

RUSSIAN ECONOMIC HISTORY

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INNOVATIONS

Overview Starting from their earliest history, the Russians have always struggled to bring their agricultural and backward country to the level of their industrialized neighbors. It was during Peter the Great's modernization period that Russia began to see new, positive developments in technology, and natural and social science studies. The development of the railroads gave Russia the impetus to expand its influence in the Far East, and at the same time economic expansion brought economic recovery. To compete with this new world, the pace of new scientific discoveries and inventions was accelerated, and eventually the space program followed during the Soviet Union.

ANCIENT PERIOD

Stone Age: Stone age people used tools made from flint, and these stone tools were then used to prepare wood and bone to create other tools, such as knives made of stone and some bone tools, such as sewing tools and bone arrow points.

In addition, these people developed new technologies to make different types and sizes of stone tools, such as the spears and arrows they used to hunt.

In the late Paleolithic period people began to process bone and horn more extensively. Therefore, this period is also called the Bone Age. Among the artifacts found in this period are daggers, spears, harpoons and awls.

Mesolithic: The new life style of this period required new technologies and new inventions that would make hunting easier. The most significant of them was the invention of the bow which allowed them to hunt wild animals and birds more efficiently. There also developed new techniques to work stone; and they used stone axes to shape wood. During this period, they also built small rafts and boats to use the rivers and lakes to move to their new habitats.

Neolithic (to 3,000 BCE). During the Neolithic Age (the last period of the Paleolithic Age) tribes began to unite, forming the basis for the creation of ethnic groups. This period is characterized by the emergence of grinding and drilling tools made from stone. They attached handles to axes, made clay pottery, knitted nets to catch fish, and built boats. Another important invention was the wheel. It was used for both the potter's wheel, as well as creating a revolution in transportation.

Bronze Age (to 1,000 BCE). The beginning of the Bronze Age goes back to 3000 BCE. During this period there were tribes in the North Caucasus, Central Asia, the Urals and Siberia living near copper and tin deposits who began to use metals for their tools. In addition to farming and cattle breeding, the development of metal working further increased the demand for male labor, consequently increasing the roles and status of men in society to the extent that the matriarchal family was transformed into a patriarchal one.

Iron Age (to 500 CE). The development and spread in the 1st millennium BCE of the technology and techniques for iron-making was a cause for the evolution of class societies from the slaveholding societies. Stone and bronze implements were replaced by iron due to its lower cost relative to bronze, and the greater

availability of iron ore. The development of iron tools had a profound impact on almost all aspects of society, including trade, crafts and agriculture.

POST CLASSICAL PERIOD

GOVERNMENT:

Establishment of the First State - Kievan Rus': The first East Slavic state, Kievan Rus, emerged along the Dnieper River valley, where it controlled the trade route between Scandinavia and the Byzantine Empire. The rise of Kiev occurred as the Varangians increased their use of the Dnieper. Kiev gained importance around 900, when it functioned as a Khazar administrative and commercial outpost for the local Slavs. The Kievan state lasted from the late 9th century to the early 13th century. Its territory in the 12th century stretched from the Baltic Sea in the north to the Black Sea in the south, and from the Carpathians in the west to the Urals in the east.

ECONOMY:

Trade-from Varangians to the Greek: For the Early Russians and the Varangians, trade was an important source of revenue. The rivers flowing from the north to the south, from the Baltic to the Black Sea were the main routes to conduct trade with the Near East, the Byzantines and the Middle East.

RELIGION:

Conversion to Christianity - Unification of Slavic Tribes: During the rule of Vladimir I (the Great) the official Christianization of the pagan East Slavs took place in 988. Christianity (Eastern Orthodoxy) came to Kiev from the Byzantine Empire, with which they had close commercial ties. Vladimir I completed unification of all eastern Slavs in his state, and secured its borders against foreign invasions.

