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And likewise we have granted them to buy and sell in all our kingdoms and castles, with all kinde of wares: and we have also licenced them, that when those English merchants doe desire to buy and sell with our marchants wholly together, that they shall have liberties so to do wholly together: and they that doe desire to sell their own wares by retaile in their owne house, that they they sell it in their owne house by retaile to our people & other strangers, as they can agree.¹

The Privileges granted by the Emperor of Russia, 1567

The Subjects of Great Britain are to have the same Liberty as those of any other Nations, of importing Goods not prohibited into Russia, and Russian subjects are to import all sorts of goods, which are the growth of their own Country or of Asia, into Great Britain, unless such as may be prohibited to export from thence whatever the Subjects of other Nations are permitted to do, The English Merchants to pay no higher Duties on Exports in Russia than the Natives themselves, and Vice Versa, provided there be nothing herein contrary to the Laws of each respecting country.²

The Anglo-Russian Comercial Treaty of 1734

When the British Russia Company dispatched Captain John Elton to Iran in 1739, no one expected that it would be the beginning of the end for the company's objective of trading with Iran through Russia. Elton's expedition, after all, had arrived in the wake of the first formal commercial treaty between Great Britain and Russia, signed in 1734. The treaty guaranteed British merchants the right to trade in Iran, a goal of the British merchants operating in Russia since the sixteenth century. The British Russia Company dispatched Elton in 1739 to manage an exploratory mission to Iran. While Elton may be an unfamiliar figure to historians, he was arguably the most pivotal person in the Anglo-Russian relationship in the eighteenth century. Elton entered Russian service as a cartographer in the 1730s but left state service for the Russia Company

¹ Jenkinson, *Early Voyages and Travels*, II: 232.

² TNA, SP 103/62, ff. 234–238, “Abstract of the Treaty of Navigation and Commerce, concluded between Great Britain and Russia in 1734/5,” here 234v.

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to lead its exploratory mission to Iran. Elton relied not only on his geographic knowledge of the region but also his personal connections with local government officials, both gained in Russian service, to facilitate his project. Unfortunately, Elton's career as a British merchant ended in a scandal, when he refused to leave the service of Nader Shah of Iran, despite the objections of Russian authorities, his fellow merchants, and, eventually, British diplomats.

When the Russian government rescinded Britain's right to trade in Iran through Russia in the 1740s, Elton was cited as the cause. When the British struggled to sign a new commercial treaty with Russia in the 1750s and 1760s, Elton was still the cause. His career for both Britain and Russia may have been short, but his disgrace reverberated diplomatically until the end of the century. For Britain, he was a rogue actor whose death ended any need to discuss his shortcomings. For Russia, he confirmed the untrustworthy habits of the British, long viewed suspiciously for their predilection for smuggling goods in and out of the country. Elton is rarely mentioned in diplomatic studies of the relationship between the two countries; this is unsurprising since he was a minor merchant and a former Russian servitor.³ However, it is impossible to understand the British struggle to regain their "privileged" position in Russia's trade, the lynchpin of the increasingly uneasy relationship between the two powers, without him.

Elton reveals that Britain and Russia were entangled empires as much as Britain was with France or Spain. Historian Jorge Cañizares-Esguerra observed that entanglements can follow three "perspectives, namely, that of brokers, trade, and knowledge."⁴ Elton's career was all three, forging new connections between the empires as a broker and generator of new cartographic information, as well as his later, more problematic economic exploits. Elton's history demonstrates the value of studying Anglo-Russian exchanges as an equally important arena in comparison to the far better-known imperial activities in the Atlantic world.⁵ Russia was arguably a part of the British Empire's periphery, but was its own empire, extending across Eurasia. British merchants arrived in Russia as supplicants, hoping their mercantile and familial networks, both with each other and Russian imperial subjects, could facilitate access to Qing China, Safavid Iran, or the khanates of Central Asia. The activities of the

³ Bagrow, *History of Russian Cartography*, 150–1; Elton, *Annals of the Elton Family*, 221–2; Teissier, *Russian Frontiers*, 228.

⁴ Cañizares-Esguerra, "Introduction," 4.

⁵ On the debate on metropole v. periphery, see Cañizares-Esguerra, "Entangled Histories"; and Gould, "Entangled Atlantic Histories."

