Russia from the Fur Trade to Carbon Aristocracy

By Alexander Etkind

Russia’s geographical space was largely shaped by the fur trade. Oil and gas have been found in those very spaces that the medieval Russians colonized for their export of commodities. Russia’s problems are plentiful, and I believe that the dependency on oil and gas exports is an important source of many of them. However, I argue that a resource dependency far predates post-Soviet Russia and the Soviet Union. Combining ecological history of fur trade with political economy of what I call “carbon aristocracy”, this article explores the parallels and contrasts between two resource-bounded periods in Russia’s colonial history.

Suppose that some valuable resource, say a rare metal, is available at a single spot on earth. The labor theory of value does not work on this land; the price of the metal is not dependent upon the labor that is needed for mining this metal. The security costs are serious because the state that owns this spot would necessarily have many enemies. The transportation costs are also substantial because this spot is likely to be far from the traditional centers of population, which developed according to an entirely different logic. Growth in the resource-bound state requires relatively little labor or knowledge. Since the whole population depends on the redistribution of income that comes from a single spot, this state has no reason to develop the governance mechanisms that enable fair taxation, competition, and rule of law. Instead, it develops a security apparatus that protects the source of wealth and its transportation routes from external and internal enemies as it sees fit, and a bureaucracy that redistributes the wealth and demands respect.

Political philosophers have always known that those who provide security tend to grasp property. In our hypothetical case it means that the group that trades the resource is the same group that protects the state. This double monopoly could be best compared to a Möbius strip, with one side managing the resource and another side managing security and both sides smoothly merging with each other.

Two classes of citizens emerge in the land: the small, quasi-aristocratic elite of producers who extract, protect, and trade the resource, and others whose existence depends on the redistribution of the fraction of the rent that this trade provides. The state is fully dependent on the trading group; moreover, these indispensable people are the state. But this state does not necessarily ignore the people; it provides them with security and other charities, indeed all that can be done after the state satisfies its own needs. Human capital does not determine the wealth of this nation. On the contrary, the resource-bound state provides charity to the people.

In a neighboring land, which I call labor-bound, the work of citizens creates
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the wealth of a nation. There is no other source of wealth there than the competitive work of its citizens. Value is created by labor; this old axiom still works in this economy. The state taxes this labor and has no other income. The health and education of the citizens are not only in their best interest but also in the interests of the state, because the better they work, the more taxes they pay. But then, these happy citizens find out that the growth of their economy depends on a resource they do not have. As they buy more and more of this resource, its price grows, production diminishes with depletion, and labor becomes relatively cheaper than the resource. From now on, both trading states become resource-bound. Nothing on earth could change this common dependency unless the labor-bound society focuses a part of its creative labor on substituting the deficient resource with something that it has in abundance.

This process has not occurred with oil, but many centuries ago, it did happen with another valuable resource.

A Divine Marvel
In a lively tale dated 1096, the Russian Chronicle describes the first resource curse in Russian history:

_We have encountered a divine marvel… There are mountains, which slope down to the arm of the sea, and their height reaches to the heavens… [Some people] are struggling to cut their way out of this mountain… Their language is unintelligible. They point at iron objects and make gestures as if to ask for them. If given a knife or an axe, they supply furs in return._

In their quest for fur, Russian traders explored the vast lands that stretch far to the north and east from the metropolitan centers, Novgorod and Moscow, all the way to the White Sea, cross the Ural Mountains, and open into Siberia. The Russians came in small numbers and they did not hunt the animals. They needed locals to do the highly skilled jobs of hunting animals and dressing furs. The natives had skills but were not much interested in fur, which they used mainly for their own warmth. Russians exchanged furs for iron and other products of their superior civilization, such as alcohol, tobacco, beads, knives, and later, traps and rifles. Only force or commerce could turn these fishermen or reindeer herders into full-time hunters. Firearms were the key to this success, even though they often worked merely as fireworks.

Hunting and trapping was intrinsically violent, did not entail the long-term cycles that were characteristic for agriculture, and needed no participation from women. Hunting the hunters, Russians met with formidable resistance on the part of some tribes such as the Chookchi, the Kamchadals, the Aleuts, or the Koryaks. When challenged, Russians responded with increasingly violent methods, starting from public flogging and ending with indiscriminate killing.

But violence was not easy to convert into power. Judging by the later evidence from the 18th and 19th centuries, the main method of extracting fur from the natives was kidnapping, which was known as “taking amanats”. Capturing the native women and children and holding them in captivity, Russians demonstrated them to their men in exchange for furs. If the children survived to maturity, these amanats would speak Russian; baptized, they could marry Russians. In 1788, the Russians held as many as 500 children of the Aleuts as amanats. Russian emperors, including the enlightened Catherine the Great, authorized this method for “taming the natives”.