CULTURE:

Introduction of the alphabet: Writing was not known to the Pagan Rus,' and only came to Rus' in the wake of Vladimir I's Christianization process that began in 988. It was the two Slavic-speaking Byzantine brothers and missionaries, Saints Konstantinos (Cyril) and Methodios, in the late 9th century who devised the first alphabet, *Glagolitic*, for the Slavs. When Cyril and Methodios died, Methodios' successors were forced by the Catholic clergy to move to the south of Bulgaria, and Clement of Ochrid and Konstantine of Preslav continued to work on an alphabet, called *Cyrillic*, that was closely based on the Greek alphabet.

Icon Painting: Although Byzantine religious icons were brought to Russia after Vladimir I's conversion to Christianity, Russian artists did not slavishly follow Byzantine styles of icon painting. Instead, Russian icon painters began to create their own original style by modifying Byzantine models and to form distinctive schools of icon painting.

EARLY MODERN PERIOD

GOVERNMENT:

Table of Ranks: In 1722 Peter cancelled the old precedence that had been determined by birth, and introduced a new order of precedence known as the *Table of Ranks* in which rank was determined by merit and service to the ruler; it remained in use until the Bolshevik Revolution of 1917.

Nakaz: Catherine II (the Great) was a patron of the arts, corresponding with leading thinkers of Europe's Enlightenment such as the French philosophers Montesquieu, Voltaire and Diderot. She issued her *Nakaz (Instruction)*, a statement of legal principles, in the hope that it would be a major Enlightenment achievement. Catherine firmly believed that Russia required autocratic rule, and left serfdom, an institution condemned by the Enlightenment, untouched. This new legal code was compiled in 1767.

MILITARY:

First Navy: The foundation of Russian access to the western seas and the creation of the first the Russian Navy belong to the reformist Peter I (the Great). Peter I borrowed shipbuilding techniques from Holland to create the navy; and the first navy corps of marines was established on Nov. 27, 1705. The construction of the navy made Russia a great naval power and a major actor in European and world affairs. The Naval Academy in St. Petersburg was opened in 1715.

ECONOMY:

Early Industrialization: During the reign of Peter the Great new industrial enterprises specializing in wood work, gunpowder, leather, glass, paper, porcelain and other areas were established. In addition, there were great successes in the mining industry. New factories were opened; one of them was a silver smelting factory. Ship building was also the most important achievement of Peter the Great's reform program in the early 18th century.

CULTURE:

Civil script (Grazhdanskiy shrift): During the modernization and secularization period, Peter the Great introduced the simplified *civil script (grazhdanskiy shrift)* in 1708; This modernized Cyrillic alphabet distanced writing from the Church which continued to use the ancient script. All textbooks and works on mathematics, geography, artillery, and military science were produced using this civil script, but the Russian Orthodox Church continued to use the Church-Slavonic alphabet. During Peter the Great's reign, translations from European languages into Russian increased the capacity of the printing industry and the number of secular literary publications. In addition, the literary language was freed from religious influence and opened up to western borrowings.

Three styles of writing: Various writers such as A. Kantemir, A. P. Sumarokov and V. Trediakovsky made serious attempts to modernize the Russian language. Nonetheless, it was M.V. Lomonosov's proposal of three styles of writing for Russian in his Russian grammar published in 1755 that contributed significantly to the development of the Russian language. According to this theory, in the high style, Old Church Slavonic should be used for the composition of epics, odes, and poems. The middle style should be used in dramatic works and literary prose; and the low style, the language of townfolk and peasants, should be used for comedy and personal correspondence.

New Calendar: Peter the Great revised the calendar, by ordering the New Year to be celebrated on January 1 based on the Julian calendar. Before that in Russia, the New Year was celebrated on September 1 after the adaption of Christian Era in 1700.

ARCHITECTURE:

Russian Wooden Structures: From the 17th to the 19th century Muscovite architecture liberated itself from the Byzantine style and modified it by using the traditional Russian style of architecture. Two of the finest examples of wooden structures are located at the Kizhi Pogost site on Kizhi Island which includes the 18th century Transfiguration Church with 22 domes and the Intercession Church with 9 domes.

Tent-type (shatër): This style was developed to prevent snow from piling up on the roofs of wooden churches. This type of architecture resembles the Gothic architecture of Western Europe. The Church of St. John the Baptist in Kolomenskoye and St. Basil's Cathedral on Red Square are two prime examples of this type.