Russia Company's merchants have more in common with the East India Company's than it does with those involved in the Atlantic companies, both in terms of their relationship to a foreign empire and their pursuit of Asian luxuries, including silk, spices, and tea. Recovering the history of the Russia Company only reaffirms the importance of Asia's markets to Britain's economic expansion in the eighteenth century.

The Anglo-Russian relationship in the eighteenth century was an essential component to the success of both empires. Throughout the century, Russia maintained a dominant advantage in the trade relationship between the two because the balance of trade was heavily in its favor and Britain remained dependent on Russian products, including hemp, flax, pitch, and tar, to maintain its naval strength. Russia held a stronger hand in all negotiations between the countries. This assessment challenges the traditional argument of Russia's economic "backwardness"; its eighteenth-century commercial economy was undoubtedly robust and as successful as those of Europe's leading states.⁶ This does not suggest, of course, that the industrial gap between Russia and Western Europe was less significant. It became increasingly obvious in the nineteenth century, but Russia's relative "decline" compared to the rest of Europe was not the result of a failed strategy in the early-modern era. This study addresses these overarching arguments about Russia's economic position by focusing upon the experiences of the individuals who operated in this realm. John Elton's life was not simply one interesting anecdote about the commercial relationship between the two powers but a key moment in a timeline composed of other significant events that together reveal the dynamics of the global economy in the lived experiences of its actors, rather than as abstract market forces.

In 1567, Tsar Ivan Vasil'evich signed an agreement with the English merchant and explorer Anthony Jenkinson, providing the English Russia Company the right to conduct business within Russia's borders. The two countries began a long-lasting relationship, strengthened by the direct contact enabled by English ships docking at the new port of Arkhangel'sk, established in 1584. In 1579, its later rival, the English Eastland Company, was first chartered, with an exclusive privilege to operate in the Baltic Sea. This provided its merchants access to Sweden and Poland and, in particular, the key ports of Riga and Reval (modern Tallinn). Russia lacked a Baltic port; the two companies were not in competition as long as the political boundaries remained the same. While both companies operated in the seventeenth century, the Eastland

⁶ This observation is not new. For example, see Kaplan, "Russia's Impact on the Industrial Revolution."

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emerged as the dominant company for “northern” products, especially hemp and flax, as the Russia Company declined after the loss of its trade privileges in Russia in 1649.⁷ In 1698 Parliament passed a new law that “opened” the Russia Company to anyone capable of paying a £5 entrance fee. This provided an opportunity for the membership of the Eastland Company to seize control of its moribund rival. In 1707, the Act of Union created “Great Britain” from the separate kingdoms of England and Scotland, allowing Scottish merchants to join the previously “English” companies.⁸ As a result of these changes, the “British” Russia Company of the eighteenth century was a far different organization than its original composition (with merchants belonging both to it and the Eastland) and it was wracked with tension between its English and Scottish members, especially after the Jacobite revolts in 1715 and 1745.

The story of the British merchants in eighteenth-century Russia, from the Russia and Eastland Companies, is an essential chapter of the diplomatic and commercial history of Great Britain and Russia. Focusing on the operations of these companies in the eighteenth century is not intended to deemphasize the importance of earlier studies of the sixteenth- and seventeenth-century iterations but rather to highlight the remarkable difference between the companies’ operations.⁹ The companies’ merchants were one of the primary mechanisms of exchange between the two powers, not just of commodities but also of men and knowledge.¹⁰ While the new-model Russia Company became the dominant actor in Russia’s markets in the eighteenth century, the Eastland Company remained a pivotal actor due to its continuing access to the Baltic. Riga, the most important of “Russia’s” Baltic ports after St. Petersburg in the eighteenth century, remained the exclusive territory of Eastland merchants.¹¹ Nevertheless, several factors contributed

⁷ For a brief comparison of the two companies’ operations, see Veluwenkamp and Veenstra, “Early Modern English Merchant Colonies,” 11–30.

⁸ I will use England and English to describe the state before the Act of Union (1707) and Britain and British after.

⁹ For the earlier period, see Willan, *The Early History of the Russia Company*; Hinton, *The Eastland Trade and the Common Weal*; Zins, *England and the Baltic*; and Arel, “The Muscovy Company.” On the eighteenth-century company, see Kaplan, *Russian Overseas Commerce*; Cross, *By the Banks of the Neva*, 44–120; Demkin, *Britanskoe kupechestvo v Rossii*; Zakharov, “Foreign Merchant Communities,” 108–13; Wagner, “Misunderstood and Unappreciated.”

