

# *The Economic Awakening of Russia in the Eighteenth Century*

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## Russia and the Spread of Economic Ideas

In the early 1760s when Britain was actively seeking to establish a trade treaty with Russia, the British Ambassador in Russia from 1762 to 1765, Lord John Buckingham, unfortunately did not consider the various educated Russians residing in St. Petersburg worthy of any useful economic thinking. Indeed, his attitude was one of scorn. He viewed one official and key adviser to Catherine the Great, Grigory Teplov, as "superciliously pedantic" and his plan for economic reforms as "plausible systems [set] upon fallacious reasoning which the uninformed are captivated with".<sup>1</sup> Of her other secretary, Ivan Elagin, no mention was ever made in Buckingham's despatches to Whitehall, although Elagin was a key contact in St. Petersburg between the Empress and various writers, advisers, and officials in the Baltic provinces and especially in Riga in the early 1760s.<sup>2</sup> He dismissed Adam Ol'sufiev, first president of the newly-established Free Economic Society and Catherine's personal secretary and close adviser, as a "gouty, corpulent and

<sup>1</sup> A. COLLYER, (ed.), *The Despatches and Correspondence of John, Second Earl of Buckinghamshire*, (London, 1902), I, 127-8. (Hereafter referred to as *Buckingham Correspondence*).

<sup>2</sup> H. NEUSCHÄFFER, *Katherina II und die baltische Provinzen*. (Hannover-Döhren, 1975), 411.

unwieldy hedonist who cannot long maintain any degree of activity of consequence.”<sup>3</sup> As for the other Russians who were influencing commercial policy at the time — Senator Ivan Nepliuev, Count Ernst Münnich, Timothy von Klingstedt and an assortment of wealthy merchants and manufacturers — Buckingham had little or no acquaintance, nor any real inclination to meet them. Consequently, like so many foreigners working in Russia at the time, he was reduced to working in a vacuum with little knowledge of the tremendous debates concerning the level of socio-economic development that were carried on in St. Petersburg.

What was the nature of this new Russian awareness? How were these ideas communicated and what impact did they have on Russian legislation and economic modernization? This article will attempt some answers.

In the early 1750s, a small but stable cadre of educated officials, mainly centred around the St. Petersburg Academy of Sciences, was beginning to flourish. Most of these men were Germans in origin and had built up highly respectable libraries of several hundred titles each, many in English, French and German which dealt with various economic topics.<sup>4</sup> Working under the aegis of the Academy, some of these officials spent years surveying vast areas of the Russian Empire, providing invaluable reports on the geography, flora, fauna, ethnography, and natural resources.<sup>5</sup>

<sup>3</sup> *Buckingham Correspondence*, I, 16.

<sup>4</sup> The library of Johann Eichler, cabinet-secretary to Empress Anna contained 318 books of which 56% were French, 13% German, 8.5% English and only 2.8% Russian. History and politics including “political economy” accounted for almost 40% of the total. See M. Fundaminskii, “Biblioteka Kabinet-sekretaria I. Eikhler” in S. LUPPOV, (ed.), *Knizhnoe delo v Rossii v XVI-XIX vekakh* (Leningrad, 1980), 43-66. Fuller descriptions of libraries of officials are in Luppov’s *Kniga v Rossii v poslepetrovskoe vremeniia, 1725-1740*. (Leningrad, 1976), 230, 249 ff.

<sup>5</sup> Useful guides are G. S. TIKHONOV, *Bibliograficheskoe ocherk istorii geografii v Rossii XVIII veke* (Moscow, 1968). V. F. GNUCHEVA, *Materially dlia istorii ekspeditsii Akademii Nauk V XVIII XIX vv. Kronologicheskie obzory i opisaniie arkhivnykh materialov*. (Moscow, 1940). See my bibliography, (with R. Bartlett), *Eighteenth Century Russia: A Select Bibliography of Works published since 1955* (Newtonville, 1980).

Others produced information which formed the basis for eventual trade expansion. Feodor Soimonov's travels in the Caspian Sea led him to urge the government to consider developing the Volga-Ladoga-Gulf of Finland route which Russian and foreign traders could use as a transit route from the Baltic Sea to Persia.<sup>6</sup> There were many others: the expeditions of Vitus Bering to Siberia and Kamchatka in the 1730s to reconnoiter the sea-passage to America, revealed limitless forests, immense iron deposits, and vast plains for crop-growing which supported the Academy's ever expanding vision of Siberia's commercial potential.<sup>7</sup> One of the most persistent themes in the descriptions of the time was the search for a Northern sea route which would allow Russian merchants to tap the riches of the Far East, avoiding further dependence upon British and Dutch traders and their merchant fleets. The intrepid traveler and historian Gerhard Müller, who had participated in Bering's Second Kamchatka expedition of 1733, wrote numerous articles on the Far East and brought back to St. Petersburg new hope that such a passage could be found.<sup>8</sup>

Another Academy member of the time, P. I. Rychkov (1712-1777), investigated the Orenburg territory in western Siberia, eventually publishing his magnum opus, *The Topography of Orenburg or a detailed Description of Orenburg Gubernia*, which supplanted earlier inaccurate and hypothetical foreign accounts.

<sup>6</sup> V. BOSS, *Newton in Russia* (Cambridge, 1972), 212-3. Soimonov's views are found in his work *O torgovakh za Kaspiiskoe more drevnikh srednikh i noveishikh vremen...* (Moscow, 1765).

<sup>7</sup> R. FISHER, *Bering's Voyages: Whither and Why*. (Seattle, 1977) provides the fullest account of Bering's various missions.

<sup>8</sup> A. VUCINICH, *Science in Russian Culture. A History to 1860* (London, 1965), 101-4 *passim*; L. MAIER, "Gerhard F. Müller's Memoranda on Russian Relations with China and the Reconquest of the Amur," *Slavonic and East European Review [SEER]*, vol. 59, 2 (1981), 219.; Iu. KOPELEVICH, "Pervaia zagranichnaia komandirovka Peterburskogo akademika. (Iz zapisok G.-F. Millera o ego puteshestvii 1730-1731 gg.)," *Voprosy istorii estestvoznaniia i tekhniki*, 2 (43), 1973, pp. 47-52.; J.L. BLACK, "G.-L. Müller and the Russia Academy of Science's Contingent in the Second Kamchatka Expedition, 1733-1743," *Canadian Slavonic Papers*, XXV, 2 (1983), 235-254.

Believing that Russian goods were essential for the trading prosperity of both Russia and her main trading partners, Rychkov elaborated on certain conditions in Orenburg which would be conducive to greater prosperity. He supported governmental measures to increase the state of commerce in the country and urged better trading conditions for Russia's merchants through the expansion of books on business law, Italian book-keeping methods, and a "merchant's lexicon" based on foreign and Russian commercial information.<sup>9</sup>

Rychkov plainly had set his mind on Siberia's rosy future as well and his work was supplemented and expanded by others, including Johann Gmelin, Stepan Krasheninnikov, and Peter Pallas, whose commendable accounts of travels in Siberia captivated Russians and foreigners alike.<sup>10</sup>

These investigations were all part of the early growth of a national dissemination of what had been called a "modernizing scientific culture," in which knowledge of a country's natural science potential was increasingly regarded as essential to improve the national economy as well as to eliminate ignorance and superstition.<sup>11</sup> Some of these works went beyond mere fact finding. Krasheninnikov associated natural science with technology and economic growth and provided a utilitarian justification for scientific research, claiming that "for the most part, the arts and crafts have their origins in very simple, poor beginnings. Undoubtedly, for example, in the case of ship construction, reasonable persons subsequently improved them from time to time until reaching at last their present perfection."<sup>12</sup> Even the great mathematician, Leonard Euler, found time in his long sojourn at St.

