ECONOMIC NATIONALISM IN TSARIST RUSSIA:
THE FLUIDITY BETWEEN INTERNATIONAL AND INTRA-IMPERIAL RIVALRIES

An NCEEER Working Paper by

Robert Geraci
University of Virginia
Project Information*

Principal Investigator: Robert Geraci
NCEEER Contract Number: 827-04
Date: October 15, 2013

Copyright Information

Individual researchers retain the copyright on their work products derived from research funded through a contract or grant from the National Council for Eurasian and East European Research (NCEEER). However, the NCEEER and the United States Government have the right to duplicate and disseminate, in written and electronic form, reports submitted to NCEEER to fulfill Contract or Grant Agreements either (a) for NCEEER’s own internal use, or (b) for use by the United States Government, and as follows: (1) for further dissemination to domestic, international, and foreign governments, entities and/or individuals to serve official United States Government purposes or (2) for dissemination in accordance with the Freedom of Information Act or other law or policy of the United States Government granting the public access to documents held by the United States Government. Neither NCEEER nor the United States Government nor any recipient of this Report may use it for commercial sale.

* The work leading to this report was supported in part by contract or grant funds provided by the National Council for Eurasian and East European Research, funds which were made available by the U.S. Department of State under Title VIII (The Soviet-East European Research and Training Act of 1983, as amended). The analysis and interpretations contained herein are those of the author.
Executive Summary

This essay aims to show, using a collection of vignettes spanning the geographical and chronological parameters of the project: 1) the ways in which largely irrational cultural considerations (stereotypes, identities, rivalries) intruded on ostensibly rational, economic decisions regarding who could trade in Russia; 2) how domestic and international considerations intruded upon one another in the making of such attitudes and policies, so that it becomes impossible to see the Russian nationalisms of the international and domestic arenas as separate; and 3) to at least hint at some of the larger, longer-term historical implications of some of the particular connections of commerce and ethno-national identities that we find in tsarist Russia.
Introduction

Traditionally, economic nationalism has referred to policies adopted by a government to increase its financial and industrial self-reliance. It usually involves the rejection of cosmopolitanism or free trade, adoption of import tariffs to protect domestic industry, and limitations on foreign investment. Historically, in the form of mercantilism, it sought to limit imports altogether for the sake of keeping precious metals within the country. The acquisition of colonies for raw materials was a way of keeping the entire industrial process under maximum domestic control.

In recent years, some social scientists and historians have sought to broaden the concept of economic nationalism so as to separate it from its connotations of conservatism and irrationality. Chief among these has been sociologist Liah Greenfeld, whose monograph *The Spirit of Capitalism* identifies economic nationalism as a key ingredient of successful economic development in history; in other words, Greenfeld sees economic nationalism as having been forward-looking and constructive in countries such as Britain, France, Germany, the U.S., and Japan.\(^1\) She also makes the concept more useful historically by broadening it to include, besides policies, the ideology that led to such policies.

In the book, Greenfeld uses Russia as a historical counter-example, a country in which the absence of an ideology of economic nationalism prevented the kind of economic success experienced by these other countries by the early twentieth century. "Russia was among the first societies to develop national consciousness," Greenfeld writes, "but there was nothing in the lives of the architects of its nationalism, the educated nobility, and little in its later history as a nation to suggest that economic prowess had anything to contribute to its prestige."\(^2\) This statement is misleading, however, insofar as aristocrats in tsarist Russia were not entirely oblivious to the ways in which economic prowess could contribute to Russia's prestige -- that is, if such prowess were to be achieved. In fact, Russian nationalists were quite concerned with what they saw as Russia's unmet economic potential and the reasons for it. We might say that Russian society did not lack economic nationalism, defined as an ideal or a set of concerns, but rather that the expression of economic nationalism in Russia remained overwhelmingly reactive and defensive -- at times even desperate

---


\(^2\) Greenfeld, *The Spirit of Capitalism*, 476.
and self-deprecating -- as opposed to being translated into a basis for the kind of entrepreneurial behavior that would lead to economic prowess on a world scale.

Economic nationalism, in the sense of heightened concern about the Russian people's place in the world economy and in the commercial economy of "their" empire -- the long-standing fear that Russians' standard of living, their control of their destiny, and/or their status as an empire-building people could be threatened by overdependence on, and outperformance by, non-Russian economic actors -- is the theme of my book project, "Imperial Bazaar: Ethnicity, Nationality, and Commerce in Russian Eurasia," to which this essay is an introduction. In order to tell the story of economic nationalism as a defensive ideology with enormous influence in Russian history, we need to recast it not only from a matter of state policy into a way of thinking and behaving, but also from a basis of external relations into one that takes both international and domestic forms. It requires the awareness that attitudes toward external "others" are bound up with views of "others" within one's own society or polity. Russia was of course an extraordinarily diverse empire, and because it was an empire even before it was thought of as a "nation," the development of nationalism there was strongly conditioned by the ways in which the various peoples within it interacted.

Because in the Anglophone world we often refer to different populations within a political community as "ethnic" -- the word "national" usually being reserved for the level of the state, or civic nation -- we might think of this as "economic *ethnicism*," referring to the kind of economic nationalism that may be at play within a polity, most markedly within empires though not exclusively so (insofar as even the nation-states we regard as most "unitary" typically have included some degree of ethnic diversity). For Russophones, however, "economic nationalism" is not an inappropriate label for the rivalry that may take place among groups within state borders, since what is referred to as "ethnic" in English is often called "national" in Russian. In spite of this, many Russophone scholars have adopted "economic nationalism" in its English sense. So it may be more appropriate to distinguish between "internal" and "external" economic nationalisms. The sociologist Zhan Toshchenko, when referring to relations within the Russian Federation, uses the compound term "ethnic nationalism" (as opposed to generic nationalism). "[W]e are making a clear distinction between the concept of 'national economy' and 'ethnic economy'," he writes. The former is a

---

3 A rare tsarist-era example of this usage is I. D. Tarasov, "Vnutrennii ekonomicheskii natsionalizm: Real'noe uchenie o kapitale, protivopoloznoe utopicheskou marksizmu (St. Petersburg, 1908).\"
country's overall economic structure, and the policies that defend it; the latter come into play "when economic policy and practice begin to take into account or orient themselves toward establishing privileges and preferences only for representatives of one nation (usually the titular one)."  

Though in conceptual terms I would argue for the same "clear distinction," the main thesis of this paper is that when we look at tsar-era thinking and behavior, we can see that the two economic and cultural arenas in which the tsarist national economy and Russian ethnic economy respectively were defended were in practice not separate but mutually influential. The way Russian subjects (rossiiane) thought, felt, and made policies regarding their economic place in the world, and the roles of foreign entrepreneurs and governments in their economy, influenced the way they thought and felt about the economic roles of the various ethno-national groups in the domestic imperial economy, and vice versa. Internal and external "others" overlapped, both in reality and in the images Russians held of them. Empire, and the process of empire-building, blurred distinctions between the internal and external, Russian and non-Russian, self and other. Another difference between Toshchenko's formulation and tsarist practice is that support for the Russian "ethnic economy" was often not a matter of privileges for ethnic Russians, but of restrictions on minority groups seen as detrimental to Russian interests -- most often Jews.

"Imperial Bazaar" is in effect a cultural history of economic behavior and relations, and one of its central concerns is to challenge the belief of neo-classical economists (and of some economic historians) that economic behavior, whether of individuals, groups, or governments, is rooted exclusively in rationality and material self-interest. This essay aims to show, using a collection of vignettes spanning the geographical and chronological parameters of the project: 1) the ways in which largely irrational cultural considerations (stereotypes, identities, rivalries) intruded on ostensibly rational, economic decisions regarding who could trade in Russia; 2) how domestic and international considerations intruded upon one another in the making of such attitudes and policies, so that it becomes impossible to see the Russian nationalisms of the international and domestic arenas as separate; and 3) to at least hint at some of the larger, longer-term historical implications of some of the particular connections of commerce and ethno-national identities that we find in tsarist Russia.