Kokoshniks: In Russian church architecture the tent-type structure was replaced with successive rows of curved corbel arches known as *kokoshniks*, a traditional Russian architectural feature. An outstanding example of this style is the Kazan Cathedral on Red Square.

Bochka roof: The *Bochka* roof is the type of roof in traditional Russian architecture that has a form of a half-cylinder with an elevated and sharpened upper part, resembling the sharpened *kokoshnik*. Typically made of wood, the *bochka* roof was extensively used both in church and civilian architecture in the 17th and 18th centuries. Later it was sometimes used in Russian Revival style buildings.

SCIENCE:

The Academy of Science: The Russian Academy of Sciences was founded by a decree of Peter the Great in 1724. The Academy mostly concentrated on the study of mathematics and natural sciences. The first geographical Atlas of Russia compiled by the Academy of Science was published in 1745; and included 19 maps of Russia's provinces and one general map.

The First Russian Scientist - Mikhail Lomonosov: Lomonosov's scientific interest was wide-ranging, including physics, metallurgy, mineralogy, chemistry, optics and mining, as well as history. His major contributions were in the field of mechanical philosophy, popular in the 17th-18th centuries and based on the previous research of Descartes, Gassendi and Boyle. Lomonosov applied this approach to a number of various phenomena, and came to be regarded as the first prominent Russian scientist.

NINETEENTH CENTURY

SOCIETY:

The abolition of serfdom: Serfdom was abolished in March 1861 by Alexander II, granting the serfs their freedom without payment. However, they were liberated without land, which was a major disappointment for the serfs since they had to pay landlords for the use of their land. The government provided loans for these payments, but the peasants were unable to keep up with their payments. As a result, they fell deep into debt.

TECHNOLOGY:

Establishment of railway and steamship lines: In 1815 Russia's first steamship was built. The first railroad connecting Petersburg to the suburbs opened in 1837, and the line connecting St. Petersburg and Moscow opened in 1851. Mileage doubled between 1895 and 1905 with the building of the Trans-Siberian Railroad reaching Siberia and the Far East.

Discovery of Oil: In 1870 oil was discovered in the Caucasus, and petroleum industry developed soon after. At the beginning of the 20th century, Russia became the world's second largest petroleum producer.

CULTURE:

Golden Era of Russian Literature: Traditionally the 19th century is regarded as the "Golden Era" of Russian literature. Poetic talent in particular flourished in the Romantic movement; some of the most prominent writers in this period were A. Zhukovsky, A. S. Pushkin, M. Y. Lermontov, I. A. Krylov. It was in this era the link between literature and national life was emphasized, and literary realism was advanced through the works of N.V. Gogol, I. A. Goncharov and A. N. Ostrovsky.

SCIENCE:

Nikolai Ivanovich Lobachevskii: Sometimes referred to as the "Copernicus of geometry", Lobachevskii became prominent for his work in mathematics and geometry. The non-Euclidian geometry he developed was named after him, Lobachevskian geometry, as was his important work on Dirichlet integrals which came to be known as the Lobachevskii integral formula.

Dmitrii Ivanovich Mendeleev: One of the most important figures in the history of chemistry, Mendeleev was the discoverer of the periodic law and the creator of the periodic table which enabled scientists to

predict both new chemical elements and their properties. In 1869 Mendeleev wrote *Principles of Chemistry*, a textbook on inorganic chemistry and his name was given to the Russian Physical-Chemical Society that had just been established.

Periodic Table: The Periodic table that classifies chemical elements was created by the Russian chemist Dmitri Ivanovich Mendeleev.

Dimitri Iosifovich Ivanovsky - Germ Theory of Disease: In the 1800s Russian scientists supported a theory called the *Germ Theory of Disease* which advocated that infectious diseases were caused by microorganisms. Dimitri Iosifovich Ivanovsky worked on a disease affecting tobacco plants known as *wildfire*.