<sup>9</sup> P.I. RYCHKOV, "Perepsika mezhdru dvumia priiateliami o kkommertsii", *Ezhemeschatnye sochinenie*, Fev. 1755, 121.

<sup>10</sup> EDUARD WINTER, *Halle als Ausgangspunkt der Deutschen Russlandkunde im 18. Jahrhundert* (Berlin, 1953), Chapter VIII.

<sup>11</sup> J. SCOTT CARVER, "A Reconsideration of Eighteenth Century Russia's Contribution to European Science," *Canadian-American Slavic Studies*, XIV, 3 (1980), 391.

<sup>12</sup> Quoted in *ibid.*, 395.

Petersburg to advise the Russian state on a variety of issues, including bridge construction and machine design, and encouraged scientific exchanges which he thought would foster a stronger Russia.

Questionnaires (*ankety*) represented another means of gathering information. One of the first Russian compilers was Vasily Tatishchev, who as superintendent of mines in 1736, sent out a list of 198 questions to various officials soliciting information on trade, industry, rivers, routes, and fairs in Siberia and the South Urals.<sup>13</sup> Mikhail Lomonosov used a similar questionnaire in 1759 in preparing his second "Atlas of Russia." He believed that the internal economy of the country would benefit greatly from the publication of an accurate atlas locating the various factories, mills, bridges, roads and towns.<sup>14</sup>

The same procedure was followed by the Free Economic Society in 1766 after it was established by Catherine the Great. Its questionnaire on the "productive forces" of Russian agriculture was prepared by Klingstedt and inquired about the destination of the landlord's surplus grain, prices, means of transport, length of journey, toll charges and so forth. Forty-three percent of the recipients responded and the results were printed in the Society's journal for 1766.<sup>15</sup> A year later, the Commerce College used a questionnaire in the Baltic port of Reval to determine the operations of Russian merchants with the inspection (*brack*) of exports and imports, weights and measures, and the role of foreigners in the export trade of the port. The answers provided a valuable single guide to the real issues confronting the merchants and enabled the Russian government to draw up more effective trade legislation.<sup>16</sup>

<sup>13</sup> N. POPOV, *N. Tatishchev i ego vremia* (Moscow, 1861), 663-96; ROGER PORTAL, *L'Oural au XVIIIe siècle*. (Paris, 1950), 82 ff.

<sup>14</sup> V. GNUCHEVA, *Geograficheskiï otdel' Akademi Nauk XVIII veke* (M-L., 1946), 73. Part of the questionnaire was published in 1771 in Moscow.

<sup>15</sup> MICHEL CONFINO, *Domaines et Seigneurs en Russie vers la fin du XVIIIe siècle*. (Paris, 1963), 34; B. MIRONOV, *Vnutrennyi rynok Rossii vo utoroï polovine XVIII-pervoï polovine XIX v.* (L. 1981), 26-7.

<sup>16</sup> *Polnoe Sobranie Zakonov [PSZ]*, 1st series, XVIII, 28 April, 1767, 12,888.

Under Count A. R. Vorontsov, the Commerce College continued this method of information gathering with further refinements in the questions. By 1788, the writer and political economist Mikhail Chulkov co-ordinated many of the *ankety* facts of the previous thirty years into his highly informative geographical dictionary of trade fairs, which formed a small part of his monumental twenty one volume work on the history of Russian commerce.<sup>17</sup>

The use of translations to disseminate economic ideas also came into use. Up to the mid-century, western economic works in translation were confined solely to a few manuscripts circulating at court such as Prince Shcherbatov's translation of John Law's "On Money and Trade." The 1730 register of translators at the Academy of Sciences listed only ten translators who were mainly involved with translating French and German government communiques.<sup>18</sup> Nor were there any private printing presses or active scholastic groups or even a university to promote publication of translations. All this had to wait a generation.

The turning point was reached in 1747 with the publication of the first Russian full translation of an essentially west European economic work, Jacques Savary's *Dictionnaire Universale de Commerce* (Paris, 1720), with a press run of 1225 copies. The last section (52 pages) represented an original compendium by the Russian translator of geographical areas in Russia with descriptions of existing factories, mills and workshops, and tables showing weights, measures, and types of money used in Europe.<sup>19</sup>

<sup>17</sup> Volume VI/4 of M. CHULKOV, *Istoricheskii opisaniie russiskikh kommertsii...*, 7 vols (21 books), (Moscow, 1780-1788).

<sup>18</sup> S. TROITSKII, "Le 'System' de John Law et ses continuateurs russes" in Ecole Pratique des Hautes Etudes (ed.), *La Russie et l'Europe*. (Paris, 1970), 32, 37. M. ISTRINA, "Akademicheskie perevodchiki v XVIII v.," in LUPPOV *Knizhnoe delo*, 107.

<sup>19</sup> I.N. KONDAKOV, (ed.), *Svodnyi katalog russkoi knigi. Grazhdanskoi pechati XVIII veka 1725-1800* (Moscow, 1962-670, III, item 6546. A useful list, though, by no means complete, of eighteenth-century translations registered in Soviet libraries is in volume VI, pp. 63-98. For Savory's work, see I.N. KOBLENTZ, *Andrei Bogdanov, 1692-1776* (Moscow, 1958), 110-114; cf. Fritz Redlich, "An Eighteenth Century Business Encyclopedia as a Carrier of Ideas," *Harvard Library Bulletin*, XIX, (1971), 79ff.

Although only 120 copies were sold to the general public in the following five years, over 400 were sent to various provincial governors and officials in all parts of the country and helped to create a certain early awareness of economic concepts in the upper levels of Russian bureaucracy.<sup>20</sup>

But the actual circulation of ideas began with the first issue of a unique Russian journal of the time, the *Monthly Essays* (Ezhemesiachnye sochineniie k pol'ze i uveseleniiu sluzhashchie). Set up by Lomonosov and Count Ivan Shuvalov in connection with the establishment of the University of Moscow to increase the general knowledge of commercial affairs, the journal, in its ten years of existence from 1755 to 1765, provided a reasonable and, certainly for Russia, a unique range of translations and articles covering aspects of economic theory expounded by a variety of Europe's best mercantilists, cameralists, physiocrats, and free traders.<sup>21</sup> The April 1755 issue printed most of Charles King's influential work *The British Merchant or Commerce Preserved* (London, 1724). Later in the year the journal provided further information of British trading techniques with a translation of Josiah Tucker's *A brief Essay on the Disadvantages and Advantages of France and Great Britain with Regard to Trade* (London, 1749). Part of Belloni's *Dei Commercio* (1750) was translated under the title "Discussions on Commerce and Money" (Oct-Nov. 1755) as was the mercantilist Culpepper's *Tract against Usurie* (London, 1621). The cameralist Gottlieb Justi supported

<sup>20</sup> Chulkov, IV/3, 318, 503.