¹⁰ Thinking about “knowledge networks” in the early modern world has become increasingly important; for example, Erikson, *Between Free Trade and Monopoly*, esp. 29–32. Also Aslanian, “The Circulation of Men and Credit,” and Harreld, “Foreign Merchants and International Trade Networks.”

¹¹ See Doroshenko, *Torgovlia i kupechestvo Rigi*; and Harder-Gersdorff, “Riga im Rahmen der Handelsmetropolen.”

to more cooperation between the two companies after 1698, including shared families, interests, and goals. Several merchant dynasties belonged to both. Common interests led the two companies to negotiate with the Russian government for a better trade position, although neither was concerned with whether privileges were extended for St. Petersburg instead of Riga, or vice versa. In addition, the companies shared a common goal of exploiting Russia's Eurasian connections, one that the Russia Company had always coveted. Russia was not an isolated country on the "semi-periphery" of Europe and Asia but a single market and conduit that provided unique opportunities to connect northern trade networks to those in the Middle East, Central Asia, and China, as historian Erika Monahan has recently argued.¹²

Russia's foreign trade remains poorly understood beyond the work of a few specialists, as the powerful narrative of Russian "backwardness" in the nineteenth century has frequently led to expectations that the same situation existed in its early-modern history.¹³ In this way, this study contributes toward the project proposed by historian Patrick O'Brien more than thirty years ago: to avoid assuming Western success meant other countries failing to adapt.¹⁴ The basic fact is striking: Russia was the dominant partner in its commercial relationship with Britain in the eighteenth century, easily exploiting British ambitions for its own gain and enjoying a sizeable balance of trade in its favor. Additionally, Russia's commercial laws and customs infrastructure were similar to those of Britain. This piece of eighteenth-century "technology" was equivalent for both sides; neither was more "advanced." The Russia Company, and the Board of Trade and Plantations in London that monitored the company's activities, understood Britain's dependence on Russia's markets; so did the tsar's government. This dependence was profitable for both sides – Britain was Russia's largest trade partner by value in the eighteenth century.

The reason why the Anglo-Russian relationship was so profitable for Russia is easy to discern. At the beginning of the eighteenth century, Peter the Great conquered Sweden's key Baltic ports – Narva, Reval, Riga, and Vyborg – and established the port of Kronstadt for his new

¹² Monahan, *Merchants of Siberia*, 18–25. Monahan's work contributes to a growing critique of the "semiperiphery" argument. See also Christian, "Inner Eurasia as a Unit of World History"; Levi, "India, Russia, and the Eighteenth-Century Transformation"; Vries, "Understanding Eurasian Trade"; and the questions raised by Omrod, *The Rise of Commercial Empires*, 1–9.

¹³ This is not the fault of scholars, as the denigration of Eastern Europe has Enlightenment roots. See Wolff, *Inventing Eastern Europe*, esp. chap. 4.

¹⁴ O'Brien, "European Economic Development."



Figure 0.1 Map of the Baltic Sea

capital, St. Petersburg. Even before that series of victories, Russia had built the foundation for a robust connection to English trade networks at Arkhangel'sk. This strong Baltic presence now opened new opportunities, not only by pushing the Swedes out of the lion's share of Baltic trade but also by extending the trading season for Russia. Arkhangel'sk would remain in use well into the nineteenth century, but its far northern position offered a relatively slim window for trade before the weather intervened. The tsars extended the internal transit networks from the Volga River to St. Petersburg after the capital's foundation, but Riga and Reval already sat at the end of a river system that extended across Ukraine.¹⁵ By 1730, Russia was Europe's major exporter of key naval commodities, especially pitch, hemp, and tar, as well as an important crossroads for Asian trade. With Sweden displaced from the major trade role it held in the seventeenth century, Russia was the only game in town. Russia was so successful managing its economy that the in the second half of the eighteenth century, the Russia Company's profits surpassed most of its competing organizations in Britain, even if it still trailed the success of the East India Company.¹⁶

Russia's commercial advantages over Britain throughout the century may appear surprising but should do so only in terms of making the industrial gap that reversed this relationship in the nineteenth century more impressive. The transformation of the two countries is another "divergence" between Britain and its eastern trade destinations.¹⁷ Britain was dependent upon Russia for its naval commodities, but Russia never depended on British exports, despite the hopes of the latter's merchants. For example, British merchants invested heavily in developing an argument to convince the British government that Russia should buy Virginian tobacco. This would have made Russia one of the primary markets for the colonial product in the late seventeenth century. However, it would have meant convincing Russia to end a decades' long ban.¹⁸ In the eighteenth century, schemes were put forward arguing for the value

¹⁵ Jones, *Bread upon the Waters*, esp. chap. 6.

