Bolsheviks. Sultanzade refused to cooperate with Kuchuk and sought to overthrow him.[320] Another point of contention was the treatment of Persian merchants, whose goods were confiscated by the Azerbaijani government in Baku. These merchants were friendly with Kuchuk and an essential part of his power base. Nonetheless, the new Bolshevik government in Soviet Azerbaijan seized all goods at customs, including those of the Persian merchants who formed part of Kuchuk's support network. The merchants pressured Kuchuk to force the Bolsheviks to return their confiscated goods, to no avail. In Gilan, the merchants then began denouncing the Bolsheviks in public squares and at mosques. Kuchuk appeared at these meetings and promised those gathered that the Bolsheviks in Persia would not behave as they had in Baku. According to Ordzhonikidze, "Despite this announcement, something in the Baku-manner [*po bakinski*]…nonetheless happened there."[321] In other words, the Bolsheviks used violence to requisition goods and foodstuffs, exactly as Kuchuk feared they would. Ordzhonikidze continued that because the Soviets had brought two to three thousand people into Persia without Persian or

[320] Sultanzade, a Persian born Armenian revolutionary, was the founder of the Communist Party of Persia and leader of the Ədalət. See, Genis, *Krasnaia,* 112-127.

[321] To do something *po-bakinskii* [in a Baku-manner] was a euphemism that Ordzhonkidze used rather frequently in his early correspondence when he referred to the use of violence to achieve a policy directive or goal. RGASPI, f. 85, op. 5, d. 52.

other currency and no resources with which to procure food or other goods for them, they were forced to "impose a tribute on the merchants and knock the money out of them."[322]

Three weeks after Kuchuk was overthrown, on August 20, 1920 Mdivani attended a meeting of the Iranburo in Baku together with members from the Kavburo.[323] Both Mdivani and Mikoian wanted to use Russian Red Army troops to march on Tehran and overthrow the Shah. Mdivani believed a strong show of force would unite the peasantry behind the Bolsheviks. The members of the Iran- and Kavburos nearly unanimously approved the proposal, with only one objection. After the Bolsheviks ousted Kuchuk, at the end of August 1920, popular sentiment swung sharply against the Bolsheviks throughout Gilan as it became increasingly clear that the new coalition of Ekhsanulla and the Baku Bolsheviks were pursuing their own agenda. In fact, a Comintern report later claimed that the Baku Bolshevik's actions in Persia had been so blatantly colonial that it would have been difficult for Moscow's enemies to have planned the situation better. The report also expressed concerns that irresponsible actions, such as overthrowing Kuchuk and seizing goods, would spark a holy war against Soviet power in the Caucasus and Turkestan, resulting in the loss of vital oil and cotton resources.[324]

The Caucasian Bolsheviks, including Nərimanov, Mikoian, Mdivani, and Ordzhonikizde continued to attempt to usurp the course of events in Gilan by reorganizing the leadership of the Iranburo. Worried about the growing influence of Sultanzade's Ədalət and their own declining

[322] RGASPI, f. 85, op. 5, d. 52, l. 44-45; Divergent attitudes regarding merchants, as well as land reform and the insistence of the Revkom that Kuchuk use the Iran Communist Party as an intermediary contributed to a break between Kuchuk and his Bolshevik allies.

[323] Those in attendance included Lominadze, Mikoian, Sultanzade, Stasova, and Frumkin. One member of the Turkestan bureau was also present, Lev Geller.

[324] Genis, *Krasnaia*, 253; RGASPI, f. 64, op. 1, d.20, l. 58.

popularity in Persia, the Baku Bolsheviks used the First Congress of the Peoples' of the East to take advantage of the fact that representatives from all over Persia were in Baku. The Congress was organized by the Comintern and held the first week of September 1920 in Baku. During the Congress, the Baku Bolsheviks created the Action and Propaganda Council in the East, which they hoped would push through their own policies on Persia.

In October 1920, the Action and Propaganda Council voted, under heavy pressure from Nərimanov and Ordzhonikidze, to form a new Central Committee of the Iranburo that was more in line with Azerbaijani Bolshevik policies and support Ekhsanulla's government. Nərimanov pushed through his unpopular candidate Haidar Khan, who Persian communists such as Sultanzade viewed as an amateur and adventurer.[325] The Azerbaijani Bolsheviks were the only ones who recognized this second Central Committee to the Iranburo. Neither the Politburo nor the ICP acknowledged the Baku Bolshevik's new Central Committee, leading to multiple power centers. The Politburo even ordered the Baku Boshevik's to accept Sultanzade as a member of the Iranburo's Central Committee, acknowledging that the Azerbaijanis were unpopular in Persia.[326]

Indeed, in contrast to the actions of the Baku Bolsheviks, by the end of 1920 the Commissariat of Foreign Affairs in Moscow had concluded that the revolutionary government of Ekhsanulla was a liability to Soviet prestige and to Soviet foreign policy and set a goal "to liquidate Soviet survivals in Resht."[327] The NKID had decided to abandon revolution in Persia

[325] On Nərimanov's role see, Genis, *Krasnaia*, 435-439. Haider Khan was never approved by Moscow, his appointment came from the Azerbaijan government, Chaqueri, *The Soviet Socialist Republic of Iran*, 332-333. The meeting of the Iranburo opened with a fistfight, Genis, *Krasnaia*, 434.

[326] Genis, *Krasnaia*, 438.

[327] RGASPI, f. 159, op. 2, d. 51, l. 127.

and the Gilan Republic and sought to remove both Russian and Azerbaijani troops. Despite Moscow's intention to stop supporting the Gilan Republic by late 1920 it took until October 1921—and some rather dramatic political infighting and military bumbling— for Soviet troops to evacuate completely.

A Treaty with Iran, and a Treaty with Great Britain

The Commissariat of Foreign Affair's message of national self-determination was popular in the Near East as voice against colonial oppression. In 1918, Trotsky renounced a series of secret agreements between tsarist Russia and England that had included the partition of Persia, Afghanistan, and the Ottoman Empire into spheres of influence. Trotsky also recognized the right to the political independence of each those states, particularly from England. The Deputy Commissar of Foreign Affairs Karakhan reaffirmed Soviet Russia's position advocating the right of self-determination of Muslims in the Near East in a June 1919 note to the Persian government.[328] By late 1920, however, the NKID had shifted its policy toward conciliation with Great Britain, as exemplified in the decision to abandon Gilan. The Congress of the Peoples' of the East held in September 1920 turned out to be the culmination rather than the beginning of formal Soviet endorsement of revolution abroad.[329]

Making it abundantly clear that events in Iran were far beyond the control of the Jangalis or Bolsheviks, the Persian politicians Reza Khan and Aqa Seyyed Zia' od-Din Tabataba'i overthrew the Shah on February 21, 1921, precluding the advance of Soviet troops to Tehran that

[328] Fischer, *Soviets*, 289.

[329] Thereafter, the Comintern and the NKID split functions. The Comintern pursued revolution while the NKID pursued formal diplomatic ties—the Soviet Union only recognized the NKID's policies as official.

had been planned by Ordzhonikidze and Nərimanov. The situation again changed dramatically when Soviet Russia and the new Iranian government concluded the Russo-Persian Treaty of Friendship on February 26, 1921. This was followed not long after by the Anglo-Russian Trade Agreement signed on March 16, 1921. The histories of these two agreements were intertwined.

The Russo-Persian Treaty of Friendship formalized Soviet Russia's commitment to renounce tsarist era concessions and privileges. It also stipulated that all Soviet troops leave Persian territory, an aspect of the treaty that was not fully resolved until seven months its ratification.[330] Despite Moscow's claims that the treaty was a complete break with tsarist-era policies, it contained two articles that would undermine Persian sovereignty.[331] The first was Article 6, which gave the Soviet government the right to intervene in Iran if its territory were ever used as a base of attacks against Soviet power by a third party as it had been during the Russian Civil War. In the context of 1921, this was an assurance from the Persian government that it would not allow England to use northern Persia as a staging ground for attacks on Azerbaijan or the Caucasus. [332] The second was Article 13, which stated that any concession relinquished by Soviet Russia could not be granted to a third party but must be owned and run by Persian subjects or the Persian government. The consequences of Article 13, which played out in the competition among oil companies from the United States, Great Britain, and Russia over the former concessions is the subject of the next chapter.

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[330] E. H. Carr, *The Bolshevik Revolution 1917-1923,* volume 3 (New York: Macmillan Company, (1953) 1961), 293-294.

[331] Fisheries concessions were not annulled. Rezun, 18.

[332] Rezun, *The Soviet Union and Iran,* 369. In 1941, however, the treaty would be used as a justification for the joint Soviet-British occupation of Iran, which was intended to counter German moves in the country and secure oil transport routes.

The Russo-Persian Treaty of Friendship was followed within weeks by the March 16, 1921 Anglo-Russian Trade Agreement. Negotiations between Soviet Russia and Great Britain had been stalled on two fronts: outstanding tsarist era debt and hostile Soviet propaganda against Britain in Persia, Turkey, India, and Afghanistan. The British tied the conclusion of a trade deal to the cessation of Soviet propaganda in the East, something greatly complicated by the Soviet invasion of Gilan (not to mention Britain's own hostile stance toward Soviet Russia). The condition to cease hostile propaganda was a constant source of conflict between the commissariats. The Commissar of Foreign Trade, Leonid Krasin, negotiated the details of the Anglo-Russian Trade Agreement. The Commissar of Foreign Affairs, Georgi Chicherin, however, believed that Chicherin himself and not Krasin should be defining the terms of the agreement and Chicherin accused Krasin of making promises to the British on political matters and not strictly confining his discussions to economic affairs (a fine, and perhaps unrealistic, distinction).[333]As late as December 23, 1920 Chicherin wrote Lenin, expressing his fear that agreeing to a cessation of propaganda against the British before an actual agreement was signed—something Chicherin repeatedly accused Krasin of doing—would put Soviet Russia in the probable position of losing Baku to the British.[334]

Despite ongoing ideological differences, representatives from Soviet Russia and Great Britain signed the trade agreement. The agreement is largely viewed as the beginning of a new Soviet policy that favored foreign economic ties and domestic reconstruction over ideological

[333] RGASPI, f. 159, op. 2, d. 27, l. 91-92, 96-98, 100-104. Disagreement between Krasin and Chicherin.

[334] RGASPI, f. 159, op. 2, d. 27, l. 100. For a more in depth account of Soviet British trade relations see: V. A. Shishkin. '*Polosa priznanii' i vneshneekonomicheskaia politika SSSR (1924-1928 gg)* ['Zones of Recognition' and foreign trade policy of the USSR] (Leningrad: Nauka, 1983).

politics. It also marked a shift by western governments toward accepting the Bolshevik-led state on the international stage.

While I agree that the Anglo-Russian Trade Agreement did signal to the outside world that Soviet policies would put a heavier focus on economics, it was not the cause of this shift. This reading leaves out the Russo-Persian Treaty of Friendship, the terms of which the Bolsheviks, especially the NKID, took seriously.[335] Lenin, the Politburo, the Commissariat of Foreign Affairs, and the Commissariat of Foreign Trade had sought ties with Britain and other western powers long before the actual signing of the trade agreement. The decision to seek pragmatic alliances had much more to do with the fact that the Civil War was winding down and the Soviets needed to consolidate power at home.

Many factors coalesced in early 1921 that led to a shift in Eastern policy. Significant changes in the Near East, including the rise of Ataturk in Turkey and the Reza Khan in Persia, combined with the desperate material state of the Soviet republics, the severe energy shortage and the need to get Baku's oil to market, outlined in the previous two chapters, and mounting famine all played a role. That this shift was also driven by domestic needs was clear in the 10th Party Congress of March 1921, which introduced both the New Economic Policy and outlined the Soviet position on nationalities policy. At the time, however, many Azerbaijani Bolsheviks, foremost among them Nərimanov, viewed the trade agreement with England and the simultaneous shift away from revolution in the Near East as an ideological betrayal.

[335] Soviet Russian concluded agreements with all of the Near Eastern powers after the Russo-Persian Treaty.

AFTER THE TREATIES

Nərimanov sharply disagreed with the NKID's treatment of the Eastern question, which he believed was virtually ignored in favor of a fixation on Europe. He dismissed the NKID's policies as insincere and wrong-headed. Beginning in 1919, he repeatedly urged Moscow to give greater attention to the Muslim East, which he argued was where questions of imperialism and colonialism would finally be decided.[336] He was a strong advocate for an active policy in Iran and prodded his comrades to cooperate with Kuchuk Khan against the British. He had hoped that he would be able to shape policy after he was appointed to head the NKID's Department of the Muslim Near East but was quickly disillusioned when he realized that was merely a policy advisor to Chicherin and would not be making policy.[337]

For Nərimanov, larger questions about the future of the Revolution in Russia and Azerbaijan could not be separated from policy in the East. He argued that the NKID's position of compromise with Britain, which he interpreted as sacrificing Persia, was based on a fundamental misunderstanding of Muslim cultural and political traditions and practices.[338] Having only a superficial view of Muslims, Nərimanov argued that the NKID did not take Muslims seriously as political actors and revolutionaries. Instead, the NKID viewed Muslims as backward and incapable of escaping the bounds of religion without guidance. Nərimanov, as a seasoned revolutionary and organizer, obviously disagreed with the assesment. Most importantly, he

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[336] Nərimanov's views on the NKID and Soviet foreign policy can be found in the 1919 "From a Report to the Central Committee of the Russian Communist Party (Bolshevik)" *Izbrannye,* 234-241.

[337] In his report to the Central Committee he wrote "I, finally, thought that as the leader I would be able to fix all of the mistakes of our eastern foreign policy that the Commissariat of Foreign Affairs and Baku Soviet allowed, and those mistakes need to be noticed." *Izbrannye,* 239; also see, 253-256.

[338] He made this argument frequently. For another example, see *Izbrannye*, 243.

argued that Muslims had no institutional place in the Soviet government and were edged out of shaping policies in the East. Speaking as the head of the Department of the Muslim Near East, Nərimanov argued that Soviet foreign policy should not treat Eastern policy separate from its policies with west. Somewhat incongruously, he also argued that the he should be considered a full member of the NKID and in charge of policy *because* eastern policy was part of policy toward England.[339] Despite his arguments to promote eastern policy, he still validated its worth through its relationship to the west.

Nərimanov noted that the surest way to bring revolution to Europe was by undermining the economic base of England—the Near East. He believed that the British connected lifting the economic blockade against the Bolsheviks "mainly to distract our attention from the East in general and in particular, from Persia…."[340] Nərimanov viewed these policies in his characteristically Manichean way: either trade with the west, or carry out Eastern policy. [341] He saw the Bolsheviks capitulating and believed that if they carried out a stronger policy in Persia they would have even more leverage against Britain in the long run. He had expressed such views earlier as well. In early 1920, he wrote to Lenin in frustration noting that if Moscow was prepared to sacrifice the rest of Azerbaijan to Denikin in order to secure oil reserves in Baku then

[339] Nərimanov, *Izbrannye*, 240. Nərimanov's frustration with the institutional dismissal of Muslim voices was exacerbated by what he felt was an inter-personal chauvinism from his non-Muslim comrades. In a report submitted to the Central Committee on the history of Hümmət , he addressed the accusation of his fellow Baku Bolsheviks that Hümmət did nothing to further the revolution. Their mistake, he pointed out, was in confusing Baku for all of the Caucasus. It was best to leave revolution in the East to those who understood it, "If everything that the Center is now saying about the East is true, and not words but a specific task then we say: the organization "Hümmət " will solve this task easier, with relatively less pain and faster." Nərimanov, *Izbrannye*, 243.

[340] Genis, *Krasniia*, 83.

[341] Ibid.

it would be at the cost of having an eastern policy.[342] Nərimanov believed Soviet support for the revolutionaries in Persia was just a bargaining chip for Russian foreign policy with the British.[343] His perspective differed dramatically from that of Fedor Aronovich Rotshtien, the Soviet representative to Persia, as will be explored below.

EVACUATING GILAN

Rotshtein was an academic who had spent 30 years in England prior to his return to Russia in the summer of 1920. The NKID appointed him Soviet Russia's representative to Persia on November 15, 1920 and recognized as such by the Persian government on January 10, 1921. Rotshtein was an expert on British expansion in the Near East, fluent in English, and he had petitioned for a position abroad, finding conditions in Moscow difficult (although he had wanted to go to Sweden, not Persia).[344] Rotshtein departed for Tehran via Turkestan after the Russo-Persian Treaty of Friendship was signed on February 26, 1921. He was turned away at the Iranian border because the Soviets had still not withdrawn troops from Gilan, however. After a

[342] RGAPSI, f. 64, op. 1, d. 25, l. 1.

[343] Chaqueri, *The Soviet Socialist Republic of Iran*, 286-287. This view was expressed outright by Lenin and Trotsky. However, it was not based on the desire to abandon revolution as much as it was to maintain Soviet power.

[344] Sokolov, "Diplomaticheskaia deiatel'nost'," 158-160. In early 1918, the Soviets had sent the former tsarist diplomat Nikolai Zakharovich Bravin to Tehran as its representative and although the Iranian government was willing to work with Bravin, it fell short of officially recognizing him or the RSFSR because of the much stronger British influence and continued presence of Tsarist officers in Tehran. Bravin's work was further constrained by the Tsarist representative to Persia von Etter, who continued to work as the official (imperial) Russian representative in Persia. Bravin was reappointed to Kabul in June 1918 and replaced by I.O. Kolomytsev. Kolomytsev worked, under unenviable conditions, until August 1919 when he was assassinated by former Tsarist officers in Tehran. See, Mikhail Volodarsky, *The Soviet Union and its Southern Neighbours. Iran and Afghanistan, 1917-1933*, 12-21; for an account of Bravin's mission in in Iran see, Pezhmann Dailami, "Bravin in Tehran and the origins of Soviet policy in Iran," *Revolutionary Russia*, vol. 12, no. 2 (1999): 63-82. For an account of his time in Afghanistan see, Alexandre Andreyev, *Soviet Russia and Tibet: The Debacle of Secret Diplomacy, 1918-1930s*, (Leiden, Netherlands, Brill: 2003), 69-116.

several-week delay, Rotshtein and his entourage were allowed to enter Persia and they arrived in Tehran in late April.[345]

According to a July 4 1921 report by the Information Department of the Comintern's Action and Propaganda Council, the main reason Soviet troops were withdrawn from Gilan was to abide by the terms of the treaty signed with the Persian government.[346] The report argued that conditions in Gilan had deteriorated and the only active troops in Gilan were Russian and Azerbaijani. The Red Army had completely lost contact with local Persian revolutionaries, presumably after Kuchuk fled to the forests of Resht. The Comintern report also shifted responsibility for the more brazen proposals, such as the desire to sack Tehran and capture the Shah, to Ordzhonikidze and attempted to distance overall Soviet policies from these schemes. The memorandum stated that the Comintern had decided it was time to let the Persians take over the revolution and saw little choice but to evacuate. As Soviet popularity plummeted, rumors of forced disarmament, looting, and general intrigue surrounding the evacuation nearly led armed confrontation between the Red Army and the inhabitants of Gilan. In conclusion, the report cautioned that Moscow and Baku needed to "seriously reflect [*podumat'*] on the level of revolutionary consciousness of the troops in Persia…."[347]

The situation was actually even more tenuous than the Comintern report let on. On May 6, Karaev, one of the Bolsheviks on the ground in Gilan, ordered the disbandment of the Persian

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[345] Sokolov, "Diplomaticheskaia deiatel'nost," 160-161; Chaqueri, *The Soviet Socialist Republic of Iran*, 330-331.

[346] RGASPI, f. 64, op. 1, d. 206, l. 116. "Rumors about the evacuation began circulating a long time ago, immediately after the signing of the Russo-Persian treaty, according to which Russia was obliged to clear Persian territory of its troops. The signing of this agreement was the main reason for the evacuation. It was necessary either to refuse the treaty or to evacuate troops from Gilan."

[347] RGASPI, f. 64, op. 1, d. 206, l. 120. For the full report see pages 116-120.

Army but Ordzhonikidze— issuing verbal orders—countermanded the order immediately before leaving Baku for Moscow. Rotshtein denounced Ordzhonkidze as a criminal when he found out about the order and he accused Ordzhonikidze of "fanaticism" and of interfering with orders from the NKID.[348] Indeed, the contradictory orders led to further uncertainty as rumors spread that with the withdrawal of Soviet troops the left radical faction of the Gilan revolutionaries would kill the Persian revolutionaries who had sided with Kuchuk. Minor skirmishes broke out over the next few days and discipline largely evaporated. On May 17 and 18 in Moscow, the Politburo confirmed that Soviet troops should evacuate Gilan as soon as possible. The Politburo noted that Soviet troops were destabilizing the situation as anti-foreign sentiment increased in Persia.

On May 20, 1921 the Politburo's Central Committee ordered the Red Army to evacuate Gilan. A week later, the Central Committee also ordered that the Persian Army, formed by the Baku Bolsheviks, be evacuated to Baku together with Soviet troops.[349] Despite these orders, the evacuation did not begin until the beginning of June.

Reports from Gilan, in what became known as the July events, chronicled looting and significant desertion by the Azerbaijani troops, many of whom preferred to join Kuchuk Khan in the forest than return to Soviet Azerbaijan and face possible starvation as the bread shortage continued throughout the Caucasus. When news reached Chicherin that Soviet troops were deserting en masse he sent Ordzhonikidze a frantic telegram warning him to evacuate before the entire army melted away and that:

There will be a scandal if it turns out that the troops don't leave but change sides and

[348] Genis, *Krasnaia*, 377.

[349] Ibid.

> join Kuchuk. No one will believe us that this was done without our consent. It will compromise us, undermine our relationship with Persia, ruin the treaty, play into the hands of England and lead to her troops returning to Tehran….[350]

Despite Chicherin's warning some troops remained in Enzeli, waiting for evacuation to Soviet Azerbaijan.

While the Bolsheviks began the evacuation of Gilan, Rotshtein became embroiled in negotiations between different factions of Persian politicians and revolutionaries and had developed a relationship with Reza-Khan as well.[351] By September, Rotshtein had become deeply invested in the power struggle between Kuchuk, Ekhsanulla, Haidar and Khalu Kurban. As Soviet troops evacuated Gilan over the summer of 1921, Reza Khan and his troops were reasserting control from Tehran over the northern provinces.[352] Reza-Khan arrived in Resht to quell Kuchuk Khan's uprising, altering the power dynamic once again. Immediately upon Reza's arrival in Gilan Khalu Kurban abandoned his negotiations with Rotshtein and joined Reza Khan. Khalu Kurban went to Reza Khan and "presented him [Reza] his mauser with both hands. Riza-Khan returned his mauzer together with a Colonel's stripes."[353] With Khalu Kurban now working with Reza Khan the Soviet endeavor carried even less weight.

Reza Khan successfully concluded separate agreements with other local notables throughout the north, including the leader of the Talysh, Zargam-us-Saltane, and various Kurdish

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[350] This account, which is quoted from Chicherin's letter, comes from Genis, *Krasnaia,* 378. For a full account of the evacuation see, 373-387.

[351] For various alliances see Chaqueri, *The Soviet Socialist Republic of Iran*. Political crisis in Tehran, and Reza's coup there meant Soviets delayed evacuation of "Azerbaijani" troops, 340-41.

[352] The account that follows is based on a report RGASPI f. 159, op. 2, d. 51, 43-54

[353] RGASPI, f. 159, op. 2, d. 51, l. 43. Report from the Soviet representative in Persia Khavin to Chicherin. Also see, Chaqueri, *The Soviet Socialist Republic of Iran,* 360-361.

leaders. To entice local tribal leaders to help put down Kuchuk Khan's rebellion, Reza Khan offered both amnesty and monetary incentives. Once Reza was in Gilan, Rotshtein also sought negotiations with him. Rotshtein sent his advisor comrade Khavin to Resht to meet with Reza Khan and negotiate a guarantee of amnesty for local Persians who had been fighting alongside Kuchuk Khan in Gilan, which Reza Khan granted.[354]

In fact, Reza Khan was directly involved in the Soviet evacuation. As preparations to evacuate Kuchuk's supporters to Baku from Enzeli were underway, Azerbaijani troops that had been stationed in Enzeli since May 1920 began causing serious unrest because they had not received their salaries for months.[355] Further, the Azerbaijani troops demanded that they be returned to Baku as soon as possible. The Bolsheviks on the ground proved incapable of handling the situation and it was Reza Khan who resolved the disorder, preventing the chaos Rotshtein had feared.

To facilitate the Soviet withdrawal and calm the increasingly anxious Soviet troops, Reza Khan paid Soviet Azerbaijani troops their back salaries. Reza Khan formed a troika that consisted of Khalu Kurban, who acted as Reza Khan's representative, a representative from the Azerbaijani Consul, and a representative from disaffected Azerbaijani troops. Each troop boarded one of Reza Khan's steamers, surrendered his weapon, received his salary, and was then transferred to a new ship to depart for Baku. [356]

[354] RGASPI, f. 159, op. 2, d. 51, l. 43-49.

[355] RGASPI, f. 159, op. 2, d. 51, l. 45.

[356] RGASPI, f. 159, op. 2, d. 51, l., 43-49.

In total, approximately 3,500 people took advantage of the amnesty and fled north. On October 20 1921, the remaining Soviet troops finally departed. When Kuchuk Khan learned of Khalu Kurban's new position he and his men attacked Resht. Kuckuk's troops lost and he once again returned to the forests, eventually heading to the Khalkhal mountains (where Khalu's men served as guides). Kuchuk and his companion Gauk died of frostbite after being caught in a snowstorm. A local man found their bodies after the storm and Kuchuk's head was severed. Khalu Kurban delivered it to Reza on December 10, 1921.[357]

The occupation of Gilan was a disaster for the NKID and revealed how little control Moscow had over the Baku Bolsheviks in 1920-1921. This episode is important because it shows that even the definition of what constituted domestic policy and foreign policy was contested in the border region. The Baku Bolsheviks, including Nərimanov, Ordzhonikidze, Mikoian, and Mdivani, drew on their pre-revolutionary connections in northern Persia and sought to incorporate Gilan into the Soviet sphere. To extract themselves from their entanglement in Persian politics, the NKID and the Baku Bolsheviks had to rely on Reza Khan. The mess of Gilan demonstrated another point to the NKID and Moscow: it needed to centralize power and subordinate the Baku Bolsheviks, a process explored in Chapter 5.

THE AFTERLIFE OF THE GILAN REPUBLIC. CLEAVAGES IN THE PARTY.

Underlying the account outlined above was an internal struggle within the Bolshevik leadership over the intent and direction of Eastern policy. Interests both within and beyond the borders of Gilan persuaded the Politburo to change course in Persia and abandon support for Kuchuk Khan's revolution. Although Soviet Azerbaijan was fully allied with Soviet Russia and

[357] Genis, *Krasnaia*, 468-469; Chaqueri, *The Soviet Socialist Republic of Iran*, 362-363.

many members of the Azerbaijan Communist Party were also members of the Russian Communist Party,[358] on the matter of revolution in Persia the Azerbaijani leadership disagreed sharply with Moscow. For the Baku Bolsheviks, revolution in Persia had been a matter of domestic concern and they linked it directly to the success of the revolution in Azerbaijan.