---

The Trope of Russian Commercial Inferiority

This project was inspired in part by the work of two American historians of Russia’s merchantry, Alfred Rieber and Thomas Owen. Each devoted most of his attention to the ethnic Russian (and often Old Believer) merchant dynasties of Moscow and the heartland, for it was there that Russian merchants achieved the greatest commercial success and, eventually, the most social and cultural influence and political clout. Rieber and Owen were also aware of the considerable insecurity felt by the Russian merchantry vis-à-vis their foreign and subject minority counterparts -- labelling it "ethnic encirclement" (Rieber) and xenophobia (Owen) -- but surveyed it only briefly, leaving further analysis to future scholars.⁵

My own project, by contrast, is devoted primarily to the encounter of Russian traders -- as well as of the tsarist state and society -- with minority and foreign commerce in and around the empire. Because it is informed by detailed study of trade in various border regions, including a significant emphasis on foreign trade, in which the role of ethnic Russian traders was usually marginal, I find on the whole a lower level of self-confidence (and success) among the ethnic Russian merchantry than do Rieber and Owen. The discursive pattern that I see as common to the discussion of commerce inside and outside the empire is what I call the "trope of Russian commercial inferiority." This is the belief that ethnic Russian traders frequently lacked sufficient aptitude for and/or interest in commerce to compete successfully with their counterparts among other peoples. This stereotype was usually paired with an assumption about members of particular non-Russian groups (most frequently Germans, Jews, Britons, Greeks, Tatars, or Armenians) being more strongly inclined toward, and gifted in, buying and selling.

Though these stereotypes were subjective value judgements prone to exaggeration and distortion for effect, it is hard to deny that they corresponded to certain quasi-objective impressions or observations. These could include awareness of the greater number of people in commercial occupations among a certain ethno-national group (census data show that fewer ethnic Russians were merchants, craftspeople, and petty traders than in most groups; Jews had an unusually high number); awareness of how many of a certain kind of business were owned by members of various groups, or of which firms conducted the greatest or least proportion of trade, or which urban ethnic communities had visibly higher or lower standards of living.

⁵ Alfred J. Rieber, Merchants and Entrepreneurs in Imperial Russia (Chapel Hill, 1982), 52-73; Thomas Owen, Russian Corporate Capitalism from Peter the Great to Perestroika. (Oxford, 1995), 115-150.
On one level, putative economic inferiority was about the shortcomings of ethnic Russian merchants, traders, and entrepreneurs, i.e. the "commercial" part of the Russian nation or people. But on another level (and increasingly, as nationalism developed in Russia) the trope was also a judgment about an alleged defect in the Russian "nation" generally. It was wielded against Russians by non-Russians both within and outside the empire, and by Russians not engaged in trade or industry against those who were. But it was frequently a matter of self-criticism as well, and potentially a source of shame and frustration for all Russians, because commerce was a common yardstick according to which peoples, countries, and civilizations were compared, and also because it could give an extra sting to real economic hardships. An especially frequent claim that might reflect negatively on all Russians was that non-Russian groups with which Russians couldn't compete economically relied heavily on group solidarity in commerce, whereas Russian merchants or traders (or Russians in general) lacked such group cohesion and commonality of purpose. Still, not all Russians were sensitive to such claims, or likely to express them to the same degree or in the same situations. At many times comparative economic performance was more the concern of peasant consumers, aristocratic elites, or government policymakers than of merchants and entrepreneurs themselves.

Though the trope was a negative assessment of Russians and their culture, its valence could at times be reversed so as to make Russians' economic "backwardness" into a moral virtue. Religious thinkers and socialists were the most likely to see things in these terms. Russians, they often thought, should be proud that commerce was not their forte, insofar as commerce motivated by acquisitiveness, according to their value systems, could be seen as tantamount to immorality or crime, and reflective of an undesirable path of historical development.

Though the idea of commercial inferiority was taken most seriously in Russians' relations to Europeans, in comparisons between Russians and peoples they thought of as Asian, Eastern, or less developed (both inside and outside of the empire), frequently Russians would wield the same trope against their putative inferiors. Such judgments could shift over time and according to circumstances. Roughly speaking, in earlier encounters and earlier eras Russians (and/or the tsarist state) usually treated groups such as Jews or Armenians as commercially less enlightened, with a crude and primitive approach to trade, and therefore less capable than the Russians. Later, as the objective economic power of these peoples grew, Russians...
often came to regard them as forces to be reckoned with. This seldom changed the moral judgements against them, so as it became more apparent that commercial success could go hand in hand with dishonesty and greed, Russians' view of capitalism grew darker.

Eighteenth-Century Mercantilism and the Critique of Russian Commerce

Concerns about the adequacy of Russians' commercial performance first arose with Europeans' domination of Russia's foreign trade to the West. The English, who first acquired trading rights with Muscovy in 1553, disparaged the Russian merchantry as backward and impotent at least as early as the turn of the seventeenth century. In his famous commentary, Of the Russe Commonwealth (1591), diplomat Giles Fletcher claimed that Russia's merchants were utterly marginalized, powerless, insignificant, and their economic interests undercut by the tsar's own commercial ventures. Samuel Baron, however, has shown persuasively that in spite of their relatively low status the merchants managed to persuade the tsar to revoke some of the privileges he had initially given the Russia Company and to impose restrictions on other European merchants -- with the result of barring foreigners from domestic trade, restricting many of them to the White Sea coast, and denying the English passage through Russia to Persia.6

Such a case for merchant influence becomes harder to make for the Petrine period and beyond. Peter I aggressively pursued the expansion of Russian commerce and industry in order to make Russia less dependent on foreign countries, especially for military supplies. He established new foreign contacts and a Russian presence on the seas, and tried to increase merchants' incentives to trade internationally. (To a mercantilist, it was important that a country's commerce be conducted by its own subjects, to minimize the outflow of precious metals.) But little changed as a result: foreign goods arrived in Petersburg overwhelmingly on foreign ships, and Russian goods left the same way. There was nothing resembling a Russian merchant navy and few Russian ships were capable of ocean travel.

Alexander Gerschenkron has argued that Petrine mercantilist policies were an expression of Peter's ambitions, not the result of merchants' own advocacy, as they were in Britain and elsewhere.7 According to Lindsey Hughes, in spite of his ambitions Peter did not encourage the development of a self-reliant Russian

---

bourgeoisie, but rather depended on foreign traders and craftsmen, offering them substantial trading rights. For Russians, the country remained "a hierarchical society with checks downwards on the amassment of power and wealth," a situation not likely to foster great enthusiasm for commercial occupations. In 1729, the new British consul in St. Petersburg, who was responsible for negotiating conditions for the members of the so-called British Factory there, remarked after a long absence, "The several alterations which have been made in this country since the last 30 years has [sic] occasioned little or none in the natural bent of this people, the same indifferecncy, or rather aversion to all manner of business, still continues in them. . . ."

A detailed account of controversy over foreign trade during the reign of Catherine II, by pre-revolutionary historian N. N. Firsov, shows the empress and her entourage having inherited a frustrating situation, endeavoring in vain to expand and improve foreign trade. Almost as soon as she took the throne in 1762, Catherine complained that Russia had "no direct commerce with foreign states, and no institution for the transport of products on Russian vessels." Few of the 200,000 tsarist subjects classified as merchants had enough available capital to conduct foreign trade; large fortunes were few, and bankruptcies frequent. A contemporary observer wrote that the typical Russian merchant was "helpless before a foreign merchant operating on the Russian market. The foreigner looked down on a Russian even when the latter was richer than himself." Catherine's trade advisor remarked that "Russia's merchants are nothing but the hired laborers, or better yet the drivers, of the foreign merchants."

Most recent historians of Russian foreign trade such as Arcadius Kahan, Herbert Kaplan, and V. N. Zakharov agree that Russia's international trade was overwhelmingly dominated by Europeans, in particular the British. But they admit that defining and quantifying that dominance are tricky matters. Part of the reason stems from foreign merchants' extraordinary influence. They had so much clout in Russia that at some times they were allowed by the tsars to have subject status in the empire so as to enjoy the same trad-

---

8 Lindsey Hughes, *Russia in the Age of Peter the Great* (New Haven and London, 1998), 135-155; quote on 149.
9 Letter, Consul Thomas Ward to Ambassador Charles Townsend, 5 July 1729, St. Petersburg, UK National Archives, SP 91/10.
10 N. N. Firsov, *Pravitel'stvo i obshchestvo vikh otnoshenii k vneshnei torgovle Rossi v tsarstvovanie Ekateriny II: Ocherk iz istorii torgovoi politiki* (Kazan, 1902), 4.
11 Firsov, *Pravitel'stvo i obshchestvo*, 12, 16.
ing rights as Russian merchants. Consequently, a significant number of British, Dutch, and other foreign merchants in Petersburg are listed in customs lists and other documents as simply Russians, even if for many the status was temporary and purely instrumental (they could profit from it and then return home to resume their previous subjecthood). For historians, record-keepers' having neglected to identify the foreign origins of such merchants has made an important dimension of the history difficult to recapture.  