¹⁶ This was a development over the course of the eighteenth century. In 1705, the Eastland was second to the East India Company, and the Russia Company trailed several others. See TNA, CO 388/9, G21 f. 399, "An Abstract of the Inspector Generals Accounts of Imports & Exports from Xmas 1702 to Xmas 1703," December 7, 1705.

¹⁷ Rönnbäck, "New and Old Peripheries." While "divergence theory" is an established concept, timing the break between Asia and the industrial West is a matter of some controversy. See Wong, *China Transformed*; Frank, *ReORIENT*; Pomeranz, *The Great Divergence*; Broadberry and Gupta, "The Early Modern Great Divergence"; Parthasarathi, *Why Europe Grew Rich*; Rosenthal and Wong, *Before and Beyond Divergence*.

¹⁸ Romaniello, "Through the Filter of Tobacco."

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of British wool to Russia and Iran, and the desirability of importing silk from the Middle East and China through Russia. These arguments motivated changes in Parliament or gained the support of the Board of Trade and Plantations but did little to affect Russia's own regulations. Indeed, it was difficult for Britain's diplomats, much less its merchants, to convince Russian administrators that their love of imported Parmesan or wine left Russia as dependent upon Britain as the British were dependent on Russia for flax or hemp.¹⁹

To understand the connection between Russia's economic growth and the Russia Company, this study examines the negotiations between the Russian and British governments, as well as the fortunes and travails of the merchants who operated within those spaces. Focusing on the diplomatic and commercial negotiations, and the resulting agreements and regulations rather than the trade data, emphasizes the importance of geopolitical stability for trade. In this way, I follow the work of Richard Appelbaum, William I. F. Felstiner, Volkmar Gessner, Thomas Leng, and Magrit Schulte Beerbühl, who argued that global business history must look beyond the data to better situate economic activities in a social, cultural, and legal context.²⁰

The narrative here is guided by the way merchants and diplomats developed their arguments to be the most persuasive. Merchants did not complain about a trade that was successful; their discourse focused on their perceived shortcomings or difficulties. British merchants, for example, endlessly protested Russian customs inspections of their baggage as an invasion of their "freedom" and a danger to trade. However, Russian customs inspections evolved partially in response to the British habit of smuggling goods both in and out of the country. While historians frequently consider smuggling as an established component of the global economy, unregulated trade remained the bane of early-modern governments.²¹ Arrests of British smugglers became so common at one point that the British envoy in Moscow kept a form letter on hand to request the tsar's forgiveness for the latest offender. British complaints about the ease with which other merchants successfully bribed Russian officials to receive lucrative export contracts make far more sense when one understands that it was the failure of the petitioner's bribe that sparked the protest, not any particular concern about "corrupt" officials. Treating the

¹⁹ I thank Alison Smith for mentioning Russians' love of parmesan to me. See her discussion of "The Case of the Dead Cheese Master" on www.russianhistoryblog.org.

²⁰ Appelbaum, Felstiner, and Gessner, *Rules and Networks*, esp. the introduction; Leng, "Commercial Conflict and Regulation"; 934–5; Beerbühl, *The Forgotten Majority*, 5–6.

²¹ On the necessity of including smuggling and piracy as economic policy, see Hatfield, "Reluctant Petitioners," 198–9.

merchant narrative as a rhetorical strategy to motivate diplomatic action, rather than as a reliable evaluation of market conditions, leads directly to the connection between the market and the geopolitical structure of the period. This conclusion supports the recent scholarship that challenged the arbitrary separation of “formal” entanglements (diplomatic and military engagements) and “informal” ones (the activities of merchants, consumers, and other private individuals).²² Individual interests could, and frequently did, affect imperial policy; these were not separate spheres of activity.