Reports from Persia reveal that representatives from the Azerbaijani government of various nationalities—Nərimanov, Orzhonikidze, Mikoian, and Mdivani— undermined decrees from both the Politburo and the NKID time and again. The Baku Bolsheviks promoted revolution, defied orders to disband, and directed Persian troops without permission.[359] Even after the Politburo agreed that Rotshtein should follow a policy of "scrupulous non-interference"[360] in Persian alliances Azerbaijani representatives in Enzeli refused to follow his orders "and openly worked against [his] policies."[361] Mikoian overthrew Kuchuk Khan, Ordzhonikidze worked with Ekhsanulla and wanted to kidnap the Shah, and Nərimanov kept funneling weapons to Kuchuk after Rotshtein's orders not to take sides. This was not just simple adventurism but a consequence of the fact that many Bolsheviks in the Caucasus had a vision of the revolution that was informed by local circumstances and it differed significantly from Moscow's understanding of the situation.

[358] Most significantly Ordzhonikidze and Nərimanov.

[359] RGASPI, f. 159, op. 2, d. 51, l. 53-54. The exact offenders are often not named, instead the terms "*predstavitelei Azerbaidzhana*" [representatives of Azerbaijan] or more sarcastically, "*upomianutye azerbaidzhanskie gosti*" [the above-mentioned guests].

[360] RGASPI, f. 159, op. 2, d. 51, l. 135; this is echoed in Chicherin's correspondence with Rotshtein as well, Sokolov, "Diplomaticheskaia deiatel'nost'," 164.

[361] RGASPI, f. 159, op. 2, d. 51, l. 53.

After the evacuation of Enzeli, Rotshtein was taken to task for not following the policy of noninterference to the letter, but reports to Chicherin reveal a beleaguered diplomat unable to reign in the persistent recalcitrance of two of the most prominent Bolsheviks in the Caucasus: Ordzhonikidze and Nərimanov. Rotshtein believed that Ordzhonikidze was blinded by his friendships with Ekhasnulla and Khalu-Kurban as he continued to smuggle Soviet funds and materiel to them after the Politburo ordered Ordzhonikidze to stop funding the revolutionaries. Rotshtein was incredulous that Ordzhonikidze could fail so absolutely to see the bigger picture:

> I acknowledge that I absolutely do not understand how it is possible to irresponsibly sabotage our huge game of chess against our English partners. It is really possible that comrade Ordzhonikidze doesn't see the unsuitability, I would say the worthlessness of these people.[362]

As an advisor to Rotshtein in Persia, D. Gopner sent updates to Chicherin at the NKID. In a letter from November 4, 1921 Gopner addressed allegations that Rotshtein disobeyed directives from the Politburo and the NKID by hindering the activities of the Gilan partisans. Echoing Rotshtein, Gopner redirected Chicherin's attention to Orzhonikidze and Nərimanov. Gopner noted that:

> from all corners of Baku and Enzeli traces of activity by the Bakuvians on behalf of the partisans stand out. The only difference is that Orzhenididze is supporting Ekhsanulla Khan's 'communist' faction at the moment, and Nərimanov, the 'democratic' faction of Kuchuk Khan, whom they earlier supported together.[363]

Further, Gopner claimed that Ekhsanulla informed him that he was taking orders directly from Ordzhonikidze and it was from this source that orders to march on Tehran originated. Nərimanov, on the other hand, continued to help Kuchuk Khan and supply him with arms, even

[362] RGASPI, f. 159, op. 2, d. 51, l. 80.

[363] RGASPI, f. 159, op. 2, d. 51, l. 55.

after the Central Committee ordered all assistance to the rebels halted. Gopner implied that Moscow was partly to blame because:

> Everyone in Moscow knew that the Gilan Soviet Republic was at all times completely established and maintained by Caucasian workers/ Medevani [*sic*], Orzhenikidze [*sic*], and others/. The Caucasian comrades acted during a period of the intensive expansion of our borders, during a period of revolutionary war on all fronts, and in particular, on the Caspian Sea they had a special task—to squeeze the British out of northern Persia and to establish a solid rear base for Baku. Besides, it is not a secret to Moscow that the Azerbaijanis have a selfish interest in an active policy in Persia.[364]

Insistence on party discipline, he continued, was not enough to control the Baku Bolsheviks. He recommended that the Caucasian workers be replaced as there was no one around with enough influence to curb the "activism" of the Baku members.

Gopner was not arguing that the activism of Ordzhonikidze and Nərimanov was difficult to understand. Rather, he was arguing that different jobs required different personnel. The transition from the wartime tactics to which the Bolsheviks were accustomed to a peacetime policy of conciliation was a shift that Gopner imagined would cause problems throughout the former Russian empire.[365] That a peacetime government should have different goals than a government at war, touches on one of the most fundamental aspects of Soviet governance. Rather than demilitarizing the government, the Bolshevik government militarized civilian society. The 1920s became an era of fronts to be stormed, borders to be crossed, and enemies to be vanquished.

Rotshtein believed he had Moscow's full support in "taming the obstinate Bakuvians" who were carrying out their own projects in Persia. His report to Chicherin revealed his deep

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[364] RGAPSI, f. 159, op. 2, d. 51, l. 56.

[365] Ibid.

frustration with Soviet policies and Moscow's inability to control the Caucasian communists. He did not see how he was supposed to fulfill his duties with men like Kuchuk Khan or his supporters. Nor did he trust Ordzhonikidze or Nərimanov. While preparing to evacuate Enzeli, Rotshtein noted that he chose Astrakhan as a place to send insurgents over Baku because, even considering the famine in the Volga, Rotshtein "had absolutely no confidence in Baku, where the refugees could be reorganized and rearmed for quasi-revolutionary activities in Gilan". He complained that "our Caucasian comrades" did not follow orders and he had no expectation that they would.[366]

Moscow, Rotshtein asserted, had made the proper decision in abandoning Kuchuk Khan and any additional support of insurgent khans or revolutionary uprisings would serve only to weaken the Soviet position. He wanted to know why the Soviets decided to "tamper about" in Persia in the first place and what, if any, interest they had in Persia:

> What would we even care of Persia if the English weren't here, of general intrigue and uncovering the intent of our enemies? Who laid the guardianship of the Persian people at our feet, the mission to free them from feudalism, Shahism, capitalism and other evils? In general, I don't understand why we should be more interested in Persia than in say, some Guatemala, or in some Timbuktu? I know that in the past, under the Tsar, we viewed Persia as our rightful booty…I suspect and am even convinced that this imperialistic instinct lives in our Bakuvian and, even partly in our Tashkent, [comrades]….[367]

As a Soviet representative Rotshtein viewed his task as limited to the eradication of British influence from the north, not in transforming Persia. This view combines both a patronizing dismissal of Persia with a desire to curb imperialist policies.

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[366] RGASPI, f. 159, op. 2, d. 51, l. 77-78.

[367] Ibid., 80.

Chicherin was sympathetic to Rotshtein's account of what happened in Enzeli and was aware of the problems that the Baku comrades were causing. He repeatedly questioned the wisdom of establishing an Iranburo made up of Caucasians and Russian Persians when a Persian Communist Party already existed.[368] He wrote a letter to Lenin defending Rotshtein's actions in obtaining amnesty for the rebels; the front fell apart because it could not maintain itself without Soviet support, not because Rotshtein was supporting the Shah's army, Chicherin asserted.[369] Rotshtein achieved the goals laid out for him by the Politburo and NKID in Persia: to undermine British hegemony. Any more joint projects with rebels, such as Ordzhonikidze proposed, could "lead to the collapse of Rotshtein's policies and to the return of the British."[370]

In contrast to Rotshtein, Nərimanov, as outlined above, believed that the evacuation of Gilan was a shift in policy that reflected a concession to the British after the Anglo-Russian Trade agreement of March 16, 1921.[371] The trade deal with Britain was unquestionably an important consideration, but not the only one. Chicherin and the NKID sought to show the world that Soviet Russia was strong, while hiding the fact that it had largely lost control of its troops in Gilan (not to mention that it even had troops in Gilan). Nərimanov, whose own power base weakened considerably by abandoning revolution in the east, ignored the fact that the Bolsheviks had lost popular support among the population in Gilan and that developments in Persia were heading in a different direction with the rise of Reza Khan. While Nərimanov was correct that

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[368] Ibid., 134.

[369] Ibid., 133.

[370] Ibid., 134.

[371] Genis' book *Krasnaia Persiia* begins with a quote from Nərimanov that reads "I assert that with our own hands we killed the liberation movement in Persia because Lloyd George needed it, because that is how some of our comrades understood our eastern policy." Genis, *Krasnaia Persiia,* 3. RGASPI, f. 588, op. 2, d. 176, l. 4.

some Bolsheviks, especially in the Commissariat of Foreign Trade, were perfectly happy to trade revolution in Persia for trade deal with the British the situation was not as clear cut as he would have preferred.

From Moscow's view, and from the view of the NKID, the main purpose of Soviet policy in Persia was to ensure the safety of the Caucasus—especially Baku and its oil—from a possible British invasion. By early 1921, Bolshevik policy had successfully cleared the Caspian of the British presence, restarted oil shipments (as we saw in the first chapter), sovietized Armenia, and was well on its way to sovietizing Georgia. In order to pacify the newly acquired Caucasian territories Soviet Russia had to feed and supply them, which required trade agreements, ideally with wealthier states like Britain. The increasing power of Reza Khan and the near complete failure of the Baku Bolsheviks to foment revolution across Iran coincided with Britain's decreasing interest in the region. Taken together, this meant that the Soviets had little incentive to remain in Persia, Nərimanov's protests aside.

INTER-PARTY DISPUTES: THE AZERBAIJAN COMMUNIST PARTY

The Baku Bolsheviks resistance to centralized power extended beyond Eastern policy and was pary of the institutional culture of the Baku Bolsheviks. Disputes over policy were not limited to the NKID and the Azerbaijan Communist Party and the infighting evident in Persia was replicated in Baku. The Kavburo itself was gripped by factions that threatened to make the entire Soviet government in Azerbaijan non-functional. In late August 1921 a series of plenary meetings of the Azerbaijan Central Committee addressed the existence of "different lines of thinking" within the Party. The reports were careful to avoid calling the divisions "factions" as that would be a clear breach of Party discipline and a violation of Lenin's recent ban of factions at the 10th Party Congress in March 1921. The controversies, in part, surrounded Nərimanov,

who attempted to resign from his post as head of the Azerbaijan Soviet of People's Commissars (Sovnarkom). He argued that the members of the AKP Politburo were impossible to work with and that they refused to follow his directives.[372]

Kirov, as head of the Azerbaijan Communist Party, rejected Nərimanov's resignation request because, Kirov noted, Lenin and the Russian Central Committee had sent Nərimanov to Azerbaijan from Moscow with specific directives to establish Soviet power in Azerbaijan. Kirov would not approve Nərimanov's request because his assignment as not complete. According to Əfəndiyev, Nərimanov had some local support but was viewed primarily as Moscow's man—an ironic view given his propensity to follow his own agenda in relationship to Persia. Sultanov sympathized with Nərimanov, noting that the Azerbaijan Central Committee often ignored Moscow's directives, making Nərimanov's role as enforcer an unenviable one. Party discipline was erratic, inconsistent and virtually unenforceable throughout 1920.

On August 23, 1921, Nərimanov defended his attempt to resign to his fellow Bolsheviks when the Central Committee invited him to a plenum to explain his position.[373] He took issue with the recently appointed AKP Politburo because he believed it was undermining his agreement with Lenin. Nərimanov reiterated his argument that Azerbaijan had to be integrated with Baku and reminded his fellow Bolsheviks that they owed him a debt because he had arranged matters "so that Soviet Russia could live quietly and use the oil and oil products" from Baku.[374] Nərimanov further claimed that he had achieved the goal of integrating Baku with the

[372] For the text of his petition see: RGASPI, f. 64, op. 1, d. 90, l. 172.

[373] RGASPI, f. 64, op. 1, d. 90, l. 13-17.

[374] RGASPI, f. 64, op. 1, d. 90, l. 19.

rest of Azerbaijan and he blamed the other members of the Politburo for making his work more difficult.[375] In return, he had expected to have a greater say in the course of Bolshevik policies. This part of his deal with Lenin was not being honored.

Nərimanov understood that Lenin and the Russian Bolsheviks wanted Azerbaijan because Soviet Russia needed its oil products, and he leveraged that desire to maintain political power. He believed that he could direct, with Lenin's support, the course of the Soviet revolution in Azerbaijan. However, now that the supply of oil was secure and Azerbaijan's economy firmly tied to Soviet Russia's he saw his influence declining. He could no longer count on his pact with Lenin to override local dynamics and the local power base. Younger Bolsheviks such as Axundov challenged his authority successfully and they effectively blocked Nərimanov's policies in the Sovnarkom.

Nərimanov had not anticipated resistance to his power from younger, more militant Azerbaijani Bolsheviks because he believed that his mandate from Lenin was enough to guarantee obedience. The violence of Soviet policies on the ground toward residents in Azerbaijan greatly exacerbated these intra-Party conflicts. In summer 1920, for example, the Party organized an extraordinary food Commission, which went into Baku's city center and requisitioned sugar, food, and any manufactured goods it could locate. The Commission then redistributed the seized foodstuffs to oil workers, which led to a surge of anti-Soviet sentiment and general unrest in the city. Aleksandr Serebrovskii, head of the oil committee, noted that after this episode the commissariat in charge of food supply was forced to adopt new methods and was

[375] RGASPI, f. 64, op. 1, d. 90, l. 21.

no longer carrying out requisitions, in an effort to prevent unrest.[376] Such a policy would have elicited not only fear and frustration—not to mention revealing the emptiness of Soviet claims to respect the population—but memories of similar requisitions during the Baku Commune.[377] It was precisely these kinds of actions that Lenin's appointment of Nərimanov had been intended to curb.

Nərimanov had a poor grasp on the radical distance that separated 1918 and 1921. While he wielded a certain amount of authority among the wider population and among pre-war revolutionaries, years of war had radicalized the Bolsheviks and Nərimanov's propensity to compromise was not viewed as a valuable asset in Soviet Azerbaijan. Əfəndiyev grasped the heart of the problem more clearly than did Nərimanov:

> Russia is moving forward but Baku is remaining behind. We haven't reconciled ourselves to the new influence of Soviet Russia. The Baku organization has always been a revolutionary one, even in times of peace. We continue to be revolutionary even now when the rest of the country is working in harmony for the interests of the workers. It is a survival from the old revolutionary Baku organization. But we are not an oasis and we need to align our policies with all of the Soviet Republics.[378]

The long process of transition from a revolutionary party to a ruling party and between centralization and local control was already evident in these exchanges.

In many respects, Nərimanov believed he could follow his own line by virtue of his agreement with Lenin and his mission from the Russian Central Committee to ensure the sovietization of Azerbaijan. For him, the security and success of the revolution included Iran and

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[376] RGASPI, f. 64, op. 1, d. 20, l. 83. Serebrovskii petitioned Moscow to consolidate control of food distribution and rationing under Azneft' to prevent both shortages and such requisitions.

[377] On food shortage and the social conditions in Baku see, Suny, *Baku Commune*, 1972, especially chapter 4; 110-115. See, *Kaspii,* 25 Aug; 29 Aug 1917.

[378] RGASPI, f. 64, op. 1, d. 90, l. 24.

these conflicts within the party spilled over into Persia: he believed in the need to support Kuchuk Khan as way to spread revolution; Ordzhonikidze backed Ekhsanulla; Moscow wanted out and eventually backed Reza Khan. For Nərimanov the abandonment of revolution in Persia—made formal in the 1921 treaties with Iran and Great Britain—was not only a betrayal of Eastern policy but of Nərimanov's personal power. He did not desist in supporting Persia's revolution and the conflict persisted, as will be explored in Chapter 6.

CONCLUSION

The Soviet occupation of Gilan has been analyzed by historians largely through the lens of revolutionary ideology and capitulation to the British, which is viewed either as a pragmatic triumph or calculating betrayal depending on the sympathies of the author. Nərimanov, like Sultan Guliev to whom he is most often compared, argued that the Soviets betrayed the revolution in the East to conclude a trade deal with Britain.[379] From Nərimanov's perspective, this belief was confirmed in the subsequent actions of the Party vis-à-vis trade policy and nationalities policy in Azerbaijan. This is not, however, as simple as choosing between pragmatism and ideology. Bolshevism had been a revolutionary underground movement, not a governing party. The real questions lie in who got to decide what the revolution meant, what those meanings were, and how they changed over time, and who was able to marshal the resources to give those meanings currency.

Integrating Baku's oil industry and the security of the Caucasus into the Gilan adventure, together with understanding the Soviet occupation as an (attempted) extension of the consolidation of Soviet power in the Caucasus, renders the situation much clearer. Disputes

[379] This is most clearly articulated in Stephen Blank, "Soviet politics and the Iranian revolution of 1919-1921" 1980.

between the NKID in Moscow and the Baku Bolsheviks were emblematic of later struggles that played when Moscow asserted authority over the periphery over the course of the 1920s.

CHAPTER 4: CREATING A BUFFER ZONE. *KEVIR-KHURIAN, LTD.* AND SOVIET OIL PROSPECTS

On December 22, 1925 an advisor at the Soviet embassy in Persia, sent a top secret report from Tehran to the Commissariat of Foreign Affairs (NKID) in Moscow. He relayed the following message, "I repeat, for now the English have failed to capture Semnan or Demgan in the orbit of her influence but that does not mean that she will refuse to fight and that is why we must take all possible measures to secure irrefutably the oil concessions in the north [of Persia] for us."[380] Although the Soviet Union had been subjected to numerous economic blockades by western Europe and the US in an attempt to halt trade and keep strategic petroleum reserves out of Bolshevik hands, by 1925 the USSR was a major actor in the global struggle for Persia's as-yet-unproven northern oil reserves, much to the chagrin of oil powerhouses such as Standard Oil of New Jersey and the Anglo-Persian Oil Company.

Historians of early Soviet foreign policy have almost completely overlooked the role of energy politics in Soviet strategy abroad in the 1920s. While some scholars, such as Richard Debo, have argued that oil was the primary motivation for the Soviet invasion of Azerbaijan in 1920, most scholars have not given the subject sustained treatment and have not looked at the role of oil in Bolshevik policies beyond the initial invasion of Baku.[381] In this chapter, I argue that the scramble to hold and control oil reserves in the 1920s was an integral aspect of Soviet foreign policy in both the Near East and elsewhere.[382] The Soviet Union did not attempt to

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[380] Gosudarstvennyi Arkhiv Rossiiskoi Federatsii [State Archive of the Russian Federation, GARF], f. 8350, op. 1 d, 166, l. 75.

[381] See Richard Debo, *Survival and Consolidation. Foreign Policy of Soviet Russia 1918-1921* (Montreal: McGill-Queens University Press, 1992), especially Chapter 11 "Soviet policy in the Caucasus" 168-190.

[382] Work on this is only beginning. Some recent examples that explore Soviet-run ventures abroad include, Judd Creighton Kinzley, "Staking Claims to China's Borderland: Oil, Ores and State-building in Xinjiang Province, 1893-1964" PhD diss. University of California, San Diego, 2012; For work on joint-stock companies, including oil, in the Arabian Peninsula, Norihiro Naganawa, "Toward a Seaborne Empire? Bolsheviks in the Arabian Peninsula,

acquire oil fields abroad only in the name of energy security or financial gain. Instead, the NKID and the Commissariat of Foreign Trade (NKVT) used the acquisition of oil resources to facilitate wider political goals.

One of the major Soviet foreign policy aims of the 1920s was to minimize British influence in traditionally Russian-dominated northern Persia and establish a Soviet presence in the country. General anxiety in the NKID and the Politburo about instability in the border region between the south Caucasus and Persia was coupled with a more urgent fear that the oil fields of Baku rendered Soviet authority vulnerable. The fields were located on the fringe of the Soviet state and geographically concentrated in one location, making them difficult to defend in the face of a stronger force. This fear colored early Soviet policy and the creation of a buffer zone around the Caucasus was a key geostrategic objective for the NKID throughout the 1920s. Oil politics was one of the most important pathways to creating the buffer zone, which was directed primarily against the British.

In early 1921, with the collapse of the Soviet backed Gilan Republic in northern Persia, the Bolsheviks ceased outward support for revolution in Persia in favor of formal diplomatic relations. However, official Soviet bureaucracy was often unreliable and convoluted. Soviet diplomats, bureaucrats, and party members turned to unofficial networks to realize policy goals abroad. In this chapter, I show how Soviet foreign policy was implemented in 1920s Persia through a case study of the formation of the oil company, *Kevir-Khurian, Ltd.* (hereafter, *Kevir-Khurian*). The company's charter permitted *Kevir-Khurian* to explore and exploit oil in the eponymous salt desert of northern Persia. Scholars have largely ignored the company's history

1924-1938" (paper presented at the annual meeting for the Association for Slavic, East European, & Eurasian Studies, New Orleans, November 15-18, 2012).

because it was not commercially viable and never posed a serious challenge to the Anglo-Persian Oil Company (APOC), the British owned company in the south of Persia it was intended to counter. But *Kevir-Khurian* was only secondarily an oil company. It was primarily a political project intended to provide the Soviet government with eyes and ears in Persia.

The company's records show that *Kevir-Khurian* was a joint-stock company owned by the Soviet and Persian governments and incorporated under Persian law. The primary Persian shareholders included the future Reza Shah and his Minister of Court Teymourtash. Their involvement was not publicly acknowledged but these political connections gave the Persian political leaders a stake in the Soviet venture. Further, *Kevir-Khurian,* gave the NKID, through *Kevir-Khurain's* board of directors and staff, a legitimate pretext to monitor and participate in Persian parliamentary politics without directly interfering in Persia's domestic politics. The company also fulfilled another major objective of the NKVT and helped reestablish trade networks that had been severed by the Russian Revolution and Civil War.

In the early 1920s the Soviet government was constrained by a lack of resources and a series of diplomatic agreements—the Russo-Persian Treaty of Friendship and the Anglo-Russian Trade Agreement. To use oil politics to achieve wider Soviet foreign policy goals required close cooperation between multiple commissariats. This necessity often led to flexibility in the implementation of policies on the one hand and bureaucratic confusion on the other. This chapter traces the establishment of *Kevir-Khurian* from its original proposal by the Georgian concessionaire Akakii Khoshtariia in November 1922 to its actual registration with the Persian government in December 1925. I then look at the struggle by the NKID to gain and hold the rights to the company in the Persian Majlis against British and American claims was well as Persian domestic resistance in the mid-1920s. On top of these obstacles, the NKID had to

maneuver the political infighting among Soviet commissariats as the intent of *Kevir-Khurian* shifted from a political venture to and economic one and back again.

SOVIET-PERSIAN RELATIONS IN CONTEXT

When Soviet Russia and Persia signed the Russo-Persian Treaty of Friendship in February 1921, it formalized diplomatic relations between the two countries and guaranteed non-interference in each other's domestic affairs. It also renounced all claims between the two incurred prior to the Bolshevik revolution of 1917 and, in Article 13, stipulated that no third entity establish concessions in northern Persia.[383] The clause on northern Persia was directed toward the British, who the Soviets were intent on keeping away from their southern borders. The British had long history of involvement in Persia and their presence was bolstered through the Anglo-Persian Oil Company (APOC), of which the government was a majority shareholder. In 1920, the possibility of obtaining a potentially lucrative oil concession in northern Persia attracted the attention, in addition to that of the British, of the Americans. American oil companies were no longer limiting themselves to the fields of Pennsylvania and Mexico. And two American companies in particular, Standard Oil of New Jersey (Standard), and Sinclair, were competing for concession rights to five provinces in northern Persia. The area in question was a concession formerly held by an ethnically Georgian Russian subject Akakii Khoshtariia.[384]

Khoshtariia sold his concession to the British-owned APOC in 1920. This was a dubious deal to say the least, as it was not even his to sell by 1920. The Persian Majlis (Parliament) annulled the concession in 1918 and Trotsky renounced it in 1919 when the Soviet government

[383] Claims included extraterritoriality for Russian subjects, capitulations and concessions.

[384] The territories in questions were (Persian) Azerbaijan, Gilan, Mazandaran, Astrabad, and Khorasan.

gave up all claims to tsarist era concession rights abroad and proclaimed support for an independent Persia. The Russo-Persian Treaty of 1921 reaffirmed the renunciation. Nonetheless, the APOC disputed the right of the Majlis to cancel the concession and sought to assert its ownership.[385] All of the participants vigorously contested the status of the concession and it took some time for the Soviet government to sort out. This process created divisions within Soviet institutions and an ambivalence about Soviet foreign policy goals among officials.

PROTECTING THE CAUCASUS, OR KEEPING THE BRITISH AT BAY

For its part, the Persian government also wanted to counter Britain's significant influence and it invited other companies, including American companies, to compete for the rights to Khoshtariia's former concession. With the collapse of the eastern front in World War I and the subsequent Russian Civil War, Britain consolidated its hold over the whole of Persia, moving into the traditionally Russian dominated north. The Soviet government watched closely, and nervously, as the British and Americans bid for oil concession deals and vied for influence so close to the Soviet border.[386] But in 1920-21 the Soviets had no inroads to the well-established trade and business networks used by the tsarist government and they were relegated to monitoring the situation. Standard and Sinclair promised lavish loans to the Persian government in exchange for the rights to the concession. The Soviets, still engaged in consolidating power at home, had nothing to offer as an incentive to counteract the proposals.

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[385] GARF, f. 8350, op. 1, d. 2525, ll. 58-60. *Zapiski Khoshtariia. Prilozhenie IV. Neftianaia Kontsessiia.*

[386] For background on the Khoshtariia concession see, Louis Fischer, *Oil Imperialism. The International Struggle for Petroleum,* (Westport, Conn.: Hyperion Press, Inc., 1926), 208-236. For a succinct account of the jockeying for the Khoshtariia concession from a different perspective see, George Sweet Gibb and Evelyn H. Knowlton, *History of the Standard Oil Company (New Jersey). The Resurgent Years, 1911—1927* (New York: Arno Press, 1976), 308-317.

As noted above, the Soviet government gave up the right to hold concessions in Persia, greatly constraining its ability to act. Not possessing the requisite resources to confront the British head-on or the connections to secure support in the Persian Majlis or business community, the Soviets turned to unofficial channels to gain a foothold in Persia and prevent the British from consolidating its hold over Soviet border regions. The Soviet government needed to devise a strategy that would allow it to maintain formally the commitment to non-interference in Persia's domestic affairs, as set out in the February 1921 Russo-Persian Treaty of Friendship and by agreement with the British, while still making sure that Persia's vulnerable situation did not harm Soviet interests or security.