The shortcomings of Russia's trade and traders emerged prominently in the 1767 Legislative Commission. Prince Mikhail Shcherbatov (later famous for his essay "On the Corruption of Morals in Russia"), raised the issue of foreign trade in response to merchant delegates' demands for exclusive trading rights through prohibitions on the trading of peasants and other non-merchants. Setting off a heated discussion, he described Russian merchants as "not at all diligent in foreign trade." They sought greater wealth by denying opportunites to aristocracy and peasants, "only to give it away to foreign peoples. . . . And of course, seeing everywhere open paths to their enrichment, they will not want to risk the slightest danger in foreign trade. Therefore all the real trade that enriches a state will remain in the hands of foreigners, and thus we are only getting further and further away from Peter the Great's designs." If more active in foreign trade (which was legally restricted to merchants) they would be less concerned with competitors in other kinds of trade. Shcherbatov did not mention that some Russian merchants in the Commission had also demanded limitations on the trade of non-Russian merchants such as Armenians and Tatars; these efforts too were a ramification of merchants' inability to compete with Europeans.

Nobles' interest in the matter, however, was not purely economic; historians have identified this era with the birth of nationalism in the Russian aristocracy. According to Firsov, the merchants' complacent passivity in trade with Europe reflected their interest in "only the acquisition of direct profits from commercial deals, thinking only of the quickest personal profit." Elites too saw it not as a product of mere

---

13 At least two Soviet scholars tried to show that the received view of foreign dominance was an exaggeration, but ultimately could only make persuasive cases for small re-estimates of its magnitude and periodic change, in part because of ambiguities caused by Europeans taking Russian subjecthood. N. L. Rubinstejn, "Vneshniaia torgovlia Rossii i russkoe kupechestvo vo vtoroi polovine XVIII v.," Istoricheskie zapiski 54 (1955), 343-361; B. N. Mironov, "K voprosu o roli russkogo kupechestva vo vneshnei torgovle Peterburga i Arkhangelska vo vtoroi polovine XVIII - nachale XIX veka," Istoria SSSR 6 (1973), 129-140; and Kahan, 264-265.

14 D. Polenov, O Ekaterininskoi komissii dlia sochinenia proekta novogo Ulozheniami, chast' II (St. Petersburg, 1871), 60-61. This source is identical to Sbornik Imperatorskogo Russkogo Istoricheskogo Obshchestva, vol. 8 (St. Petersburg, 1871).


16 Firsov, Pravitel'stvo i obshchestvo, 333.
circumstance but as a deep moral and cultural problem, attributing it to "our countrymen's inability to act in concert, in solidarity" and their "extreme egotism of impulses and efforts to take everything from the other even if at the price of losing everything of one's own." One advisor claimed Russian merchants' mutual hatred had been noticed not only in internal trade, but also in the few places where they did actively trade across borders (in China and the Central Asian principalities), and that their behavior had hurt the prices paid for Russian goods. Most critics were convinced, on the other hand, that foreigners enjoyed the spirit of agreement and unanimity that the Russians lacked.\textsuperscript{17}

By the end of her reign, Catherine and her advisers were still struggling to inspire an under-responsive Russian merchanty to act in the interest of the empire and what the state thought was their own self-interest as well.

It is unclear how many elites shared Shcherbatov's nationalist concern with Russia's commercial prowess. Few were aware of the Legislative Commission discussions because publication of its documentary record did not begin until over a century later.\textsuperscript{18} Books did exist from which a broader, lay readership might learn about foreign trade and Russians' limited role in it. Some, like M. G. Chulkov's enormous compendium on Russian foreign trade, may not have been widely read; others, such as J. G. Georgi's description of St. Petersburg, informed readers without criticizing or moralizing.\textsuperscript{19} Nonetheless, in the early nineteenth century -- a period that with the defeat of Napoleon, the rise of the Russian intelligentsia, the Crimean War debacle, and the onset of the Great Reforms, was crucial for setting the key parameters of a developing Russian national identity -- the trope of Russian commercial inferiority became familiar and influential among a large Russian public. Two very different literary phenomena contributed to disseminating the trope.

The first was a work of fiction often described as the first "full-fledged novel" and first "bestseller" in Russian literature: Faddei Bulgarin's \textit{Ivan Vyzhigin} (1829). The sprawling, stylistically unremarkable novel is the picaresque story of a callow young man swept by circumstance around the geographical and

\textsuperscript{17} Firsov, \textit{Pravitel'stvo i obshchestvo}, 8 (quote), 10, 16.
\textsuperscript{18} The records were published sporadically in the \textit{Sbornik Imperatorskogo Russkogo Istoricheskogo Obshchestva} (St. Petersburg, 1867-1916).
\textsuperscript{19} M. D. Chulkov, \textit{Istorichesko opisanie rossiiskoi kommersii pri vsekh portakh i granitsakh s drevnikh vremen do nyne nastroiaschego, i vsekh preimushchestvennykh uzakonenii po onoi Petra Velikogo i nyne blagopoluchno tsarstvuiushchei gosudaryni imperatritsy Ekateriny Velikoi}, 7 vols. in 21 books (Moscow, 1781-1788); J. G. Georgi, \textit{Opisanie Rossisko-imperatorskogo stolichnogo goroda Sankt-Peterburga i dostopamiatei v okrestnostiakh ego} (St. Petersburg, 1794), 200-222.
social landscape of the Russian empire. In a prominently framed scene, a merchant named Sidor Ermolaevich delivers a fervent diatribe on the failings of Russian commerce.

"Would you not think it strange, even incomprehensible, gentlemen!" said the merchant, "if in all the ports of France there were none but Dutch and Germans, or in the ports of England none but Spaniards and Italians, who carried on the foreign trade, and if the French and English were merely occupied like camels in carrying merchandise from the interior to the sea-shore, for the sole purpose that foreigners might reap incredible profits, without labor, without trouble, without responsibility, with nothing to begin with but the brass plate engraved, 'Kontora' (counting-house) on their doors?"

"I would say decidedly," replied Peter Petrovich, "that if the natives of the country work like oxen, allowing foreigners to cut beef-steaks out of their carcasses, that is to say, if the natives work for the enrichment of parvenus, who trade upon their labor, these indigenes must certainly have either an insufficiency of mother-wit, or money, or honesty, to be themselves merchants."

After the guests discuss to what degree the merchants themselves are responsible, as opposed to circumstances beyond their control, Sidor Ermolaevich offers his own explanation. Few merchants can establish a reputation and credit comparable to those of Europeans because few firms or families remain in business over multiple generations. Typically, after a merchant grows rich he either goes bankrupt from extravagant living, takes to drink and lets his business be plundered by his clerks or his children, or attains personal nobility, purchases an estate, and liquidates his business. For this reason, rarely do Russians make their fortune on "ordinary trade"; most rely on government contracts, a livelihood that Sidor Ermolaevich considers not genuine trade, "for he only confers a real benefit on the trade of his native country, who extends it beyond its frontiers, and favors the consumption of our produce abroad." Exports, therefore, were handled mostly by foreigners from old, established European trading houses. In spite of the lamentable and demeaning current state of foreign trade, and its origins in merchants' own behavior, Sidor Ermolaevich is confident that his colleagues will become better at trade once they become better educated.

After fiction, the issue surfaced in a very different genre: published statistical reports on trade. The tsarist government began to issue annual trade statistics in 1802, and the appearance of the so-called "thick journals" in the 1820s provided a forum for their analysis. What the reports added to the trope of commercial inferiority was an explicit ethnic dimension. Since 1767, the empire had expanded by leaps

---

21 Bulgarin, 184-186. Some modern critics consider this scene to be central to the novel, arguing that Bulgarin's chief concern is the emergence of a middle class and middle-class values. See Ronald D. LeBlanc, *The Russianization of Gil Blas: A Study in Literary Appropriation* (Columbus, Ohio, 1986), 177-180. It therefore seems odd that the merchant's rant and the ensuing discussion have been omitted from a recent abridged edition: F. V. Bulgarin, *Ivan Vyzhigin i ego prilozhenie Petr Ivanovich Vyzhigin* (Moscow, 2002). The omission might indicate that the editors wished to spare a broad target readership from this theme entirely, because it is still sensitive and controversial in Russia.
and bounds with the partitions of Poland, the annexation of Georgia, the conquest of New Russia and other pieces of the Ottoman empire, Bessarabia, Finland, and former Persian territory in Transcaucasia. Both the nature of foreign trade and the people doing it became significantly more diverse. Economists now felt it necessary to point out that the relative passivity and sluggishness of Russia in foreign trade was specifically attributable to ethnic Russian merchants and their culture.