This focus on both merchant experiences and diplomatic negotiations rather than trade data steers the existing narrative of Russia’s eighteenth-century economy into new channels. If we do not accept without question British assessments that Russia’s laws hindered their economic activities, a broader range of factors affecting trade comes into view.²³ Most importantly, geopolitical issues altered Russian commerce more than domestic regulations did. The acts of piracy associated with European military conflicts, for example, had a far more detrimental consequence on Russia’s economy than has generally been understood.²⁴ The period of “decline” in British trade from 1730 to 1760 was a result of incessant piracy in the Baltic that nearly prevented any commodities from escaping the Baltic through the Danish Sund (the Sound Toll to the British) to the North Sea. Catherine the Great’s economic “successes,” attributed to her removal of the domestic toll system, appear instead to be largely fortunate timing.²⁵ Her government prospered from the accomplishments of her predecessors: namely the restoration of peace in the Baltic and the elimination of rampant European piracy. Equally, Russia’s expansion into the Pacific marketplace in the Philippines and Alta California in the early nineteenth century succeeded mainly because of its timing, benefiting from the Anglo-French conflict, and Anglo-Dutch trade war, that followed the French Revolution.²⁶ The American Revolution, and its subsequent disruption of the Atlantic economy, actually pushed new trade into the Baltic.

²² See, for example, Cañizares-Esguerra, “Introduction,” 4; Hatfield, “Reluctant Petitioners,” 198.

²³ As one example of the fallacy of regulations restricting trade, see Romaniello, “True Rhubarb?” 11–15.

²⁴ For the effect on British shipping, see Hillman and Gathmann, “Overseas Trade.” For a discussion of the consequences of global piracy, see Kempe, “Even in the Remotest Corners.”

²⁵ This is an implicit argument in Jones, *Bread upon the Waters* and Kaplan, *Russian Overseas Commerce*.

²⁶ For an overview of the global consequences of the French Revolution, see Desan, Hunt, and Nelson, *The French Revolution*.

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Ultimately, this analysis demonstrates that the long-standing conception of Russian backwardness depended more on exogenous factors than on its attempts to exert authority over its own commercial destiny. This only confirms the proposition of economic historians Kevin H. O'Rourke and Jeffrey Williamson who argued that the decline of regulations in the early modern period had little to do with economic growth.²⁷ Russia's successes, however, were not unqualified. Russia's economy may have been relatively strong vis-à-vis Britain in the eighteenth century, but this does not mean that Russia's economy functioned well or that it adapted to new market conditions quickly. In fact, Russia's structural problems were obvious by the end of the eighteenth century. It had never developed a large merchant navy, leaving its exports almost exclusively in the hands of its competitors.²⁸ The ebbs and flows of Russia's economy linked to piracy demonstrate the dangers of Russia's lack of investment in a merchant navy. Even when they did not participate in a conflict, their trade could suffer when the merchants carrying their goods were among the combatants. This was the danger of relying upon Britain as its largest exporter, as the British entered nearly every conflict in the century. Furthermore, Russia failed to develop a successful international credit system.²⁹ Whereas a Scottish member of the Russia Company living in Edinburgh could write to his agent in St. Petersburg to purchase silk from Iran, no Russian could. Russia, and its merchants, remained heavily dependent on the movement of specie to maintain its trade. Anticipating future difficulties, however, should not be mistaken as a struggling economy in an earlier period.³⁰

Russia's economic strengths lay in its domestic production and its role in the Eurasian transit trade. Both had a limit that eighteenth-century authorities could not predict. Russia's key exports were flax, hemp, potash, tar, and iron. The rise of modern shipping in the nineteenth century ended the need for most of these products, and iron, which remained a steady export, was not being manufactured domestically into steel. Equally, the transit trade enjoyed an eighteenth-century heyday as Russia made improvements to its internal transportation system, facilitated through the use of its own licensed transportation monopolies. Silk, spices, and pharmaceutical drugs all moved from the Middle East, Central Asia, and China to European markets. The Russia Company

²⁷ O'Rourke and Williamson, "After Columbus." ²⁸ Kahan, *The Plow*, 295–310.

²⁹ There are few works on banking in the eighteenth century. See Kahan, *The Plow*, 311–8; Munroe, "The Role of the *Veksel*."

³⁰ This argument runs counter to traditional ideas of the "rise" of the West. See Acemoglu, Johnson, and Robinson, "The Rise of Europe"; and a response to their arguments, Vries, "The Limits of Globalization."