Igor Ivanovich Sikorsky: Igor Ivanovich Sikorsky designed helicopters, and built fixed-wing aircraft. During one of his flights, he was forced to crash-land. When he discovered that a mosquito in the gasoline could starve the engine of fuel, he built a multi-engine plane to stop this problem. One of them was known the S-6 plane which held three passengers. In 1913 he designed the world's first multi-engine fixed-wing aircraft, the four-engine S-21 *Russky Vityaz* (Russian Knight) and later the S-22 *Ilya Muromets*, the world's first airliner in 1913. During WWI, Sikorsky redesigned the S-22 *Ilya Muromets* as the world's first four-engine bomber.

TWENTIETH CENTURY

GOVERNMENT:

First Socialist State: After the collapse of the Russian Empire the world's first socialist state, the Union of Soviet Socialist Republics, based on Marxist ideology, was established in 1922.

ECONOMY:

War Communism: War Communism was an emergency measure designed to win the Russian civil war. It was the name given to the economic system that existed in [Russia](#) from 1918 to 1921 and introduced by Lenin to combat the economic problems brought on by the [Civil War](#) in Russia. These emergency measures were introduced to win the Civil War, but had a devastating effect on the national economy and the Russian people.

NEP: In order to remain in power and to recover economically from the damage caused by both the Civil War and WWI, the Bolsheviks had to abandon the old style War Communism. In its place Lenin introduced the New Economic Policy (NEP) in 1921. Food seizures from the peasantry were stopped, the farmer's tax was reduced and a fixed tax in money was introduced, and the peasants could sell their products in the open market.

Industrialization: According to Marxist theory a socialist society must be highly industrialized with a vast majority of workers. However, the Soviet Union during the New Economic Policy (NEP) was partly industrialized, and workers were a minority of the overall workforce. Stalin advocated rapid industrialization in order to make the Soviet Union a powerful participant in the international arena. Rapid industrialization increased the number of intellectuals, workers, and other professionals, and the Soviet Union became powerful enough to resist any external threat, but it failed to increase the standard of living of the people.

Introduction of Five-Year Plans: Stalin introduced a series of five-year plans in 1928. The Five-Year Plans specifically concentrated on heavy industries, new factories and technological advancement. New industrial cities were constructed; hydroelectric stations were built; a railroad line was built connecting Central Asia to the Trans-Siberian line. By the end of the 1930s about 80% of all industrial production came from new factories.

Collectivization: Stalin decided to transfer all peasant land into new agricultural units which all peasants had to join. The pooling of assets angered peasants and they began to show resistance to collectivization. However, heavily armed units of the secret police and the army were sent to crush resistance. Full-scale collectivization began in December 1929 and more than half of the peasants had been placed on collective farms by the 1930s. Collective farms lasted until the end of the Soviet Union.

CULTURE:

Painting: Kasimir Malevich (1878–1935), produced a modernist art of abstract collages and geometric shapes called CuboFuturism. Malevich was also responsible for the Suprematist movement, a mystical approach he defined as the supremacy of feeling over form in art. A talented young artist from Vitebsk, Marc Chagall (1887–1985), painted colorful and whimsical works inspired by the Jewish shtetl, or village, in which he was born. Vassily Kandinsky (1866–1944), a Russian artist who became a major figure in the German Blue Rider school, is generally acknowledged as the founder of abstract painting. Several women were prominent members of the Russian modern art movement, although their contributions are often overlooked. One major figure was Natalia Goncharova (1881–1962), a talented member of the Primitivist movement who drew on icons and traditional Russian themes to produce a nativist art form. Vladimir Tatlin (1885–1953) and Aleksandr Rodchenko (1891–1956) were leading figures in the Constructivist school, which reflected their revolutionary dedication to building a new society. Tatlin is best known for designing a monument to commemorate the founding of the Third International Communist Movement (the Comintern) in 1919.

Ballets Russes: Despite its name, Sergei Diaghilev's Ballets Russes (1911-1929), never performed in Russia, instead it used Russian artists to bring its vision of traditional Russian dance merged with new choreography, modern design, contemporary music, and folk art. Two of its dancers, Vaslav Nijinsky and Anna Pavlova, would become household names. Just before the outbreak of World War I, Diaghilev began to collaborate with artists such as Braque, Cocteau, Matisse, Derain, Satie, and Picasso, as well as with Russian modernists such as Goncharova, Naum Gabo, and Larinov to stage avant-garde works.