One of the earliest non-fictional accounts of Russians' role in foreign trade as a problem was Grigori P. Nebol'sin's *Statistical Notes on Russia's Foreign Trade* (1835). Nebol'sin, an economist in the Ministry of Finance, put primary emphasis on shipping at St. Petersburg but touched on other locations too. His case for the necessity of "active" Russian (rossiiskie) foreign traders and ships shared the neo-mercantilist logic of Petrine and Catherinean statesmen, and ultimately stressed the need for a merchant fleet.22 But Nebol'sin discussed the problem in language that emphasized ethnic identity over political subjecthood.

Nebol'sin estimated that only about thirty "native Russian" (korennye russkie) firms in the country were doing direct, or "active," foreign trade. Only about ten percent of the ships in the capital port were flying the Russian flag, he said, "even when we include in that number ships that are not really Russian but Finnish vessels [acquired upon the annexation of Finland in 1809 - R.G.] as well as those that sail on the Black Sea, very often having nothing Russian besides a flag."23 In a later publication, the economist commented that the Black Sea ships "can only be considered Russian by their flags, because it is well known that the crews of all the Russian ships used in international shipping in our southern ports consist mostly of Greeks."24 It was unclear whether he meant Greek subjects of Russia or of another state such as Greece or Turkey, and probably significant that he did not make an issue of it. On one level, economists were still thinking as mercantilists, using politically-defined states as the units of analysis, but on another level they were becoming preoccupied with ethnicity and its economic manifestations.

To explain why ethnic Russians were largely absent from foreign trade, Nebol'sin cited a number of contributing structural conditions: the geography of Russia's ports, Russians' poor trading rights abroad, significant advantages of foreigners over Russians in home ports, a shortage of good skippers (and insuffi-
cient fishing and cabotage industries for training them), and the ways in which serfdom complicated the recruitment of sailors.\textsuperscript{25} Nebol'sin also insinuated that foreigners trading in the empire deliberately made it difficult for Russians to get involved. These factors might also have kept non-Russian subjects out of foreign trade, but by insisting that the problem was at least in part attitudinal, Nebol'sin made the argument more specific to ethnic Russians. Russians, he thought, were deterred by unrealistic expectations of immense profits, and "do not possess the spirit of unity and agreement." If they knew how to cooperate, he maintained, then at least they could make their "passive trade" more profitable.\textsuperscript{26}

Although the trope of Russian commercial inferiority may have been felt more acutely by Russian aristocrats than merchants themselves (even though it was the latter whose short-comings were under judgment), at least one important economic commentator emerged from the mercantile. Ivan S. Vavilov, from Friedrichsham (a port in the Grand Duchy of Finland), was a real-life version of Bulgarin's merchant who took the situation to heart and was willing to criticize his fellow merchants. In the mid-1840s the Imperial Free Economic Society sponsored a series of public lectures by Vavilov that soon became a two-volume compendium called \textit{Conversations with a Russian Merchant about Trade}, covering all manner of detail about commerce, broadly defined.

In economic terms Vavilov's analysis was much like Nebol'sin's, but he was more of an alarmist with regard to the danger that Russia might lose its independence.\textsuperscript{27} And though he considered the problem to be mostly with the ethnic Russian mercantile he was less inclined to disparage them for their passivity and more eager to blame foreign merchants. He accused Europeans of mistreating the Russians much as they had since the seventeenth century: mocking them, keeping them from learning the ins and outs of foreign trade, and playing on the gullibility of Russian consumers. Vavilov also faulted the tsarist state for being excessively accommodating to foreigners, granting rights to trade and to hold elected positions in the merchant class without distinguishing between a native Russian (\textit{korennoi russkii}) and a foreigner accepting subjection "only for appearances." While admitting that occasionally foreign traders stayed in Russia

\textsuperscript{26} Nebol'sin, \textit{Statisticheskie zapiski}, 36, 96.
and mixed fully and permanently into the Russian merchantry, he emphasized that even many who inte-
grated for some time ultimately returned home, taking their capital with them.  

Vavilov too offered cultural explanations that seemed specific to ethnic Russians. While European
commission agents of different firms would cooperate with one another, "hand in hand, soul to soul," Vavi-
lov saw Russian merchants as lacking not only a mechanism for pooling their capital, but the "spirit of uni-
ity and good faith agreement in a common cause," a phrase identical to Nebol'sin's. Worst of all, instead of
actively seeking out markets for their goods they preferred to "sit at home waiting for orders... and deliv-
eries" from the foreigners. Mostly it was a question of merchant culture, Vavilov concluded: "only educa-
tion can put the Russian merchantry on the same level with the European."  

Minority traders

When discussing foreign trade, Vavilov focused exclusively on St. Petersburg, and not only be-
cause it was the most important port. Elsewhere, though few or no Russians participated in foreign trade,
other subjects of the tsar did. In Riga, only municipal citizens were allowed to conduct international ship-
ping, and only ethnic German Protestants could be citizens. This was a holdover from pre-Russian times;
though Catherine II herself complained about it in 1774, it continued for another century.  

In Odessa those in foreign trade were predominantly Italians, Greeks, and a growing number of Jews (who would dominate
by the end of the 19th century); the Greeks and Jews were predominantly imperial subjects. In both cities,
sources on the early 19th century tell us that Russian traders existed as virtually a separate, inferior caste
within the local merchant estate, living as if in a separate world from those who conducted foreign trade.  

Since many of these non-Russian traders were tsarist subjects, economists generally didn't worry
about the inefficiencies of foreign trade in those places. But officials did worry about the power and wealth
these minorities might acquire from dominating foreign trade, and wished they could get the Russians suf-
ficiently interested in and capable of foreign trade so as to displace some of the non-Russians. Through the
nineteenth century, they tended increasingly to think that the rossiiskiia imperiia should be a russkaia im-

28 Vavilov, Besedy, 1: 96.
29 Vavilov, Besedy, 1: 3-4, 100.
30 G. Iu. fon-Dal', "Besedy Imperatritsy Ekateriny II s Dalem," Russkaia starina 17 (1876), 12.
31 S. I. Shutov, "Rasskazy o proshlom v g. Rige (Iz zapisok Sergieva Ignatevicha Shutova) [1870],” in Iu. Abazov, ed., Ot Lifliandi
-- k Latvii: Pribaltika russkimi glazami (Moscow, 1993), 304-373; Aleksandr M. de Ribas, Staraia Odessa: Istoricheskie ocherki i
vospominaniia (Odessa, 1913), 63.
peritia, in which ethnic Russians would dominate politically, culturally, and economically. They considered trade to be of special importance for binding the empire together infrastructurally, and for providing the material improvements needed to make newly conquered peoples into loyal subjects.

When they circulated between Russian borderlands and neighboring countries, non-Russian traders might seem to be in a liminal position, neither subject nor foreigner. Like some British in Petersburg, many could adopt Russian subjecthood for business reasons, and then easily renounce it later. Some, such as Armenians and Persians in Caucasia, also worked for European merchants who transported their goods through Russian territory, and their association with foreign competition could have caused others to be uncertain about their status. Sometimes, immigrants to Russia (with whom Catherine II had often made specific local agreements) might remain non-subjects for many decades because they would receive more rights and privileges that way (though sometimes through government negligence.) Sources sometimes show two different offices listing different subject statuses for the same merchant within a short time. One office may have been mistaken, or the person's status may have changed. It is common in tsarist sources, even from borderland regions, to find officials and other writers referring to people as simply Greeks, Germans, Armenians, or Persians, without specifying subjecthood, as if to imply that ethnicity entirely overshadowed political identity and that the idea of Russian subjects (rossiiane) who were not Russian (russkie) was meaningless.