After the formalization of the Russo-Persian Treaty of Friendship the responsibility for carrying out Soviet policy fell to the NKID. Therefore, the Commissar of Foreign Affairs, Georgii Chicherin, closely monitored the ongoing negotiations for the concession in northern Persia.[387] In 1921, Chicherin described the predicament of Soviet foreign policy: Persia was bound by Article 13 of the treaty with the RSFSR, which stipulated that it could not turn to a third party to help it exploit its natural resources in the north. At the same time Persia could not develop its resources independently because it did not have the financial resources to do so. The result was that the Soviet Union was working counter to its own policy of supporting a strong independent Persia by keeping capital out but unable to provide resources to assist Persia on its own. Not seeing an obvious way out of the predicament, Chicherin decided to wait and see how

[387] Chicherin's diplomatic correspondence was declassified in 2005. Materials pertaining to Persia can be found in Rossiiskii Gosudarstvennyi Arkhiv Sotsia'no-polioticheskoi Istorii [Russian State Archive for Social and Political History, RGASPI], f. 159, op. 2, d. 51.

events unfolded and protest formally if the concession was actually handed over to the Americans.[388]

The right to exploit the resources of all five northern provinces was originally given to England by the Persian government in 1920 when Khoshtariia sold his concession to them, but the Majlis annulled those rights. Chicherin incorrectly believed that the Majlis then transferred the concession to Standard Oil and that Standard was negotiating an agreement for joint exploitation with the APOC. [389] Cooperation between the APOC and Standard concerned the Soviet leadership primarily because they were worried was about the security of the border. The Soviet government was anxious about what would happen in the event that large oil reserves were discovered, fearing that the foreign companies would want access to shipping routes through the Caspian or via land over Transcaucasia. Most dramatically, the open hostility of the British government toward the Bolsheviks raised fears of a seizure of Soviet territory in the region.

In light of recent experience, the concern was a valid one. The Anglo-Russian treaty of 1907 divided Persia into northern and southern spheres. This was not a mere political distinction but had practical consequences. The pre-war economy of northern Persia was tightly bound to Russia, rather than integrated with the British-controlled south. Of singular importance to a potential oil concession, was the fact there was no railroad network connecting the north and the south. The lack of railroads and other transportation infrastructure connecting northern and

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[388] RGASPI, f. 159, op. 2, d. 51, l. 144, 147. Letter from Chicherin to Lenin; letter from Chicherin to the Politburo.

[389] RGASPI, f. 159, op. 2, d. 51, l. 145; on the cooperation of Standard and APOC see, Michael Rubin, "Stumbling through the 'Open Door': The U.S. in Persia and the Standard-Sinclair Oil Dispute, 1920-1925," *Iranian Studies* 28. no. ¾ (Summer-Autumn, 1995): 203-229; Fischer, *Oil*, 230-233.

southern Persia meant that any new, successful concession would likely have to use ports on the Caspian or go through Transcaucasia. The British and Americans provided support to the White Army during the Civil War and implemented an economic blockade against the Soviet government. The British had even gone so far as to occupy Baku in 1918, expressly to guard the oil fields. In 1921, the single most important factor motivating the Soviet decision-makers regarding Persia was a fear of a potential future British invasion of the Caucasus.

If oil returns proved significant the Soviet Commissar for Foreign Trade (NKVT) Leonid Krasin, believed that the British would seize "the whole of our Transcaucasia." In fact, if there was any fear of a new intervention anywhere on Soviet territory, Krasin noted, "then that danger lies exactly in these oil and mining concessions which are now being procured by British and American capital in Persia." Krasin asserted that given the opportunity, the combined forces of British capital and the British government would try to separate Transcaucasia from the USSR.[390] Krasin's view was shared across many of the commissariats.

Chicherin at the NKID also took this threat seriously and recommended to the Politburo that the Soviet government accede to a U.S. concession in northern Persia. The U.S. was viewed as far less dangerous than the British and, along with Germany, was thought to be a more neutral investor than the other European powers. Although Chicherin's sources had been incorrect that Standard was granted the rights to the concession, he was correct that Standard and the APOC joined forces to increase the likelihood of obtaining the concession. In 1922, the Majlis approved Standard's right to apply for the concession. That the Soviets were so readily willing to

[390] GARF, f. 8350, op. 1, d. 2525, ll. 10-11. Krasin was in charge of negotiating concession terms at Genoa. He also had experience in Baku's oil fields and was familiar with Soviet oil policy.

acquiesce to a U.S. presence attests to how seriously they viewed a potential British invasion, as well as how tenuous they considered their hold on Transcaucasia.

KHOSHTARIIA AS MIDDLEMAN

Chicherin did not believe that the NKID could sit idly by as the British and Americans slowly encroached on Soviet borders. But, as noted above, Chicherin did not think the Soviet government had any viable options without resources and without connections. Official diplomatic channels did not provide the Soviet government with the information network it needed to pursue effectively an active foreign policy. The NKID needed someone familiar with the political and economic culture of Persia to help it navigate the unfamiliar terrain and gain a foothold in the country. It did this with the assistance of what was essentially a "fixer"—someone who acquired resources, information, and support of ambiguous origin.

In November 1922, Akakii Khoshtariia, the very one who sold his rights to the APOC in the first place, contacted the Soviet Commissar of Foreign Trade Krasin in Berlin with the proposal that the Soviet government assist Khoshtariia in getting his concession in northern Persia returned. Krasin, as well as being the Soviet Commissar for Foreign Trade was also the Diplomatic and Trade Representative to Great Britain. He was considered a general expert in Soviet trade and industrial policies and he had extensive experience in Baku's oil fields. In the tsarist period, he had been in charge of the electrification of the oil industry and understood the technical challenges it faced.[391] Khoshtariia proposed cooperation between the Soviet government and himself, and in exchange, Khoshtariia agreed to publically support the Soviet

[391] Timothy Edward O'Conner, *The Engineer of Revolution. L.B. Krasin and the Bolsheviks, 1870-1926* (Boulder: Westview Press, 1992), 40-45.

Union and follow any policy instructions from the Soviet government. In addition he pledged the Soviet government a 50% share of his concessionary rights.

Khoshtariia was not an ideal partner for the Bolsheviks for a plethora of reasons. He was a capitalist and member of the Georgian nobility who had close ties to the tsarist government. Despite his background, Khoshtariia claimed to be a patriot and he said that he wanted the concession to remain in the Russian sphere of influence. He claimed that it was only in a final effort to wrench some profit from his failed concession that he turned to the APOC in 1920.[392] Two years later Khoshtariia changed his mind when he realized that the Soviets did not appear to be exiting the scene and was he likely following closely the moves of Standard, Sinclair, and the APOC. But he spoke to Krasin only when he saw no alternative. After Khoshtariia approached Krasin the latter instructed the former to write out the details of his proposal for the concession to be sent to the Main Concession Committee (GKK) and other responsible bodies in Moscow.[393]

Following Krasin's instructions Khoshtariia outlined his arguments to the Soviet government about why it should enter into this venture with him in a document titled, *Khoshtariia's Papers* (*Zapiski Khoshtariia*).[394] Khoshtariia was shrewd and understood well the weak position of the Soviet government. He sold his expertise and familiarity to the Bolsheviks. Khoshtariia noted the success of the APOC in using oil interests to promote British influence in

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[392] GARF, f. 8350, op. 1, d. 2525, l. 58-60. *Zapiski Khoshtariia. Prilozhenie IV. Neftianaia Kontsessiia.*

[393] GARF, f. 8350, op. 1, d. 2525, l. 15. Letter from Krasin to Lenin outlining his negotiations with Khoshtariia. The Main Concessions Committee [Glavnyi kontsessionnyi komitet] was formed in 1923 to represent the Soviet government and conclude concessionary agreements with foreign governments. Although the GKK was copied on correspondence regarding the oil concessions in Persia, and was technically in charge initially, it often claimed no responsibility for the concession because it was not on Soviet territory.

[394] Correspondence on the concession, Khoshtariia's submission to the GKK, a copy of the original concession agreement between the Persian government and Khoshtariia, as well as other related material, can be found in: GARF, f. 8350, op. 1, d. 2525.

Persia. He could do the same for the Soviets, he claimed and he pointed out that the pre-war Russian government had also pursued the same policy as the British, setting up private enterprises in Persia. The tsarist government had helped the businessman L.S. Poliakov build railroads, and set up banking, and textile interests. However, this endeavor was less successful than the British because, according to Khoshtariia, Poliakov did not understand the East or how the politics of the region worked. Khoshtariia, in contrast, argued that he was of the East. He was Georgian by nationality and had extensive ties to the Persian merchant networks. The Russian Ministry of Foreign Affairs had supported his businesses in Persia, which included forestry and mining concessions in addition to oil.[395] Despite the assistance provided by the tsarist government in securing his concession in 1916 and reinforcing his presence, including providing him with 200 Cossacks and one company of soldiers to guard his concession, Khoshtariia emphasized that he was an entrepreneur who could make things happen.[396] If the Soviet government wanted to bolster its influence in northern Persia, and just as importantly, curb that of England and the U.S. then it needed to take advantage of "private initiatives" which would steer events in a direction profitable for the government. With connections and experience in Persia, Khoshtariia would strengthen Russian economic influence and reestablish lost economic networks and ties. In his person, Khoshtariia argued, the Soviets had found their way into Persia.[397]

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[395] As the Soviets pursued the rights to the oil concession it also sought the mining and forestry concessions but they were split into a different concession from the beginning. This study deals only with the oil concession.

[396] GARF, f. 8350, op., 1, d. 2525, ll. 27-29. *Zapiski Khoshtariia. Prilozhenie II. Ekonomicheskie Interesy v Persii.*

[397] GARF, f. 8350, op. 1, d. 2525, ll. 29-30. *Zapiksi Khoshtariia.*

Krasin informed Chicherin, Lenin, Stalin, and Andrei Lezhava, the GKK representative, of Khoshtariia's proposal, telling them that Khoshtariia would advocate for Soviet policies in Persia in return for assistance in getting the concession back. Despite the fact that the Soviets believed the British and American companies already had claims to the concession, Krasin pushed for Soviet participation because it offered a chance to stop the APOC from getting the concession in the north. Echoing Khoshtariia, Krasin pointed out that the concession would give the NKVT the opening to the Persian market it was waiting for, allowing it to finally have a systematic, organized economic policy that would also give it the opportunity to affect political influence.[398]

In November 1922, after three weeks of negotiation with Khoshtariia, Krasin sent another update to Lenin and tried to impart on Lenin the importance of a more aggressive and coherent policy in Persia. Krasin he believed that if the Soviet government failed to take advantage of economic opportunities in Persia, such as that offered by Khoshtariia, it would have harmful consequences. Namely, the Soviets had to take active steps to curb British influence or the Soviet Union would never have a secure hold on the border region.

Krasin and Chicherin were interested in Khoshtariia's proposal but wanted more information about him before they would committ to any kind of arrangement. There was nothing in Khoshtariia's background to suggest that he was sympathetic to the Soviet government. Further, Khoshtariia had admitted that he voluntarily approached the White Army and the APOC in hopes of turning a profit, both of which made him a highly suspect personality

[398] GARF, f. 8350, op. 1, d. 2525, ll. 6-7. Telegram from Krasin to Chicherin, Lenin, Stalin, Lezhava; Letter to Lenin from Krasin.

for the revolutionary government. But he had lived in Persia for years, knew the right people and seemed to know how to do business there.

Before proceeding any further Krasin and Chicherin sought to find out why Khoshtariia had approached Krasin in the first place. They also wanted a clearer picture of Soviet-Persian trade relations. The GKK sent requests for information on Khoshtariia to Georgian communists who were familiar with Persia and could speak to Khoshtariia's reliability. One of the people surveyed about Khoshtariia was Polikarp "Budu" Mdivani, the Georgian Communist and member of the Iran Bureau of the Communist Party. Mdivani had worked with Khoshtariia in Persia during the Stolypin period and he was asked for his opinion on Khoshtariia.[399] In fact, a report on their relationship revealed that Mdivani acted as Khoshtariia's partner, lawyer, and general administrator prior to the Russian Revolution. In Enzeli and Resht the two were so closely associated that "when Mdivani walked by people would say: 'there goes Khoshtariia.'"[400] Mdivani's endorsement of Khoshtariia and their pre-revolutionary connections clearly helped smooth the way for cooperation between Khoshtariia and the Bolsheviks.

The GKK also requested details on the status of trade relations with Persia. In reply to these inquiries the Chairman of the Board of the State Bank of the RSFSR (Gosbank), reported that trade with Persia had virtually halted in 1917 and the markets had been completely seized by the British. Further, the Discount and Loan Bank of Persia, the bank that the tsarist government had used to represent its interests in Persia, was no longer functioning.[401] The report concluded

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[399] Although I was unable to find his answer, it is referenced positively in other locations, see for example, GARF, f. 8350, op. 1, f. 2525, l. 157.

[400] Vladimir Genis, *Krasnaia Persiia. Bol'sheviki v Giliane. 1920-1921. Dokumental;naia khronika*, (Moscow: Center for strategic and political research, 2000), 148.

[401] The Russian Discount Bank was also renounced by the Soviet government in 1919, at the same time the concessions were annulled. Miron Rezun, *The Soviet Union and Iran. Soviet Policy in Iran from the Beginnings of*

by confirming Khoshtariia's dire predictions about Soviet economic standing in Persia and noted that they essentially had to start from scratch.[402]

For Krasin and Chicherin working with Khoshtariia would not have posed an ideological problem because, if successful, it would achieve the larger goal of furthering Soviet power. Supporting the Shah and a strong central government in Persia was official policy and cooperation with Khoshtariia was no different. This should not, however, be viewed as simple *realpolitik* or Machiavellian calculation. In March 1921, Soviet Russia introduced the New Economic Policy (NEP). Domestically, it marked a shift away from the confiscatory and incredibly unsuccessful War Communism. It was intended to serve as a transitional system from a government monopoly economy to a more permissive mixed economy that would foster economic recovery. Under this policy, Lenin stressed that economic means should be used to further political goals.

In foreign policy, the introduction of the NEP led to an institutional split between the NKID and the Comintern, with the NKID pursuing formal diplomatic relations and the Comintern promoting international revolution. The role of the NKID was also strengthened when socialist revolution failed to spread to Europe, especially Germany, and the Bolsheviks realized they would need to cultivate stable, formal relations with other states.

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the Pahlavi Dynasty until the Soviet Invasion in 1941 (Geneve: Sijthoff & Noordhoff International Publishers, 1981), 14. For a history of the bank see, Boris Anan'ich, *Rossiiskoe samoderzhavie i vyvoz kapitalov, 1895-1914 (po materialam Uchetno-ssudnogo banka Persii)* (Leningrad: Nauka, 1975).

[402] GARF, f. 8350, op. 1, d. 2525, l. 94-95.

In this context, and despite doubts about Khostariia's character, Krasin heavily lobbied Lenin in favor of collaboration with him.[403] Soviet policy in Persia, beyond the conclusion of the Russo-Persian Treaty, was not making any headway, in part because of instability in Tehran. For Krasin, the best way to make political inroads in Persia and pursue the economic imperative of the NEP was through a coherent, systematic economic policy.[404] Krasin was a proponent of Soviet engagement on the international stage through trade agreements, concessions, and technology transfers, among others ties. He believed that the Soviet Union should integrate into the world economic system as the surest way to guarantee Soviet power and ensure a certain amount of investment on the part of other nations in the Soviet state. The Soviet Union, he believed, could not survive without outside economic support. These views, which were often unpopular with some of his comrades, were in full evidence in his approach to Khoshtariia and the possible establishment of a Soviet concession abroad.

Krasin believed he could use Khoshtariia to achieve Soviet foreign policy goals. Throughout Krasin's negotiations with Khoshtariia in late 1922, Krasin stressed again and again to Lenin the importance of a deal with Khoshtariia both economically and politically. He outlined to Lenin what he viewed as an extremely threatening situation in which the Soviets possessed nothing to counter the British and American presence in Persia. Krasin argued that as politically undesirable as Khoshtariia was, the NKVT needed him.

Krasin also believed that they could find a way to ensure Khoshtariia's loyalty. First, he believed Khoshtariia harbored great sympathy for Georgia and that Khoshtariia wanted Georgia

[403] Krasin's endorsement of Khoshtariia was likely also influenced by the recent failure of Soviet Russia to conclude concession agreements at the Genoa Conference earlier that year.

[404] GARF, f., 8350, op. 1, d. 2525, l. 7.

to remain close to Russia, which worked in the Bolsheviks favor.[405] Second, Krasin argued that cooperation with the Soviet Union was the only possibility left for Khoshtariia to get anything out of his concession. It was, in essence, a timely agreement that appeared to meet the needs of both parties. Khoshtariia wanted his concession back, the Soviet Union wanted into Persia.[406]

"WE HAVE NO ONE BESIDES KHOSHTARIIA:" THE BEGINNING OF THE *SEMNANSKOE DELO*

In January 1923, less than three months after Khoshtariia approached Krasin, Khoshtariia presented a report to Gosplan, the State Planning Commission, and tried to convince it to support his claims to the northern concession. Khoshtariia acknowledged that his only likely chance of recovering the rights was with the help of the Soviet government. The members of Gosplan, particularly Iurii Piatakov, believed helping Khoshtariia was too risky because the Soviet Union would be the only party with something to lose. Further, Piatakov dismissed Khoshtariia's claim that the concession was still legal (in fact, it was not) and decided against endorsing a Soviet attempt to secure the rights.[407]

The NKID also rejected Khoshtariia's proposal that the Soviet government try to recover his concession. The NKID worried that an attempt to reclaim the concession would undermine the Russo-Persia Treaty of Friendship, noting that the Soviet Union had already given up their right to concessionary holdings under Article 13. If the NKID sought Khoshtariia's old concession, it would signal to Britain and the U.S. that the Treaty did not need to be observed. If

[405] It is more likely that Khoshtariia was playing to the Soviet fixation on nationality.

[406] GARF, f. 8350, op. 1, d. 2525, ll. 9-16.

[407] GARF, f. 8350, op. 1, d. 2525, ll. 135-141. Piatakov held many posts and essentially ran VSNKh through mid-1920s. See, Andrea Graziosi, "'Building the First System of State Industry in History'. Piatakov's VSNKh and the Crisis of the NEP, 1923-1926" *Cahiers du Monde russe et sovietique*, 32, no. 4, (1991): 539-580.

the Treaty were ignored it would open the possibility of letting other foreign capital into the north. Piatakov informed Gosbank that "Khoshtariia's industrial concessions are, at this moment, not of interest to us in and of themselves, only as a means to block the English in northern Persia."[408] Despite Krasin's enthusiastic support for Khoshtariia, the NKID, Gosplan and Gosbank all refused to back Khoshtariia's proposal that the Soviet government assist him in reclaiming the concession.

These refusals did not mean the end of Khoshtariia, however. As Khoshtariia pointed out in his *Papers*, there was another oil concession available in the two regions of Semnan and Demgan. This other concession was located in northern Persia but closer to the British dominated territories, and outside the borders of the original Khoshtariia concession.[409] In addition to Krasin, Khoshtariia had also begun negotiations to acquire this second concession, what became known as the Semnan concession.[410] Khoshtariia claimed to be on good terms with the owner of this concession and Khoshtariia was sure he could obtain the rights to it with a little financial assistance from the Soviet government.[411]

The Soviet commissariats approved Khoshtariia's second proposal and agreed to help him secure the Semnan concession.[412] In Persia, concessions that allowed the right to land-use and the exploitation of natural resources were granted by the Shah through a decree called a

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[408] GARF, f. 8350, op. 1, d. 2525, l. 155.

[409] There were three, later, four, concessions. The British concession, known as the D'Arcy concession of 1901 covered the southern provinces of Persia and is where the APOC operated.

[410] Despite Chicherin's repeated insistence that the "Semnanskoe delo" not be referred to as a concession, it was still referred to as such in official correspondence.

[411] GARF, f. 8350, op. 1, d. 2525, l. 60-61.

[412] GARF, f. 8350, op. 1, d. 2525, l. 142-145.

firman. To gain the Semnan concession Khoshtariia would have to get the *firman* from its current owner. The Semnan fields lay in a salt desert 13.26 miles from the city of Semnan and 4.64 miles south of the village Kala in the Semnan Province of north central Persia. Semnan was far from any major cities, transportation networks, and perhaps most prohibitively, major water-source. [413] The *firman* to the land in question was originally given to Mirza Ali Khan Madanchi by Shah Nasr ed Din in 1878.[414] Khoshtariia told Krasin in early 1923 that he had begun negotiations with the current holders of the *firman* "but due to various circumstances was unable to conclude them."[415]

The Semnan concession differed from the original Khoshtariia concession because its legality was not in question and pursuing it would not undermine the Russo-Persian Treaty of Friendship.[416] Using Khoshtariia as a middleman would put distance between the Soviet Union and the concession, letting the Soviets claim noninterference. To secure the rights to the Semnan

[413] In Persian the region is known as "Dasht-i Kavir-i Khurian."

[414] Some documents say 1877. Another *firman* to the land was granted in 1880 to Hajji Ali (Amini Maadin), this one with mining rights. After Amini Maadin's death the firman passed on to his heirs, from whom Khoshtarria purchased the decree. Who owned the rights to which *firman* and how they were obtained would constitute a separate study. Some sources claim that the Semnan and Demgan fields were included in the 1916 Khoshtariia concession while others say he did not procure the rights until after WWI.

[415] The sources, including Khoshtariia's own notes, are not entirely clear how he actually came to possess the *firman*. One plausible scenario was put forth by M. Abdullahzade: "In 1924 the Iranian Government determined that all *farmans* dealing with mineral concession should be submitted for examination and registration. Apparently, twenty-three *farmans* dealing with oil concession were presented for registration, all were rejected as illegal except the 1880 *farman*, which was then registered by the Ministry of Public Works on 8 July 1924. The British Legation believed that the whole operation had been designed with two objects in view, namely, the granting of a new and fresh legality to the 1880 *farman* and the provision of means whereby possession of the document itself might be obtained. It seemed that the then Minister of Public Works Ali-Akbar Davar obtained the original *farman* and sold it to Khushtaria, who then passed it on to the Russians." M. Abdullahzadeh, "The Kavir-i Khurian Oil Concession," *British Institute of Persian Studies,* vol. 33 (1995): 162. Soviet documents show that Davar was indeed paid to register the firman and received a monthly payment by the Soviet government thereafter.

[416] In fact, this was only partially true. The British claimed the region as part of the D'Arcy concession but the issue did not jeopardize seriously Soviet efforts to obtain the *firman* because the Persian government refused to pursue the issue. See, Miron Rezun, *The Soviet Union and Iran,* 74.

concession Khoshtariia could not rely on diplomatic channels as he had done during the tsarist era. Instead, he would have to go through Persian law.

To gain the rights to the concession, the Soviets resolved to set up a joint stock company, registered and established in Persia through which to do business. This would avoid the direct involvement of diplomatic personnel and allow the Bolsheviks to circumvent accusations of imperialist advancement. The Soviet government would run the company secretly. In order for the joint stock company to be able to carry out Soviet objectives, it would have to set up a bank, which would finance and manage the concessions. Khoshtariia, using his connections, would help ensure that the joint stock company was registered. The Soviet government wanted a private company to create a bank because it did not want to provoke the British and second, it did not have the funds to establish a bank on its own.[417] Participation in the company through a bank, even if both were controlled by the Soviet Union, would protect the Bolsheviks from attacks by the British and the Persian public that would ensue if they bought the *firman* outright.[418] In other words, the Soviets wanted to form a shell company through which to conduct foreign policy.

The decision to use Khoshtariia to establish a presence in Persia was only the beginning of the process in setting up a company. First, the Soviet commissariats had to make sure they could secure the rights to the *firman,* and then People's Commissariat of Finance (NKF), had to set up a bank to fund the joint-stock company in order actually purchase the *firman* . This depended on finding financing for both the bank and the company.

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[417] GARF, f. 8350. op. 1, d. 2525, l. 24.

[418] GARF, f. 8350, op. 1, d. 2525, l. 23-24.

In addition, the NKID needed to cultivate the support of factions within the Majlis and influential Persian politicians, while blocking American and British advances for the concession. Once all of that was achieved, the Soviets would have to set up and start running the actual concession. Adding another layer of difficulty to the situation, a joint stock company would have to abide by Persian domestic laws and customs, both of which the Soviets had little experience dealing with.

GETTING THE *FIRMAN*

The NKID directed the efforts to obtain the rights to the oil *firman* through the Soviet representative to Persia, Boris Shumatskii.[419] His assignment was made more difficult when it came to light that Khoshtariia's negotiations over the *firman* had stalled because Khoshtariia owed a large debt to the owner which he could not pay. In addition to financial troubles, rumors of Khoshtariia's exploits made it into the Persian press and frustrated attempts to keep negotiations secret. In early 1923, a representative of the Concessions Committee (GKK) wrote to Stalin and Rykov that rumors were spreading in Tehran about Soviet negotiations with Khoshtariia. Those sympathetic to the Soviet cause thought entering into a deal with Khoshtariia was ill-advised because of his earlier involvement with the British and the APOC. Additionally, one of Khoshtariia's close business associates was widely believed to be a British agent. The Persian press was, according to the GKK, hostile to the proposed collaboration between the Soviets and Khoshtariia. In light of these and other negative reports, the GKK announced it would not work with Khoshtariia until it received direct orders from the NKID instructing it to

[419] Shumiatskii served as the Soviet trade representative and Representative Plenipotentiary of the RSFSR in Persia from 1923-1925, taking over from A.F. Rotshtein who served from 1921-1923.

cooperate with him.[420] The GKK was more cautions than the other commissariats. A few months before, in late 1922, it had also waited to start talks with Khoshtariia until it received the report from Mdivini attesting to Khoshtariia's character, as well as official endorsement from Krasin at the NKVT and Chicherin at NKID. The Gosbank was also hesitant of Khoshtariia. Before it would agree to release funds for the *firman* it wanted a stronger guarantee of Khoshtariia's good behavior. Gosbank demanded Khoshtariia sign an additional secret agreement, which he did.[421]

Shumiatskii did not share the views of the GKK representatives. What the nationally-minded Persians were actually upset about, according to Shumiatskii, was that Khoshtariia was notorious both for his close ties to the heavy-handed tsarist government and for not following through on his commitments. More importantly, members of the Majlis feared that a deal with Khoshtariia would block the Americans from bringing badly needed resources to the Persian market.[422] Shumiatskii argued that it had to be taken into account that "Khoshtariia's appearance [was] also the first serious entry of Soviet Russia in the Persian economic market. If Khoshtariia begins his work in Persia with those undertakings we gave him, in the form we stipulated, and does not compromise us politically, that is, if we frame the question in terms of using Khoshtariia as a businessman and an organizer acting <u>according to our plans,</u> [emphasis in

[420] GARF, f. 8350, op. 1, d. 2525, l. 157-158.

[421] The terms of the secret agreement were, first, in the event that the government of the RSFSR was forced, for political reasons, to terminate the agreement then all mutual obligations between the RSFSR and Khoshtariia be nullified. Second, in case of such a rupture all property and enterprises pass to the Russo-Asiatic Joint Stock Company. Third, the agreement would remain in force for two years from the signing of the main agreement and would be considered a part of that agreement. GARF, f. 8350, op. 1, d. 2525, l. 228.