Calendar Change: In 1918, Lenin issued a decree to switch to the Gregorian calendar to be in harmony with all the civilized countries in the world. However, due to differences between the Julian and Gregorian calendars over the calculation of leap years a total of 13 days had to be "cancelled".

SCIENCE:

Dialectical Materialist Scientists: A strong evolutionary viewpoint is a distinguishing characteristic of dialectical materialist scientists. However, for these scientists, evolution was not limited to Darwinian biological evolution, but extended to nonliving matter both prior to and after the emergence of life.

Vygotsky, a famous Soviet psychologist, argued that both Marxist theories and societal influences were major factors in his theory of psychology. He established cultural-historical psychology, a theory of bio-social and human cultural development that remained unfinished at the time of his death, and was a well-known supporter of the "psychology of the superman", a novel theory of consciousness. In addition, he was the head of an intellectual group known as the Vygotsky Circle.

Other important scientists of the 20th century who helped to revive interest in the question of life's origins were the biochemist Aleksandr Ivanovich Oparin, and the physicist V. A. Fock. Before this, Oparin and Vygotsky had both shared an interest in the relationship between science and Marxism.

Fock, on the other hand, made advances in the fields of quantum mechanics and relativity physics, unusual at a time when the majority of Marxist thinkers had reservations about the theory of relativity. However, Fock's materialistic understanding of relativity was philosophically compatible with Marxist theory.

Space Program: The Soviets were willing to make massive expenditures to advance the space program. Korolev was the founder of the Soviet Space Program. In October 1957 the Soviet Union launched the first

manmade satellite, Sputnik 1, invented by Sergei Pavlovich Korolev. In April 1961 the first flight of a human to space was launched by cosmonaut Yuri Gagarin, and, in 1966 the spacecraft Luna 9 landed on the moon.

Andrei Sakharov: A nuclear physicist who worked on the development of the Soviet hydrogen bomb while working at the Lebedev Institute, Sakharov eventually became an opponent of the Soviet regime. His calls for civil reforms and civil liberties resulted in both official persecution and the awarding of the Nobel Peace Prize in 1975.

MILITARY:

Nuclear Weapons: In the five years following the defeat of Nazi Germany, relations between the Western powers and the Soviet Union deteriorated. Fearing that the United States might use its nuclear capability to pressure the Soviet Union, Stalin ordered the development of a Soviet atomic bomb. The first Soviet atomic test, code-named *First Lightning*, took place on August 29, 1949.

Armaments: Named after their original designer, Mikhail Kalashnikov and officially designated in Russian as "Avtomat Kalashnikova" (AK), Kalashnikov is the name given to a series of assault rifles that were initially designed in 1947 (hence the designation AK-47) and entered service with the Red Army in 1948.

Discussion/Questions

1. Why was the Trans-Siberian Railroad important for Russia?
2. Why did the Soviet Union arm themselves during the Cold War? What were the considerations of the Soviet leadership and their perceptions of American actions and policies?
3. Why did the War Communism and the New Economic Program introduced by Lenin fail?
- 4- Why was the institution of serfdom preserved till the late 19th century in Russia?
- 5- How did the introduction of the alphabet and the spirit of literacy effect the development of Russian culture?

Reading

- 1- Stearns, P., *The Industrial Revolution in World History, 4th Edition*, Westview Press, 2013, pp. 89-93, 121-139.
- 2- *The Cambridge Companion to Modern Russian Culture*, edited by Nicholas Rzhevsky, Cambridge University Press, 1998.

TRADE

Overview Trade was very important source of revenue for Russia, and it became the backbone of the Russian economy for centuries. Throughout its history, Russia's large rivers served as profitable routes for Russian traders to transport their goods to foreign countries from the Baltic Sea to the Black Sea, from the Far East to the West. Russia was a landlocked country, and it was only with Peter the Great that Russia gained a warm water port on the Black Sea. It was always in the Russian rulers' interests to reach the shores of a sea, and the Tsars of Russia had always aimed to reach warm water ports in the south to establish their control over the world economy. It was also always the Soviets' strategy to establish naval supremacy in the Indian Ocean to show the world who was a super power in the world.