<sup>21</sup> An index to the contents is in A. NEUSTROEV, *Ukazatel' k russkim povremennym izdaniiam i sbornikam za 1703-1802*. (St. Petersburg, 1898); For a full list, see P.H. CLENDENNING, "Eighteenth Century Russian Translations of Western Economic Works", *Journal of European Economic History*, 1, 3 (1972), 745-753. It should be emphasized, however, that judging by the list of subscribers, this journal was destined to reach only a very small number of literate and wealthy people. Almost the entire rural population was unread and untutored in any "modern" economic thought or agriculture techniques, a situation that was by no means peculiar to Russia. See P. HORN, 'The Contribution of the Propagandist to Eighteenth Century Agricultural Improvement', *The Historical Journal*, XXV, 2 (1982), 313-329, who notes Arthur Young's *Annals of Agriculture* sold poorly in rural England.

the establishment of a government manufacturing system in European countries in his translated articles "On Manufactures" and "On the Need for Factories." These views were particularly controversial in Russia in light of great efforts by the iron and copper factory owners to escape government regulations regarding serf ownership and taxes.<sup>22</sup>

Writings of other Europeans appeared in part: Count Oxienstierna's essay on finance (May 1758); the Swedish demographer Plomgren's article on merchants who were the "mother of wealth and the genuine source of state power and strength" (September 1757); and an extract of Ricard's classic work, *Le Nègoce d'Amsterdam*, (March 1761). The journal, like many of its counterparts in Europe, also printed articles dealing with practical subjects of the "how to" variety: growing better flax, improving root crop cultivation, building sheds, and the like. These provided the provincial Russian landlord with a mass of information that had never before been available in the Russian language.

An immediate offshoot of this successful journal was the appearance of several printing presses including those at the new Moscow university, the St. Petersburg Cadet and Artillery Corps, the War College, and the Holy Synod.<sup>23</sup> The Free Economic Society began publication of its own Proceedings. These *Trudy* claimed to be "free of attachment or control by any government agency" and, by and large, succeeded when dealing with more essential matters of public health, drought, and linen-manufacturing.<sup>24</sup>

<sup>22</sup> Justi's book on cameralism was translated into Russian in 1772. M.N. SHTRANGE, *Demokraticheskaia intelligentsiia Rossii v XVIII veke* (Moscow, 1960), 180-83.

<sup>23</sup> ERIK AMBURGER, "Buchdruck, Buchhandel und Verlage in St. Petersburg im 18. Jahrhundert," in H. ISCHREYT, (ed.), *Buch- und Verlagswesen im 18. und 19. Jahrhundert*. (Berlin, 1977), 201-210.

<sup>24</sup> *Trudy vol'nogo ekonomicheskago obshchestva k pooshchreniu v Rossii zemledeliia i domostroitel'stva* (Works of the Free Economic Society for the Encouragement of Agriculture and Animal Husbandry in Russia). See D. Atkinson, "The Library of the Free Economic Society," *Slavic Review*, XXXIX, 1 (1980), 97. JOHN H. BROWN, "The Public and Distribution of the *Trudy* of the Free Economic Society, 1765-1796," *Russian Review*, 3 (1977), 341-5.

The membership list of the society was impressive and represented the most important "decision makers" of the capital. Adam Ol'sufiev was the society's first president, and Gregory Teplov a founding member. Both had been designated official negotiators in the impending talks with Britain over the renewal of the vital commercial treaty of 1734. Other members included vca. Klingstedt, Gregory and Vladimir Orlov; Glebov, the financial adviser to Catherine; Prince Viazemskii; Baron Cherkassov; president of the College of Medicine; Ivan Chernyshev of the Admiralty College; and A. R. Vorontsov, nephew of the Chancellor and later, in 1774, to become head of the Commerce College. By the end of the century, over seventeen leading manufacturers and merchants had joined, as well as all the Russian economic writers including Heinrich Storch, Guldenstadt, and mines minister Soimonov. Even Arthur Young, the great English agronomist, became a corresponding member and had a considerable impact on those Russian eager to "learn from the British."<sup>25</sup> Other scholars in Leipzig, Stockholm, Berlin and Edinburgh carried on a valuable correspondence with the society, exchanged books and papers, and participated in the various essay competitions which the society sponsored — usually on the merits of abolishing serfdom. The most controversial foreign entries, however, were almost never printed.<sup>26</sup>

### **The commerce commission and economic discussion, 1763-1766**

At the time Catherine ascended the throne in 1762, considerable discussion among her close advisers was beginning to emerge.

<sup>25</sup> Confino, 25-6; A.G. CROSS, *By the Banks of the Thames. Russians in Great Britain in the Eighteenth Century* (Newtonville, ma., 1980), Chapter IX.

<sup>26</sup> V.A. PETROVA, "Inostrannaia correspondentsiia Vol'nogo ekonomicheskogo obshchestva vo vtoroi polovine XVIII v.," in V. EZHOV, (ed.), *Iz istorii feodal'noi Rossii* (L. 1978), 162-178.

This centred on the best way for Russia to achieve a "new commerce" with less restrictions on her own subjects, greater exports, more informed and honest government trade and customs officials, and more commercial national autonomy along the line perceived to exist in Britain and Holland.<sup>27</sup> These debates originated mainly in the small Commerce Commission which had been established by Empress Elizabeth in 1758 and reformed by Catherine in order to rid it of the "domination and self aggressive and self seeking persons" such as Count Petr Shuvalov.<sup>28</sup> Catherine's appointments to this "new" Commission proved to be highly productive. The president was Iakov Shakovskoj, with full membership given to the now more familiar figure Gregory Teploj, as well as to Ivan Nepliev, Count Ioann Ernst Münnich (son of the Field Marshall) and Timofey von Klingstedt. They were later joined by Prince Shcherbatov, Count Semyon Vorontsov, and Senator N. Murav'ev. Several official advisers in the St. Petersburg bureaucracy, including the Francophile Michel Odart, were summoned from time to time to give advice<sup>29</sup>. Conspicuously absent from this group was the so-called "old russ" faction, the Dolgorukiis, Golitsyns, and Naryshkins — the very families who had wanted to pull Russia out of the main-stream of Europe in the 1740s.

As drawn up by Empress Catherine and her advisers Teplov

<sup>27</sup> Chulkov, IV/4, 527 ff. So noticeable was this change that the French ambassador in Russia informed the Court at Versailles that commerce "est la base de toute politique et il est incontestable que le seul moyen de balancer ou de primer le credit des Anglais à cette cour est d'y balancer ou primer leur commerce." Breteuil to Choiseul, 1/12 September 1762, in *Sbornik Imperatorskogo Russkogo Istoricheskogo Obschestva [SIRIO]*, vol. 140, p. 67, 72-6.

<sup>28</sup> On Shuvalov and his aggressive entrepreneurial activities role under Elizabeth, see D.L. RANSEL, *The Politics of Catherinian Russia* (New Haven, 1975), 39-40.

<sup>29</sup> A. LAPPO-DANILEVSKII, "Die russische Handelskommission von 1763-1796," in OTTO HOETSCH (ed.), *Beiträge zur russischen Geschichte* (Berlin, 1907), 185fn, 193; ERIK AMBURGER, *Geschichte der Behördenorganisation Russlands von Peter dem Grossen bis 1917* (Leiden, 1966), 224; on Odart, see *Russkii biograficheskii slovar'* St. Petersburg, 1896-1913), vol. "Obez-ochkin", 109. Odart's views are summarized in an article "Mémoires sur le commerce de Russie à M. le procureur general, le 26 juin 1761," which appeared in *Büschings Magazin*, XI, 1777, 439-464.

and Count Nikita Panin, who was shortly to become the Foreign Secretary, the Commerce Commission's list of acute problems was lengthy: oppressed and poor capital markets, private and public ignorance of foreign commercial conditions and trading mechanisms, poor infrastructure and a totally inadequate distribution system, paucity of credit facilities in major Russian towns together with a rapacious governmental policy towards acquiring precious metal and silver coins, undefined status of both the nobility and serfdom's role in the expansion of commerce, and too few enforceable laws regulating the wealthy merchantry *vis-à-vis* poorer members of that class. All of the above led to what seemed to be unrelenting governmental bureaucratic arbitrariness.<sup>30</sup> The advisers proposed that the new Commission study Russian trade and outline "principles" for its improvement by creating better internal trade conditions, establishing proper credit facilities, and examining ideas for a new law code for trade and tariff reform.