[422] GARF, f. 8350, op. 1, d. 2525, l. 160.

original] and use the capital standing behind him, then, naturally, the situation changes and cooperation with Khoshtariia will be achieved."[423]

Collaboration with Khoshtariia caused enough concern that Chicherin sent a detailed letter to Shumiatskii, with a copy to GKK, reminding him why and how the concessions fit into overall Soviet goals in the east. Before Shumiatskii was sent to Tehran to take up his post he had a series of discussions with Chicherin, who emphasized that political and economic prospects for Soviet power changed in light of world politics and the introduction of the NEP. A deal with Khoshtariia was part of the new strategy that focused on developing trade relations and economic ties. As part of this new line, Soviet power needed to bind itself tightly to bourgeois-democratic Persia, facilitate her political development, and help bring the bourgeoisie to power. Now the task was about the development of Soviet economic ties in Persia and Persian internal development. The prospect of imperialist dominance by western capital was a threat common to the Soviet Union and Persia and trumped other policies.

Addressing concerns that the Soviet policy of pursuing concessions reeked of imperialism, and shared much in common with tsarist policies, Chicherin insisted that the Soviet pursuit of the concession was not a form of imperialism. "Our policy is absolutely the opposite of tsarist policy in the sense that the latter had as a goal to hold Persia, as far as possible, at a low level of development and, in any case, not allow the independent development of her productive forces. We, on the other hand, have as a goal the possible expansive development of Persia's productive forces *in the fight against the encroachment of western capital on her economic- and political- independence* [emphasis mine]." Soviet trade policy with the east was, Chicherin

[423] GARF, f. 8350, op. 1, d. 2525, l. 190-191.

asserted, a matter of principle in the historical sense and not simply an exchange of values. "Our historical role at the present moment consists of being an intermediary between eastern producers of raw materials and the highly industrialized western consumers whose factories refine the materials, since our industry is not yet up to the task."[424]

Chicherin argued that Soviet Russia had succeeded conclusively in halting British military dominance in Persia, particularly in the north, with the signing of the Russo-Persian Friendship Treaty. With the conclusion of the Treaty Chicherin argued that the front had shifted. The NKID's focus was the field of economics, not spreading liberation movements. Britain was carrying out a systematic economic seizure of Persian resources and was steadily gaining control. The Soviets had to counter with their own economic route. "For this, we need economic organizers, people in the economic fight, in economic affairs. We have no one besides Khoshtariia. Our task is to use him for our own ends."[425] In the battle with western capital Shumiatskii would receive, Chicherin assured him, explicit instructions on how to deal with Khoshtariia from the economic organs of Soviet power. These institutional bodies viewed Khoshtariia as an organizational genius whose creative abilities could be channeled toward Soviet ends. Shumiatskii's task was to ensure that Khoshtariia fulfilled his end of the bargain, to have him put under surveillance, and to support those businessmen, concessionaires, and financiers of Persia who would help their cause.

[424] GARF, f. 8350, op. 1, d. 2525, l. 176.

[425] GARF, f. 8350, op. 1, d. 2525, l. 177.

COURTING THE MAJLIS AND THWARTING THE BRITISH AND AMERICANS IN NORTHERN PERSIA

As the Soviet commissariats and Khoshtariia worked behind the scenes to obtain the *firman* and set up a joint-stock company, U.S. oil companies and the APOC continued to pursue Khoshtariia's original concession. One of the most important factors in obtaining rights to exploit Persian natural resources was the support of members of the Majlis. The Majlis had to approve any concessionary agreements awarded by the government and it had the right to attach conditions to proposals and abrogate earlier agreements.

In June 1923, the Majlis had approved the text of a project to allow two "independent and creditworthy" American companies, Sinclair and Standard, to compete for the northern concession.[426] The Majlis was divided into factions and each faction supported different initiatives from foreign companies. The Anglophile faction of the Majlis supported Standard because it was known to cooperate with the APOC. Reza Khan was reportedly under the influence of the American advisor Arthur C. Millspaugh and would therefore support Standard.[427] The National Bloc sought a "neutral" American company and supported Sinclair over Standard. The June 1923 bill also stipulated that the company awarded the northern concession would be required to give the Persian government a loan of $10 million.[428]

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[426] ARDA, f.1610s, op. 1s, d. 352, l. 1. Letter from Chicherin to Serebrovkskii, August 1923.

[427] Millspaugh had been employed by the US State Department as a petroleum advisor. He led the so-called Millspaugh Mission from 1922-27 and managed Iran's finances. See, Zirinsky, 643. He was in favor of granting the concession to Standard and conveyed this to the Persian government in his capacity as advisor, Rubin, 222. Also see, Gibb and Knowlton, 312-313. Shumiatskii claimed that Millspaugh had "lent" Reza Khan 150,000 tuman—money he believed actually originated with Standard, see Azərbaycan Respublikası Dövlət Arxivi [State Archive of the Azerbaijan Republic, ARDA], f. 1610s, op. 1s, d. 352, l.19. Letter from Shumiatskii to Karakhan at the NKID, June 1923. Allegations of bribery plagued all of the participants on the American, British, and Persian side. For reports that Standard refused to pay bribes but Sinclair and the APOC did not, see, Rubin, 216.

[428] On the requirement of a loan see: Rubin, "Stumbling through the 'Open Door,'" 222; and ARDA, f. 1610s, op. 1s, d. 352, l. 20.

The NKID believed that approval from the Majlis was imminent and did not want to be left out of a possible deal. The NKID viewed Standard as a tool of Anglo-Persian and preferred the concession go to Sinclair. Competition between Standard and Sinclair for the concession had already been going on for two years and Chicherin believed the difference between Standard and Sinclair to the Soviets was negligible but he believed the Soviets may have some leverage over Sinclair as the smaller and less established U.S. company. Shumatskii, the Soviet representative in Persia also advocated for support of Sinclair. In a report to Chicherin, Shumiatskii emphasized that Sinclair may ultimately be able to secure the concession because it could bring something to the table that Standard never could: Soviet participation. Soviet cooperation, Shumiatskii hoped, would help sway the Majlis. For the Soviets, an agreement between the Persian government and Sinclair would keep Standard and the APOC out of the north and Soviet representatives approached Sinclair.

However, if the Majlis allowed a contract with a U.S. oil company in northern Persia the Soviets would be able to demand compensation from the Persian government for violating the 1921 treaty, which forbad a third power from obtaining a concession in the north. The NKID, as noted above, believed a deal was imminent and was carrying out negotiations with Sinclair even while it was preparing to make claims against Persia for violating the treaty. At this juncture, in late summer 1923, both Sinclair and the Soviets began funnelling money and promises to the National Bloc in the Majlis. If they combined their efforts, the Soviets believed it would pay off. It must be done, however, in the greatest of secrecy.[429]

[429] This reasoning is laid out by Shumatskii to Karakhan in the June 1923 letter. ARDA, f. 1610s, op. 1s, d. 352, ll. 19-23.

By the terms of the agreement passed in the Majlis, technical and administrative staffing of the concession had to be either American or Persian, limiting possible Soviet influence. The NKID did not view this as a significant obstacle to Soviet participation, however. Talks with Sinclair about using Soviet territory as a transport point (pipeline) were already progressing. Sinclair sent a representative to Moscow to negotiate with the Soviet government. As noted above, whichever American company got the concession would likely have to use Soviet territory as a transport point because the northern concessions could not violate the D'Arcy concession of 1901. But the new bill passed by the Majlis prevented third party involvement. For this reason, Chicherin stressed that Soviet involvement remain secret until Sinclair officially obtained the concession and a final agreement on the pipeline was signed.[430]

A NEW PLAYER

Additionally, the June 1923 bill approved by the Majlis introduced an additional factor into the equation. The bill stipulated that one of the five northern provinces that made up the northern concession— either Gilan or Mazanderan— would have to be given to a Persian company. In light of this new development, Chicherin outlined an updated Soviet position. He noted that the additional stipulation by the Majlis divided the question about the northern concession into two separate questions: 1) how to approach the Americans (Standard and Sinclair), 2) how to deal with new the Persian-owned concession.[431]

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[430] ARDA, f.1610s, op. 1, d. 352, l. 1-2ob. Sinclair signed a concession agreement with Sinclair on December 20, 1923 for Astarabad, Azerbaijan, Khorasan, and Mazandaran. However, the deal did not ultimately go through, first, because "Borrowing the APOC's tactics, Standard challenged Sinclair's contract on the grounds that the Khostaria concession—split 50/50 between Standard and the APOC—was still valid." And second, Sinclair collapsed shortly thereafter in the midst of the Teapot Dome scandal in the US and was unable to pay the Persian government the $10 million loan. Rubin, 225-228; Gibb and Knowlton, 314.

[431] ARDA, f. 1610s, op. 1s, d. 352, l. 2.

A Persian-owned concession, as Chicherin saw it, presented many of the same difficulties as an American concession, that is, choosing the lesser of two evils. The stakes, however, were very different. In the case of a Persian-controlled province, the Soviets would pursue a policy that would strengthen the "national Persian bourgeoisie" and attempt to form an alliance. That way, the Persian owner of the concession would pursue the Soviet policy of strengthening Tehran. It soon became clear that the wealthy and influential Persian national Todzhar Busheri was the most likely person to receive the concession. Busheri had connections to the British government and had purchased mining rights from them in the Persian Gulf.[432] Additionally, any new concession would require equipment and expertise, and Standard had already approached Busheri in case the other provinces went to Sinclair.

Despite Busheri's connections to the British, Chicherin believed the Soviets could convince Busheri to work with them and turn the Persian province into a base of Soviet activity. Chicherin hoped to play into the Persian desire to rid their territory of British influence. Even more, Chicherin believed Busheri was indebted to the Soviet government. The bill proposed by the Majlis was the result, according to Chicherin, of Soviet efforts, mainly through their representative in Tehran Shumiatskii. The Soviet representative had influenced members of the National Bloc to lobby for a Persian province that would prevent the American concession from having complete control of the border region.[433] From the Soviet point of view, they succeeded in sabotaging the Anglo-American plans by ensuring that a Persian had the rights to one of the northern provinces. Busheri knew of these efforts and shared the view that Soviet pressure was a

[432] Soviets should support Busheri, ARDA, f. 1610s, op. 1s, d. 352, l. 22-23; that he has mining rights in the Persian Gulf, ARDA, f. 1610s, op. 1s, d. 352, l. 2, Letter from Chicherin to Rykov and copied to Serebrovskii, August 29, 1923.

[433] Some reference to these efforts can found in: ARDA, f. 1610, op. 1, d. 304, l. 7.

deciding factor. He thus sought to maintain his ties with the Soviet government, knowing they held sway in the Majlis. The Soviets, in turn, wanted to maintain close ties to Busheri who was himself closely tied to the National Bloc. A Busheri-controlled concession would act as a site of Soviet influence and a lever they could use to expand ties with the Persian national bourgeoisie. This was, it appeared, one of the first decisive Soviet successes in their new strategy to support Persian businessmen and thwart British interests.[434]

Kevir-Khurian, Ltd., a Soviet Persian Joint Venture

While courting support in the Majlis the plan with Khoshtariia went ahead. On May 26, 1924 Khoshtariia concluded an agreement with the Rossisko-Aziatskii Joint Stock Company (Rossaziia) in which he granted to Rosszaiia, or its successor, a 50% share in all rental-concessionaire enterprises founded by him in Persia, current or future. He further agreed not to enter into any contracts with other governments or companies without the prior approval of Rossaziia.[435]

After signing the agreement with Rossaziia, he concluded an agreement with the Russian Persian Bank (Ruspers or Ruspersbank) in which he agreed to give 50% of his rights to the *firman* to the bank.[436] The bank would then finance the prospecting, exploration and exploitation of the provinces as well as set up a joint stock company- 50% of which would belong to the bank and 50% to Khoshtariia. He would then ensure that the company was provided for in Tehran.[437]

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[434] ARDA, f. 1610s, op. 1s, d. 352, ll. 2-3, 22-23.

[435] ARDA, f. 1610s, op. 1s, d. 199, l 25-25 (reverse side).

[436] The bank had been set up expressly for the purpose of establishing this agreement.

[437] ARDA, f. 1610s, op. 1s, d. 199, l. 26b.

At the instruction of Ruspersbank he concluded an agreement in September with the owners of the 4 *firman* [438] and registered them with the Ministry of Public Works. The *firman* gave him the right to the exploitation of the lands, including Semnan, for 70 years. The owners of the *firman* would receive 20% of the net profits and a one-time payment of 25,000 tuman, paid by Ruspersbank. Under his agreement with the owners he was also granted the right to manage all affairs connected to the exploitation of the land, and to transfer his rights to another individual, company, or partnership—although these rights were limited by the terms of his agreement with the Soviets.[439] In September 1924 "after a series of…Sharia rituals," the *firman* were handed over to the Soviets and Shumiatskii reported that they were "now a little 'Sinclair.'"[440]

The joint stock company was registered in November 1925 as "*Kevir-Khurian, Limited."*[441] The company was backed with 5,000,000 tuman as capital and registered in Tehran with the stated goal of "the extraction of oil at Kevir-Khurian in the Semnan viliayet." In December, the Persian government confirmed the company's charter.[442] In its final form, the Soviet Union ended up with 65% of the stocks (3,250,000 tuman), Khoshatarria with 20% (1,250,000 tuman), and the remaining 15% went to the five Persian subjects who actually founded the company.[443]

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[438] The four original owners were Abdul Hussein Amini Madan (Ma'adan), Khadzhi Ali Akbar Khan Tekhrani. They had already sold the mining rights based the firman to Khadzhi Makhmed Sadyk Banki in 1923 but were able to annul that agreement (illegally according to Banki) in February 1924. ARDA, f. 1610, op. 1s, d. 199, l. 26.

[439] ARDA, f. 1610s, op. 1s, d. 199, l. 26.

[440] GARF, f. 8350, op. 1, d. 3265, l. 393-395.

[441] I use Kevir-Khurian, Semnan, and the Semnan concession interchangeably, as it reflects usage in internal correspondence.

[442] ARDA, f. 1610s, op. 1s, d. 199, l. 27.

[443] ARDA, f. 1610s, op. 1s, d. 199, l. 28.

THE MINISTER OF COURT, TEYMOURTASH AND PERSIAN PARTICIPATION

One significant issue that the available Soviet archival sources do not fully elucidate is the extent and nature of involvement in *Kevir-Khurian* of two major Persian politicians and statesmen, Reza-Shah and his eventual Minister of Court Teymourtash. Both men owned shares in the joint-stock company and Teymourtash, in his capacity as Minister of Public Works, approved the sale of the *firman* to Khoshtariia and through him to the Soviets. There is some speculation that the venture was approved solely to thwart British claims in the area but it is reasonable to assume that, in 1925, there was still hope of major financial gain if oil was found.[444] I think it is more likely that the Soviet and Persian governments found a common interest both in pushing the British out of the north and in the hope of establishing a source of income that could rival the APOC. Teymourtash's close relationship with the Soviet Union and *Kevir-Khurian* did not end with the establishment of the company, as I will outline in the coming pages.

ON SITE IN SEMNAN

While the Soviet leadership was negotiating with Khoshtariia they also needed to gather information on the Seman and Demgan sites. Although they knew that areas covered by the *firman* contained oil-bearing lands, a geological survey had not been carried out and, as noted above, the push to obtain the *firman* was more politically than economically motivated. The site was accorded such importance because it was in Persia and there was some hope that the success of the APOC in the south could be replicated in the north. There was no geological or historical

[444] Miron Rezun, "Reza Shah's Court Minister: Teymourtash" *International Journal of Middle East Studies,* 12, no. 2 (1980): 129.

evidence suggesting major reserves but, as was repeatedly noted, Persia was the third largest producer of oil in the world—the prospect was too appealing to pass up.

In summer 1925 the geologist D. B. Golubiatnikov, who oversaw various geological surveys of the Absheron peninsula in the tsarist period, assembled a team and headed to Persia on a surveying expedition. He outlined a slightly different rationale for the expedition. He emphasized the growing importance of oil to all cultured nations and, despite vast resources, he highlighted the Soviet Union's difficulty in obtaining lands for new drilling and exploration, presumably for lack of capital, and manpower. Another significant factor was that the Baku fields were old and it was unclear how many reserves would still be recoverable. It was this difficulty that saw the Soviet Union prospecting for oil in neighboring Persia. Further, the APOC's dominating presence and well-known success prompted Russian entrepreneurs to take advantage of Russia's historical presence in Persia's north.

The expedition drilled 23 wells, two of which yielded oil, and one yielded gas. Golubiatnikov's conclusion was cautionary. He reported that the geological survey done in the south of the country by engineer Stal', which was optimistic that the north was likely composed of the same gypsum and salt tier as the south, could not be confirmed. The oil in the south was a light-weight variety "with a specific gravity of 0,840 with gasoline content reaching up to 27%, and kerosene up to 10%; at Khurian the specific gravity of the oil is 0,887, gasoline 2.5% and kerosene 30,3%." He noted that the difference in quality between the two oils was "dramatic" (*rezkaia*). This meant that Semnan oil was a less valuable sort because it could not be refined into products important for export and could not produce gasoline at industrial capacity. However, he warned against making a final judgment about the "industrial-economic meaning" of the Khurian deposits until deep-drilling exploration was carried out. Until such a time as real

drilling work had disproven the value of the oil, he recommended that deposits in Persia receive "the most serious attention."[445]

BUREAUCRATIC CONFUSION AND DECISION-MAKING

The Soviet government entered into an agreement with Khoshtariia and set up *Kevir-Khurian Ltd.,* primarily to establish a presence in Persia and curtail British influence in the north, and secondarily, to gain access to potential oil deposits. On December 1, 1925, the Joint Stock Company was registered with the assistance of Teymourtash, the Persian Minister of Public Works. The stockholders in Tehran held their first meeting to elect the members of the Board three weeks later.[446] Although the NKID, NKF, Gosbank and others actively pursued the establishment of *Kevir-Khurian*, once Ruspersbank actually obtained the rights to the company no significant progress on the actual concession was done during the first year. In addition to the problems outlined above in securing the rights to the company and contending with Persian domestic politics, the Soviets faced significant internal obstacles. The project involved coordination over vast distances between the Council of Peoples Commissariats (Sovnarkom), the Soviet of Labor and Defense (STO), the Supreme Soviet of the Economy (VSNKh), the Peoples Commissariat of Foreign Affairs (NKID), Finance (NKF), Trade (NKT), the GKK, Azneft (the Azerbaijan oil trust), Glavgortop (geologists), the company *Kevir-Khurian* itself, the Ruspersbank (who held the *firman*), the Persian government, and Khoshtariia.

[445] ARDA, f. 1610s, op. 1s, d. 199, l. 52.

[446]They included, Karklin as representative of Ruspersbank, Khoshtariia, Aga Mir Ramzevi (Emir Monazzam was reportedly a close friend of Reza Shah and would prove very important for the Soviet company), and Yafedov and Turkiia, both close associates of Khoshtariia. Turkiia was in fact Khoshtariia's father-in-law. Emir Monazzam was elected Director of the Board, Shavani as Legal Consultant, Kaplan as accountant, and Skliarov as Secretary. On December 21, 1925, the first board meeting took place in Tehran. ARDA, f. 1610, op. 1s, d. 31, l. 67.

One major reason for the delay was that the function and responsibility of each organization was uncertain. To clarify the situation, STO issued a new decree on October 5, 1926 and charged VSNKh with the economic and administrative responsibilities of *Kevir-Khurian*; they were told to commit no more than 60,000 rubles to the task. VSNKh, however, understood the decree to mean that they would be in charge of the technical and economic side of things only, and passed the day-to-day organizational work (exploration, building, exploitation) onto Azneft, because they assumed that their ownership was merely nominal and actual ownership remained in the hands of Ruspersbank.[447] Narkomtorg and NKID understood the decree to mean that "VSNKh, in the person of Azneft, must completely replace Ruspersbank in the Semnan concession and that VSNKh should take over all of the rights and responsibilities of Soviet side of the company '*Kevir-Khurian*.'"[448] No organization wanted to claim *Kevir-Khurian* because they did not want to have to fund it. While STO promised money for the financing of exploitation work, VSNKh claimed none existed.[449]

On a fact-finding trip to Tehran Lavrent'ev, a representative of both VSNKh and a member of the Azneft administration, requested that an informal meeting be held to discuss the status and goals of Semnan with the Soviet representatives there. On December 13, Merts from Ruspersbank, Budu Mdivani now the trade representative, the Soviet diplomatic representative Yurenev and his first secretary Slavutskii, together with Lavrent'ev gathered to address the state of the concession. Yurenev began the meeting and emphasized that those present should feel free to speak their minds so that they could accurately inform Moscow and decide how to proceed.

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[447] ARDA, f. 1610s, op. 1s, d. 199, l. 32-33.

[448] ARDA, f. 1610s, op. 1s, d. 199, l. 16.

[449] ARDA, f. 1610s, op, d. 199, l. 11.

Both Yurenev and Mdivani made it clear that they had instructions from the Center and no decisions taken at the meeting would contradict those instructions. Both Merts and Lavrent'ev presented reports at the meeting.

Merts raised the most pressing question: who was even in charge of Semnan? And what was its purpose? As the bank understood the situation ,VSNKh was expected to purchase the shares from them and take over responsibility for *Kevir-Khurian*. They thought that Lavrent'ev was sent on behalf of VSNKh but when he arrived they found out he had no authority and was simply there to oversee progress on site at Semnan. Merts asserted that Ruspersbank bore no responsibility toward *Kevir-Khurian*. Since the bank was no longer involved and VSNKh did not step in as promised, the company had no owner.

Lavrent'ev confirmed that he had no decision-making authority from VSNKh and that Azneft did not know much about the concession. All that he was able to gather was that Azneft was supposed to be in charge of Semnan and that they were given 60, 000 rubles to carry out their work. Because of the paltry sum assigned to *Kevir-Khurian*, Azneft "presumed that for the USSR Semnan was of 90% political interest and only 10% economic."[450] After spending time in Persia, however, he was convinced that the attention the concession was drawing from the local merchants and the scrutiny and expectations attached to Soviet success meant that the Soviet Union should view it more "50/50." Proceeding from this new assumption that the USSR had an economic stake in the concession, he drew up a work plan.[451] No serious work could be done without significantly more resources. For the time being "there was only the appearance of

[450] ARDA, f. 1610s, op. 1s, d. 165, l. 50.

[451] ARDA, f. 1610s, op. 1s, d. 166, l. 15.

work." And in terms of determining who "the owner" of Semnan was, only Moscow could answer.

They concluded the meeting by agreeing that responsibility for *Kevir-Khurian* be passed to Azneft and all shares transferred from Ruspersbank to them, in accordance with Persian law; that Azneft be provided with the means to carry out work and this be secured through "neutral foreign capital;" that "the appearance of work" be maintained through 1927. Their decisions were forwarded to Moscow and Lavrent'ev, along with Mikhail Barinov, who took over as head of Azneft after Serebrovskii was transferred to VSNKh, headed north to make their case.[452]

The origin of inviting a third party to finance the exploitation, the so-called "neutral foreign capital," is unclear from the documents I have seen. Secondary literature suggested that the Persian Minister of Court Teymourtash was in favor of finding an outside source of funding and he pursued French participation.[453] However, newer sources based on archives from the Russian Foreign Ministry, show that a faction within the Persian government resisted closer relations with the Soviet Union and this group held enough sway to force the Soviets to accept French capital. The French were willing to consider participation because they were trying to decrease their reliance on American and British companies.[454]

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[452] ARDA, f. 1610s, op. 1s, d. 165, ll 48-53; d 166, l. 16.

[453] Rezun, *IJMES*, 129.

[454] A. Kocheshkov, "North Iranian Oil in World Politics" in *International Affairs*, No. 5, (2008): 123; For an excellent overview of Franco-Soviet relations during this period and the role of oil see, Gregory P. Nowell, *Mercantile States and the World Oil Cartel, 1900-1939*, (Ithaca: Cornell University Press, 1994).

TEHRAN, SEMNAN, AND AN ADDITIONAL AGREEMENT

Soviet representatives in Semnan and Tehran also had to navigate Persian politics. Although *Kevir-Khurian* was registered in accordance with Persian law in December 1925, the Soviets still worried that their rights to the concession were not secure. The Majlis was divided and even pro-Soviet members within the government insisted that they sign an additional agreement unrelated to the *firman* . In mid-1927 factions within the Majlis— the pro-British bloc, those under the influence of Millspaugh, and the Nationalist bloc under Mossadag-os-Saltane— went further than insisting on an additional agreement, and advocated that the company be converted into a concession. They argued that allowing the Soviets to function through a Persian company implied that *Kevir-Khurian* would have the right to unlimited exploitation of oil in Semnan and that the Soviet presence could not be regulated. The Soviets, in turn, wanted a company rather than a concession precisely to avoid the scrutiny of the Majlis and because the effort to get it through the legislative body would detract from resources aimed at keeping American and British oil interests in check. A public debate would cause "if not a scandal and complete failure, then at the very least would create such conditions under which the Company, although formally registered and not annulled, could not practically function."[455]

Despite support from some members of the Majlis and government, including Reza Shah, the endorsement was behind the scenes. If the British drew too much attention to the Company, the Shah, they feared, would be among the first to accuse the Russians of stealing Persian natural resources, despite his stake in *Kevir-Khurian*, in order to maintain his image as an independent

[455] On the additional agreement and opposition within the Majlis see ARDA, f. 1610s, op. 1s, d. 166, l. 19-22, report from Yurenev and Gambarov in Tehran to Lev Karakhan at the NKID; also, f. 1610s, op. 1s, d. 199, l. 36-37.

actor.[456] In the charged political atmosphere of the time, which was highly suspicious of foreign powers manipulating policy in Tehran, mention of the legality of the *firman* would be irrelevant, Soviet representatives believed. The Shah instructed the government to support the deal, but only insofar as it did not cause embarrassment to the Persian participants. The prospect of major oil profits was appealing enough, even in 1927,[457] to support the *firman* but uncertain enough that support would collapse in the face of a social scandal. For these reasons, the Soviets had to tread lightly and respect, as far as possible, the boundaries established by Persian politics. This was precisely the reason the Soviets decided to work through Khoshtariia rather than demonstrate a strong link to the Bolshevik government.

The ongoing struggle for influence in the Majlis between the National Bloc, the Anglophiles and the Russophiles resulted in complete inaction. The Soviets were therefore blocked from carrying out work at Semnan for political reasons as well as financial ones. Inadvertently, the political stalemate likely helped mask the Soviet Union's inability to finance the concession. The Persian government insisted that signing the additional agreement mentioned above would solve the problem and avoid a scandal in the Majlis. In essence, the "additional agreement" was actually the terms the Majlis had planned to impose on Sinclair for the concession rights to the other northern provinces (the $10 million loan). Under that agreement, the Soviet government would incur terms far more odious than those currently in force. *Kevir-Khurian,* as a Persian Joint Stock Company, was afforded far more rights than a foreign concession.

[456] ARDA, f. 1610s, op. 1s, d. 166, l. 19.