ANCIENT PERIOD

Foreign trade was undoubtedly the primary factor in shaping the policy of all the empires in the Pontic steppes, from the Scythians down to the Khazars.

For the Scythians trade was as important as tribute in the Scythians' acquisition of manufactured goods. From the 6th century BCE they began to trade with the Greek colonies along the northern Black Sea coast

for precious metals, wines, olive oil, and metalwork in bronze, silver and gold. The Scythians also had services to sell, particularly military services, serving as mercenaries for cash payments or prestige goods.

The Sarmatians were also traders. During the winter the Sarmatians lived in the southern Russian steppes between the Black and Caspian Seas and close to the large rivers for trading purposes. In the spring they would migrate north to find summer pastures.

Even before the beginnings of Kievan Rus, foreign and domestic trade was important for the future Rus lands; even the Proto-Slavs had commercial contacts with the peoples of the Mediterranean.

POST CLASSICAL PERIOD

Varangian Trade Routes: Even before the establishment of Kievan state, foreign and domestic trade was important. In the 8th and 9th centuries after the Varangians gained control over numerous trade routes, they combined their tribute gathering with international trade, and the trade routes running across Russia from the Baltic to the Azov and Caspian seas, and from the Dnieper to Constantinople gained importance. In the 10th century the Dnieper river way soon became the main route for Russian commerce, and its main southern exit was Constantinople. Therefore, the Black Sea played a very important role in Russian trade; but for Russians the Caspian Sea was a fairly significant route for trade as well. Tmutarakan, an ancient town in Taman peninsula was also an important trading post and outlet for Kievan Rus to reach the Black Sea. Trade in the east with the Volga Bulgars and peoples of the steppe (Cumans) also remained important. In the north, Novgorod emerged as an important Baltic trading post.

Trade in Kievan State: Foreign commerce was the backbone of the Kievan economy. However, the role of domestic trade was also important; while the wealth of the upper classes came from foreign trade, domestic commerce was also important for the welfare of the population. Once a week, usually on Fridays, farmers brought their produce for sale in the markets (bazaars) of major Russian cities. They would sell weapons, metal ware, metals, salt, clothes, hats, furs, cloth, pottery, timber, wood, wheat, rye, millet, flour, bread, honey, wax, frankincense, horses, cows, sheep, meat, and ducks. In the major cities the merchants transacted business on a national scale, in the smaller towns only local merchants operated. Novgorod was an important trading city and the Novgorodian merchants operated their agencies throughout Russia. The Novgorodian trade was partly a transit trade. Basic goods such as furs, wax and honey were exported from Novgorod and Smolensk to western Europe.

Russia's foreign trade depended on exported raw materials and manufactured goods and metals received from foreign countries. In the 10th century, the Russians exported furs, honey, wax, and slaves to Byzantium, and grain was exported from Russia to the Byzantine Empire in the 12th century. Meanwhile, from Byzantium between 10th – 12th centuries the Russians imported mainly wines, silk fabrics, and objects of art, such as jewelry, icons, glassware and also fruit. Christian slaves were no longer sold abroad by the Russians; but the Cumans sold Russian prisoners as slaves to overseas merchants. Russia exported to the Orient furs, honey, wax, walrus tusks, woolen cloth and linen, while from the Oriental countries they imported spices, precious stones, silk and satin fabrics, weapons, and horses; precious stones, spices and rugs were transported through Novgorod to western Europe. In the 10th and 11th centuries Byzantine silk fabrics were transported to northern Europe through the Baltic. From Europe a number of manufactured goods were imported, such as woolen cloth, silk, linen, needles, weapons, and glassware. Through the Baltic, besides wine, beer, salt and herring, Russia imported iron, copper, tin, and lead.

Mongol Period: The Mongol invasion that lasted till the 15th century greatly hindered Russia's economic development. With the establishment of new and secure trade routes, and with the encouragement of the Mongol Khans and local governors to trade with the East, the Mongols were able to transport precious silks and spices from China and India through Central Asia to the lower Volga and beyond, and across the Black Sea to European markets.