Fortunately, the new members were among the most articulate and sensible in the court and an examination of their ideas on a "flourishing economy" and the criteria for achieving this goal provides an important key to the reasons behind the demands Russia advanced in the trade treaty negotiations with Britain. They also offer a rare glimpse into the attitudes of Russian governmental officials towards economic and social change.

Prince Shakhovskoi (1705-1777) had already demonstrated under Empress Anna Elizabeth his competence as a loyal and honest (for the age) civil servant. As Quarter-Master during the Seven Years' War, he had greatly reduced waste and corruption to such an extent that by 1757, he had saved the government over four million rubles.<sup>31</sup> Though badly in need of a dowry for his daughter, he is said to have refused a bribe of 25,000 rubles to purchase

<sup>30</sup> Lappo-Danilevskii, 182-3; W. DANIEL, "The Merchantry and the Problem of Social Order in the Russian State: Catherine II's Commission on Commerce," *SEER*, 55, 2 (1977), 186.

<sup>31</sup> *PSZ/XVI*, 9 December, 1762, 11,985. *Senatskii Arkhiv*, XI, 310. Prince Iakov Shakhovskoi, *Zapiski* (St. Petersburg, 1872), 77-80, 229.

British woollens for the army and insisted upon the sale of Russian goods instead. In a 1764 report, Shakhovskoi was able to recommend several meaningful audit reforms to overcome the perpetual problem of unaudited accounts from various governmental bureaucracies that filled "eight rooms" and cost the government millions of rubles.<sup>32</sup>

In his effort to promote healthier Russian commerce, he objected to extensive privileges which the wealthy merchants and manufacturers cultivated since these frequently led them to act independently of the nation's "true interests." The monopolies of Count Shuvalov from the previous reign had been particularly loathsome to Shakhovskoy; he thought that Shuvalov's effort to abolish the internal tariff was motivated not by national patriotism but solely by personal gain. Shakhovskoy felt that the speedy removal of all trading obstacles would allow the Russian merchants to act more efficiently and effectively against the onslaught of foreign competition.<sup>33</sup>

Somewhat more mercantilist in belief than his Commerce Commission colleagues, he also favoured the importation of raw materials, expecting that Russia would then develop the capacity to manufacture her own goods, thus saving a substantial amount of silver coinage required to pay for imports. His plans, outlined in papers submitted to the Commerce Commission, also called for the creation of a number of banks together with expanded credit facilities for merchants of the "first class," viz. merchants reporting at least 30,000 rubles in annual trade revenues and owning "not less than three ships".<sup>34</sup> The resultant increased merchant participation in trade would contribute to the creation of a more viable merchant class that could act as a sort of "third estate" in Russian society.

<sup>32</sup> JOHN LE DONNE, *Ruling Russia*.

<sup>33</sup> SHAKHOVSKOI, *supra*, 43, 157-8 (Princeton, 1984), 242.

<sup>34</sup> Daniel, "The Merchantry", 291; S. TROITSKII, "Dvorianskie proekty sozdaniia 'Tert'ego china'," in V. PASHUTO, (ed.), *Obshchestvo i gosudarstvo feodal'noi Rossii* (Moscow 1975), 232.

These views, though presented in 1764 to Catherine, were not adopted though they provided the Empress with guidelines for the eventual formulation of her well-known *Nakaz* of 1767.

Senator Ivan Nepliev (1693-1773), brother-in-law of Nikita Panin and member of the Senate, initially learned about trade and commerce in his capacity as a diplomat to Turkey and later, as governor of the Orenburg region in the 1749s where he first began to consider the ambiguous effects foreign trade was beginning to have on Russia.<sup>35</sup>

Meetings of the Commerce Commission gave him a greater forum for his views. In a report dated 29 November 1764, he urged an immediate investigation of government concessions granted to foreign timber merchants, complaining that the huge timber exports to Britain had doubled domestic timber prices to the detriment of the local population. He further pressed for greater government control of exports, particularly in areas suffering from domestic shortage. He also called for increased productivity on the estates of the various Russian provinces, more efficient distribution of goods through the improvement of waterways, inquiries into the overall selling price of goods in the domestic market, and the destination of all foreign goods and whether they were reexported, the examination of contracts between Russians and foreigners to determine any bias clauses, the examination of foreign tariffs, the establishment of more efficient court procedures to settle merchants' disputes, and finally a call for more translations of foreign economic works.<sup>36</sup>

Nepliev, like some of his colleagues, also insisted that the government investigate ways of building up a domestic merchant

<sup>35</sup> V.N. VITEVSKII, *I.I. Nepliev i Orenburgskii krai v preshnem ego sostave do 1758 g.* (Kazan', 1897). See, also, the useful introduction by Richard Robbins in the reprint of Nepliev's *Zapiski* (St. Petersburg, 1893; rep. Oriental Research Partners, Newtonville, Ma., 1974), i-vi.

<sup>36</sup> Chulkov, IV/5, 228-234. In Narva, "Little wood was left, all due to increased exports". N.N. FIRSOV, *Pravitel'stvo i obshchestvo v ikh otnosheniakh k vneshnei torgovle Rossii v tsarstvovani Imperatritsy Ekateriny II* (Kazan', 1902), 61.

fleet in order to transport Russian exports and so avoid payment of freight charges to the British and Dutch carriers. This monopoly, along with all the others, seemed to Nepliuev to have a depressing effect on the Russian merchant class. Only with greater governmental support in the form of large credit facilities could Russia's merchants compete in the realm of foreign trade.<sup>37</sup>

While Nepliuev's implied criticism of Russian trade conditions were harsh, it was nonetheless an encouraging sign that, as the Senate's representative on the Commission, he was forthright in his recommendations. In the course of later legislation, he was to become a valuable link between the two bodies and provide a certain measure of needed compromise.

Timofey von Klingstedt expressed somewhat more conservative views<sup>38</sup>. Rather than risk an adverse effect on domestic Russian trading conditions with innumerable radical reform proposals which he assumed would only confuse the commercial interests, he recommended a simple protectionist policy. By reducing imports, the government would be able to halt the decline in the ruble's value on the Amsterdam money market — a decline which Klingstedt attributed, not unjustifiably, to a deliberate policy by British traders for their own benefit. But Klingstedt remained unwilling to overcome this obstacle with a direct challenge. He was sceptical of projects submitted by the other Commerce Commission members on the creation of a Russian trading fleet and the establishment of trade consuls in major European cities maintain-

<sup>37</sup> Firsov *supra*, 62-3.

<sup>38</sup> TIMOFEY KLINGSTEDT or Klingstadt (1710-1786) was born in Pomerania, the son of a Baltic burgomaster and entered government service in 1740. In December 1763, he joined the Commerce Commission, though in 1764, he moved on to become Vice-President of Justice in the Department of Lif-Est-Finland affairs, and a founding member of the Free Economic Society. In 1767 he was nominated deputy from the Justice College to the Legislative Commission to examine petitions. He made a grand tour of Europe in 1770-71, stopping in England; on his return he became President of the Commerce College. *RBS*, vol. "Ibak-Klucha," 545. N. RECKE-NAPIERSKII, *Allgemeines Schriftsteller und Gelehrten Lexikon der Provinzen Livland, Estland und Kurland* (Mitau, 1827-32), II, 451-2.

ing that such schemes would be prohibitively expensive to carry out and would not, in any case, secure the active co-operation of Britain or Holland.