[457] The Soviet Union, contrary to the assumptions of the secondary literature, still believed that Semnan may produce commercially viable deposits. ARDA, f. 1610s, op. 1s, d 166, l 16-16 (reverse side).

The Soviet strategy was to insist officially on the rights outlined in the *firman* even while making it known through unofficial channels that they were open to discussing greater participation of the Persian government, albeit without changing the structure of the Company.[458] The Soviets were determined to follow the letter of the law as much as possible but accepted the fact that they would have to compromise to avoid further problems. Members within the Persian government, however, were not backing off the demand that the Soviets sign an additional agreement. The Soviets relented, internally at least, and began working off a draft of the Sinclair agreement.

Despite using the Sinclair agreement as a base point, it did not accurately reflect the Soviet position, the Soviet representative, Yurenev,[459] argued. He emphasized that *Kevir-Khurian* "absolutely [did] not resemble a concession:" 1) it was, as noted above, a Persian Joint Stock Company formed and registered under Persian law, 2) the Soviets were not seeking rights to the oil bearing lands but already possessed them under the *firman* , 3) those rights included the recovery, refining and sale of oil and its products, 4) they were willing to give the Persian government the opportunity to use the *firman* on their own behalf, beyond what was legally implied, including providing the government with oil, 5) they were granted additional exceptions, such as the right to build a pipeline, under the terms of their agreement.[460]

The so-called additional agreement demanded by the Persian government could take three possible forms. The first, which the Soviets did not want because it required approval of the

[458] ARDA, f. 1610s, op. 1s, d. 166, l. 20.

[459] Konstantin Konstantinovich Yurenev, Soviet diplomat and representative to Iran 1925-1927.

[460] ARDA, f. 1610s, op. 1s, d. 166, l. 19-22. A copy of the agreement can be found on pp 23-56.

Majlis, was a concessionary agreement. The second, endorsed by the NKID, was an agreement with the Ministry of Social Work. The final form, also acceptable to the NKID and the preferred approach of Moscow, was an exchange of letters between the Persian and Soviet governments.[461] The influence of the Anglophile bloc was ultimately felt in the insistence that the Soviet Union accept the participation of third party in *Kevir-Khurian*, which will be discussed below.

WE MUST FIND AN OWNER: WHO IS EVEN IN CHARGE HERE?

In January 1927, VSNKh in Moscow resolved to form a commission to clarify the *Kevir-Khurian* situation. The commission was composed of representatives from Narkomtorg, NKF, and VSNKh. The commission assessed the general situation, determined expenditures required to fulfill tasks in the near future, came up with a budget and submitted it to the Sovnarkom, and planned to close all accounts with Ruspersbank and other individuals, and finally, to transfer *Kevir-Khurian* to Azneft.[462]

A month later, Lavrent'ev gave his update to VSNKh where he elaborated on the decisions taken in Tehran. If Semnan was an economic-industrial enterprise then they needed to know how much priority it would be given by the government. Alternately, if its primary function was political, then a balance must be struck between maintaining the appearance of work- enough to satisfy the Persian government that they were fulfilling their legal obligations to exploit the land- and not spending too much money. At this point, it was noted that the British were increasing their efforts to have *Kevir-Khurian* annulled and seize the land for themselves.

[461] ARDA, f. 1610s, op. 1s, d. 199, l. 37. To that point, the Soviets credited Reza-Shah and Teymourtash with keeping the concession out of the Majlis. ARDA, f. 1610, op. 1s, d. 166, l. 77-82.

[462] ARDA, f. 1610s, op. 1s, d. 165, l. 54.

Ruspersbank was still in possession of 65% of the *Kevir-Khurian* shares and Azneft was only given the right to undertake organizational work. On top of the confusion about the intent of the concession, this created an ongoing organizational ambiguity which was compounded when VSNKh appointed Lavrent'ev the Director-Steward of *Kevir-Khurian* in Semnan. This post was already filled by the Persian merchant and landowner, Emir Monazzam. Lavrent'ev pointed out that Monazzam was important to the functioning of *Kevir-Khurian* and if he was not kept on as representative, another role must be found for him.[463] In a separate correspondence, Lavren'tev stressed to him that his appointment as Director Steward would cause political problems because removing a locally respected figure in favor of an ethnic Russian would undermine support for the endeavor and, therefore, the situation must be handled delicately.[464] If Lavren'tev displaced Monazzam it would undermine *Kevir-Khurian's* status as a Persian company and likely give fodder to the groups already hostile to the Soviet presence.

Narkomtorg was afraid the decree from Higher Economic Council (STO) violated the bank's charter, however, because Azneft would be floated an interest free loan to cover the costs of the stocks (actually just leaving the shares in the bank and nominally transferring ownership to Azneft). This was obviously not a real loan and Narkomtorg warned that the Persians sitting on the board would not tolerate such a blatant violation. Instead, they proposed that Azenft issue Ruspersbank promissory notes with the stocks as collateral.[465] But VSNKh complained to the Sovnarkom in Moscow that such an arrangement would violate the original decree.

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[463] ARDA, f. 1610s, op. 1s, d. 165, l. 55.

[464] ARDA, f. 1610s, op. 1s, d. 166, l. 13-14.

[465] ARDA, f. 1610s, op. 1s, d. 199, l. 35-36.

KEEPING ACCOUNTS

By 1928, Azneft, now in charge of all aspects of the enterprise, had already been responsible for staffing *Kevir-Khurian* with engineers, accountants, geologists, and other skilled workers (unskilled work was carried about by people from the region), and provided the company with equipment and technology. Azneft had branch offices both in the Soviet Union and abroad. In Persia, the company had offices in Tehran, Resht, Pehlevi, and Shah-Rud. While these branches were technically subordinate to Azneft, the trust had little way of monitoring the day-to-day functioning of the branches. Azneft's inability to keep track of Persazneft, its Tehran branch, further exacerbated the operation of *Kevir-Khurian.* After Azneft took over, two members of *Kevir-Khurian's* board were instructed by Azneft assess the state of affairs between *Kevir-Khurian,* Azneft, and its various branch offices. Upon their arrival in Tehran, one of the primary questions they were supposed to answer was whether Persazneft was indebted to Azneft, a straightforward question that increasingly became clear, did not have a direct answer.[466]

They reported that the relationship with Persazneft was "complicated." Not only were *Kevir-Khurian's* accounting records themselves incomplete, Persazneft's were a mess, making a realistic budget difficult to formulate. Their investigation revealed that Persazneft had extended credit to *Kevir-Khurian* and its employees in the form of money, goods and oil products—without prior approval, from November 1926 to February 1928 throughout Persia, and possibly even Baku.[467] The expense calculations for workers sent from Baku to *Kevir-Khurian*

[466] ARDA, f. 1610s, op. 1s, d. 199, l. 251-251b.

[467] ARDA, f. 1610s, op. 1s, d. 199, l. 251b. After this source of credit dried up, Lavrent'ev complained that there was now no way *Kevir-Khurian* could continue to work because they did not have "a single kopek of Persian money." ARDA, f. 1610s, op. 1s, d. d. 206, 96b.

encountered a more significant problem. Three members of the board, including Khoshtariia, refused to follow directives and "follow a different policy and do not consider themselves subject to Soviet laws, referring to the fact that the Joint Stock Company was affirmed and acts on the basis of Persian laws…."[468] Further, the accountant in charge at *Kevir-Khurian* never once visited the work sites, only corresponded by mail with the accounting clerk on site, and had no clear system of organization. Thus, "…there are not complete financial statements [from the fields] which cover the whole period of Kevir-Khurian's operation…."[469] To solve these problems they requested a permanent accountant, an engineer, a foreman, and a bookkeeper in the fields. "All of the people should be, first and foremost, loyal and absolutely soviet people, and moreover modest (preferably bachelors). We are under a microscope here [*my zdes' na vidu*] and our staff need to be selective and qualified."[470]

REMOVING KHOSHTARIIA AND BRINGING IN THE FRENCH

In fact, Khoshtariia was an issue of constant concern. The Soviet government signed an agreement with him in August 1925, obtained the *firman* shortly thereafter, and legally registered the company in December of that year. Before the end of 1926, they wanted him out of the concession completely. In the December 1926 meeting in Tehran mentioned above, the board discussed Khoshtariia's participation. He demanded that they pay him a regular salary and the bank was completely behind Khoshtariia's request "because for that sum—800 tuman a month—

[468] ARDA, f. 1610s, op. 1s, d. 199, l 252.

[469] ARDA, f. 1610s, op. 1s, d. 199, l. 252.

[470] ARDA, f. 1610s, op. 1s, d. 199, l. 252b.

there is no reason to bring a scandal on ourselves." And their experiences with Khoshtariia up to that point proved he could do just that.[471] This proposal was, however, rejected.

The real basis of their collaboration with Khoshtariia was contained in the secret agreement signed in December 16, 1925, however. The two main points that related to future cooperation with him were first, the allocation of the Company's capital (5,000,000 tuman), and second, the structure of the Board and Revisory Committee, i.e. the financial side and the administrative side. The board was made up of 5 people- a representative from the administration, one from the Soviets, two from Khoshtariia, and one Persian. In reality, the Persian representative was also Khoshtariia's man. The Revisory Committee was composed of three people—one Soviet representative, one representative from Khoshtariia, and one Persian representative. In this situation, although the Soviet government was in control of 65% of the shares of the company, Khoshtariia was actually in control of both the Board and the Revisory Committee. Additionally, he used the frequent absence of Soviet representatives on trips to Semnan and Baku as opportunities to pursue his own course, he demanded additional payment from the company before he would approve budgets, and attempted to undermine elections to the board.[472] Khoshtariia was now in complete control of *Kevir-Khurian* because the Azneft representative was no longer on site.[473] NKT reported that Khoshtariia refused to sell his shares and continued to plot against Soviet interests.

[471] ARDA, f. 1610s, op. 1s, d. 165, l 49.

[472] ARDA, f. 1610s, op. 1s, d. 166, l. 68-70.

[473] ARDA, f. 1610s, op. 1s, d. 199, l. 13b.

As noted above, the Soviets were pressured to cooperate with the French by the Persian government. In reality, however, the Soviets did want to attract French capital to *Kevir-Khurian*. They just did not want Khoshtariia dictating the terms and did not want the French to know how badly they needed their participation. They also wanted to initiate and set the terms of the participation i.e. not allow Khoshtariia to make a clean profit and exit with no obligation to the Soviets and no say in the French terms.[474] As it stood, the company had no liquidity and could not begin work in any real capacity, a fact that was becoming an embarrassment. *Kevir-Khurian* would not serve as a visual representation of Soviet influence if it could not even carry out "the appearance of work."

VSNKh, the NKID, NKT and GKK all acknowledged the need to remove Khoshtariia and wrest control of *Kevir-Khurian's* Board and Revisory Committee from him. The decision to do so was approved in August 1927. Even in the case of a unanimous decision the process was plagued by the same problems that were part and parcel of nearly all interagency interactions. While NKF approved the money needed to buy Khoshtariia out, it did not want the money to come from a reserve fund at Sovnarkom, as was originally discussed with VSNKh. NKID instead wanted the money to come from a special fund of 1 million rubles set up with unallocated profits gained from mixed Perso-Russian companies. That there was no such fund was not an obstacle—STO simply passed a decree on its creation. VSNKh protested "pointing to the nonexistence of the concession fund" [*nereal'nost' kontsessionnogo fonda*].[475] By late 1927, the need to remove Khoshtariia gained urgency when the Soviet trade representative in France,

[474] ARDA, f. 1610s, op. 1s, d. 166, l. 70-74; ARDA, f. 1610, op. 1s, d. 199, l. 48-49.

[475] ARDA, f. 1610s, op. 1s, d. 199, l. 9b.

Piatakov, began negotiating, and actually concluded an agreement with a French company, *Petrofina,* based on Soviet acquisition of the as yet unattained stocks.[476]

MEANWHILE, TROUBLE ON THE GROUND

A series of reports from *Kevir-Khurian's* board members sent to Baku and Moscow highlight the potential blowback in relying on a fixer to implement policy. In early 1928, the working situation in Tehran became impossible. *Kevir-Khurian*'s offices, as noted above, were located in Emir Monazzam's house:

> It [the decision to house the company at Emir Monazzam's] was a tactical maneuver. However, we are very uncomfortable because we have separate rooms. In the room with the representatives of the Board, the lawyer, Shabani is always present and he is greatly trusted by Emir Monazzam. In the other room there are three workers, one of whom is a translator (he's a clerk)- a person who is clearly in the service of Khoshtariia. If you add to this the fact that two members of the Board are Khoshtariia's the situation is clear. We literally have to speak to each other in stealth during business hours, and nonetheless, we are the only ones doing any work, we are required to be there during business hours and a lot of time is wasted. We end up doing actual work during the second half of the day and part of the night. Leaving Emir Monazzam's house now would be utterly uncomfortable—it is a delicate time because of the negotiations with the Persian government about an agreement—therefore, we have solved the problem temporarily by taking two more rooms in the palace.[477]

[476] The conditions of the agreement with the French, signed on October 14, 1927 included: 1) the French will participate in exchange for a percentage of stocks, 2) their participation will be proportional, i.e. if the value of the stock increases or the number of stocks increases so too will their share, 3) Kevir-Khurian will have the right to use the territory of the USSR for the transport of its products as well as use Soviet means of transport, 4) that the French have the same rights as other non-Soviet countries to exploit oil and it products in territories not belonging to the Semnan region. The agreement further stipulated that this would not go into effect until the Soviet Union and the Persian government came to a final agreement, i.e. exchange papers or convert *Kevir-Khurian* into a concession. ARDA, f. 1610s, op. 1s, d. 199, l. 13-13b.

[477] ARDA, f. 1610s, op. 1s, d. 199, l. 252. Letter sent to Azneft board from the *Kevir-Khurian* board in Tehran, March 1928.

On a visit to Baku, the Persazneft representative Lantsov refused to return to Tehran.[478] He had already informed Baku of the dismal political situation surrounding *Kevir-Khurian*.[479] Upon his return, he reported to Azneft that, although he had managed to reassert control of the company, "I am never going there again because I do not have the slightest desire to struggle with Khoshtariia's clique; and in the end they will break their own necks because the way things are right now, anyone who touches this business—and tries to curb the voracious appetite of Khoshtariia—will have to crawl out of there like out of a cesspit."[480] Lavrent'ev corroborated Lantsov's accusations and reported that Khoshtariia was robbing them blind [*grabiashchego nas napravo i nalevo*].[481]

The correspondence reveals a deep frustration with the lack of resources from Moscow and Baku but, more importantly, it shows concern about maintaining an image of Soviet competency. If the Soviet inability to control Khoshtariia became public knowledge, it would "lead to a scandal."[482] Knowing that they did not have the funds to undertake serious work, the need to project "an illusion of work," outlined above, became even more important.

Simultaneously in early 1928, the problems in Tehran were compounded by complications on site in Semnan. *Kevir-Khurian* went ahead with the construction of two drilling towers but the engineers were not comfortable working in the continued absence of final

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[478] The report that follows is undated but based on the information and its location we can assume it can be dated between mid-1927 and early 1928. ARDA, f. 1610, op. 1s, d. 206, l. 96-97b.

[479] ARDA, f. 1610s, op. 1s, d. 206, l. 94.

[480] ARDA, f. 1610s, op. 1s, d. 206, l. 96.

[481] Ibid.

[482] ARDA, f. 1610s, op. 1s, d. 206, l. 97.

agreement with the government. The head of exploration for *Kevir-Khurain*, Ali Aga Babaev, reported to Azneft that they were spending too much money and that he was against proceeding. However, Teymourtash, the Minister of Court, warned Babaev that Azneft needed to undertake serious exploratory work "otherwise the English will use agitation in the press and propaganda among the local population to try to create such unpleasant circumstances for our work that we will be deprived of the opportunity to undertake exploration."[483] He continued that only removing Khoshtariia and his "negative influence" would allow them to move forward.[484] Babev cautioned against a large changeover in personnel, either on the Board of *Kevir-Khurian* in Tehran or on site in Semnan, however "because that would be taken into account among Persian circles and construed as our wavering and uncertainty in such a serious matter."[485]

THE END OF KHOSHTARIIA, THE END OF *KEVIR-KHURIAN, LTD.*

The sale of Khoshtariia's shares went forward at some point in 1928 and the French oil company *Petrofina* was brought into the enterprise.[486] While details are not available on how the Soviets managed to convince Khoshtariia to sell his shares it is clear that the combined pressure of the Soviet and Persian governments were able to push him out of the company not long after the reports from Lantsov and Babaev. On February 9, 1928 the Politburo instructed Anastas Mikoian to bring Khoshtariia to the USSR, ostensibly for negotiations, to arrest him and then to

[483] ARDA, f. 1610, op. 1, d. 168, l. 16 (reverse side).

[484] Ibid, 17. Additionally, he noted that the Soviet government needed to send an engineer to act as a go between for Azneft and the workers, and Azneft and the Persian government. Azneft had already sent a Russian, Karasev, but Babaev reported that the local workers, of whom he spoke very highly, wanted a Muslim so they could communicate better. He highlighted the difficult working conditions on site, noting that the workers did not have access to clean drinking water or medical assistance, and urged Azneft to take better care of its Persian workers.

[485] Ibid.

[486] Kocheshkov, "North Iranian Oil in World Politics," 123.

send him into exile. In the most likely scenario, Mdivani warned Khoshtariia not to return to the USSR. Taking Mdivani's advice, Khoshtariia fled altogether, and headed for Paris where he died not long after.[487]

While this move eliminated Khoshtariia from the equation, it did not solve *Kevir-Khurian's* financial problems. The deal with the French company fell apart in February 1929, but not before concluding that the Semnan region would not yield a profit.[488] By late 1927, the Soviet government had an established, if arguably unstable, diplomatic and trade relationship with Persia and the two had signed treaties on trade and non-aggression. This too, fell apart in the face of broader challenges and Iranian merchants boycotted Soviet goods beginning in 1929.[489]

The Soviet effort to use *Kevir-Khurian* as a conduit of foreign policy and strengthen the Bolshevik presence in Persia was marked by financial setbacks and bureaucratic failures. The young Soviet government did not have the resources to run the company independently and the opacity of layered Soviet bureaucracy and overlapping institutional responsibilities hindered the ability of functionaries to carry out directives, which were often unclear and formulated far from Tehran and Baku. The reliance on Khoshtariia proved to be a costly liability and the company itself was ultimately unprofitable. But it was not unsuccessful. It gave the Soviet representatives a reason to be active in the Majlis and foster ties with Persian merchants and national

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[487] Genis, *Krasnaia*, 149.

[488] On the collapse of the French deal, see Kocheshkov, "North Iranian Oil in World Politics," 123.

[489] Reza Shah's distrust of the Soviet Union grew and he increasingly pursued closer relations, first with Great Britain, and then with Germany albeit through customs agreements, not capitulations. Mikhail Volodarsky, *The Soviet Union and its Southern Neighbors. Iran and Afghanistan, 1917-1933*, (Portland: Frank Cass, 1994). See chapter 4 "Pyrrhic Victory: The Trade Agreement and the Guarantee and Neutrality Pact, 1925-1928" pp, 82-99; and chapter 5, "The World Crisis and the Crisis of Trust, 1929-1933" pp, 100-120.

bourgeoisie. In the estimation of the NKID it also contributed to halting British expansion in the north, often using Persian legislative politics and attempts to establish the rule of law to achieve this end.[490] The Bolsheviks asserted themselves as a major actor in Persia against far more stable and established European powers.

The creation of *Kevir-Khurian* not only the resourcefulness and flexibility of early Soviet foreign policy but also demonstrates that historians should give far greater attention to the role of energy politics as a vital aspect of policy. Second, it shows that the domestic reliance on so-called professionals, class enemies, and nationalists to build Soviet power during the NEP was also vital to the solidification of Soviet influence abroad. Finally, the view of an early Soviet foreign policy in retreat after the failure of socialist revolution in Germany does not explain Soviet policies in Persia. Scholars need to reevaluate the relations between the Soviet Union and its Eurasian neighbors, particularly Persia, Turkey, and Afghanistan in this formative period. These states shared a modernist vision of progress and this vision was a tangible basis for cooperation. If we better understand their interactions it can help us understand how the Soviet Union, and its neighbors, were able to craft modernist interventionist states despite domestic ruin, economic hardship, and ideological differences. This chapter takes a first step in this direction by excavating an often overlooked and dismissed business venture and reevaluating its function in Soviet foreign policy.

[490] The Russian historian and archivist Kocheshkov concurs that Soviet oil policy in northern Persia achieved its primary goal of securing the border-zone. Secondarily, his argument is somewhat more circumspect than my own, he writes that Iranians and Soviets kept Western capital from the oil fields. Kocheshkov, "North Iranian Oil in World Politics," 126-127.

CHAPTER 5: REVOLUTION IN THE PROVINCES, RECONSIDERED

In early 1923, Nəriman Nərimanov wrote a wide-ranging secret manifesto titled *A History of the Revolution in the Provinces* [hereafter, *History*]. At the time, Nərimanov was the foremost Azerbaijani statesman as chairman of the Union Council of the Transcaucasian Federation, Chair of the Central Executive Committee of the USSR, and candidate member of the Central Committee of the Russian Communist Party. Nərimanov addressed his manifesto to Stalin, with copies forwarded to Trotsky and Radek, and he harshly criticized the Eastern Policy of the Politburo, condemned Bolshevik policies as chauvinistic and anti-Muslim, denounced many of his comrades as pseudo-Marxists, decried the role of Aleksandr Serebrovskii and the Azerbaijan Oil Trust in Baku, and lamented the course of the Revolution in Azerbaijan.[491] Unbeknownst to him, the Soviet Central Committee passed a copy of his *History* to the Central Control Commission (CCC) —the body in charge of enforcing Party discipline. The CCC opened an investigation into the accusations laid forth in Nərimanov's *History*, including into the general situation in Azerbaijan and within the Azerbaijan Communist Party; in the end the CCC removed Nərimanov from his posts in the Caucasus and transferred him to Moscow, as it denied the validity of his accusations and his comrades denounced him.

The material compiled by the Control Commission offers a fascinating look at the internal workings of Soviet Azerbaijan and the thorough dysfunction of the Party in the early years of Bolshevik power. It offers an ideal study on how the Bolsheviks constructed ideas of legitimacy and belonging, and how they enforced the boundaries they were in the process of erecting. These reports, including transcripts of the CCC's meetings and its subsequent findings

[491] The full text of the *History* is in Rossiiskii Gosudarstvennyi Arkhiv Sotsia'no-polioticheskoi Istorii [Russian State Archive for Social and Political History, RGASPI] f. 588, op. 2, d. 176. The manifesto was published in the 1990s.

(i.e. to remove Nərimanov from the Caucasus) form the source base for this chapter. The focus here is not the investigation per se, but rather what it reveals about the larger phenomena of the development of interconnected Soviet institutions, both political and economic. Nərimanov's *History* embodies the contradictions and conflicts of shifting Soviet policy in 1923-1924 toward the non-Russian regions of the USSR and the role of their resources in constructing the Soviet Union. The discourse of national deviation was pervasive both publically and within internal Soviet correspondence. Every infraction and inconsistency (personal and political) was subsumed into the language of the nationality question and it served as a shorthand for the unpopularity of Moscow's centralization campaign.

The hegemony of the language of national deviation has obscured other processes of institutional interdependence. Localized conflicts were compounded by the drive from Moscow to centralize and subordinate institutional and national claims.[492] Competition for limited resources between institutions was endemic to the Soviet system and in the case of Azerbaijan we see this in the institutional cross-purposes of the Azerbaijan Council of People's Commissars (Sovnarkom) and the Azerbaijan Oil Trust (Azneft'). The conflicts between the two represent a tension inherent in the bureaucracy of the USSR. Nəriman Nərimanov embodied the view of a Muslim Bolshevik leader whose interests lay with defending the prerogative of the Azerbaijan SSR—a task that often resulted in an attempt to expand his personal mandate. Aleksandr Serebrovskii, on the other hand, sought to defend the institutional prerogative of the Azerbaijan Oil Trust a task that likewise resulted in an attempt to amass personalized institutional power.

[492] For a broader approach that incorporates Transcaucasia more generally and highlights the tensions between centralization and regional authority see, Stephen Blank, "Bolshevik Organizational Development in early Soviet Transcaucasia: Autonomy vs. Centralization, 1918-1924" *Transcaucasia. Nationalism and Social Change. Essays in the history of Armenia, Azerbaijan, and Georgia*, ed. Ronald Grigor Suny, Ann Arbor: the University of Michigan Press, 1983, 305-338.

The end goal of both the Azerbaijan SSR (represented in the Azerbaijan Sovnarkom) and Azneft' was the economic and political consolidation of the Soviet Union. Each pursued this goal by attempting to strengthen its own institution, which often led to clashes between the two.

This chapter reads Nərimanov's *History* through the context of the previous chapters of the dissertation. The first part of the chapter deals with Eastern Policy, the economic unification of Transcaucasia and the question of political sovereignty. The second part delves more deeply into the politics of oil and examines how Azneft' maneuvered the early, and often confounding, 1920s. By 1923 Nərimanov had shifted his position regarding oil, first asserting that Baku's natural wealth belonged to all Soviet people then defending Azerbaijan's exclusive right to the resource. For Nərimanov, the subsidy of Armenia and Georgia transformed from a revolutionary duty in 1921 to betrayal by 1923. His dramatic change reflected a combination of institutional perception, a loss of personal power, a move toward stronger centralization, and a growing militancy throughout Soviet political culture. Nərimanov had a voice in policy in 1920 that he had largely lost by 1923. He lost his voice because the revolution changed and because oil was flowing freely and no longer needed his mediation.

ON OUR REVOLUTION IN THE PROVINCES

Nərimanov as a historical personality has had many incarnations. In the early 1920s, he was held up as a reformer by the Bolshevik party and defender of the Muslims of the Caucasus. He was viewed as a learned man whose literary and cultural work, as well as political agitation, elevated both himself and his compatriots. At the same time, the Bolshevik party used his reputation to legitimate the Soviet presence in Azerbaijan and after his death in 1925 he was promoted as a Lenin of the East.[493] This official narrative changed after 1935 when Stalin

[493] RGASPI, f. 588, op. 2, d. 177, l. 32. Also d. 176, l. 79-81.

commissioned a new history of the revolution in the Caucasus, positioning himself as the motor of progressive change.[494] Nərimanov was only rehabilitated by local initiative, after Khrushchev's speech at the 20th Party Congress.[495] In this incarnation, he is remembered as a loyal Bolshevik and cultural reformer. After 1990, he was adopted as a nationalist who denounced Bolshevik disingenuousness and aggression. In contemporary Azerbaijan, therefore, Nərimanov has become somewhat of a cult figure. His denunciation of Bolshevik party policy in Azerbaijan is read as accurate and he is often quoted at length.

