Paul I ascended the throne in 1796 firmly convinced that the Russian social and political system was on the brink of dissolution, that his mother's reign had been an unmitigated disaster, and that his own life was in immediate danger. He believed that only bold, decisive action could save him from his father's ugly fate and prevent a revolution in the Russian empire. Thus during his first weeks as tsar, Paul began to overhaul the Russian system. He suspended or reversed most of Catherine's policies, issued a storm of orders which revolutionized the appearance and atmosphere of the court, and set an inner circle of trusted friends to work on plans to re-establish Russian absolutism on a firm foundation. Above all else, Paul wanted Russia to be tranquil and secure, well-ordered and prosperous. To attain these ends, he re-established the principle of an hereditary succession, reorganized the army, attacked waste, luxury, and corruption wherever they appeared, and began a comprehensive program of rationalization and centralization in the state administration. The military style became the standard mode for court and government; subordination and a punctilious discipline were vigorously enforced; and each segment of society, from the great nobility to the peasant serfs, was confirmed and reinforced in its traditional role and status. The whole of this vast political composition centered on the tsar who bore sole responsibility for society's welfare and whose power, in Paul's eyes at least, was absolute.  

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1. The diplomatic reports of the Austrian and English missions in St. Petersburg present a detailed picture of Paul's first days as emperor and underline his fear of revolution. See especially Cobenzl à Thugut, Haus-, Hof-, und Staatsarchiv, (hereafter HH&SA), Russland II Berichte, Carton 84, No. 72, 25 November 1796; ibid. apostille 8; ibid. apostille 17; ibid., No. 75, 7 December 1796. Cf. Whitworth to Grenville, Public Record Office (hereafter PRO), F. O. 65/35, No. 57, 18 November 1796; ibid., No. 62, 5 December 1796. For a full analysis of these materials, and a commentary on Paul's political thinking based on them, see Roderick E. McGrew, "A Political Portrait of Paul I from the Austrian and English Diplomatic Papers", Jahrbücher für Geschichte Osteuropas, XVIII, 4 (Neue Folge) (December 1970), 503-529. See also S. B. Okun, Ocherki istorii SSSR: Konets XVIII-pervaia chetvert XIX veka (Leningrad, 1956), pp. 26-27, 32-45, 49-68. The best study of Paul's reforms is M. V. Klochkov, Ocherki pravitel'stvvenoi deiatel'nosti vremenii Pavla I (Petrograd, 1916).
Paul's program, though innovative in detail, was actually an effort to consolidate and strengthen what he conceived to be the traditional social order. He turned the immense power which he wielded as autocrat to building barriers against change, and he used every instrument at his command to enforce conformity, loyalty, obedience, and a sense of duty among his subjects. But preservation meant more than discipline. It also meant mobilizing the economic resources necessary to maintain external security and to promote domestic programs. Here Paul was true to the conservatizing psychology. Assuming that the wealth he needed was present but untapped, he developed fiscal policies whose primary purpose was to fill the imperial treasury by eliminating unnecessary expenses, improving administrative machinery, increasing taxes of all sorts, and uncovering new sources of public revenue. These policies were combined with a frontal assault on inflation through withdrawing substantial quantities of assignats from circulation. Economic development played no part in these proposals, since the primary emphasis fell on rationalizing and improving the system as it existed, and Paul himself was actually hostile to the kind of innovation necessary to promote economic growth.

2. Paul was not alone in this conviction. Charles Whitworth, the British Minister in Petersburg, obtained a detailed survey of the Russian government's resources for 1792, on the basis of which he argued that there was sufficient wealth to support the needs of Catherine's government. All that was required was thrift and regularity in administration. He also pointed out that these were precisely the qualities Russian government lacked. See: PRO 65/28, No. 43, Whitworth to Grenville, 10 August 1794 and enclosure. The English reports are particularly valuable on fiscal questions including Russia's foreign debt, on commercial policies, and on tariff questions. See: R. E. McGrew, "A Note on some European Foreign Office Archives and Russian Domestic History, 1790-1812," Slavic Review, XXIII, 3 (September, 1964), 535-536. The whole thrust of Heinrich F. Storch's monumental work, Historisch-statistische Gemälde des russischen Reiches, 6 vols. (Riga and Leipzig, 1797-1802), was to demonstrate the vast wealth available in Russia and how its exploitation could be improved. Storch, an early theorist of economic development, shifted his stance from one stressing improvement and fulfillment to one of growth and social change in a series of essays written in the first decade of the nineteenth century, and more especially in his Cours d'économie politique . . . 6 vols. (St. Petersburgh, 1815).

3. The fiscal situation Paul inherited was critical. Six months before Catherine's death von Tauenzien, the Prussian representative in St. Petersburg, wrote that the treasury was empty, the pay of soldiers and civil officials alike in arrears, and money was flowing out of the country to pay off foreign debts. This condition existed despite increased revenues from the newly acquired Polish lands. When Catherine died, the same correspondent noted that the reign of the immortal Catherine, bedecked with the phantoms of glory and greatness, left behind only an unhappy and impoverished state. (Quoted in V. Gitermann, Geschichte Russlands, 3 vols. [Hamburg, 1949], II, 296-297.) Gitermann points out that military costs, expenditures on luxuries for court and favorites, and Potemkin's expensive schemes had added a million souls to the number of the unfree, left unsupported paper money to the amount of 150 million rubles in circulation, and pushed the foreign debt to the level of 50 million rubles. For a detailed discussion, see N. D. Chechulin, Ocherki po istorii russkikh finansov v tsarstvovanii Ekateriny II (St. Petersburgh, 1906). A recent technical study of the fiscal problem treating the middle years of the eighteenth century, including the first part of