EARLY MODERN PERIOD

During the 16th and 17th centuries, Russia lacked ports on the Baltic Sea, therefore Russian had to export, for example, flax, linseed, hemp, hides, furs, and sometimes rye through three major routes linking the Russian markets with Western Europe: an overland route through Poland and Germany; through the towns of the Baltic seaboard and the Baltic Sea; and another sea route across the White Sea from the port of Archangel. In return, Russia imported through the Baltic ports broadcloth, salt, herrings, wine, and groceries.

Trade in Muscovite State: While in the mid-16th century Moscow's trade with foreign merchants increased, in 1646, due to growing resentment against foreign merchants' trading privileges, the government had stop duty-free trade for all foreign merchants, and in 1667, through the *New Trade Regulation*, the Tsar curtailed all other foreign traders and increased foreign duties.

In addition to Novgorod, Astrakhan, Pskov, Archangel also gained importance and became a major port for importing weapons. The Tsar monopolized some trade, but market conditions determined most prices. Most of the trade was done by Russian merchants and traders for their own benefit. In 1725, most Russian foreign trade passed through St. Petersburg and Riga, and Archangel began to lose its importance. Astrakhan became a center for the less important trade with Persia and Central Asia. Peter the Great fostered trade by building canals going from the Baltic to the Caspian, roads, and bridges.

In the mid-17th century Russian merchants had a stronger position than foreign traders. Water transport was vital for foreign and internal trade, and many Russians made their living on or near the water.

By the last decade of 18th century, Russian exports greatly outnumbered imports, with Great Britain being the chief trading partner. Protective tariffs of up to 75% on the value of imported goods were introduced during the reign of Peter the Great.

NINETEENTH CENTURY

In the 19th century trade was conducted in open markets, in shops by peddlers, and traders in the cities that were linked to a trading network of wealthier merchants. Peddlers also traveled by horse-drawn carriages or by wagons to sell their products in rural areas. However, most Russian trade was conducted by ships and boats. In 1850's there were 200 steamboats transporting goods, and Russia's leading trade partner was Great Britain.

Russian foreign trade was in the hands of foreign traders, much as it had been in the 18th century. Russia exported food products (exports of grains became particularly important) and raw materials, and imported manufactured and luxury goods. Later, with the development of cotton and sugar industries they imported modern machinery, raw cotton and sugar.

TWENTIETH CENTURY

Imperial Domestic and Foreign Trade: In the 20th century, Russia's domestic trade expanded, and trade fairs grew in number. However, foreign trade expanded more than domestic trade, and in 1913 it constituted slightly more than 4 percent of world trade. The government always attempted to maintain the level exports at a higher level than imports. There were new products to export such as wheat, eggs, butter, sugar, and petroleum. In addition, machines and machine tools were imported, and in 1913, because of the textile industry's need for cotton, five times as much cotton was imported. Russia's new trading partner became Germany, replacing Great Britain.

Soviet foreign trade and state monopoly: The role of foreign trade and the dependence on Western imports in the Soviet economy (except grain, high-technology equipment, and phosphates used in fertilizer production) was negligible. The government of the Soviet Union introduced a state monopoly on all foreign trade, but after the death of Joseph Stalin in 1953, the government eased some restrictions on foreign trade activities.

People's Commissariat of Foreign Trade: The trading activities of the Soviet Union increased in 1921, with the establishment of the *People's Commissariat of Foreign Trade* when the monopoly on internal and external trade was eased, and the *New Economic Policy (NEP)* which abolished central control over the economy and established other corporations to deal directly with foreign countries.

However, during Stalin, trade was restricted again, since he was afraid of the disruptive influence of foreign market forces such as demand and price fluctuations. During the First Five-Year Plan, with the exception of factory equipment essential for industrialization, imports were drastically reduced.

Trade through representatives: During World War II the activities of the Soviet and foreign trade corporations halted. The Soviet trade representatives in Britain and Iran, and the Soviet Buying Commission in the United States were conducting trade. When the war ended, the United States, Britain and other West European countries introduced new restrictions on trade with the Soviet Union. Therefore, Soviet foreign trade was restricted to only Eastern Europe and China.