Nərimanov is a complicated figure precisely because he was, to one degree or another, all of the above. He devoted his life to cultural and political change in Azerbaijan, he was a Bolshevik (and not just by convenience), and he was a champion of Azerbaijan's rights within the framework of a Soviet republic. By 1923, he was disillusioned with Soviet power and feared he had promoted a party that would destroy its own vision of progress (he was correct). Looking at his analysis of contemporary events therefore illustrates these larger tensions at play between Soviet ideology, state-building, and local interests (e.g. oil).

Nərimanov's *History* is most often read through the prism of the national question and the Sutlan-Guliev affair, which served as the scapegoat for so-called national communism.[496] This is understandable as his text has much to say on these topics and indeed, a copy of Nərimanov's *History* was found among Sultan-Guliev's belongings when he was arrested.[497] The

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[494] Sohrab Yazdani, "The question of the Iranian *Ijtima 'iun-i Amiyun* Party" in Stephanie Cronin, ed., *Iranian-Russian Encounters. Empires and revolutions since 1800*, New York: Routledge, 2013), 189-206; Alexandre A. Bennigsen and Enders Wimbush, *Muslim National Communism in the Soviet Union: A Revolutionary Strategy for the Colonial World*, (Chicago: The University of Chicago Press, 1979), 91-92.

[495] Bennigsen, *Muslim*, 93.

[496] The classic work, again, is Bennigsen, *Muslim National Communism*.

[497] RGASPI, f. 588, op. 2, d. 179, l. 35.

importance of following party policy, which had been recently outlined in the 12th Party Congress which dealt extensively with the national question and Sultan-Guliev, was certainly a central concern of the Control Commission.[498]

Without discounting the significance of Nərimanov's text to the national question, I read this work in the context of my dissertation—that is, by focusing on what it reveals about state-building, oil politics and the connections between the two. His *History* was not a chronicle of events. It was his last effort to hold on to power and it was a political declaration about the increasingly polarized atmosphere in Azerbaijan. He wrote it, by his own admission, for the archives and with posterity in mind. He divided it into two sections: 1/ Eastern Policy and, 2/ the situation in Azerbaijan. These two questions dominated the text but are far from the only two topics covered.

In the text of *History*, Nərimanov leveled a veritable litany of accusations against the Transcaucasian Regional Committee or Zakkraikom (earlier the Kavburo), the Baku Communist Party and a host of individuals.[499] He claimed that Muslim workers were being pushed out of positions of responsibility and out of the Party and that Anastas Mikoian, together with the prominent Bolshevik Sarkis Kasian, was carrying out a systematic plan to favor Armenians over Muslims. The Party in Transcaucasia, he argued, was decaying.[500] Disagreements over the direction of the Politburo's Eastern Policy (what he saw as the betrayal of the East); the personal behavior of men such as Kirov, Ordzhonikidze, Mikoian, and Axundov whom he charged bullied

[498] RGAPSI, f. 588, op. 2, d. 177, l. 8. The XII Party Congress was held from April 17-25, 1923 in Moscow.

[499] When Stalin found out about the report he chided Nərimanov for mentioning comrades by name.

[500] RGASPI, f. 588, op. 2, d. 176, l. 58.

and bribed their way to power; the use of Red Army troops against Shiia practice of self-flagellation on the Day of Ashura; and the overall path of Soviet power were all criticized.

The following section will deal with the Central Control Commission's investigation into Nərimanov's *History* as well as explain the greater context. It became clear that the conflicts in the Azerbaijan Communist Party went back to the founding of the Azerbaijan SSR and that institutional accusations also held personal undertones.

THE CONTROL COMMISSION AND THE NƏRIMANOV AFFAIR

The Central Control Commission (CCC) opened an investigation into Nərimanov's claims on the basis of decrees from the Presidium of the CCC and the Politburo dated 2 and 9 June, 1923, respectively. The investigative commission was composed of members of the CCC Presidium Iaroslavskii, Shkiriatov, Rudzutak, Rakhimbaev, and Ibragimov.[501] The commission met in Moscow on June 13, 1923 to discuss with Nərimanov his accusations and those most affected by his claims, including Sergo Ordzhonikidze, Sergei Kirov, Ruxnulla Axundov, Mirzə Davud Hüseynov, Iakobson, and Anastas Mikoian among others. Iaroslavskii of the CCC chaired. The transcript of the meeting exposed bitter in-fighting and a plethora of personal grudges that carried over into Party life and poisoned the political atmosphere in Azerbaijan.[502] The story that unfolded during the course of the investigation was far more complicated even than that outlined by Nərimanov in his already complex *History* and discussion again and again returned to events from 1920-1921. Nərimanov's expectations were unclear but it was possible that he expected support from the CCC because he was well-known as a friend of Lenin and had

[501] RGASPI, f. 588, op. 2, d. 177, l. 9.

[502] A copy of the original manifesto and Control Commission transcript can be found in RGASPI, f. 588, op. 2, d. 176, l. 2-49 and 58-86, respectively. Further supporting materials can be found in, RGASPSI, f. 588, op. 2, d. 177, 178, 179. These debates are extensively covered, from a slightly different angle, by Jörg Baberowski, *Der Feind ist überall. Stalinismus im Kaukasus* (Munich: Deutsche Verlags-Anstalt, 2003), 215-313.

(as he consistently reminded those around him) a mission from Vladimir Ilyich to fulfill Party policy as he saw fit. This time, however, the story went differently. Nərimanov was denounced by his comrades and just as importantly, his efforts to entrench Soviet power in Azerbaijan were dismissed as incomplete, ineffectual, corrupt, and out of touch. Nərimanov and his faction responded with a warning of creeping militancy within the Party, a reliance on violence to solve political problems, and accusations of a deep chauvinism toward the Muslim population.

This was not the first time that Nərimanov petitioned Moscow to intervene in Baku's affairs. Nor was Nərimanov the only one with complaints. By 1923, Nərimanov's power base was perceptibly weakening. His legitimacy with the Bolsheviks lay first and foremost in his close relationship with Lenin and secondly, in Nərimanov's reputation as a cultural and political leader among the Muslim population of Transcaucasia. As the USSR's economic situation improved and Lenin's health deteriorated so too did support for Nərimanov within the Party. In the provinces, however, he built his support through alliances with influential religious figures and landowners. Potentially a more reliable, if more ideologically suspect, power base.[503]

Just as importantly, in 1920 Nərimanov and Lenin struck a deal that lay the foundations of Soviet power in Azerbaijan. The Azerbaijani government, under Nərimanov's leadership, agreed to supply Russia with oil from Baku and in exchange "the center promised to respect the religious sentiments and old traditions of the Transcaucasian Muslims."[504] A missing element in this story is that as the oil industry recovered, the incentives to honor the arrangement were no longer powerful enough to sustain the arrangement. Nərimanov was no longer necessary to

[503] Baberowski, *Der Feind ist überall*, 279-280.

[504] Ibid., 274.

guarantee the flow of oil northward to Russia and longer term concerns, such as the sovietization of the population, prevailed.

Nərimanov did not make a secret of his deal with Lenin and repeatedly asserted that he was above Party discipline and was not required to subordinate himself to the decisions of the Azerbaijan Central Committee by virtue of his arrangement.[505] He arguably positioned himself as the leader of all Muslims of the Soviet republics and a dictator of the East writ large—an accusation that was levelled again and again by his opponents. Not surprisingly, this attitude alienated Muslim and non-Muslim Bolsheviks alike. Inter-personal conflicts within the Azerbaijan Communist Party were pervasive, "The Turkic [Azerbaijani] communists were opposed to the Armenians and Russians, the Baku committee of the party would not subordinate themselves to the orders of the Presidium, the Presidium overturned the decisions of the Baku committee, the young *himmetists* were ignored by the older ones, and the careerists worked against whatever Bolshevik was in office."[506] The result of these conflicts was the factionalization of the AKP(b).

The CCC transcripts discuss with a great deal of candor the reliance of the Bolsheviks, and many others, on violence to maintain political power as well as to achieve political goals. The culture of the Party in Baku was permeated by intrigue as the siege mentality of wartime became institutionalized. Those who could not or would not make the adjustment were isolated and purged. What Nərimanov presented as an impassioned plea to save the future of the revolution, as he saw it, was to his comrades a distortion that denounced loyal Bolsheviks and dramatically misrepresented the facts. His opponents in Baku viewed *A History of the Revolution*

[505] Ibid., 273.

[506] Ibid., 279.

as the thinly veiled power grab of an aging megalomaniac who was struggling to stay relevant. Nərimanov and his supporters believed the entire investigation of the CCC was a pretense whose outcome was predetermined and designed to remove Nərimanov from a position of influence.[507] The transcripts lend support to Nərimanov's view that the CCC commission was hardly unbiased. There is an element of truth in each of these views, however, and rather than providing clear answers the transcripts reveal the values that the emerging regime privileged, such as a strict adherence to central control. Most importantly for our purposes, however, are the ways in which their institutional positions affected their views and the inverse, the way their views affected their positions vis-à-vis institutions.

ALLEGATIONS AND ACCUSATION: EASTERN POLICY

According to Iaroslavkii, the CCC, "to clarify whether Nərimanov's *zaiavlenia* has any merit [*osnovanie*], to clarify the situation in Azerbaijan, we invited all the comrades together to discuss and clarify the abovementioned questions."[508] Iaroslavskii prompted Nərimanov to repeat the charges outlined in his report, after which each of the comrades present would be allowed to reply and explain themselves. Nərimanov's reply was curt:

> Which, exactly, report are we talking about here? My report, which I gave to the TsKK [Central Control Commission], was only about comrade Shirvani, I petitioned for him, asked to investigate his case. As far as my report to the TsK [Central Committee], I didn't submit it to the TsKK. I am writing a history of the revolution in the provinces of the republic and I considered it necessary to bring to light those facts that I considered

[507] One indication that Nərimanov believed that the process was rigged, not expressed as readily as by his supporter Kadyrli, was his refusal to engage his accusers on any real level verbally. Instead, he submitted written reports to be added to the record after the investigations, much as Shliapnikov and Medvedev did leading up to the "Baku Affair" in 1926. As Barbara Allen notes, this went against standard procedure which relied on discussion. Barbara Allen, "Transforming Factions into Blocs: Alexander Shliapnikov, Sergei Medvedev, and the CCC investigation of the 'Baku Affair' in 1926" in *A Dream Deferred. New Studies in Russian and Soviet Labour History*, Donald Filtzer, et al. eds., (Bern, Switzerland: Peter Lang AG, 2008), 138.

[508] RGASPI, f. 588, op. 2, d. 176, l. 59.

indispensable.[509]

It seems at a minimum suspicious that Nərimanov believed his history of the revolution would somehow remain a secret, or even that he wanted it to remain so; but the commission's report indicated that Nərimanov was indeed shocked that the CCC had a copy of his *History*.[510] As a revolutionary and reformer he had spent decades immersed in the culture of the underground and understood how information spread. It is unlikely that he believed his history would remain under lock and key once he submitted it to the Central Committee, at least insofar as the higher echelon of the Party was concerned. It is more likely that he had hoped to dictate the timing of its release and elicit a significant response from his comrades. If this is what he had hoped to do, he achieved his goal.

Iaroslavskii responded that it was irrelevant to whom the petition was submitted because submitting a *zaiavlenie* for review by the Sovnarkom was also the business of the Control Commission—an indication of the growing suspicion of Party culture. In fact, the Control Commission paid special attention to Nərimanov's claims because he accused three members of the Central Committee of wrongdoing and "because correct party policy in the A.S.S.R. has major [*gromadnoe*] influence on the laboring masses of the entire Muslim east."[511]

Nərimanov's opening sentence in his *History* was that Georgi Chicherin, the Commissar of Foreign Affairs, did not understand Eastern Policy.[512] The core of this claim centered around

[509] RGASPI, f. 588, op. 2, d. 176, l. 59.

[510] RGASPI, f. 588, op. 2, d. 177, l. 9. It reads, "He was very surprised [*ochen' udevlyen*] that the TsKK [CCC] was discussing his report, which was not designated for the TsKK."

[511] RGAPSI, f. 588, op. 2, d. 177, l. 8. Kirov, Ordzhonikidze, and Mikoian were members of the Central Committee.

[512] RGASPI, f. 588, op. 2, d. 176, l. 3.

the events of the previous chapter, the Soviet abandonment of revolution first in Persia and then throughout the Muslim East. He also asserted, in a now oft quoted passage:

> I believe that we, with our own hands, killed the liberation movement in Persia because that is what Lloyd George needed in so much as that is how some of our comrades understood eastern policy.[513]

The CCC did not engage Nərimanov's accusations in its report, dismissing the charges completely, indicating that it had no intention of entertaining his view; "For the CCC the only thing that is important is whether the NKID's policies were those of the TsK RKP [the Russian Central Committee]…."[514]

Nərimanov's comrades from Baku, however took serious issue with his claims. Kirov in particular expressed frustration with Nərimanov's position:

> What is Narimanov trying to say? That it is necessary to remove everyone except Narimanov and Kadyrli and few other of his loyal supporters. Narimanov thinks that he is the only one who properly understands eastern policy. Com[rade] Narimanov believes that all of eastern policy is mistaken: no one else understands it, com[rade] Chicherin doesn't understand, the Central Committee of the party approaches it incorrectly—only Narimanov and Narimanov alone can formulate eastern policy and only he can make this claim.[515]

In essence, this was exactly was Nərimanov was arguing for— that he primarily should be in charge of formulating Eastern policy. That Nərimanov continued to make these arguments two years after the Soviet withdrawal from Gilan is open to at least a couple of possible interpretations. First, the role of Eastern Policy in broader Soviet policy, despite the shift, remained unresolved. This is certainly plausible because, although the NKID did not pursue

[513] RGASPI, f. 588, op. 2, d. 176, l. 4.

[514] RGAPSI, f. 588, op. 2, d. 177, l. 32.

[515] RGASPI, f. 588, op. 2, d. 176, l. 71.

revolution in the east the Communist International did. The Soviet Union, as we saw in the example of *Kevir-Khurian Ltd.* continued to be very active in northern Persia. Another possible interpretation is that Nərimanov clung to old debates, not realizing that any opening that existed for him to spread revolution to the East had long since closed. Nərimanov's priorities had not changed, but the Party's had.

Nərimanov's comrades did not seem to believe that he had given up on fomenting revolution in the East. His personal secretary Shirvani had been involved in a scandal with Ekhsanullah Khan, the former Jangali who had relocated to the Soviet Union after Kuchuk's collapse. Shirvani was accused of printing Ekhsanulla's proclamations and supporting unauthorized activities among the Persian population.[516]

Throughout 1923 the Azerbaijan Cheka (Extraordinary Commission for the Struggle against Counter-Revolution, Espionage, Banditism, and Official Crimes) was following Nərimanov and was particularly interested in his participation in the Persian Charitable Association (PCA), which advocated among Persian subjects in Azerbaijan. The AzCheka submitted *svodki* to the CCC about the PCA and agents closely monitored Nərimanov's interaction with the Association throughout late 1922 and 1923.[517] The agents reported that the goal of the Association was "to turn working Persians against Soviet power."[518] The informers accused Nərimanov's main supporters— Ekhsanulla Khan and Shirvani—of being the masterminds behind provocations among Persians and also of receiving major funding from Tehran. Nərimanov and Molla Baba also figure prominently in the *svokdi*. It is impossible to say

[516] RGASPI, f. 588, op. 2, d. 176, l. 71-73.

[517] RGASPI, f. 588, op. 2, d. 177, l. 156-161b.

[518] Ibid., 157 reverse side.

with certainty who the informers were but at least one of them was a worker at the Lenin factory in Baku.[519]

One agent (or agents) reported that the organization was not only pro-Persian and nationalist but carrying out anti-Soviet propaganda and conspiracies. One *svodka* accused Shirvani of organizing an underground organization against Soviet power in Black City (a predominately Muslim oil-worker region). The group supposedly agitated among Muslim workers against Communists and claimed the Soviets worked only on behalf of Russia and ignored the needs of Persian subjects. Nərimanov was accused of instructing workers to carry out signature campaigns on behalf of his colleagues and co-conspirators who had been purged from the Communist Party (Molla Baba and Alekper Babaev), likely in an attempt to make it look like they had grass roots support. [520]

The *svokdi* are, perhaps predictably, partly informative and partly peddling in conspiracy theory. According to an informant, a mullah at the Association denounced Communism as a system inherently against Islam "because it is an idea favored by Jews…" and was founded by Karl Marx to liberate the Jews and therefore "the Communist idea was an anti-Muslim idea directed against the latter."[521] Reports such as this are a probable source of accusations that Nərimanov supported anti-Semitic policies (he was also accused of anti-Armenianism through the CCC report).

The *svodki* also reported what Farsi language newspapers were saying about the oil question, indicating one of the ways that the Soviet government gauged developments in the

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[519] Ibid., 159 reverse side.

[520] Ibid., 158-159. Nərimanov's friendships with Molla Baba and Alekperov were sharply criticized by those at the CCC meeting. See, RGASPI, f. 588, op. 2, d. 176, l. 72-73, 76

[521] Ibid., 160.

region. Questions that interested the agents included: Why was Persia giving its oil in concessions to foreigners? Why was Persia selling out to the Americans— referencing the rumored concession to Sinclair or Standard? After all, the reports asserted, Persians knew oil and had been working in Baku for 40 years and had no reason to seek workers elsewhere. These *svokdi* also accuse the British of sneaking into northern Persia to agitate in the oil regions there.[522]

Finally, Nərimanov accused Sarkis and Ruxnulla Axundov of turning questions about eastern policy into a national issue.[523] While this point was readily dismissed by his critics I think it is important to pause for a minute because it signifies a much greater shift in discourse than simply that of Sarkis and Axundov. The rhetoric of the national question became the dominant framework of interpretation after the XII Party Congress and Moscow dismissed nearly all local initiatives as national deviation.

UNIFICATION, INDEPENDENCE, AND NATIONAL DEVIATION

As will be evident, these conflicts were about centralization and subordination to Moscow, regardless of the rhetoric.[524] The first person to address Nərimanov's allegations at the June 13 meeting was Ordzhonikidze and the two immediately clashed, with both accusing the other of slander. Ordzhonikidze denied Nərimanov's assertion that he was subverting

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[522] Ibid., 160 (reverse side)-161 (reverse side).

[523] RGASPI, f. 588, op.2 ,d. 176, l. 20. He also accused Axundov of being a member of the SR party.

[524] Hüseynov argued that fundamental disagreements with Nərimanov really became a problem when they transitioned to the NEP. Nərimanov believed that "after economic concessions [*ustopok*] there should be political concessions" and he changed decrees as he saw fit. "…We believed that we had to conform all of our actions with the decrees from Party organizations and the decisions of the party committees" while Nərimanov pursued his own line. RGASPI, f. 588, op. 2, d. 176, l.79.

Chicherin also claimed that Nərimanov pursued policies directly in opposition to the Central Committee, that Nərimanov's policies in Persia were damaging to Soviet power and world revolution; RGASPI, f. 159, op. 2, d. 51, l. 157-158.

Azerbaijanis in the Party and detailed his own understanding of the events outlined in Nərimanov's *History*, weaving an alternate history to Nərimanov's. Where Nərimanov saw himself under siege as Azerbaijan slipped further and further away from the future he had envisioned for it, Ordzhonikidze saw a power-hungry manipulator who sought to create a fiefdom in Azerbaijan by using his influence with Lenin to push out his competition and consolidate his control over the Baku Sovnarkom.[525]

Nərimanov viewed the nature of Soviet Azerbaijan's independence from Soviet Russia as a fundamental source of conflict between himself and Ordzhonikidze. As far as Nərimanov was concerned, Azerbaijan was his territory and he had the final say over policy among the Muslim population there, something he had been led to believe by virtue of his mandate. What the nature of Azerbaijan's relationship to Soviet Russia should be went back to the debates about the unification of the economies and railway systems of Transcaucasia two years earlier. These debates had also spiraled out of control and descended into squabbling and Nərimanov asked Lenin to intercede.[526]

Debates about sovereignty that may have been politically appropriate in 1920 looked very different from the vantage point of mid-1923 and the accusations of national deviation. Nərimanov approached the issue through a lens of national self-determination and control, while Ordzhonikizde viewed it through the prism of the revolution, which did not leave space for Azerbaijan's independence in the economic sphere. Ordzhonikidze asserted that Nərimanov was misstating the nature of their disagreement, their dispute was not about independence, but about oil.

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[525] RGASPI, f. 588, op. 2, d. 176, l. 61-68.

[526] Baberowski, *Der Feind ist überall,* 281; Stephen Blank, "Bolshevik Organizational Development," 333-334.

> The principle disagreement was about Azerbaijani oil. Comrade Nərimanov, and also at that time comrade Guseinov, both were against Soviet Russia going on the foreign market as the owners of Azerbaijani oil, and not Azerbaijan. In 1921, when the agreement was signed in Moscow between comrade Shakhtakhtinskii and comrade Chicherin, under which the railroads were united and oil was transferred to the hands of Soviet Russia, comrade Nərimanov, at a meeting of responsible comrades, said that such a resolution to the question of oil would mean the death of the revolution in the East. He insisted on a change in the agreement, in the sense that on the foreign market Azerbaijan appear as the owner of the oil/ see my negotiations on the issue with comrade Chicherin. Here, I think it is important to point out that comrade Nərimanov never objected to the release of oil to Russia for internal use.[527]

Oil, as we have seen, was tightly connected to independence. The deal between Lenin and Nərimanov tied the two inextricably together. Nərimanov could claim that economic policies infringed on cultural and religious sovereignty and invoke his agreement with Lenin. But the distinction was muddled.

Nərimanov believed that the Soviet system, and specifically Soviet Azerbaijan, could walk a line where Azerbaijan was tightly bound to Russia out of both ideological affinity and economic necessity even while maintaining a degree of independence in cultural affairs and before the international community. The balancing act was increasingly difficult to maintain with the creation of the USSR in December 1922 and the recovery of the oil industry.

For Nərimanov, the distinction between internal and external ownership of Baku's oil was vital. He enthusiastically supported the shipment of Baku's oil through Astrakhan to Russia proper and propagandized among the Muslim population to ensure limited opposition to the policy. He understood that this looked remarkably similar to a colonial relationship, however, and the lines between what constituted domestic use and foreign consumption, while clear to Nərimanov, were in fact blurry. The meaning of independent Soviet Azerbaijan was, it seemed, in the eye of the beholder and there was no consensus on what it meant.

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[527] RGASPI, f. 588, op. 2, d. 176, l. 62.

In 1920, Nərimanov insisted that Soviet Azerbaijan, and the revolution, would be safer under the umbrella of Soviet Russia. He believed, as we saw in Chapter 1, that he had to make a choice between a path to the future (with Soviet Russia) and a return to the past and the reestablishment of a monarchy (and subjugation). But the lines that he insisted on walking were too narrow and easily crossed. He supported Russian ownership of Azerbaijan's oil as long as the RSFSR pursued policies he agreed with and inasmuch as he felt he had a say over the course of policy. As policy shifted over the course of the early 1920s, and his deal with Lenin became less enforceable, so too did Nərimanov's view of Azerbaijan's relationship to Russia.

To Nərimanov's accusation that Ordzhonikidze was working to isolate him, Ordzhonikidze countered with the assertion that he had in fact acted as a buffer between Nərimanov and his opponents, namely the younger generation of Baku Bolsheviks led by Hüseynov and Axundov. He did not do this because he liked Nərimanov, but because he understood that Nərimanov was an important public figure in Baku and because Moscow (Lenin) wished it. As examples Ordzhonikidze cited the removal and transfer of Hüseynov and Axundov as well as Lominadze, Mikoian, Sarkis, and many others from the Baku Committee at Nərimanov's request. He also noted that he supported Nərimanov's request to block the expulsion of Kadyrli and several other of Nərimanov's close friends from the Party for stealing diamonds because:

> …then we would not have a single Muslim left in the Narkom and we would have a major scandal on our hands. Despite the fact that they committed major crimes as communists, I interceded for them only because they were Muslims and because the diamonds and other valuables they stole they did with Nərimanov's permission.[528]

[528] RGAPSI, f. 588, op. 2, d. 176, l. 62-65.

Ordzhonikidze referenced the fact that Nərimanov continually sheltered and protected corrupt workers. Further, he noted Nərimanov's virulent attitude toward Armenians and the reputation that the Baku Committee was known for issuing bribes to workers. Nərimanov's requests to transfer people largely viewed as his rivals combined with his protection and tolerance of particular forms of corruption and perceived anti-Armenian stance called into question some of his accusations for the Control Commission.

The final accusations leveled at Ordzhonikidze were that he used intimidation and browbeating as both a tactic and an overall strategy in Party work; and that Soviet power in Azerbaijan was propped up at the barrel of a gun [*na shtykakh*- literally, by bayonet point]. On the first, Ordzhonikidze responded:

> Comrade Nərimanov says that everything I do is built on browbeating [*mordobitiie*]. It's a blatant lie! Let Nərimanov prove even one case when I used browbeating, except one case when I hit that one comrade in the face in Tiflis, also a Georgian, and it's a well-known fact to all of the comrades here and it was discussed in the TsKK [CCC]. Let Nərimanov prove to me that my work is based on browbeating! That my theory is browbeating, like he writes in his report.[529]

Despite Ordzhonikidze's offense at being accused of using a heavy hand, the sort of *grubost'* (coarseness/rudeness) that Ordzhonikidze represented was a valued part of Bolshevik culture. What to the older generation, such as Nərimanov or Chicherin, was *mordobitiie* was initiative and dedication to the cadre that would become Stalin's staunch supporters.

There was a generational battle emerging between the older group of revolutionaries such as Nərimanov, who had spent years and often decades in the tsarist era working on literary and cultural programs, or like Krasin, who developed a skilled trade and supported the underground through distributing illegal newspaper and propaganda, and a younger, more radical generation

[529] RGASPI, f. 588, op. 2, d. 176, l. 67. Thanks to Alex Hazanov for translation assistance with this passage.

which favored action, violence, and a growing dogmatism.[530] The division had more to do with experience in the underground than age, however. Increasingly, the split was between those who stayed in Baku through the occupations and went underground to fight the Müsavat and those who fled to safety or were ordered behind the lines (Nərimanov was recalled to Moscow after the collapse of the Baku Commune in 1918).

Legitimacy in the Party was becoming associated with actions during wartime. Lines of belonging and criteria for what Party membership entailed was shifting as the Party was institutionalized over the course of the 1920s. Narratives of Civil War experience became vital to political legitimacy throughout the Soviet Union and this held true in Azerbaijan as well.[531]

The thread that weaves together Nərimanov's opponents in the Party was his absence from the underground. Ordzhonikidze claimed: "When Nərimanov wasn't in Baku, not in the Caucasus, it was already decided that we should use the slogan about an independent Azerbaijan"; Nəimanov removed all of the comrades from Baku "who bore the burden of the underground on their shoulders," and finally, "Com[rade] Nərimanov stigmatizes c[omrade] Axundov because Axundov was an SR and Guseinov a Musavatist. Both of these comrades worked energetically with us in 1918."[532]

The most aggressive assertion of this distinction was Mikoian, whose statements elucidate the emerging values as well as his apparent bitterness at having been left behind, only to see all those who remained with him slaughtered:

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[530] This generational divide has been noted by Stephen Blank, "Bolshevik Organizational Development."