The habit persisted to the end of the tsarist era. In 1884 the Tiflis newspaper Kavkaz ran an article called "The results of the lack of local enterprise," decrying the lack of competition in purchasing corn for export in Poti. Because no Russians were active in the trade, it was monopolized by Greek merchants who paid low prices, thus sucking millions of rubles out of the region each year, the author complained. "Why don't our capitalists get in touch with foreign trading houses, why don't they send their agents there to agree on conditions for the export of the corn? Why are we allowing people who have nothing in common with us to get rich at our expense?" As usual, it wasn't clear whether the Greek merchants in question were

---

32 Some Armenians and Greeks in southern Russia who migrated to the empire in the late 18th century continually procrastinated in claiming subjecthood. In the 1820s the situation led Russian merchants to petition the governor of Astrakhan, complaining that they couldn't compete against people who had enjoyed privileged conditions for so long. Russian State Historical Archive, f. 571, op. 5, d. 740; and National Historical Archive of the Republic of Georgia, f. 2, op. 1, d. 1770.

33 V. Z., "Rezul'taty otsutstviia mestnoi predprimchivosti," Kavkaz (6 October 1884), 223.
foreigners or subjects of the empire. If they were Ottoman or Greek subjects, would the author have been any happier to see Russian-subject Armenians in the region get involved in the corn trade? The ambiguity between non-Russian subject and foreigner, one has to suspect, was a way of expressing ethnic preferences while appearing to be concerned only with the presence of foreigners, which most recognized as a less controversial basis for economic discrimination.

When Russians encountered non-European and non-Christian peoples, the trope of Russian commercial inferiority was more ambiguous than in comparisons with Europeans. Russians often assumed a Tatar or Jewish trader had a greater cultural inclination to trade and greater skill in it, especially in trade across political and cultural boundaries. But commercial aptitude was a double-edged sword. Successful traders, especially if they were not Christian, were often suspected of depending on deceit or aggression more than on true skill or knowledge; because of the presumed inferiority of their religions and cultures they were said not to understand the morally acceptable way to trade. Even if able to conduct foreign trade, they were rarely credited with modern or enlightened economic behavior. So while some Russians may truly have admired the success of such counterparts or competitors, others easily found reasons to disdain them and treat them as adversaries. And these reasons often made it clear that the aversion was not due to regional rivalries, but to strong perceptions of ethnic difference.

Elsewhere I have shown the considerable flexibility of stereotypes about Armenian merchants in discourse around trade in Transcaucasia in the decades after the Russian conquest. The image fluctuated between positive and negative stereotypes depending on how much Russians needed to depend on the Armenians at a given moment. That in turn depended on geography, state policies, the readiness of Russians to conduct trade in Transcaucasia, and (most important for our purposes here) on what relationship state officials envisioned between central Russia and the borderland. For officials to take regional non-Russian traders seriously as a future part of an ethnically integrated merchantry, generally speaking, they had to renounce Western-style colonialist views according to which borderland territories were no longer entirely foreign but not yet integral parts of Russia, their economic role limited to the supply of raw materials.34

Ambiguities of empire

Sometimes Russians seemed unsure of the meaning of empire, viewing conquered populations as still foreign, or pretending to so as to justify giving them fewer trading rights. In 1790 Alexander R. Vorontsov, head of the Commerce Commission under Catherine II, considered a petition from a group of Belarusian Jews (who had become Russian subjects in the first Polish partition in 1772) asking permission to register in the merchant guilds of Smolensk and Moscow. His negative response became the cornerstone of the eventual Pale of Jewish Settlement, limiting Jews' trade and also their residence to certain provinces.

In a memorandum only recently discovered, Vorontsov divided the question before him into two parts: "1) Do the Russian laws allow Jews to register as merchants in Moscow and Smolensk? and 2) Would it be useful to the Russian state that Jews be registered into the merchantries of internal provinces such as these?" Though it was his answer to the second question that settled the matter, it is striking that he began by declaring that on the basis of a series of decrees dating from the 1720s, Jews had no right to reside anywhere in the Russian empire. Eighteen years after the 1772 partition, and four years after Catherine's 1786 decree guaranteeing Jews equal rights with Russians of corresponding estate status, Vorontsov in effect declared the Jews to be still foreigners, whereas Catherine most likely considered those laws to have been nullified by the territorial annexation. Vorontsov's final decision was not to expel the Jews from the empire entirely, but this seemingly irrational stance, by portraying the Jews as foreigners, gave Vorontsov the starting off point he needed to justify a restrictive policy for the Jews within the empire. Given the paucity of occupational opportunities for Jews besides trade and industry, the restrictions imposed by the existence of the Pale on Jewish trade outside it (and placed by later regulations even on their trade within it) constituted the most significant instances of commercial "ethnicism" in imperial Russia.

Trade and industry in the Kingdom of Poland also produced ambiguity. After 1815, tsarist officials were tempted to erect a customs barrier within the empire so as to protect Moscow manufacturers from a flood of textiles from factory centers such as Łódź. In 1826, Poland's Finance Minister, Ksawery Drucki-

35 A. R. Vorontsov, "Primechanie na proz'bu belorusssikh zhidov," Russian State Archive of Ancient Acts, f. 19, op. 1, d. 335, ll. 55-56ob. For more on this document and its significance, see Robert Geraci, "Regulating Traders or Regulating Jews?: Revisiting the Origin of the Pale of Settlement and Its Historiography," unpublished manuscript. It is unknown how Catherine reacted to Vorontsov's memo or how the latter persuaded the State Council to embrace a view and a policy so out of line with other recent laws regarding Jews.
Lubecki, petitioned to allow the free trade of Polish cloth in the rest of the empire. Imperial Finance Minister Egor Kankrin opposed the measure, advising Nicholas I to classify Polish textiles as foreign and impose a duty on their "import," on the pretext that the reported production in Poland was so large for such a small country that one had to assume that much of it was actually smuggled in from Prussia and Austria.

But in fact Polish industry was relatively advanced, and Drucki-Lubecki prevailed by demonstrating to Kankrin that the production figures were accurate. Having done thorough research, he listed every factory, and every loom in each one, to prove that Poland was so flooded with natively produced textiles that contraband was not tolerated. Furthermore, he showed that the Russian factories were not producing enough to meet Russian consumer demand. If the availability of this merchandise threatened the Russian producers, he argued, that was because of its superior quality, not its quantity. As a result of the Polish minister's convincing argument, no new tariff was established.36

A merchant named Rybnikov recounted a dinner conversation between Moscow merchants and Nicholas I in 1833, in which the tsar questioned the Muscovites on the meagerness of their foreign trade: "Gentlemen, you certainly need to try to withstand the competition from foreign manufacturers, and try to sell your products not only in Russia, but in other markets too." When Rybnikov replied that one of the obstacles to expanding the market was the large quantity of woolen goods coming from Poland under exceptionally low import duties, Nicholas moralized, "they [the Poles] shouldn't be compared with the others, because they are our subjects too."37

Some time later, in a conversation with a subordinate to viceroy M. S. Vorontsov, Nicholas made a similar intervention regarding the Caucasus. The year was 1846, just before the restoration of duty-free trade to Transcaucasia (a chief cause of Vorontsov with which Nicholas was obviously not completely happy). "Listen to me," the tsar said, "and remember well what I say. Don't think about the Caucasus as if it's a separate kingdom. I want to and have to try, using all possible means, to fuse it to Russia, so that it will all make up a single whole. . . . But you, by introducing free trade to Transcaucasia, want to force its in-

37 I. Rybnikov, "Rossiiskoe kupechestvo na obed'e u imperatora Nikolaia Pavlovicha (1833 g.)," Russkii arkhiv (December 1891), 365-366, emphasis added.
habitants to believe they receive everything good not from Russia, but from outside, and instead of the merging of the region [with Russia] you're working towards its separation.38

Many Russians were likewise prone to treating Central Asia (Turkestan) as a foreign land even after its conquest. One of the tsarist state's reasons for annexing the territory was to supply the textile industry with a reliable cotton supply; this was a pressing concern in the early 1860s, when cotton imports were impeded by the U.S. Civil War. Yet after the conquest few Russian textile firms were interested in setting up operations in the region. One of the few Russians who worked in Turkestan for such a firm, Nikolai A. Varentsov, later wrote a long, detailed memoir that helps us to see how the region and its entrepreneurs were viewed and treated by the Russian merchant community.