Ministry of Foreign Trade: Foreign trade demonstrated significant changes in the years following Stalin's death. Foreign trade corporations (or foreign trade associations), now known as all-union foreign trade organizations, increased in number due to the expansion of foreign trade and the growth of industry following WWII. In 1946 the People's Commissariat of Foreign Trade was transformed into the Ministry of Foreign Trade, which had right to negotiate and sign contracts with foreign corporations.

Council for Mutual Economic Assistance (Comecon): The Soviet Union formed the Council for Mutual Economic Assistance in 1949 in response to the American Marshall Plan, to link the Eastern bloc countries economically. The Comecon discouraged Eastern European countries from participating in the Marshall Plan.

The State Committee for Foreign Economic Relations: In 1955 the State Committee for Foreign Economic Relations was formed for the purpose of carrying out two main tasks. One was the management of all Soviet foreign aid programs, and the second was the export of complete factories through the various foreign trade organizations that were under it. However, this committee did not have total monopoly on Soviet foreign trade since some ministries were authorized to use their own foreign trade partners to conduct direct trade with foreign partners.

By the late 1980s the Soviet Union's foreign trade was conducted primarily with fourteen socialist countries that were divided into four groups: Comecon; China; Yugoslavia; and three developing communist states in Asia, Laos, Cambodia, and North Korea. In addition, military equipment and arms sales were a significant economic sector; in 1985 they constituted 20% of all sales to the Third World.

Nevertheless, in the same year only 4% of the Soviet Union's gross national product was the result of imports and exports, an extremely low level in comparison with the western countries. However, this small percentage was the result of both a deliberate, historical policy of economic self-sufficiency, and the Soviet Union's vast energy and raw material resources that made imports of these unnecessary.

Despite their relatively small volume, the value of Soviet exports increased in the 1970s and 1980s as world prices, particularly for oil after 1974, increased. In the first half of the 1980s half of all Soviet imports from the Third World consisted of food and agricultural goods, primarily grain.

Ministry of Foreign Economic Relations: The administration of Soviet foreign trade policy and foreign aid agreements came under the authority of the *Ministry of Foreign Economic Relations*, which replaced the *Ministry of Foreign Trade* and the *State Committee for Foreign Economic Relations* in January 1988. The creation of this new ministry was followed by legislation permitting joint enterprises. These moves were intended to make the Soviet foreign trade bureaucracy more efficient while maintaining the government monopoly on external trade.

General Agreement on Tariffs and Trade: By the second half of the 1980s it was clear that the Soviet Union was moving to normalize its foreign trade with other countries. The Soviet Union became an observer at the General Agreement on Tariffs and Trade in 1987, and began to express interest in participating in other international economic organizations and establishing relations with regional economic organizations. In 1988 the European Economic Community and the Soviet Union signed a normalization agreement.

Domestic Trade - Gostorgs: During the Soviet period over 70% of domestic trade was conducted by a mix of governmental, cooperative and private enterprises. Distribution of goods was primarily under the authority of *Gostorgs*, internal state trading organizations. *Gostorgs* were organized on a local, regional, or republic-wide basis and imported manufactured and agricultural goods from abroad which were then sold to retailers and consumers. Domestic goods and products for export were also purchased by the *Gostorgs*.

Discussion/Questions

1. Why did Kievan Rus' enjoy its greatest commerce during the 11th century?
2. What made the Muscovite state a favorable location for trade?
3. When was the Soviet foreign trade monopoly loosened? Why did the Soviet government take this step?

Reading

- 1- Ohberg, A., "Russia and the world market in the seventeenth century", *Scandinavian Economic History Review*, 3:2, 2011, pp. 123-162.
- 2- Attman, A., "The Russian Market in World Trade, 1500-1860", *Scandinavian Economic History Review*, 29:3, 2011, pp. 177-202.
- 3- Cherepnin, L.V., "Russian 17th-Century Baltic Trade in Soviet Historiography", *The Slavonic and East European Review*, Vol. 43, No. 100, 1964, pp. 1-22.
- 4- Moss, W.G. *A History of Russia*, Vol. I: to 1917, 2002.
- 5- Moss, W.G. *A History of Russia*, Vol. II: since 1855, 2005.