[531] For example, Sheila Fitzpatrick, "The Civil War as a Formative Experience." In *Bolshevik Culture*, edited by Peter Kenez Abbott Gleason, and Richard Stites (Bloomington, IN: Indiana University Press, 1985), 57-76.

[532] RGASPI, f. 588, op. 2, d. 76, l. 61, 66.

> When I went underground, in Baku no one wanted to come with me, I didn't ask Nərimanov, he's an old man [*starik*], but they were all cowards, KADYRLI and the others, and no one came. When no one was left in Baku, I alone stayed in Baku during the savagery of the Turks, English and all the rest. I worked in that difficult time among the Muslim workers, I hid with them, in the Muslims regions. We broke Shauiman out of jail and at that difficult time com[rades] AXUNDOV and GUSEINOV started working with us. I was the one who first came up with the slogan: 'Long live Soviet Azerbaijan!' I raised the question about the necessity of attracting Muslim workers at a time when Nərimanov wasn't in the Caucasus.[533]

Axundov's SR past, Hüseynov's association with Müsavatists, Mikoian's nationality were less important than the fact that they stayed behind, that they bore the burden of fighting for Bolshevik power when it was most dangerous. This was the path to power in the new Party. In this view, Nərimanov's years of work for education and social reform were not as valuable as having proven oneself in the fires of revolution and war. Ordzhonikidze's so-called methods of *mordobitie* carried far more weight in this environment. All of these disputes, regardless of their origin or of their actual content were now filtered through the idiom of the national question. This extended to Nərimanov's view of the oil industry as well.

ON OIL: AZNEFT', SEREBROVSKII, AND THE AZERBAIJAN SSR

Nərimanov, once again, linked the oil question to the national question, outlining his own understanding of the connections between the two. This time he went so far as to state that oil and national question were different expressions of the same problem: Moscow's exploitation of Azerbaijan. The distinction between how Nərimanov viewed national deviation and how other members of the Party upper echelon did is a critical difference because it is reflective of broader trends in Soviet political life and demonstrates the deep gap in perception between a significant

[533] RGASPI, f. 588, op. 2, d. 176, l. 69. Mikoian was the only surviving Commissar from the so-called 26 Commissars of the Baku Commune. Mikoan contined: "We viewed Nərimanov as a *starik* and knew that he wouldn't be able to lead the masses. But let him do his work. We needed him/He was necessary for us/…. "

proportion of the Russian population and other Soviet nationalities. Nərimanov, like many Azerbaijanis and other Muslims, believed Soviet power had become hostile toward them and that it was working against their interests. His view, while dismissed by his comrades, resonated with a wider population. Nərimanov insisted in his *History*:

> And it would have been so easy [to create a model Azerbaijan] if there had not been Mikoian and Sultan-Zade's communist revolution in Persia, if I had not been surrounded by small souls who only thought about today's situation, if the Center trusted me. The Center only trusted Sergo Ordzhonikidze ….
>
> Soviet Azerbaijan voluntarily declared that oil belongs to the laborers of Soviet Russia, so why was it necessary to create in a Soviet Republic a monarchy at whose head sits king Serebrovskii who still thinks to cheat Azerbaijanis while letting them have their serpent and star [i.e. flag, or the pretense of independence].
>
> No, every worker and peasant has had it explained to them what oil means for Soviet Russia.
>
> In the first year Azerbaijan gave not only oil but also paid from its own state treasury the salaries of [oil] workers.
>
> That is what creates national deviation.[534]

National deviation was rooted in material inequalities (both actual and perceived) as much as ideology. As far as Narimaonv was concerned, the Azerbaijani people had upheld their end of the arrangement—they had sent oil north to Russia and let in the Red Army. In return, Nərimanov had expected a revolution in Persia and the profits and prosperity of the oil industry to lift Azerbaijan out of poverty.

Nərimanov also tied the betrayal of the East to the domestic betrayal of the New Economic Policy (NEP), introduced in Azerbaijan in September 1921. The NEP allowed small scale free trade and Nərimanov argued that it introduced rampant speculation in the oil industry

[534] RGASPI, f. 588, op. 2, d. 176, l. 25, 27-28.

(although the oil industry was directly under the Supreme Economic Council, VSNKh). Despite the presence of the oil industry in Baku Azerbaijani peasants continued to burn kindling rather than kerosene because latter was both too expensive and often unavailable. Nərimanov pointed out that kerosene was more expensive in the Azerbaijani city of Ganga than the Georgian city of Tbilisi. He warned that this stark material reality would, and did, lead to accusations of colonialism from the countryside.[535]

Nərimanov's shift in rhetoric between 1920 and 1923, first asserting that Baku's oil belonged to all Soviet people and later defending Azerbaijan's sovereignty over the resource, is attributable to multiple and overlapping concerns. First, his personal power base within the Party was eroding and he did not feel like he had sway over the course of policy any longer. Second, his sense of ideological betrayal vis-à-vis revolution in the East was for him borne out in the unfair policies toward the Muslim population and the rising campaign again national deviation. Disputes over the oil industry, as he understood it, directly fostered national deviation.

The role of Azneft' in Baku (and Moscow for that matter) was closely linked with the personal power of Aleksandr Serebrovskii; because of the authority he possessed, his actions, as much as actual policy, largely determined perceptions of Azneft'.[536] The following section will explore the relationship between the Azerbaijan Oil Trust (Azneft')—run by Serebrovskii—and the Baku government. It will further examine how Azneft' operated within the NEP and in light of the creation of the Transcaucasian Federation. The highly volatile political context of the mid-1920s shaped how the competing logics of multiple centers of power— Azneft', the Azerbaijan government, Moscow— undermined and bolstered one another.

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[535] RGASPI, f. 588, op. 2, d. 176, l. 28-29.

[536] The personalization of power in the Soviet Union was pervasive, this is but one example.

AZNEFT', THE FOREIGN MARKET& THE COMMISSARIAT OF FOREIGN TRADE

A. P. Serebrovskii possessed a sweeping mandate to rebuild the oil industry through the personal authority of Lenin. On April 16, 1921, Serebrovskii sent Lenin a telegram requesting official sanction to permit the Azerbaijan Oil Committee (Azneftekom) the right to trade oil products in Persia, Turkestan, and Europe in exchange for equipment, food and clothing for oil workers.[537] Thus, in addition to, or perhaps as an expansion of the mandate, Lenin gave Serebrovskii the right to trade on the foreign market and conclude contracts, partially bypassing the Commissariat of Foreign Trade (Vneshtorg) monopoly.[538]

During the course of this correspondence, in April 1921, a large order of heavy machinery, originally bound for Baku's oil fields, was held by customs in Constantinople, which refused to release the equipment. The equipment belonged to oilmen whose companies had been nationalized by the Bolsheviks in 1920 after the Red Army retook the Caucasus. The oilmen, eagerly biding their time until the Bolshevik collapse they confidently awaited, sought neither to move the equipment, nor to ship it to further ports. In an effort to fulfill Lenin's directive by taking matters into his own hands Aleksandr Pavlovich, together with Sergo Ordzhonikidze, left the newly Sovietized port of Batumi on the steamship *Georgia*—which was loaded with oil and kerosene— and headed for the Dardanelles to purchase goods on behalf of the Azerbaijan Oil Committee (Azneftekom) for the oil industry in Baku.

At the time Constantinople, having been defeated in World War I, was divided into zones of occupation and English, French, and Italian personnel on a rotating weekly basis alternately

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[537] Kh. G. Vezirov, ed., *V. I. Lenin ob Azerbaidzhane* (Baku: Azerbaidzhan gosudarstvennoe izadtel'stvo, 1970), 308-309 fn 115; Serebrovskii was asking Lenin to make official his telegram from April 2, reprinted in ibid. 211-212.

[538] Azneft' could initiate and conclude deals but they had to be approved by Vneshtorg; also it still have to get personal approval from Lenin before it could make the exchanges, Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki, [Russian State Archive of the Economy RGAE], f. 270, op. 1, d. 8, l. 55 reverse side-56.

policed the ports. Upon arrival they found out it was still "English" week and refused to dock the ship, instead insisting that interested parties hold negotiations in Serebrovskii's cabin aboard the ship. While Serebrovskii and Ordzhonikidze held court on the steamship *Georgia*, they also entered into negotiations with Turkish customs officials over the seized equipment. After several days of boat-side talks, and a new more accommodating French patrol, the *Georgia* finally docked and Serebrovskii entered into serious negotiations with French firms for the oil and kerosene. On May 9, they concluded an agreement for the ships contents with the French trading company *Sosifross*,[539] which the Bolsheviks preferred, for ideological reasons, over offers from Shell and Standard. The money from the *Sosifross* deal was used to convince Turkish customs officials, by way of "very moderate" bribes, to let the Bolsheviks quietly remove the machinery and ferry it back to Soviet territory.[540] And thus were some of the more urgent needs—both in terms of equipment and supplies for workers—of the Soviet oil industry satisfied in the spring of 1921.

The *Sosifross* deal did not elicit the response Serebrovskii had hoped, however. On June 6, Lenin sent a telegram chastising Serebrovskii as well as the Transcaucasian Trade Representative in Constantinople F. Ia. Rabinovich for the contract:

> I am extremely disturbed by the deal that Serebrovskii concluded with Sosifros and surprised that Rabinovich reported on it without commentary, and Serebrovskii himself did not explain. The deal is strange [*dogovor strannyi*]. Where are the guarantees that Sosifros won't pull one over on us?[541]

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[539] Societe Commerciale Industrielle financiere peur la Russie

[540] RGEA, f. 270, op. 1, d. 8, l. 56. Paraphrase from *Peshkin's* account. More details on the *Sosifross* agreement in Farhad Jabbarov, *Bakinskaia neft' v politike sovetskoi Rossii (1917-1922 gg.)* (Baku: 2009), 176; Serebrovskii, *Rukovodstvo*, 13-15.

[541] Vezirov, *Lenin*, 234.

He continued that he supported Azvneshtorg and Azneftekom's right to trade directly with Constantinople, and that he backed autonomy for Baku, but not without some sort of guarantee. Lenin was alarmed by the contract because in the copy he received the Neftekom agreed not to purchase goods from other companies without the knowledge of Sosifros and in the case that it did make purchases from other vendors, Sosifros was to receive a 3% commission; Lenin formed a commission to amend the contract as soon as possible and demanded an explanation from Serebrovskii and Rabinovich. Serebrovskii responded that Sosifros had not been granted a monopoly and that the trade deal was still subject to the approval of the Commissariat of Foreign Trade.[542]

The RSFSR Commissariat of Foreign Trade representative Andrei Lezhava objected that Lenin's support for Azneftekom to trade on the market was counterproductive. Azneftekom did not have an established trade apparatus and further, it undermined the planned merger of the three Transcaucasian foreign trade commissariats. Indeed, the unification of the Transcaucasian vneshtorg was approved on April 26 and signed on June 2, 1921. Thereafter, the individual vneshtorgs were united under the Obvneshtorg. Lezhava also reminded Lenin that permission for individual organizations—in the case of his example, the South-East Economic Soviet's trade deal with the French company "Optorg"—had gone poorly and the contract had not been approved by the NKVT.[543] Lezhava, together with Ivar. Smilga and L. M. Khinchuka, formed the above-mentioned commission in late July within the Soviet of Labor and Defense and reworked the contract.[544]

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[542] Ibid., 310-311, fn. 127; Serebrovskii was so disturbed by Lenin's reaction to the deal that he speculated he would be removed from Azneft', 311, fn 131.

[543] Ibid., 311, fn 129.

[544] Ibid., 239, 240, 312 fn 133.

The matter was raised again when the Commissariat of Foreign Trade revoked Azneftekom's right to trade abroad in late September 1921. Krasin, at Vneshtorg, sent a telegram to Serebrovskii informing him that past experience with the Neftekom had demonstrated that it was incapable of negotiating reliable deals and that it had nearly granted a monopoly to "a questionable Greek speculator."[545] The Azerbaijan Sovnarkom had sided with Serebrovskii and petitioned the RSFSR Obneshtorg about reinstating Azneftekom's right to trade.[546] The matter was finally brought before STO, which decided that Azneftekom could continue to trade abroad but would be restricted to a budget of 500,000 gold rubles.[547]

This was not the end of the story, however. The introduction of the unified Vneshtorg did not proceed smoothly as Serebrovskii was not willing to give up his institutional prerogative.[548] On September 13, 1921, three and a half months after the formation of the Obvneshtorg, Serebrovskii sent a telegram to Azneft''s office in Constantinople instructing the staff to trade independently "in direct subordination to Azerbaijan" and to continue working in their previous positions.[549]

Not long after this, on September 23 the Transcaucasian Trade Representative in Constantinople,[550] sent a letter to the Obvneshtorg in Tbilisi in which he described a dire relationship between representatives of Obvneshtorg in Constantinople and the representatives of

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[545] Ibid., 313 fn 141; 252.

[546] ARDA, f. 411, op. 1, d. 26, l. 1.

[547] Vezirov, *Lenin*, 313 fn 141; also see, Jabbarov, *Bakinskaia neft'*, 176-178.

[548] The Kavburo received multiple complaints about Serebrovskii's behavior and he responded that "the oil industry depends on the proper functioning of OBVNESHTORG." In other words, if it did its job properly he would not have to use other means. RGASPI, f. 64, op. 1, d. 75, l. 145.

[549] RGASPI, f. 64, op. 1, d. 66, l. 8.

[550] The signature on the letter was illegible. From the content, it is clear that it was not written by Rabinovich.

the Azneftekom "that daily becomes more abnormal" and could disrupt the work of Vneshtorg completely. He warned that they could not find common ground and he did not see a way in which they could successfully work together. The representative placed the blame for the situation squarely on the shoulders of the Oil Committee's workers, who he claimed were absolutely lacking in discipline.[551]

The trade representative detailed four examples to convince Obvneshtorg that the Oil Committee was at fault. First, the Vneshtorg office in Constantinople was granted a reserve account by Soviet of Labor and Defense for Neftekom, but Neftekom used far more money than it was allotted and aggressively demanded more. He asserted that Obvneshtorg workers were afraid to deny the demands of Oil Committee because they were aware of Serebrovskii's mandate from Lenin. The Azneftekom workers screamed and bullied the Obvneshtorg workers:

> Come now, just try and not give it [the money] to them, they will raise such a ruckus, god forbid, and that noise will immediately roll into Batum, Baku and all the way to Moscow itself all because comrade Serebrovskii has that letter from Ilich [Lenin] in his pocket.[552]

The second issue the representative raised was that the Azneftekom had a larger staff than the Vneshtorg office and that the Azneftekom workers spend thousands of lira a month as if it were "one kopek." In fact, he reported:

> ...such a blatantly unceremonious, even more, criminal, relationship to the national wealth I have never seen. I could not even imagine that there could be such a person who would pay prices above their asking price. But comrade Serebrovskii is such a person…. I am not accustomed to this kind of work, I cannot work, when I see all of this it makes me sick and a sick person, as you know, cannot work. Comrade Serebrovskii wrote from Baku that he is appointing his wife as Executive Authority to the Oil Committee here [in Constantinople] with a salary of 400 lira a month. This is not something I can tolerate….[553]

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[551] RGASPI, f. 64, op. 1, d. 66, l. 4.

[552] Ibid., 4-4 (reverse side).

[553] RGASPI, f. 64, op. 1, d. 66, l. 4-4 (reverse side).

Third, he complained that the Oil Committee kept no accounts. When he asked the workers what their salaries were, they replied that they did not have fixed salaries but "take what they need." His final point was on the matter of the ports. The shipments from Batumi were completely disorganized and not fit to sell on the foreign market. The prices had to be reduced and they lost money. But, he complained, the most egregious offense was that some of the barrels arrived empty, indicating not only incompetence but corruption. As a final note, he included the following account:

> …comrade Serebrovskii has special symbols that he puts on letters for his workers and by these symbols they know which of his decrees they actually have to follow and which they do not, regardless of whether his signature is on the letter. So just imagine that Obvneshtorg, or any organization, has an agreement with comrade Serebrovskii and he signs the joint resolutions, which if for some reason comrade Serebrovskii finds not to his liking, means that the employees of Neftekom will not fulfill them because Serebrovskii puts those special symbols on the papers he signs, or certainly follows it up with another letter countermanding it [the first one]. How can this be [*Kak zhe tut byt'*]. One of two things: either get rid of all of Serebrovskii's workers [sluzh.] or get rid of him, which, it appears, is not desired.[554]

While the veracity of this account is not known it demonstrates the attitudes these organizations had toward one another and the suspicion that personalized power encouraged.

Complaints about Serebrovskii continued unabated. A representative of the Obvneshtorg in Constantinople—the signature is unclear—once again wrote Obvneshtorg in Tbilisi on October 2 asserting that Serebrovskii instructed his workers to continue work as if Obvneshtorg were not in the picture. Obvneshtorg went to Constantinople to reduce Serebrovskii's staff but found them unwilling follow orders.[555] F. Ia. Rabinovich, the Transcaucasian Trade

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[554] RGASPI, f. 64, op. 1, d. 66, l. 4 (reverse side).

[555] RGASPI, f. 64, op. 1, d. 66, l. 3; He was also accused of circumventing Vneshtorg at Batumi by interfering the distribution of goods at the port warehouses, RGASPI, f. 64, op. 1, d. 75, l. 241.

Representative in Constantinople mentioned above in conjunction with the Sosifross deal, was summoned to Baku in late October to address the situation before the Kavburo and claimed that Serebrovskii, without directly lying, consistently misrepresented the situation between the Oil Committee and Vneshtorg.[556] Serebrovskii in turn wrote Ordzhonikidze and Nərimanov at the Kavburo on January 26, 1922 blaming inefficiencies in the Obvneshtorg for the problems, although he noted that Rabinovich had always assisted the Neftekom. Rabinovich, however, responded to Ordzhonikidze and Nərimanov that even Serebrovskii's praise was inaccurate and misrepresentative.[557]

Serebrovskii was protecting the institutional prerogative of the Azneftekom in light of the restrictions from the new Obvneshtorg, but he was also operating in a situation of severe and ubiquitous shortage, which is why Lenin granted him a mandate in the first place. He was using his mandate to circumvent official institutions—a practice with a long history in the Russian Empire and one to be institutionalized in the Soviet Union as well—to more quickly get the results and supplies he wanted. In the process, quite predictably, he was undermining the establishment and smooth functioning of the institutions he was bypassing.

REFORMS AND THE CREATION OF THE OIL SYNDICATE

These structural cross-purposes also touched on the more fundamental questions of how planning should work in the Soviet Union. As we saw in Chapter 2, Gosplan, and particularly Ivan Strizhov, had hoped to tie Azerbaijan's oil industry to the RSFSR through the relocation of refineries and other oil infrastructure. Likewise, the Main Oil Administration (Glavneft) under Gubkin hoped to bring all of the oil trusts into one administrative unit, completely planned and

[556] RGASPI, f. 64, op. 1, d. 66, l. 1-2.

[557] RGASPI, f. 64, op. 1, d. 75, l. 145-146.

run in Moscow. Gubkin, Strizhov, and other specialists believed that a unified oil policy would rationalize oil production and bring about the standardization of Soviet industry. This theoretical unified oil trust would be in charge of extraction, refining, shipping, and all other aspects involved in what we would now call upstream and downstream sectors of oil production. Gubkin advocated the subordination of the heads of the oil industry under an All-Russian Oil Trust.[558] The consolidation that Gubkin promoted would have resulted in a massive trust that was both vertically integrated—controlling upstream and downstream sectors across the supply chain—and horizontally integrated—all oil trusts under one administration. Gubkin's plan was not adopted. Instead of complete consolidation the Azerbaijan Oil Committee became the Azerbaijan Central Oil Administration, (or the Azerbaijan Oil Trust) with the introduction of trusts in over the course of 1921-1923.

With the transition to the NEP in 1921 the administration of industries were organized into trusts throughout the Soviet economy, replacing a system set up around so-called chief administrations, or glavki. The Glavki system was highly centralized and dictated from Moscow and while trusts remained nationalized under the NEP – in what is often referred to as the commanding heights of the economy—the administration of trusts was decentralized; and the trusts were expected to turn a profit to help fund their own recoveries (called *khozrazchet* in Russian).[559] Theoretically, decentralization allowed trusts to pursue independent policies but in

[558] A. K. Sokolov, "Sovetskii 'Neftesinikat' na vnutrennem i mezhdunarodnykh rynkakh v 1920-e gg." *Ekonomichskaia istoriia*, 10, (Moscow: 2005), 105-106.

[559] The decree on profit-earning only became an officially mandated goal on April 10, 1923. Before then, they were expected to make enough money to fund their own operations (something that did not happen), which amounted to the same thing. See, Sokolov, "Sovetskii," 104-105; For an excellent article on *khozrazchet* and *glavki* see Smilga *vostanovitelnyi protsess "toplivo I novaia ekonomicheskaia politika"* from Oct 1921, 9-15; 36-37, 40

practice this was hampered by the fact that they were required to fulfill unprofitable orders from other state bodies and were often not allowed to charge fees for services or materials.

Soviet trusts, despite the similarity in name, were run quite differently from their counterparts in the west, largely because trusts were not in charge of the marketing or distribution of their products.[560] Azneft' was in charge of oil production (extraction and sometimes refining) but under the trust reforms the marketing and sale of Soviet oil both domestically and internationally went through the Oil Industry Syndicate, or Neftesindikat. The Neftesindikat was part of the Main Fuel Administration [*Glavnoe upravlenie po topluvu, GUT*] which was under VSNKh and formed in April 1921. The Neftesindikat worked for Moscow not Azneft'.[561]

This meant that the allocation of Azneft''s production was often several steps removed from the control of the trust. For example, if Azneft' needed to ship oil and/or oil products it had to go through the Neftesindikat. The Neftesindikat had to conclude a separate contract with the Commissariat for Way and Means for the use of oil tankers or railroads and only then could the oil actually be shipped.[562] Because all of these commissariats were in competition with each other for resources and had to coordinate independently, distribution was slow and orders often went unfulfilled. These relationships were largely theoretical and state socialism, in short, was a mess.

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[560] Sokolov, "Sovetskii," 105; A. A. Igolkin, *Sovetsksaia neftiania promyshlennost' v 1921-1928 godakh.* (Moscow: B. i., 1999), 25-26.

[561] A. A. Igolkin, "Sovetskii neftianoi eksport v gody predvoennykh piatiletok" *Nefianoe khoziastvo*, 9, 2006, 139; Igolkin, *Sovetskaia*, 26, 29.

[562] Igolkin *Sovestkaia*, 33.

Serebrovskii believed that divorcing production and trade, and introducing the Neftesindikat as an intermediary, would be harmful to the recovery of the industry. He argued that the disruption between production and trade was entirely artificial and would mean that Azneft' would not be able to verify the success of its products or to make accurate budgets. Serebrovskii, together with the head of the Grozny Oil Trust (Grozneft) Iosif Kosior, penned a document in October 1922 outlining the interests of Grozneft and Azneft'. They asserted, among other points, that the oil industry should be organized under one large trust, that the trusts should have a say in pricing petroleum products, and that the trusts should be in direct contact with the transportation and other industries involved in the marketing of the industry's products.[563]

AZNEFT', THE AZERBAIJAN COUNCIL OF PEOPLE'S COMMISSARS

The section above outlined the clashes and contradictions that arose with the introduction of unified trade in Transcaucasia and the struggle for Serebrovskii to assert Azneft''s independence. Serebrovskii issued orders countermanding decrees from other institutions and complaints about his behavior were not limited to Vneshtorg. On February 12, 1922 Serebrovskii penned a circular note announcing that Azneft', due to its dire financial situation, would no longer issue oil or oil products on credit.[564] As a trust Azneft' was expected to fend for itself and, according to Serebrovskii, the only means available to implement this task was through the sale of oil products. He noted that Azneft' had been expected to provide oil and oil products to numerous organizations and state bodies free of charge. Those organizations felt no obligation to pay Azneft' and the result was harming the recovery of Azerbaijan's economy. As a

[563] Igolkin, *Sovetskaia*, 35-36.

[564] Despite increased prodcution Azneft' had no control over its products and most were turned over the central government so it did not make any money. For example, in the first 8 months of 1922 Azneft' gave the government 60 million gold rubles to the government and received only 4.7 million of that in return to run the trust. Igolkin, *Sovetskaia*, 27.

consequence, Azneft' would only accept payment in cash.[565] In practice, this was impossible and Azneft' continued to trade oil products for goods in kind, including manufactured goods, lumber, and other raw materials. Nonetheless, the circular clearly outlined Serebrovskii's position and attitude and was indeed indicative of his approach to other Soviet institutions.

Although Azneft', due to its All-Union status, was subordinate to Moscow, it was also responsible to the Baku Soviet (Baksovet) and the Azerbaijan Council of People's Commissars (hereafter, Azsovnarkom) and had to continually negotiate its relationship to the city and the city's administration. This type of relationship would also have been present in such places as the Donbas, Ukraine SRR and where the Coal Trust Donugl' also had All-Union status. An agreement between the AzSovnarkom and Azneft' from October 1921 established a so-called Oil Fund (Neftefond) through which the Sovnarkom was suppose to receive 15% of Azneft''s output per year (in the Soviet Union this was calculated beginning in October).[566]

The Oil Fund was to be distributed at the discretion of the Azerbaijan Sovnarkom and was earmarked for the recovery of Azerbaijan's industry and economy more broadly. According to the initial agreement signed by Serebrovskii and Nərimanov Azneft''s products would be used as fuel, distributed to Azerbaijan state enterprises, used as barter, as well as distributed to the population.[567]

Shortly before Serebrovskii released a circular decrying Azneft''s poor material conditions, the AzSovnarkom had petitioned Lenin at the RSFSR Sovnarkom (with a copy to

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[565] ARDA, f. 1610, op 13, d. 8, l. 30; also ARDA, f. 28s, op. 1s, d. 159, l. 15. The circular excepted the Miner's Cooperative under Azneft' as well as the Azerbaijan Sovnarkom. In practice, there was a significant amount of trade in kind in addition to cash payments.

[566] For more on the origins of the Oil Fund and Nərimanov's attempts to secure oil products for Baku see, Jabbarov, 139-149.

[567] ARDA, f. 411, op. 1, d. 98, l. 12. The agreement was frequently amended and updated.