In 1855 a survey of trade with Central Asia had attributed the sorry state of Russian trade in there to the absence there of any "real merchant, a person having an understanding of business and having respect for himself and for his occupation," by which the author revealed he meant an "ethnic [korennoi] Russian merchant." Yet Russians, besides generally preferring to stay home (domosedstvo), lacked knowledge of the region, were intolerant of deprivations, and feared for their security. These would not be concerns for a Turkic Muslim, who not only would be protected by the language and religion he shared with Central Asians, but would be less demanding, less "swaggering" (chvanliv) than a Russian, and have fewer expenses. "And this is what explains why Tatar merchants' business goes better and develops more broadly than that of a native Russian who depends only on assistants for everything."39 The author's preference for Russians seems to have been merely abstract.

Varentsov's Russian boss in post-conquest Turkestan, N. P. Kudrin, was not originally from Moscow but from Orenburg, a steppe city where his family had traded alongside Tatar merchants whose language they learned. According to Varentsov, in the 1880s and 1890s most other Moscow firms besides Kudrin's employed exclusively Muslim agents to represent them in Turkestan. Yet they had never overcome the tensions that this raised, given that they regarded Tatars as of dubious loyalty to Russia and to themselves. They (and even Kudrin) often worried that their Tatar employees stationed so far away might

abscond with their company's money, set up their own businesses, and never return from Central Asia, or even leave the empire entirely.\textsuperscript{40} This was the classic "principal-agent problem" but with an extra layer of ethno-national suspicion.

Varentsov's memoir contains a wealth of insight on the subtle, unofficial ways in which ethnicity and commerce intertwined in the late nineteenth century, based on anecdotal and personal details rarely available in official documents or even publications of the tsarist era. Varentsov wrote, for example, of some Russian merchants' extreme discomfort in interacting with natives of Central Asia; traders who took advantage of cultural differences in order to get the best of Muslim competitors; and others who viewed every government decision on the economy -- tariffs, placement of railroad lines -- chiefly in terms of the benefit or harm it might bring to entrepreneurs of different regional and especially ethnic groups.

To some Russians, trade routes embodied the commercial interests of ethnic groups. In the early 1880s a group of Moscow merchants petitioned aggressively for the abolition of the Caucasus transit trade leading to Persia. Even though a good number of Armenians also signed the petition, Slavophile publicist Ivan Aksakov saw the measure as key to the region's final conquest and Russification. The local Armenian capitalists had been in cahoots with the foreigners in monopolizing the economy, he said, "as if it had been for their sake that over many decades hundreds of millions of Russian rubles were spent and the Russian blood spilled with which Russia purchased full control of the Caucasus." Now finally Russia could abandon the path by which the Caucasus was becoming a "special Armenian domain."\textsuperscript{41} Concessions to European traders had also enhanced domestic minorities' power in the Caucasus and Central Asia, and impeded the Russian civilizing mission there.\textsuperscript{42}

**Foreign capital and its domestic ramifications**

By the 1880s, the chief commercial debates in Russia had moved from trade to industry. Foreign dominance in trade had been caused by a shortage of commercial capital, while the new concern was about the increasing presence of foreign industrial capital. Historically, industrial capital has often begun its life

\textsuperscript{40} N. A. Varentsov, Slyshannoe. Vidennoe. Peredumannoe. Perezhitoe (Moscow, 1999), 48-50.
\textsuperscript{41} M. N. Katkov, Sobranie peredovykh statei, 1883 god (Moscow, 1898), 247-248.
as commercial capital; though one should not assume that the European firms amassing capital in foreign trade with Russia in the eighteenth and early nineteenth centuries were the same ones who invested in and operated industry there fifty or a hundred years later, some individuals and families did bridge that divide.\textsuperscript{43}

Since few Russians had amassed capital through foreign trade, the merchantry was ill-prepared to finance industrialization, and consequently new generations of foreign investors and entrepreneurs found a large opening. Late nineteenth-century tariffs catalyzed a shift of European strategy from importing to Russia to setting up industry inside the empire. And passivity in foreign trade, one could argue, left a vacuum of self-confidence in Russia, with its merchants long accustomed to thinking of themselves as unequipped to compete with Europeans, and the Russian government retaining little faith in Russian merchants' ability to develop the economy as needed.

Frequently, those alarmed both by foreign control of Russian trade and increasing foreign ownership of Russian resources and industry were begrudging proponents of foreign capital, arguing that its influx, though worrisome, was necessitated by the failures of Russia's own capitalists. An 1896 newspaper commentary on Belgian enterprises expressed Russians' need to "throw off our age-old laziness and sluggishness and set ourselves really seriously to work -- or else give Russia over to the new, unwanted Varangians, who will bring 'order' to our 'riches.'"\textsuperscript{44} An 1899 editorial in the conservative \textit{Novoe vremia} criticized Russian capitalists for their stubborn insistence on high tariffs at the expense of consumers, and for thinking they had a God-given right to a monopoly and the outrageous profits resulting from it. In light of this, it opined, the influx of foreign entrepreneurs would at least increase competition in the domestic market even if there was no real competition between Russians and foreigners.\textsuperscript{45}

In 1898 the newspaper \textit{Nedelia} shifted its tone from hysterical alarm to a sober, rational calculation of the economic costs and benefits of foreign capital. Though it was necessitated by inadequate Russian capital and entrepreneurs for industrialization, the newspaper argued, one should distinguish between more and less harmful forms of it. Does foreign capital take the form of a loan or of the actual operations of a


\textsuperscript{44} "Novye variagi," \textit{Nedelia} (25 February 1896), col. 262-263.

\textsuperscript{45} "Moskovskoe birzhevoe obshchestvo o vrede inostrannykh kapitalov," \textit{Novoe vremia} (28 January 1899).
foreign-owned company? If the former, then at least the profit stays in Russia, whereas the profits from the latter will leave the country. It was also worth asking, the editorial remarked, whether the foreigners are setting up new enterprises or taking over ones already existing. While it deemed the former relatively benign, it found the latter disturbing. Whether it indicated that Russians were ignorant of business principles, or that they chased after short-term profits by selling enterprises rather than working steadily toward a solid industrial sector, it showed the "lack of a healthy industrial spirit." Ideally, foreign capital should be used by Russians not to worsen the problem but to correct it by raising the spirit of enterprise: "If [foreign capital] starts to work without privileges or protection, only by its own powers -- then we'll learn a good lesson from it."46

Concerns about the place of foreigners in Russia, whether in trade or in industry, overlapped with notions of the balance of power among subject ethnic groups in the economy. Rhetoric highlighted the figure of the European who gets rich at Russia's expense and leaves with his wealth, having made no lasting commitment to the country. A great deal hinged on the nature of immigration, making immigrants and their descendants vulnerable to suspicions and accusations of disloyalty. What had not been present in the complaints about foreign dominance in trade was the new sense that Russia had been invaded and occupied by another empire, and that foreigners' economic activities were transforming it to the point of unrecognizability.47 Sergei F. Sharapov, a gentry figure associated with Slavophile merchants and visible opponent of foreign capital, wrote that earlier there had been two kinds of entrepreneurial immigrants: those who stayed and assimilated, and those who left with their money. But now, he said, Russians feared a new variation above all: those who stayed and did not assimilate but rather treated Russia as if it were a foreign country, continuing to speak their own language and working and socializing only with their own ethno-national group.48 In other words, having foreigners now ubiquitous in Russia, rubbing Russians' noses in their otherness and their wealth, was worse than the economic fact of the flight of wealth from the country.

While the economic effects of foreign capital were subject to wide debate -- hinging on empirical variations

46 "Inostrannye predprinimateli." Nedelia (8 November 1898), col. 1426-1429.
47 The imagery of invasion and transformation appears in I. V. Diakonov, V krame Vaala: Etudi po voprosam promyshlennosti i torgovli (Moscow, 1889); and V. M. Doroshevich, "Nashestvie inoplemennikov," in idem, Novye rasskazy (Moscow, 1903).
48 S. F. Sharapov, "Inostrannye kapitaly i nasha finansovaia politika," in Sochineniia, kn. 3 (Moscow, 1899), 20-43.
-- for some it was these non-economic, emotionally charged cultural matters that tipped the scales against foreign capital.

The enormous Baku oil industry, which arose in the 1870s and peaked before 1905, embodied these concerns perhaps more than any other sector. Oil was one of the world's newer industries, a non-replenishable resource in which Russia was unusually rich, yet for which it had less immediate demand than more industrialized countries. Its fortunes still depended on the solving of basic technical problems. These conditions made it -- and arguably Russia in general -- more vulnerable than usual to foreign exploitation in the worst sense. And for many Russians the insult of foreign domination was compounded by the fact that most of the industry's leaders native to the empire were not Russians.