Nevertheless, he agreed with the commission on one fundamental point — the lack of credit in Russia was a very great disadvantage to the country's economic development. In his 1764 report "Plan for putting Russian Commerce on a better Footing", he urged the state to improve credit facilities for Russian merchants through the establishment of government-backed bank branches in the major trading towns as well as the introduction of bank notes to build up a money economy.<sup>39</sup> He felt these measures, together with a strengthening of Russia's communication system, would go far to improve the trading position of Russia's merchants.

In the tariff sector, Klingstedt was convinced a complete overhaul was needed. Too many unnecessary imports carried low duties while raw materials used in Russia's manufacturing industries were highly taxed. To discourage dishonest customs practices, he urged the government to increase the salaries of the customs officials and to cease all sales of customs collection to individuals. This, of course, was perhaps wishful thinking in light of a general inability of almost all countries throughout the century to curb customs abuses. It so happened that they were more vigorous and evident in Russia than elsewhere. At least Klingstedt recognized the connection between a better customs operation and a happier, stronger merchant class. With improvement of the tariff, as well as an introduction of more translations of western commercial dictionaries, and a reform of the notorious bankruptcy laws that allowed Russian merchants to avoid any legal obligation,

<sup>39</sup> Firsov, *Pravitel'stvo*, 58; K. LODYZHENSII, *Istoriia russkago tamozhennago tarifa* (St. Petersburg, 1886), 103; Until 1767, Russia had no form of bank notes nor any institution comparable to the Bank of England or various private banks with branches throughout the country.

Klingstedt felt the Russian merchants would be able to increase greatly their economic activity.<sup>40</sup>

Like others on the Commission, Klingstedt revealed very definite physiocratic learning in his views on Russia's prime export-agricultural goods. Writing in the first issue of the Free Economic Society's *Trudy* in 1765, he advocated the growing of hemp, flax, and wheat as cash crops designated for export, leaving rye, which Russians preferred, for home consumption.<sup>41</sup> He was not, however, inclined to let agriculture prosper under any new and radical social system; he supported the institution of serfdom, though repeatedly in his articles called for landlords to show more encouragement and willingness to work on solving agricultural production problems. Further writings, based on his reading of French and German journals, stressed the importance for Russia of better animal husbandry, gardening, crop rotation, and "estate management" which he felt was the "prime basis of all useful economic knowledge".<sup>42</sup> Closely allied to his agricultural ideology was his belief that Britain, above all other countries, applied itself in thought and money to the improvements of all facets of agriculture. Indeed, he considered that it would be difficult to determine whether commerce or agriculture had contributed more fully to that country's enviable national prosperity. He was firmly convinced that Russia's course was to establish close trade links with Britain, which would lead to greater benefits from the latter's vast pool of techniques and experience.<sup>43</sup>

Count Ioann-Ernst Minikh (Munnich), the junior member of the Commerce Commission, was not as optimistic as Klingstedt.<sup>54</sup> In his 1764 brief, he firmly stated that Russia was economically

<sup>40</sup> Firsov, 47-8.

<sup>41</sup> *Trudy*, pt. 1, (1765), 136-147, 169-71, 173-76, 177-80.

<sup>42</sup> A. KOMISSARENKO, "Proekt vvedeniia lichnoi krepostnoi zavisimosti ekonomicheskii krest'ian v Rossii v pervye gody posle sekularizatsii tserkovnykh imushchestv, (60 e gody XVIII veka)," *Ezhegodnik po agrarnoi istorii Vostochnoi Evropy*, (1970), 94-102.

<sup>43</sup> Neustroev, 106-7.

backward and could only remedy this dangerous situation by a concerted state programme of acquiring from more advanced countries by whatever means the skills and techniques of economic development. He cited the mercantilist example of England which had imported flax and hemp from both her American colonies and Russia while sending back manufactured textile goods. Surely, he argued, Russia could break this general pattern by concentrating on its own textile output, which could eventually be exported to England.<sup>44</sup>

But Munnich's role was minor and he was continually in the shadow of the most important and best qualified member of the Commission, Grigory Teplov. The son of a minor seminary official, he received a good education in science, music, and the arts in St. Petersburg and abroad at Paris, Berlin and Tübingen where he fell under the influence of the philosopher Christian Wolff.<sup>45</sup> Elected adjunct member of the Academy of Sciences in St. Petersburg in 1742, he translated (anonymously) several articles for the *Monthly Essays* including one in which he considered "economics" the "concrete basis" of the universe. His better than average ability plus the good offices of his brother-in-law and former tutor and President of the Academy of Sciences, Hetman Kyril Razu-

<sup>44</sup> Daniel, "The Merchantry," 194; I.E. Minikh (1707-1788), the son of Field Marshal Burkhard Christoph von Munnich, served in diplomatic posts in Turin and Paris and was well versed in general economic thinking; he was to become the leading specialist on tariff questions and served as Director of the Customs Chancellery.

<sup>45</sup> Teplov, a man of considerable parts, lacks a proper biography. See *RBS*, vol. "Suvor-Tkach," 471-478; G. HELBIG, *Russische Günstlinge* (Munich, 1917), 291-6. A bibliography of his literary and political works and translations is in V. STEPANOV, (comp.), *Istoriia russkoi literatury XVIII veka: Bibliographicheskii ukazatel'* (L. 1968), 379-81. His scholarly connections with the great German mathematician Euler are described in E. WINTER, (ed.), *Die Deutsch-Russische Begegnung und Leonard Euler* (Berlin, 1958), 8ff. His economic views are set forth in N. KARATAEV, *Ocherki po istorii ekonomicheskikh nauk v Rossii XVIII veka* (Moscow, 1960), 214-17; Daniel, "Merchantry", 194ff; and his "Grigorii Teplov and the Conception of Order: The Commission of Commerce and the Role of the Merchants in Russia", *Canadian-American Slavic Studies*, XVI, 3-4 (1982), 410-431; Troitskii, "Dvorianstvo", 226-236. Lastly, his better than average musical compositions are discussed in IN. KELDYSH, *Istoriia musskoi muzyka*. Vol. 2: XVIII vek: pts. 1. (Moscow, 1984), 192-200.

movskii, marked him as a rising star both at the academy and at court. In 1762, he became a principal character in the drama of Peter II's death, and composed the eulogy which Catherine issued on the day of her succession.<sup>46</sup> However immoral his political scruples may have been, his views on Russian economic and social reforms were praiseworthy and he was soon appointed as one of the Empress's private secretaries. In 1764, together with the Empress, E. Dilthey, professor of law at Moscow University, and Reverend Dumaresq, the British chaplain at Kronstadt, he discussed the need to improve the secondary school system throughout Russia.<sup>47</sup> He was also one of the investigators of the dishonest customs-collection system that had plagued the Russian government in the early 1760s and he urged immediate reform which the Senate confirmed<sup>48</sup>.