Nərimanov, who was in Moscow at the time) regarding Azneft''s non-fulfillment of the Sovnarkom's oil fund. Nərimanov was referring to the Oil Fund in his *History* when he said that he fought with Serebrovskii for an entire year to start receiving the proceeds of the fund. Nərimanov attributed the nonfulfillment of the conditions of the fund to the machinations of Kirov, Mirzoian, and their ilk.[568] The Sovnarkom's letter noted that, in spite of the decree from the VTsK RSFSR mandating that Serebrovskii allot production for the oil fund, he consistently found reasons not to release the products free of charge. Musabekov, the deputy chair of the Azsovnarkom, continued:

> Serebrovskii's refusal is significantly harming the material basis of the ASSR's budget and is making our difficult financial situation even worse. Serebrovskii's behavior makes it impossible to work with him further. We ask that you take quick measures.[569]

Despite such disagreements, the Sovnarkom and Azneft' often worked in concert, as we saw in the case of oil concessions in the previous chapter. After the introduction of the Transcaucasian Obvneshtorg and the rescindment of Serebrovskii's right to conduct independent trade deals in September 1922, the Azerbaijan Sovnarkom petitioned Moscow for a reinstatement of Azneft''s prerogative as soon as September 15, 1922. The letter was not only a plea for Azneft''s right to trade but an assertion that local actors had a better sense of the needs of the industry. Depriving Azneft' of the right to independently conclude deals—which was much faster than waiting for approval from various trade organizations—would put Baku's oil industry in an "untenable situation" [*bezvykhodnyoe polozhenie*]. The plan from Neftetorg would disrupt the entire production plan and then compound the problem by not allowing local initiative to

[568] RGASPI, f. 588, op. 2, d. 176, l. 28-29.

[569] ARDA, f. 28s, op. 1s, d. 46, l. 57.

solve the resulting, and inevitable, problems. The letter continued that the market was "capricious" and required flexibility on the local level. To complicate the issue further, the center did not reliably fulfill orders or pay salaries on time. Delayed or incorrect orders, coupled with disgruntled oil workers put the Sovnarkom in a position where it believed that defending the rights of Azneft'—an all-union trust subordinate to Moscow, not Baku—was the best way to ensure the stability of the local economy.[570]

THE AZNEFTSINDIKAT

A major obstacle facing the oil industry, and the recovery of Azerbaijan's economy, was the distribution of oil products. In a demonstration of the above-argument about local initiative, the countryside was facing a massive shortage of kerosene in mid-1922 and at the same time a new excise tax was enacted on oil shipments via the railroad, which would increase the price for the consumer. Serebrovskii, worried that peasants would stop buying kerosene at the higher prices, petitioned the Higher Economic Council (VES) for an exemption to the tax but was denied. He re-petitioned, noting that the Neftesindikat would set up a series of small shops (*lavki*) in railroad stations to sell kerosene to peasants, and asked for a 3-month delay until the peasants had been supplied. This time, the request was granted.[571] The Neftesindikat, in this instance, was more or less run by Azneft', and is an example of Serebrovskii asserting Azneft''s authority over the distribution of oil productions, a supposedly prohibited practice. The increased distribution of kerosene buoyed peasant households and likely helped stabilize an increasingly tenuous social situation in the face of continued economic crisis.

[570] ARDA, f. 411, op. 1, d. 102, l. 85.

[571] ARDA, f. 411, op. 1, d. 102, l. 14, 20, 22, 23.

Not long after this, in August 1922, the Sovnarkom and Azneft' decided to organize an Azneftesindikat, an Azerbaijan Oil Syndicate, to distribute oil products explicitly within the borders of Azerbaijan.[572] The Azneftesindikat was designed to be the body in charge of the distribution and sale (*realizatsiia*) of the Azsovnarkom's oil fund.[573] In part, this local oil syndicate was needed because the creation of the Transcaucasian Federation in March 1922 and the Soviet Union in December of the same year, disrupted the agreements between Azneft', the Azsovnarkom, the Nefesindikat, and the various foreign and domestic trade bodies, as seen above in Serebrovskii's confrontation with Vneshtorg. Similar problems were reproduced in the domestic economy. Would the Azsovnarkom have the right to sell oil products in all of the Transcaucasian Federation, or just Azerbaijan? Could it conclude trade agreements within the Soviet Union? Would the Azsovnarkom have to go through the Neftesindikat? What of Azneft''s right to conclude agreements?

The All-Russian Neftesindikat sought to assert control over the distribution and sale of oil products in Azerbaijan but this contradicted the decree from the Russian Central Committee that the Azsovnarkom had full discretion over the oil fund.[574] The Neftesindikat was understaffed and held little sway against either Azneft' or the Azsovnarkom. Regardless, by September 1923 it was clear to the Azsovnarkom that the Azneftesindikat was largely ineffective and it sought to cooperate more closely with the All-Russian Neftesindikat.[575] Only in late 1923, early 1924, was a degree of institutional clarity achieved.

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[572] ARDA, f. 411, op. 1, d. 102, l. 30. Signed August 13, 1922.

[573] ARDA, f. 413, op. 1, d. 16, l. 48.

[574] ARDA, f. 413, op. 1, d. 16, l. 57 Lomov at the Neftesindikat asked for information about the Sovnarkom's right to sell oil products in Azerbaijan.

[575] ARDA, f. 413, op. 1, d. 16, l. 48.

On July 20, 1923 the Soviet of Labor and Defense confirmed that the Azerbaijan SSR had the right to independent allocation [*otchisleniia*] of oil products from the Oil Fund (the same time that Nərimanov was defending his accusations against Serebrovskii before the Control Commission).[576] Although the Azsovnarkom negotiated a monopoly on the sale of oil within the borders of Azerbaijan this did not include either the Georgian or Armenian SSRs. Within the Transcaucasian Federation, the Azsovnarkom initially went through a special body the Ekonompredstavitel'stvo under the Higher Economic Council (VES) in Moscow. This was amended in December 1923 when the Azerbaijan Sovnarkom conceded the rights to the Oil Fund to the Transcaucasian Federation Ekonompredstavitel'stvo, for reasons that are not entirely clear.[577]

AZGOSTORG: AZERBAIJAN GETS IN THE BUSINESS OF TRADING

On October 1, 1923, the ZSFSR[578] also created a trade organization, Azgostorg (Azerbaijan State Trade), to sell and/or trade the Oil Fund's products in Moscow and other points in the Soviet Union.[579] Azgostorg's stated goal was to be able to export Azerbaijan's raw materials throughout the USSR and abroad (through state trade organizations) as well as to ensure that Azerbaijan's products were made more accessible to the peasantry.[580] While the organization was operational it did not have an approved charter and it was run jointly by the

[576] ARDA, f. 413, op. 1, d. 16, l. 53. Serebrovskii continued to delay the release of oil products, ibid. page 53.

[577] ARDA, f. 413, op. 1, d. 16, l. 97, 137 reverse side.

[578] The correspondence is on the letterhead of the "ZSFSR Government" [*ZSFSR predstavitel'stvo*] but does not indicate a specific department of person, unless it indicates *Ekonompredstavitel'stov* "Econgoverment."

[579] ARDA, f. 413, op. 1, d. 16, l. 49, 318. Azgostorg exchanged oil products for lumber in Nizhny Novgorod, and for medical equipment and furniture for the Narkompros through a textile syndicate. Ibid, p. 105 reverse side.

[580] ARDA, f. 413, op. 1, d. 16, l. 321.

Azsovnarkom and the ZSFSR (a likely reason that the Oil Fund was transferred to its purview). A report from the ZSFSR to the Higher Economic Council (VES) from November 15, 1923 gave a brief explanation of the rather convoluted operation of Azgostorg. First, the ZSFSR pointed out that the Azsovnarkom had the right to conclude contracts in Azerbaijan but legally contracts outside of Azerbaijan were still held by the Neftesindikat, which meant that the Azsovnarkom and ZSFSR were communicating through the Neftesindikat.

The Neftesindikat existed in name only which led to a situation where the Azsovnarkom was simply using the letterhead of the Neftesindikat and sending telegrams as if it were the Neftesindikat. This raises a question the answer to which can only be speculated on at this point. If the syndicates were not in charge of trade but in fact (as in this case) it was the governments of the ZSFSR and/or the Azerbaijan Sovnarkom running the trade body, how would the motivations behind the syndicates have changed? It is unlikely that they would be pursuing the interests of Moscow but the interests of the industry and/or local government running the syndicate more broadly.

The ZSFSR asked VES to eliminate the abnormal situation and allow the ZSFSR to communicate and conduct business directly with the Azsovnarkom.[581] The report asserted:

> We would like to bring to VES' attention that, the NEFTESINDIKAT, despite having taken on the responsibility of marketing our oil products, has not yet sold even one pood and if the government did not have its own trade network 'Azgostorg' which is not even legally approved—then the Government and the Government of the ASSR—would be in an extremely difficult situation, with our own major trade fund unmarketed [*ne realizovannym*].[582]

[581] ARDA, f. 413, op. 1, d. 16, l. 105-109.

[582] ARDA, f. 413, op. 1, d. 16, l. 107 (reverse side).

The report emphasized that because the ZSFSR and Azsovnarkom had taken matters into their own hands they should be able to communicate with one another without bureaucratic pretense.

Regardless of the liminal status of Azgostorg, an upbeat and optimistic report on its operations from October 1923-May 1924 reveals that the ZSFSR believed it was a great success even considering that it did not have "a charter, an administration, a structure, a basic fund of capital."[583] The author (signature illegible, although the position is the Commercial Director) wrote that, in spite of these problems "we began to speak loudly in its [Azgostorg's] name and proceed confidently, believing in ourselves and in connection with this, in the future of our TRADE."[584] From the beginning of its operation in October- May 1, 1923 Azgostorg had made 2,587,565 rubles on the sale of 2,899,007 poods of heating fuel, motor oil, kerosene, and gasoline, a large sum. It was able to market its goods over the price of the Neftesindikat by a total of 301,735 rubles, a figure included in the report to demonstrate its success.[585] The report noted that the Neftesindikat actively obstructed its operations from September 7, 1923, the very day it signed a contract with the trade body. The report claimed that the Neftesindikat held up Azgostorg's paperwork with the rail roads, ceased allowing it to ship kerosene from Moscow, and even prohibited Azgostorg's regional offices from shipping kerosene to it in Moscow.[586]

While initially established to market the Azsovnarkom's oil fund, Azgostorg also began marketing goods for Azerbaijan Fishery Administration (Azrybupravlenie). The Fishery Administration had petitioned the Commissariat of Foreign Trade (NKVT) for a license to

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[583] ARDA, f. 413, op. 1, d. 16, l. 318.

[584] ARDA, f. 413, op. 1, d. 16, l. 318.

[585] ARDA, f. 413, op. 1, d. 16, l. 319. It is unclear whether Azgostorg was able to keep the full 2,587,565 rubles or whether it was allowed only to keep the profit over the Neftesindikat prices. I think it was the former.

[586] ARDA, f. 413, op. 1, d. 16, l. 318 reverse side.

market its products, particularly caviar, abroad as it already did so throughout the USSR, but the NKVT rejected the application. Azgostorg reapplied for the license once it brought the Fishery Administration under its wing and—after much trouble (Azgostorg was still not legally registered)—was granted the right export caviar. Azgostor quickly sold the caviar and other fish at inflated prices in the Soviet Union and abroad and made 521,603 and 272,851 rubles, respectively.[587]

Azgostorg also used its trade network to market goods and materials for other commissariats and organizations, including the Commissariat of Enlightenment, VES, the Commissariat for Land, and the Commissariat of Industrial Trade. In closing, the Commercial Director for Azgostorg pleaded once again for official judicial sanction, citing the above report as a demonstration of its commercial feasibility.[588]

JURISDICTION IN THE CITY

Disagreements over city infrastructure was an ongoing problem between Azneft' and the Baku Soviet. For example, in January 1922 the Baksovet demanded that Azneft' return to the charge of the city administration a number of entrainment separators [*lovushki*] (used to separate liquids from oil) in Black City. Azneft' responded that the separators were being improperly used—either as a result of poor oversight or corruption—by the city and a good deal more oil was being taken than was necessary. Therefore, Azneft' refused to return the separators and requested that the city hand them over to the trust permanently. The city Soviet refused.[589]

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[587] ARDA, f. 413, op. 1, d. 16, l. 319 (reverse side) -320.

[588] ARDA, f. 413, op. 1, d. 16, l. 321.

[589] ARDA, f. 411, op. 1, d. 102, l. 4-5. Fond 411 is the Azerbaijan Soviet of People's Commissars (Sovnarkom)

The disagreement over the separators was tied to the status of Black City, one of the major oil regions by nearby Baku's city center. The unclear status of Black City, in which both Azneft' and the city soviet claimed jurisdiction, was the result of the ambiguity inherent in the nationalization of the oil industry and remained an on-going point of contention between Azneft' and the Sovnarkom for years to come. According to the Baksovet, the jurisdiction of Black City was of immense concern to the city budget because it would determine whether Azneft''s operations in Black City would have to pay city taxes and whether the Baksovet could levy fees. The Baksovet sought to charge rent to Azneft' for land usage as well as a fee for the pipeline that went through the city. Azneft' refused to pay the fees claiming that the entirety of Black City had been nationalized, not just the factories, along with the oil industry. The dispute between the two entities came down to an interpretation of the wording of various decrees with the Baksovet arguing that a region, as such, could not be nationalized. The law, it asserted, recognized the nationalization of property [*imushchestvo*] and the nationalization of enterprises [*predpriiatie*] but not that of an entire region and everything on it.[590] The dispute intensified as the needs of both organizations continued to go unmet.

The Baksovet complained that Azneft' had not paid virtually any taxes, state or local, by mid-1924, "Azneft', over the course of the last year and half has paid about 12,000 rubles in patent trade taxes, that is, less than any Baku restaurant.…"[591] Further complicating payment on back taxes and obligations, Azneft' was granted an exemption by the Sovnarkom USSR from industrial taxes on February 6, 1923—the tax burden was shifted to the Neftesindikat. The

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[590] *Krasnyi Baku. Organ Bakinskogo Soveta* [Red Baku. An organ of the Baku Soviet], Jan-Feb, No 1-2 (6-7) date unknown, either 1922 or 1923, 33-34; the dispute was addressed repeatedly in *Krasnyi Baku*, see, No 3 (8) 1924, 15-17; No 8 1924, 22-25 [although both volumes are marked No 8 1924 their contents differ]; No 4 (9) 1924, 8-14; No 9, 1925, 5-11.

[591] *Krasnyi Baku*, No 8, 23.

Baksovet continually (and unsuccessfully) petitioned to have the decree revoked, with the backing of both the Transcaucasian Commissariat of Finance and the USSR Commissariat of Finance.[592]

In part, this nonpayment was related to Neftesindikat's inability to pay Azneft' cash because of the continued reliance on barter in place of cash payment (not just the malfeasance of Kirov and Mirzoian, as Nərimanov claimed). Baksovet chronicled not only Azneft''s refusal to pay taxes and fees but outlined clearly that the budget shortfalls led to severe shortages in educational and health services throughout Azerbaijan, echoing Nərimanov's claims.[593] But the main issue remained the tax exemption. An article in *Krasnyi Baku* [Red Baku] by one A. Andreev argued that:

> In this decree lies [from February 6] the mark of a rising protectionism, which surrounds Azneft', not only in the center of the Union of Soviet Republics but locally, among soviet workers, professionals, and of course, party organizations.
>
> The unprofitiability of Azneft', the most important fuel source in the Soviet Union, especially with the low estimation of recovery of our all-union stokehold, the Donbass, necessitates a particularly cautious approach on the part of other enterprises to Azneft''s finances.[594]

However, Andreev argued, it was not the state treasury that would bear the brunt of this exception, it would be the local budget, Baksovet's.[595]

Azneft' was not always sympathetic to claims by the Baksovet that it had nowhere else to turn for revenue. For example, in February 1922, Serebrovskii petitioned the Baksovet to put out a call to all Azerbaijan organizations to assist in providing more funds for workers' housing. In

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[592] *Krasny Baku,* No 9, 8; No 8, 24. The decree went into effect on April 1, 1923.

[593] *Krasnyi Baku,* No 9, 5-11.

[594] *Krasnyi Baku,* No 9, 8.

[595] *Krasnyi Baku,* No 9, 9.

putting out the call to all Azerbaijan Peoples' Commissariats he insisted that the Baksovet not forget to ask the Azcheka (the secret police), in whose possession "there is a large collection of valuables."[596] This was not so subtle jab at the behavior of the secret police and the Party elite who were widely known to appropriate lavish goods for their own use.[597]

At times, Azneft''s wide-ranging authority interfered with the Baksovet, causing confusion. During a Sovnarkom inquiry into reports that the Okhrana was stopping vehicles in the city, it found that the order had come from Serebrovskii. He clarified that the orders were only intended to apply to Azneft' vehicles and were an attempt to curb the personal use of the trust's cars. In response, a joint decree was issued stating that cars, which could demonstrate they did not belong to Azneft', would not be stopped. Those caught using Azneft' vehicles for personal use, however, would be subject to strict punishment.[598]

The presence of an All-Union trust, directly subordinate to the Supreme Council of the Economy in Moscow, rather than to local authorities in Baku or even regional authority in Tbilisi led to a contentious relationship between the Oil Trust and the city administration. Each relied on the other for the proper functioning of the industry—from housing workers to providing adequate transportation and services—but they essentially operated under different logics that only occasionally coincided.

CONCLUSION

In his *History of Our Revolution in the Provinces,* Nərimanov argued that the oil question was the root cause of national deviation in Azerbaijan. In oil, Nərimanov saw not only

[596] ARDA, f. 411, op. 1, d. 102, l. 7.

[597] On Kirov see, Matt Lenoe, *The Kirov Murder in Soviet History* (New Haven: Yale University Press, 2010), 61-62.

[598] ARDA, f. 411, op. 1, d. 102, l. 24-26.

Azerbaijan's literal loss of control over its natural wealth but the increasingly marginalized exercise of political and cultural sovereignty locally. In some ways this was reflected in Nərimanov's loss of personal influence within the Party. He refused to accept that there were other visions of Soviet power, of Eastern Policy, and of the future of Azerbaijan. He refused to accept, as have many historians, that not all of these visions were imposed from outside. Many radical Azerbaijanis, Armenians, and Georgians shared a common vision of the south Caucasus as an integral part of the Soviet Union, ruled from Moscow. Their voices must be incorporated into the narrative of Soviet history.

CONCLUSION

By 1920, Soviet Russia needed oil and other fuel sources to win the Civil War. Baku and its oil fields were integral to the economic and political recovery of Soviet Russia but the Bolsheviks approached Azerbaijan cautiously because the failure of the 1918 Baku Commune remained a vivid memory of defeat for the Soviets. The Commune's inability to balance the competing claims to power from the nationalist Armenian and Muslim parties led to violent upheaval, bloodshed, and the loss of Baku's resources for Soviet Russia. The prominent Azerbaijani Nəriman Nərimanov, emerged as a critical intermediary between the Bolshevik Party and the wider population of Azerbaijan, facilitating the sovietization of the petroliferous state. In an effort to mitigate the possibility of repeating 1918, Nərimanov made a deal with Lenin: cultural autonomy for oil. Nərimanov, who was widely respected regionally, was granted significant control over cultural policy in Azerbaijan to prevent the Bolsheviks from offending the religious customs and traditions of the majority Muslim population and sparking resistance to Soviet power. In theory, this would provide the political stability in Azerbaijan that Soviet Russia needed to exploit Baku's oil.

The fuel famine that wracked the Soviet republics from 1920-1922 elevated the importance of the oil industry in policy-making decisions, giving it more consideration than it would have had in peacetime. In April 1920 when the Red Army invaded the capital of the Azerbaijan Democratic Republic and occupied its oil fields, catastrophe was everywhere. The oil industry's ruin was replicated in varying degrees throughout the former Russian Empire from the heavy industries of coal and steel to the railroads and food supply networks. Years of war had disrupted every sector of the economy and daily life. Although the strategic situation improved in the first quarter of 1920 with the sovietization of Baku, Grozny, and the Donbas the Civil

War—and a war with Poland—continued. The oil fields were quickly nationalized by the new Azerbaijan Soviet Socialist Republic but the leadership in Moscow and Baku grasped almost immediately that possession of the oil fields was not enough to guarantee economic recovery. The industry's infrastructure was tied to its neighbors. For export, railroad and pipelines traversed the Caucasus terminating in Batumi (then independent Georgia) and domestic shipping in the Russian empire had relied on water transport from the Caspian to the Volga via Astrakhan, a route that the Bolsheviks would have to revive. If Soviet Russia was to control the oil industry it would need to control the infrastructure.

The location of the oil fields on the border region between the south Caucasus and Persia informed the Bolshevik quest to control Azerbaijan's petroleum industry. The fields were far from Moscow and geographically concentrated making them difficult to defend and subject to outside seizure—as had happened during the Civil War. On the one hand, the anxiety of losing the fields shaped policies across institutions and the Soviets set out to establish a buffer zone to protect the fields and the border. On the other hand, the oil industry fostered the continuous movement of workers, revolutionaries, and entrepreneurs across the Russo-Persian border in the Caucasus, facilitating in turn the movement of ideas and capital. These connections developed into social and political networks that the Bolsheviks drew on to pursue political goals far outside the realm of the oil business. Both of these tendencies were apparent in Soviet policy in Iran, first in Moscow's acquiescence to local Bolsheviks in the occupation of Enzeli and again with the creation of *Kevir-Khurian, Ltd.*

The factionalization in the Azerbaijan Communist Party in the first half of the 1920s largely arose from the contradictions of a political culture that was still evolving and exacerbated by Moscow's drive to centralize and institutionalize Soviet power. There was no consensus within the Party about what constituted independence, sovereignty, or autonomy and perceptions fluctuated as material and social conditions changeded. Battles over the unification of the economy and railroads, the allocation of oil products, and religious processions were simultaneously about center-periphery relations and what factions would be able to leverage resources to enforce its vision of the future. Nəriman Nərimanov's policies of accommodation lost out to the pro-centralization faction of Ruxnulla Axundov and Mirzə Davud Hüseynov, who were backed by Sergo Ordzhonikidze and Sergei Kirov.

Controversies over centralization and autonomy played out in multiple venues from disputes over foreign participation through concessions to accusations of national chauvinism and foreign policy decisions. Public panic that the oil industry would collapse and dire predictions about flooded oil wells pushed the Soviet leadership to pursue foreign concessions, one of the main platforms of the Bolsheviks at the 1922 Genoa Conference. Concessions policy aroused strong opposition within the Party from both politically minded Bolsheviks and expert geologists within the oil industry.

Dramatically different visions competed for the future of the oil industry in Baku and the Soviet Union. One group, composed of Baku Bolsheviks and geologists, believed that granting concessions to foreign firms would be a mistake technologically as well as undermine the security of the Soviet Union. The second group, based in Moscow, saw concessions as the only viable route to save the economy. The Genoa Conference provoked a struggle over who was

most able to make decisions about the industry—oil specialists, local Azerbaijani communists, or diplomats in Moscow. Further, the conference forced the Bolsheviks to confront a number of domestic questions involving the structure of the energy sector, and the political status of the ostensibly independent Soviet republics of Azerbaijan, Armenia, Georgia, and Ukraine.

As the language of national deviation became dominant, nearly all power struggles were refracted through its lens, including fights over regional autonomy and institutional prerogative. This was the case in Baku as the Azerbaijan Council of Soviet Commissars and the head of Azneft, Aleksandr Serebrovskii, each claimed the rights to Baku's infrastructure and oil products. Nərimanov went so far as to name oil—or more precisely the control over its profits and products—as the origin of national deviation in Azerbaijan.

In foreign policy, the military necessity to clear the Caspian Sea of the British and White Fleet in the spring of 1920 dovetailed with the oil industry's need to use the naval ships to transport oil. The initial mission to return the war fleet and restart oil transport quickly expanded when the Bolsheviks allied with the Persian revolutionary Mirza Kuchuk Khan in Gilan to route the British and spread revolution to the East. The preexisting connections enabled by the location of the oil industry gave the Bolsheviks the opportunity to occupy parts of Persia in the name of the revolution. Within a year, economic cooperation and new treaties with Britain and Persia led to the Soviet withdrawal. This economic cooperation led to a more secure border with Persia and therefore a buffer for Baku's oil fields. Gilan and the Iranian Soviet Socialist Republic fit, if only momentarily, into Moscow's broader pattern of revolution, resource security, and trade politics. From Moscow's view, revolution in Gilan was secondary to economic development.

Indeed, constrained by a lack of resources and the new diplomatic agreements with Britain and Persia the Soviet government turned to middlemen to carry out its policies (as it had

already done rather unsuccessfully with Kuchuk Khan). The reliance on Akakii Khoshtariia to establish and run the oil prospecting venture *Kevir-Khurian, Ltd* proved to be a costly liability but the company helped reestablish trade networks and aided the important geostrategic goal of minimizing British influence in northern Persia. Similarly, after the failure of Genoa the leadership believed that informal backroom channels were more productive than official diplomatic channels and the Soviet Union continued to seek out private bilateral agreements.

The reliance on so-called professionals, class enemies, and nationalists to build Soviet power, especially during the New Economic Policy, was vital to the solidification of Soviet influence in both domestic and foreign affairs. In fact, in the Soviet system the implementation of dictatorial decrees was predicated on a tremendous amount of discretion on the local level, which resulted in indigenous mediation of policies. For example, Moscow issued a concrete decree for Baku to nationalize the oil industry, but the implementation of the decree in the fields was left to the judgment and perception of a group of revolutionaries thousands of kilometers away.

The year 1923 was a turning point for the oil industry and for oil politics. It was clear that Baku and Grozny had successfully rebuilt to the degree that concessions were no longer economically necessary. From that point, concessions policy transformed from an economic necessity to a political policy. While the idea of concessions was borne out of economic desperation and fear of infrastructural collapse the policy evolved as shortages—in foodstuffs, and material goods— became less acute and the transportation system resumed operation.

Even the former owners' changed course as oil began to flow. Industrialists in Britain, France, and the US who had lobbied ceaselessly to undermine the normalization of relations with the Soviet government entered into business with the Bolshevik government. Although the oil

majors announced a boycott of Soviet petroleum products in retaliation for the Soviet refusal to grant compensation at the Genoa and Hague Conferences, the united front fell apart as soon as March 1923 when Shell began making purchases from Soviet concerns abroad. The Shell purchase sparked a rush of contracts between oil companies and the Soviet Union. Standard Oil of New York (Socony) agreed to market Soviet oil abroad beginning in 1925 and build a refinery in Batumi. That the Soviet Union remained a diplomatic pariah made little difference for the Bolsheviks— Soviet oil was on the market.

Also by 1923, Nərimanov—once champion of Russian-Azerbaijan collaboration— had shifted his position regarding oil. Nərimanov's pact with Lenin had granted Nərimanov substantial authority at the founding of the Azerbaijan SSR but when the war ended, oil shipments increased, and Lenin's health deteriorated. The deal frayed and eventually collapsed altogether. In 1920, Nərimanov had asserted that Baku's natural wealth belonged to all Soviet people but three years later he defended Azerbaijan's exclusive right to the resource. For Nərimanov, the subsidy of Armenia and Georgia transformed from a revolutionary duty in 1921 to betrayal by 1923. His dramatic change reflected an equally dramatic shift in the economic fortunes of the Soviet Union that coincided with a growing militancy in Soviet political culture. Nərimanov had a voice in policy in 1920 that he had largely lost by 1923. After he wrote his *History of Our Revolution in the Provinces,* his comrades denounced him and the Central Control Commission recalled him to Moscow, rendering Nərimanov isolated from his support base and his ability to influence policy. Oil was flowing freely and no longer needed his mediation. The revolution had moved on.

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