Given that the most powerful firms were owned by the foreign dynasties of Nobel and Rothschild, the industry may have put something of a check on Armenians' economic domination of Transcaucasia. The development of the industry had been pioneered by the peasant-born Old Believer V. A. Kokorev, a leading tax farmer in oil before the system was abolished in 1874. After Kokorev's death, however, few significant oilmen were Russian. Alongside the foreign presence, a significant number of Armenians and Azeris held onto medium-sized and smaller firms, many of which enjoyed moderate success and gave their owners international stature, though in difficult times they were frequently under pressure to sell their companies to magnates in Britain and elsewhere.

It is hardly controversial to say that one of the reasons why the Russian state allowed foreigners to play a large role as they did in the oil industry (and others) was because it perceived Russians as insufficiently enterprising and risk-taking. For a century Russian merchants and entrepreneurs had been compared unfavorably with Europeans; the relative success of non-Russian imperial entrepreneurs was somewhat touchier because it was less expected and challenged Russians' stature within the empire. Eventually the perceived threats of foreign domination and domestic non-Russian domination became lumped together. The Rothschild oil business, owned by French Jews, was of course to some degree associated in Russian minds with the domestic Jewish minority. The reactionary A. P. Liprandi complained that alt-

---

50 See for example "Nashestvie inoplemennykh," Nedelia (1 June 1897), col. 695.
ough the oil industry had been established by Russians and should be a source of wealth to the "Russian people," it had only enriched a pleiade of foreigners, Jews and inorodtsy -- Nobel, Rothschild, Gukasov, Mantashev, and Pitoev (the last three being Armenian oil barons).  

In 1880, the chemist Dmitrii Mendeleev seemed to be anticipating such a situation when he proposed moving the oil refining industry from Baku to Nizhnii Novgorod under the auspices of the Moscow Old Believer industrialist R. I. Ragozin. Though it seemed implausible to transport raw oil from the periphery of the empire to the center, Mendeleev insisted that the plan was cost-effective. The Baku oil barons opposed the plan out of self-interest. But even people with no stake in the oil business declared Mendeleev's idea offensive because his propaganda for it was chauvinistic and belittling toward minorities and foreigners in the oil business. "The Baku people alone aren't up to the task of making the [oil] business bigger," Mendeleev wrote. "What's needed are new, Russian [russkie] minds and forces, long-term vision and know-how. We need dozens of Ragozins to do the business together. The Baku people will get their prices, and Russians [russkie] will get the business."  Elsewhere he implied that if the business remained in the hands of the "Baku people" (Armenians and Azeris) it would be in greater danger of being lost to foreign industrialists. Some adversaries accused Mendeleev of a colonialist attitude toward Transcaucasia; he wanted its role in the empire limited to supplying raw materials. Mendeleev, a critic said, assumed that industry was beyond the local population's capabilities, and that it was undesirable to allow ethnic minorities to reap large profits from it. In fact, to move the industry to central Russia now would cause the Baku firms to lose the millions of rubles they had spent on building their refineries. When pressed, Mendeleev seemed to change his proposal, claiming that he had never meant the Baku refineries would have to close; rather he thought that refining centers in Nizhnii and Baku could co-exist.  

To many elites and officials, not all capitalists were equal. In 1888, after deliberations on possible limitations to oil land acquisitions by foreigners -- for which Russian "Slavophile" capitalists lobbied heavily but which the government ultimately rejected -- Finance Minister Ivan Vyshnegradskii told a colleague that the proposed regulation would not have helped matters much.  

51 A. P. Liprandi, "Bakinskoe ocherkii," Nabliudatel' (September 1900), 284-327; (October 1900), 40-57. See also "Angliiskaia okkupatsiia," in idem, Kavkaz i Rossia (Kharkov, 1911), 92-131.  
52 D. I. Mendeleev, "Gde stroit' neftianye zavody," in idem, Sochineniia, t. 10 (Leningrad-Moscow, 1949), 265.  
53 Mendeleev, "Gde stroit' neftianye zavody," 283-287.
As for... the need to strengthen the Russian element in the region... it must be noted that the projected measures would hardly have achieved the presupposed goal, since with the elimination of foreigners the oil industry, though it would have remained... in the hands of Russian subjects, obviously it would not be those of native [korennoe] Russian origin, but of local residents -- Armenians, Persians, Georgians, etc., which from the point of view of the Russification of the region would not have changed the state of the matter.54

Vyshnegradskii thought allowing foreigners a strong hand in oil would help to prevent further entrenching of the positions of these peoples. Compared with subject minorities, foreigners were a lesser evil.

From the state point of view, Armenians were the chief threat to Caucasia/Transcaucasia. Frequently accused of aggressive economic tribalism, allegedly they relied on extraordinary and even excessive ethnic solidarity to corner markets and squeeze wealth out of non-Armenian communities. By 1900, they dominated trade in Caucasia and Transcaucasia, had purchased a great deal of land from the indebted Georgian nobility (who, like Russian nobles, generally abhorred commerce and rarely deigned to engage in it), and had risen to dominant numbers in the Tiflis and Baku city dumas. But tsarist officials rarely admitted that their ill will toward Armenians stemmed to any degree from the latter's commercial success. They claimed it was about political disloyalty: in the 1890s Armenians began to be accused of separatist ambitions when they reached out to Ottoman co-ethnics targeted by ethnic violence. Around the same time, an Armenian terrorist movement emerged, though it may have been as much the result of tsarist repression (of Armenian schools and churches) as a cause. In a 1902 interview, however, a Russified Armenian with no particular fondness for merchants insisted that word on the street was that Armenian business success "has exerted a strong influence on the direction of your policies toward us."55 Russian officials were especially angered by developments in the oil industry. Armenians had been successful in it,

but your [Russian] merchants are distinguished, as the whole world knows, by their extraordinary inertia, refusing to invest their capital in this industry because they receive good income from other enterprises. And now, many of the Armenian firms are convinced that it's time to liquidate their businesses in Baku, but none of the Russians has bought their oil operations from them, which brought even greater dissatisfaction from your government. So it turns out that the Armenians did something bad by buying up oil wells in Baku, but still worse by selling them to foreigners.56

Industrial development in late nineteenth-century Poland is yet another issue illustrating how external and internal economic nationalism were blurred together. Earlier, Polish industry was seen as a re-

55 I. K. Kanadeev, Ocherki zakavkazskoi zhizni (St. Petersburg, 1902), 22.
56 Kanadeev, Ocherki, 24-25.
gional and ethnic threat to Russian textile producers. In the 1880s, however, Moscow industrialists became aware of a great number of German immigrant entrepreneurs in the booming region. Simultaneously they complained of two economic threats: foreign capital and a borderland minority. Foreign operations were concentrated in a region where, the Muscovites claimed, they benefitted from lower taxes and freight charges than in central Russia, allowing them to undersell the Moscow factories. The nationalists, fearing that regions like Poland were "becoming stronger than the center in all respects, and not by [the center's] own fault," petitioned for equalization of the financial conditions of industry between the heartland and the borderlands. After all, they wrote, they could have demanded much more: "special privileges or protection, to which the Great Russian industrial center . . . has a moral right, as the historic core of the Great Russian tribe that carried on its shoulders the thousand-year work of statebuilding. . . ."57

The journal *Russkaia mysl'* ridiculed the economic nationalism of the petitioners, many of whose names were German ("Knop, Vogau, Tsindel', List, Guzhon, Emil' Lipgart, Brokar, Keller, and other 'purely Russian people.'"), and wondered, "when all these now 'native Muscovites' came to Russia from abroad and established industrial enterprises, did there exist any danger to our fatherland from the alien invasion, or did it not exist? Why, when [they] were resettling in Russia, was this a completely normal phenomenon, and now when some Karl or Meier immigates with the same capital and the same purposes, Vogau and Tsindel' consider it their 'patriotic' duty to protest against the 'conquest' of Russia by foreigners? Isn't it because Karl wants to get his fingers in Vogau's pie, and Meier threatens to destroy Tsindel's industrial peace?"58

The apparent solidarity among merchants and industrialists of Russian and German origins would soon fall apart in the context of World War I, when Russians and their government fought against "German hegemony" (*nemetskoe zasilie*) in the economy with little concern for degrees to which Germans were Russified. Even in the late eighteenth century, critics who depicted Russian merchants as subservient to European ones had begun to see Europeans' domination of external commerce as overall control of the country. Going further, Bulgarin had described Russia as an Asian underdog bullied by Western entrepreneurs. By

58 "Vnutrennee obozrenie," *Russkaia mysl'* 20:3 (1899), 196.
the 1890s, after large numbers of foreign capitalists had penetrated the Russian interior, concerned publicists indulged in similarly negative fantasies about Russia becoming another British South Africa or a territory of Germany. As noted earlier, the situation also reminded some of the potentially demeaning Norman or Varangian theory of their own history: that Rus' had been founded by Nordic aliens bringing political order, whether by invitation or by invasion, to the unruly Eastern Slavs.