Nor was Teplov a novice in business practice. As head of the Russo-Franco tobacco venture in the late 1750s, Teplov worked hard to sell Ukrainian tobacco to the French. Although this project foundered on account of the poor quality of both the tobacco and the vicissitudes of the French market, he continued to have faith in the product's future as an important export and even wrote a book on the subject in 1765.<sup>49</sup>

He also showed a considerable interest in the expansion of Russian immigration and commercial contacts in the Black Sea

<sup>46</sup> Lord Buckingham reported that "some Russians" thought that Teplov held the rope that supposedly strangled Peter III. "... Perhaps Nature never formed a more villainous countenance than that of Teplov's," wrote Buckingham, "or one whose character was more consonant to his appearance." (*Buckingham Correspondence*, II, 60fn). Sabatier de Cabrès, a respectable French courtier, described Teplov as "confusé, hêrisse d'une erudition mal placée et denuée de gout... il manque le plus souvent le but et on ne peut pallier ses erreurs en fait d'administration et de commerce, qu'en les attribuant à sa venalité... son coeur est un des plus pervers que la nature ait produit." Sabatier de Cabrès, *Catherine II, Sa Cour et la Russie en 1772* (Berlin, 1862), 40.

<sup>47</sup> *RBS*, 475-6; N. HANS, "Dumaresq, Brown and some Early Educational Projects of Catherine II," *SEER*, 40, 2 (1961), 229.

<sup>48</sup> *Senatskii Arkhiv*, XI, 246-55.

<sup>49</sup> Buckingham to Lord Halifax, 14 March 1763, *State Papers*, 91 (Russia), folio 71. Public Record Office. Hereafter cited as *SP 91*.

area, noting that direct trade relations between France and Russia would open up the entire southern part of Russia (or "New Russia") to a new export market<sup>50</sup>. These comments, along with many others, are found in his essays on trade and commerce submitted to the commission in 1764. Again, these are very distinctly physiocratic in scope mixed with some of Wolff's commercialist ideas which stress the importance of the proper development of Russia's "greatest resource" agriculture.<sup>51</sup> He favoured the duty-free export of all "superfluous" (surplus) agricultural goods, especially grain, in return for some select raw materials which could be used in manufacturing. Of course, in order to encourage merchant self-sufficiency, he strongly advocated a larger maritime fleet which would be used to ship these agricultural exports abroad and so lessen dependence upon foreign ships and brokers.<sup>52</sup>

This aim of Russian commercial self-sufficiency is also seen in Teplov's vision of developing a system of commercial education. He firmly believed that Russia had to learn from the West and even suggested the government should establish a "society of economists to study the publications of the most renowned writers in Europe" and English inventions of labour-saving agricultural implements.<sup>53</sup> He favoured the establishment of special schools for merchants' children emphasizing the teaching of foreign languages and commercial subjects including bookkeeping. He began this ambitious project in 1766 by sending two children as apprentice accountants to England for three years to work with the timber firm owned by William Gomm.<sup>54</sup>

At the heart of Teplov's thinking was the belief that more social groups had to engage in trade if the country's economy was to expand. He favoured legislation that would allow peasants to trade

<sup>50</sup> H. AUERBACH, *Die Besiedlung der Südukraine in den Jahren 1774-1787* (Wiesbaden, 1965), 24.

<sup>51</sup> Troitskii, "Dvoriantsvo", 226.

<sup>52</sup> Karataev, 217.

<sup>53</sup> Daniel, "Merchantry," 195.

<sup>54</sup> Firsov, *Pravitel'stvo*, 354; Chulkov, IV/5, 185.

and rejected merchant complaints that a trading peasantry would bring "harm" to the government. To Teplov, the Russian economic straitjacket was not due to peasants trading or the assumption that the state had to maintain a "balance" between persons who worked on the land and those who engaged in trade but to the merchants' own negative trading mentality which embodied selfishness, lack of commercial education, poor credit and fear of risk. He was only too aware that many of the urban settlement (*posad*) merchants were really nothing more than sowers and cultivators of grain and had no business clients, markets, goods or capital. He called for a breaking down of these barriers through the now familiar cry for better education of both merchants and the population in general and the establishment of a proper commercial infrastructure.<sup>55</sup>

The greatest difference between Russia and Europe, however, lay in the small number of towns integrated fully with each other and the surrounding countryside. In Europe, towns supported rural areas, but in Russia, towns, at least in Teplov's view, seemed to consist solely of labourers, serfs, officials, and the military with "an extreme shortage of trading people".<sup>56</sup> By encouraging the development of a "third estate" or "middle class of people" (*srednyi shtat liudei*) between the nobility and the peasants, this new settlement/urban merchant class would provide the necessary stable link between the nascent Russian towns and the rural countryside; a link that would allow Russia to escape Montesquieu's blistering condemnation of "permanent backwardness".

In fostering this class, Teplov would allow serfs who engaged in handicrafts to purchase their freedom and trading peasants to carry on in order to compensate for "those merchants who are for the most part without knowledge, without education, good faith

<sup>55</sup> Daniel, "Merchantry," 196-7; "Grigori Teplov", 426ff.

<sup>56</sup> Troitskii, "Dvoriarskie," 227-8.

or credit.”<sup>57</sup> Nor was Teplov alone in these thoughts. The whole process of reform of urban settlements had been started in 1764 when Catherine asked the Senate to investigate the administrative and physical dimensions of the country’s urban settlements. Seizing upon the Senate’s own directive to the provincial governors, Jacob von Sievers, Governor-General of Novgorod (1764-1781) set forth his ideas on provincial administration including the creation of a Baltic system of leasing estates which would benefit both peasantry and nobility and consequently serve the state’s obligations to their masters. The serfs could conceivably save enough money to purchase their freedom and thereby join merchants and townspeople as “energetic and prosperous freemen.”<sup>58</sup> He also advocated the construction of two canals that would link the Dniepr river system with those on the Oka and the Volga and bring the rich Ukrainian flax, hemp and grain supplies to St. Petersburg. He wrote that “the canal will rival that of Louis XIV linking the Mediterranean with the Atlantic Ocean. Many lands and peoples will benefit from it.”<sup>59</sup>

The last key adviser to the Empress was Count Nikita Panin. Although not formally a member of the Commerce Commission, his position as foreign secretary and a designated “official” treaty negotiator in the on-going talks with Britain, made him a powerful figure whose views on economic development could not be ignored. Panin was only too cognizant of the deficiencies of Russian commerce but his main concern was to ensure order and coherence in the process by which the Empress reached her policy

<sup>57</sup> *Ibid.*, 198. Merchants represented only 3% of the population with peasants making up 94%. See V. KABUZAN, *Izmeneniia v razmeshchenii naseleniia Rossii v XVIII-pervoi polovine XIX v* (M. 1971), 90, 94.

<sup>58</sup> R. JONES, “Jacob Sievers, Enlightened Reform and the Development of the ‘Third Estate’ in Russia,” *Russian Review*, 4 (1977), 426ff. R. BARTLETT, “J.J. Sievers and the Russian Peasantry under Catherine II,” *Jahrbuch für Geschichte Osteuropas*, XXXII, (1984), pp. 17ff.

<sup>59</sup> R. JONES, “Getting the Goods to St. Petersburg: Water Transport from the Interior 1703-184,” *Slavic Review*, 43, 3 (1984), 430.

decisions. Accordingly, he advocated an imperial council of carefully selected nobles to assist her in coordinating all the ideas that had been put forward and to safeguard the State's interests.<sup>60</sup>

There were other advisers whose opinions were received with varying degrees of enthusiasm. For example, Count Gregory Orlov, the lover of the Empress, was a sworn enemy of Panin and certainly no friend of Buckingham, who viewed him with a distinctly patronizing air. "He does not make a bad appearance in conversation upon common topics but only a few economic views have occasionally fallen from him in private conversation". He recounted Orlov's belief that only agriculture was worthy of encouragement: "arts and the finer manufactures were prejudicial [in Russia] as they enervate the minds and bodies of individuals".<sup>61</sup> But Orlov seems to have been a somewhat more complicated and efficient person than Buckingham imagined. As head of the Chancellery of Guardianship, Orlov firmly believed a populous country was a prosperous one and was responsible for the reception of the new wave of German immigrants which arrived in Russia after Catherine's 1763 Proclamation. A founding member and later president of the Free Economic Society Orlov was also a patron at court of the Baltic serf emancipator Pastor Georg von Eisen.<sup>62</sup>

<sup>60</sup> For Panin's early career in Sweden, see ERIK AMBURGER, *Russland und Schweden, 1762-1772: Katherina II, die schwedische Verfassung und die Ruhe des Nordens* (Berlin, 1934) and *RBS*, vol. "Pavel'-Petr", 189-205. Panin (1718-1783) had a career spanning forty years in the Russian foreign ministry. After service in Denmark and Stockholm (1747-1758), he returned to Russia in 1759 to become tutor and Governor to Grand Duchess Catherine's son Paul. His career in the 1760s is best outlined in Ransel, *op. cit.* 70. "Opinion on Trade" (ca. 1764) submitted by Panin to the Empress. Quoted in Lappo-Danilevskii, *op. cit.*, 182; Marc Raeff, *Plans for Political Reform in Imperial Russia, 1730-1905* (New Jersey, 1966), 54-55.

<sup>61</sup> *Buckingham Correspondence*, I, 204.

<sup>62</sup> Orlov presented von Eisen to the Empress in 1765 who was favourably impressed with his social views as well as his numerous experiments on drying food products and support of smallpox inoculation. Hubertus Neuschäffer, "Der livländische Pastor und Kameralist Johann Georg Eisen von Schwarzenberg. Ein deutscher Vertreter der Aufklärung in Russland zu Beginn der zweiten Hälfte des 18. Jahrhunderts," in UWE LISZKOWSKI, (ed.), *Russland und Deutschland* (Stuttgart, 1974), 125; E. DONNERT, *Johann Georg Eisen (1717-1779)* (Leipzig, 1978).

Other less aristocratic figures connected with the spread of economic ideas prepared well-developed critiques of Russia's problems. The French-born Ferbert (Faibert), who had worked for over twenty years in various trade positions in St. Petersburg, advocated the obvious measures of success — an increase in Russian exports, a decrease in imports and an expansion of Russia's maritime fleet and greater encouragement to individual enterprises rather than to inefficient state-run monopolies.<sup>63</sup>

A more significant person, F. Sukin, vice-president of the Manufacturing College, complained that Russia lagged far behind the West in technology and economic development. He urged that the only way to improve the country's export trade, particularly of linen, was to obtain more masters, craftsmen, and better production techniques to improve the quality.<sup>64</sup> Thus he was in favour of the Manufacturing College granting licenses to foreigners to manufacture goods, but only at their own expense, together with a pledge to train Russian workers and not to sell the output at below market prices. While these conditions seemed harsh to foreigners, Sukin and the committee reflected a new reluctance to finance foreigners who had in the past been "deceived by their own imaginings."<sup>65</sup>

Senator Nikolai Murav'ev offered a highly informative review on trade communications in Russia. He urged the improvement or development of all the country's water routes, bridges and loading stations citing the numerous successful examples in western Europe, quite apart from some of the early successes in Russia of functioning canals.<sup>66</sup> To Murav'ev, such improvement was essen-

<sup>63</sup> "Mèmoire sur le commerce de Russie, 26 Juin, 1761", *Büschings Magazin*, XI, (1777), 440.

<sup>64</sup> B. ZAOZERSKAIA, *Raboचाia sila i klassovaia bor'ba na tekstil'nykh manufakturakh v 20-60 XVIII veke* (Moscow 1960), 86.

<sup>65</sup> D. BABURIN, *Oчерki po istorii Manufaktur Kollegii* (M. 1939), 197.

<sup>66</sup> Murav'ev (1724-1770) was trained as a mechanic with a good knowledge of French, German and mathematics. He published the first book on algebra in Russian in 1752. S.M. TROITSKII, "Zapiski Senator N. Murav'eva o razvitii kommertsii i putei soobshcheniia v Rossii (60-e gody XVIII v.)" in A. NAROCHNITSKII, (ed.), *Istoricheskaia geografiia Rossii XII-nachalo XX v.* (M. 1975), 234-5.

tial in increasing Russia's prosperity from Astrakhan in the south to Pernau in the north. He even envisaged a revitalized Russia finding the illusive Northeast passage connecting St. Petersburg with the fabled lands of China and Japan.

Most of the figures we have looked at skimmed over the touchy subject, for the time, of the role of the nobility in trade and commerce. Since it was imperative for this class to ascertain with somewhat more precision than had hithertofore been the case its specific role in these discussions, Count A.R. Vorontsov was delegated to present the nobility's case before the Commission. In his memoranda, Vorontsov envisaged an extended role of the nobility to buy mines and factories, expand monopolies of liquor sales and engage in general trade in much the same way as the British upper class which Vorontsov so greatly admired. He felt justified in calling for the right to allow nobles use serfs in any new enterprises, especially if these were on the noble's own landed estate. It was clear that Vorontsov felt any expansion of trade should fall to the more privileged classes rather than to the small merchant or petty trader whom he thought would never amount to a great deal. Indeed, by the mid-1760s, several regions of the Empire, in writing to the Empress, felt that the nobility would do a better job in commerce than the local merchants, who seemed to have fallen under the "baleful" influence of foreign merchants.

In the end, however, we must not forget it was the Empress who ultimately made all the final decisions on commercial matters. There is no doubt that her familiarity with the most important western economic writers had a great influence on her own views of Russian economic progress. She greatly admired Diderot's *Encyclopédie* until he dared to criticize her rule. Nonetheless, she

<sup>67</sup> There is a considerable literature on the subject although a fair share is cynical about Catherine's genuine desire to liberalize the country. See A. LENTIN, *Catherine the Great and Voltaire: Selected Correspondence* (Cambridge, 1974) and A. WILSON, "Diderot in Russia," in J.G. GARRARD, (ed.), *The Eighteenth Century in Russia* (Oxford, 1973). I. DE MADARIAGA, "Catherine and the Philosophes," in A.G. CROSS, (ed.), *Russia and the West in the Eighteenth Century* (Newtonville, 1983), 30-53.

invited all the leading *savants* to Russia, purchased libraries, distributed generous financial gifts to needy Western scholars and flatterers, and carried on extensive correspondence on topics dealing with inoculation, education, population, law codes, police reform, trade and immigration with some of Europe's leading enlightened intellectuals including Baron Melchior, Dr. J. Zimmerman in Hannover, and Voltaire.

It is not necessary to ascertain whether Catherine borrowed freely from Montesquieu, Beccaria, von Justi or others; nor whether she was strictly a mercantilist, free-trader, physiocrat, or cameralist, for in a sense she combined all these beliefs. She supported the various free Economic Society competitions on serfdom, and her reliance on the Commerce Commission advisers, which culminated in her compilation of that remarkable document the *Nakaz* or "Instruction" presented to the Legislative Commission in 1767, helped lead to a new law code for Russia.<sup>68</sup> For our purposes, the most important sections of this *Nakaz* deal with Catherine's views on population, her support of England as Russia's chief trading partner, and her concern with Russia's position as an agricultural product exporter.