Economic nationalism and socialism

What were the long-term effects of economic ethnicism, or internal economic nationalism, in imperial Russia? Rieber and Owen suggested that it prevented the formation of a unified, liberal bourgeoisie. I have argued here that it helps to explain why the state welcomed large amounts of foreign capital and European entrepreneurship within the empire. But opening the doors to cosmopolitan, free-trade policies also ran the risk of inspiring a backlash of mass demand for, and official flirtation with, statist and socialist internal policies. This was nowhere more evident than in the alcohol trade.

Usually historians attribute the introduction of a state monopoly on the sale of alcohol in the 1890s to the state's desire for revenue and a growing recognition of rampant alcoholism in Russia. Few have recognized the role of economic nationalism in it. Yet it should hardly be surprising that this may have played a significant role, in light of alcohol's centrality to nineteenth-century anti-Jewish discourse. Jewish tavern-keepers, whose numerical predominance in Western Russia and Poland was impossible to deny, were frequently accused of both profiting from and deliberately encouraging Christian-Slavic alcoholism.

The Ministry of Finance originally proposed the monopoly as an experiment restricted to a small part of the empire (four easternmost provinces), to be undertaken elsewhere only after thorough observation of the results. Finance Minister Sergei Witte had recommended this gradual approach in deference to cautious voices in the State Council. What transpired, however, was something vastly different. In July 1894, only a month after the Council had approved the pilot project (which would begin only at the start of 1895), Witte persuaded the councillors to endorse the monopoly's introduction to an astonishing twenty-five more provinces, in the Western region. "The state alcohol monopoly," he promised, "will offer the opportunity

59 A. P. Liprandi, "Angliiskaia okkupatsiia," in idem, Kavkaz i Rossiiia (Khar'kov, 1911), 92-131; idem, "Transvaal' na Kavkaze," Nabliudatel' 2 (February 1901); S. F. Sharapov, "Po russkoi Germanii," in Sochineniia, kn. 1 (Moscow, 1892), 226-276.
to completely remove the trade in alcoholic beverages from the hands of Jews and thus will serve as a decisive step on the path toward liberating the local Christian population from its dependence on the Jews. The sooner the state sale of alcohol is established, the more the population will benefit; therefore it appears very desirable to introduce the reform without delay in the provinces within the Pale of Jewish Settlement." The archival copy of the report contains the tsar's personal remark, "I completely share this [opinion]." By the time of the State Council's formal discussion of the measure in March 1895, some early positive feedback from the eastern provinces was available (by telegraph), but Witte's statements made it clear that this was not to be regarded as a significant factor in the Western policy, which was based on the completely separate factor of the "struggle against Jewish dominance" there. By June, the Finance Ministry decided to apply the monopoly also to St. Petersburg, Pskov, Novgorod, Olonets, and Khar'kov provinces. In May 1897, the State Council agreed, much earlier than expected, to bring the new alcohol regime to all of Russia (though not the whole empire; Transcaucasia, Central Asia, and the Far East were left out). The economist Mikhail I. Fridman, who chronicled this process, though a Jew himself did not dwell on the role of Judeophobia in it, or even say explicitly that it was key. More than anything, he attributed the abrupt abandonment of the experimental approach to hardships caused by two different systems coexisting in close proximity. Still, it is clear in Fridman's account that the most dramatic acceleration of the plan came from Witte's overt appeal to Judeophobia. One has to wonder whether this factor had provided quieter inspiration for the plan all along, both in the capital and in provincial communities.

The vodka monopoly was not the only quasi-socialist project to be promoted by Judeophobia. In a study of rural cooperative organizations in southern Ukraine under late tsarism, Alexander Dillon has argued that for some Russians and Ukrainians the idea of cooperation was inherently anti-Jewish; Jews in that region were roughly synonymous with the capitalist middlemen peasants sought to eliminate to ease their financial burdens. "[F]or nationalists who felt their people victims of an economy dominated by aliens, cooperation was meant to create an alternate economy. We have seen this paradigm in southern

---

61 Fridman, Vinnaia monopoliiia, 177-185.
62 This evidence runs against Witte's usual portrayal, by both contemporaries and historians, as a philo-Semite. His second wife was Jewish and he frequently stood up for the interests of Jewish figures in banking and industry. See B. V. Anan'ich, Bankirske doma v Rossii 1860-1914 gg.: Ocherki istorii chastnogo predprinimatel'stva, 2nd ed. (Moscow, 2006).
Ukraine, where activists saw cooperatives as an alternative to an economy in the hands of Jews. In many places, Jews were kept from joining cooperatives or forming their own on the same terms as Christians (and receiving state credit for them) less because of overt chauvinism than because of the state bank's assumption that all Jews were part of the capitalist system. And by 1910, Dillon shows, some of the largest, all-empire right-wing movements (such as the Union of Russian People) had developed ambitious plans for networks of consumer and credit cooperatives designed to Russify the economic landscape. Because one of their priorities was to remove Jews from markets and credit networks on which peasants depended, restricting membership to Christians was not negotiable.

During the last decade of tsarist rule, petitions and public arguments for the nationalization of various markets loomed larger on the political landscape, due both to intensifying economic hardship and the spread of right-wing nationalism and the slogan of "Russia for the Russians." Most often it was the grain trade or the credit market that Russian nationalists were eager to put in government hands. In nearly every instance (at least until the anti-German campaign during World War I), such proposals were presented overtly and primarily as measures to remove Jews from certain kinds of trade.

Eric Lohr has shown that during World War I the Russian army, state, and society designated entire ethnic groups as "internal enemies," whom they looted, disenfranchised, killed, deported from the empire, and exiled within it. In economics, Lohr finds it noteworthy that a self-consciously conservative, pro-capitalist state fighting off socialist insurgents behaved like a socialist state itself. The measures it adopted, such as property expropriation, were declared permanent, while other countries adopted similar but temporary wartime policies. In this light, it should be stressed that in Russia the this paradoxical phenomenon actually pre-dated the war -- in the case of the vodka trade, by two decades. The association of economic exploitation with ethnic otherness may help account for Russia's relatively high receptivity to socialism. Not only ethnic Russians were so receptive; resentment and demonization of traders was widespread, especially in wartime and when traders were ethnically different from most consumers.

---

64 Dillon, "The Rural Cooperative Movement," 209-213.
65 Dillon, "The Rural Cooperative Movement," 379-381.
66 A. N. Kuropatkin, Zadachi russkoi armii, vol. 3 (St. Petersburg, 1910); M. O. Men'shikov, Pis'ma k russkoi natsii (Moscow, 2000).
67 Eric Lohr, Nationalizing the Russian Empire: The Campaign against Enemy Aliens during World War I (Cambridge, Mass., 2003). See also Peter Gatrell, A Whole Empire Walking: Refugees in Russia during World War I (Bloomington, 2005).
Few historians of the 1917 revolutions would disagree that most adherents of earlier right-wing movements from the social and intellectual elites, whether or not they advocated economic nationalization for reasons of ethnicity, remained opponents of all self-described socialist movements including Bolshevism. They fought with the Whites against Bolshevism, emigrated to escape it, or settled into pragmatic, passive acceptance; many were ultimately murdered by the Bolsheviks. We know less about the ideological trajectories of lower-class folk who participated in and sympathized with those right-wing movements before 1917. Research might reveal that more than a few of them, with the monarchy gone, became supporters -- even enthusiastic, fighting supporters -- of socialist parties including the Bolsheviks. Economic nationalism, external and internal, may have facilitated this by connecting the positions of right and left, recruiting people to and preparing them for some aspects of the socialist economic agenda.