Catherine firmly believed only agriculture development, "the central source of the Empire's wealth" could employ "usefully" all the country's population.<sup>69</sup> "If duly approved," she wrote, "agriculture may bring the people into such a happy situation that they will soon be possessors of all other conveniences; without agriculture, there can be no skilful Manufactory nor well founded Trade... [without which] there will not be the prime materials for crafts and trade."<sup>70</sup> Her agricultural policy shows that her actions

<sup>68</sup> P. DUKES, (ed.), *Russia under Catherine the Great, Vol II: Catherine the Great's Instruction (Nakaz) to the Legislative Commission. 1767* (Newtonville, 1977). The Legislative Commission was a purely consultative non-elected assembly. I. DE MADAR-IAGA, *Russia in the Age of Catherine the Great* (New Haven, 1981), Chap. IX.

<sup>69</sup> PSZ., XXVI, 4 April 1763, 11,785; Comment to von Sievers cited in Neuschäffer, 388.

<sup>70</sup> Dukes, *Nakaz*, Sections, 294, 606.

were consistent with her theory. She actively supported the policy laid down by her Baltic adviser Gerhard Linke in the early 1760s to free the grain trade from its restrictions and to raise grain prices by allowing its free export from several Baltic ports.<sup>71</sup>

Her views on immigration and population growth in general evolved from various cameralist readings, supplemented by her contact with Mikhail Lomonosov, who was one of the first Russians to write about the economic advantages of a large and prosperous population. It is very likely the Empress had read his work on the desirability of creating an "agricultural class" within the Academy of Sciences, views which anticipated some of the later concerns of the Free Economic Society.<sup>62</sup> So too, the Empress was influenced by the Baltic *philosophes*, Pastor von Eisen, Gottfried von Merkel, and Schoutz-Ascheraden, who all wrote on the theme of increasing the population while improving the life of the rural peasant.

Catherine was also persuaded that a state's wealth and power was directly proportional to its population and agricultural development; a large population would not only provide the manpower for a big army but also lead to greater agricultural exports. It was, therefore, natural that she supported massive immigration into Russia — not only for populated, vast, under-utilized areas of southern Russia but also for the eventual development of the much desired "middling class" in Russia. Her 1763 Manifesto, inviting foreigners of all skills and nationalities to settle in Russia, resulted in over 25,000 Germans arriving in the southern "empty lands" to establish farming colonies as well as a small number of business

<sup>71</sup> KH. STROD, "Vliianie torgovi politiki rossiiskoi imperii na razvitie sel'skogo khoziaistva Latvii v XVIII veke," in IA. KRASTYN, (ed.), *Ekonomicheskie svyazi Pribaltiki s Rossiei* (Riga, 1968), 157; A. SEMENOV, *Izuchenie istoricheskikh svednii o rossiiskoi vneshnei torgovle i promyshlennosti s poloviny XVIII-go stoletia po 1858 god'* (St. Petersburg, 1858), II, 14.

<sup>72</sup> See his letter to I.I. SHUVALOV, "On the Preservation and Increase of the People," (November, 1761), in M.V. LOMONOSOV, *Polnoe Sobranie Sochinenie* (M-L, 1950-59), VI, 382-403.

enterprises in the new cities of the region.<sup>73</sup> Schemes that did not emphasize agriculture were not encouraged; a Bavarian entrepreneur's project for a subsidy to establish a large-scale woollen cloth mill using Russian labour was rejected by the Manufacturing College because the use of Russian labor would "by their removal from agriculture" be in itself "harmful to the condition of the State...".<sup>74</sup>

Behind her economic theories lay her view of Britain as the country she most admired, particularly the ability and skill of British traders, manufacturers, farmers and even some diplomats. The latter, indeed, may have contributed considerably to her favourable view: as Grand-Duchess in 1755, she and her lover Stanislaus Poniatowski, the future king of Poland, had been sent secret service funds by the British ambassador in St. Petersburg Sir Charles Hanbury-Williams, and he became one of her closest confidants.<sup>75</sup> Britain had also long served as a useful counterpart to Russia's Bourbon enemies France and Spain, and had helped to preserve the balance of power envisaged and desired by Russia. Catherine, therefore, was merely reinforcing the trend of excessive attachment to things English which had begun in the 1750s and was to grow in magnitude throughout her reign.

At any rate, she learned a great deal about English trade, commerce, agriculture and politics, not only from the writings of various economists but also from the reports the Russian ambassador, Count Mussin-Pushkin, sent back from London as well as

<sup>73</sup> On Catherine's view of the new settlers to form a middle class, see R. BARTLETT, "Diderot and the Foreign Colonies of Catherine II," *Cahiers du monde russe et soviétique*, XXIII, 2 (1982), 224-5.

<sup>74</sup> R. BARTLETT, *Human Capital, the Settlement of Foreigners in Russia, 1762-1804* (Cambridge, 1979), 146. It is possible Catherine had in mind the appalling conditions of the woollen industry in Moscow - a city she loathed and called a "seat of sloth" which was to lose over 100,000 persons to the plague of 1771-2. J. ALEXANDER, *Bubonic Plague in Early Modern Russia* (Baltimore, 1980).

<sup>75</sup> D.B. HORN, *Sir Charles Hanbury-Williams and European Diplomacy, 1747-1758* (London, 1930), Chap. IV.

from the various Russian students in England at the time.<sup>76</sup> Of course, Britain's economic position was bound to remain secure in Russia's trade when Catherine came down strongly in favour of agricultural development. This meant an emphasis not only on grain and cereal crops which Russia could grow, but also on the continued improvement of hemp and flax output. Any appreciable fall in the British trading position would quickly lead to a decline in the agricultural trade and harm the Russian economy. Indeed, Catherine wrote that "the object of commerce is to export and import goods for the benefit of the State... the State should maintain a just balance between its Customs and its Commerce...."<sup>77</sup> She admired Britain which she thought had no fixed tariff, but one that "changed at every Session of Parliament" according to the needs of the time. Not did England bind herself with cumbersome trade treaties that could not be broken, but rather "depended upon no other laws than her own".<sup>78</sup> She maintained that nations which formulated similar wise laws earned the capacity to carry on trade themselves, and that Russia should trade with "a people who demand little of us and whose commercial wants render them in some measure dependent on us... who are rich, and can take off many Commodities; who will pay for them in ready Money; ...who are peaceable from fixed Principle; whose Account is in Gain, and not in Conquest, [rather than] with others our constant Competitors, and who will not grant us all these Advantages".<sup>79</sup> In light of these comments, it is not surprising that negotiations towards a successful conclusion of a commercial treaty and tariff

<sup>76</sup> B. ALEKSANDRENKO, *Russkie diplomaticheskie agenty v Londone v XVIII veke* (Warsaw, 1897), II, 176. Catherine was never to appreciate the frequent changes of government in England and the apparent power of Parliament over the sovereign. MARC RAEFF, "The Empress and the Vinerian Professor: Catherine II's Projects of Government Reforms and Blackstoné's Commentaries," *Oxford Slavonic Papers*, vol. 7, 1974, pp. 18-41.

<sup>77</sup> Dukes, *Nakaz*, Section 323.

<sup>78</sup> *Ibid.*, Section 324.

<sup>79</sup> *Ibid.*, Section 326.

between Britain and Russia were considerably enhanced. For Russia, in its effort to become economically more modern, with a larger industry, a healthier "middling class" and an extensive agricultural output, the key to success lay in the development of her export trade. Only the British market with its seemingly insatiable appetite for Russian goods could satisfy this basic condition.