It was an outright colonization, which led to a huge accumulation of wealth and a proportional desolation of the natives, both processes being of outstanding scale in colonial history. In many respects, the system of Russia’s rule in Northern Eurasia was comparable with the later British system in India. The rule was indirect, many tribes preserved their autonomy, and the number of colonizers in relation to the colonized territory was miniscule. However, there were many differences. Due to fur, Russian colonization was a more lucrative enterprise. Local tribes in Siberia were exterminated to an extent that would have been unbearable in India; actually, the population losses were close to North American levels. Finally, even with the depletion of the key resource, fur, the Russian Empire kept its hold in Siberia, while the Brits preferred to quit when they found maintaining the colony untenable. In its enormous Northern and Eastern stretches, the geographical space of Russia was shaped by the fur trade.

Boom and Depletion
The closer we are to the recorded history, the more we know about the rebellions of the locals, the depletion of the animals, the corruption of the officials, and the discontent of the sovereign. Only sables provided enough profit to support a Russian trapper; squirrel, otter, and other animals remained the business of the locals. In the early 17th century, a good trapper could get as many as 200 sables a year; closer to the end of the century, the numbers were 15-20 sables a year, which made the trade unprofitable. Then, Russian trappers dropped the business but native hunters stayed in the trade. Objects of desire and vanity, Siberian furs fed conspicuous consumption on the pan-European scale for a longer period of time than any other class of colonial goods. Silver from Spanish colonies, spices
from Dutch colonies, or tea from British colonies could have generated even more wealth and suffering; but in their symbolic value, furs were difficult to compete with. For just one of Henry IV’s outfits, London skinners used 12,000 squirrel and 80 ermine skins, which were extracted from the wild tribes thousands of miles to the East.

The fur trade became the backbone of the Hanseatic League, which included Novgorod as its eastern member. By 1199, German merchants had established a trading colony in Novgorod. Upon purchase, the Germans bound the furs into bundles and packed them into barrels, each containing 5,000 to 10,000 pelts. In the spring, the Germans shipped the fur barrels by Russian lakes and rivers to the Neva and the Baltic. In exchange, Russian merchants received weapons, silver, cloth, salt, and sweet wine; beer, herring, and metal products also appeared on the market. The fur trade also provided hard currency that Russian principalities needed for paying mercenaries.

During one year, 1391, London imported 350,960 squirrel skins; roughly 95% of them were of Hanseatic origin. Though Russia was not the only source of furs, this source became increasingly important with the deforestation of Europe. However, London’s import of fur declined in the 15th century, which some authors attribute to the changing fashions in England; most probably it was the result of the depletion of the Russian forests. Until the end of the 15th century, squirrel was available near Novgorod and beavers were trapped near Moscow. But then, Europeans discovered sable. The routes to Siberia, the land of sable, went through Kazan, which was taken by the Muscovite troops in 1522 in what was the turning point of Russia’s colonization.

The burden of the resource-bound state only increased with these events. In 1557, each male inhabitant of the Northern Urals had to give one sable a year to the sovereign of Moscow; in 1609, he was obliged to pay seven sables. In 1581, eight hundred Cossacks defeated the khan of Siberia. Carrying the Viking-style boats between Siberian rivers and rowing upstream, they reached the tribes that they could fight with. Their firearms gave them the advantage. After two years of fighting, 2,400 sable, 800 black fox, and 2,000 beaver pelts were sent to Moscow.

According to a historian of Siberian fur, Oleg Vilkov, during 70 years, 1621-1690, more than seven million sables were procured in Siberia. American historian Janet Martin estimates the average price of sable at the end of the 16th century in Moscow as one ruble per pelt. This low estimate comes to a total of 50,000 to 100,000 rubles a year. Russian sources estimated the proportion of the fur trade in the Muscovite state revenue as one-fourth. However, furs’ part in state foreign trade was even higher. Internal consumption of fur was also significant. With the lack of silver, fur acted as a currency. There were periods when officials of the Muscovite state, officers in the army, and doctors in the court received half of their salaries in fur.

Though the Hansa had other goods to trade over the Baltic, its collapse in the 16th century followed the decline of the Russian fur trade. After the termination of Hansa shipping from Novgorod, the Siberian pelts were delivered through Moscow to Leipzig, their distribution base in Europe, by terrestrial routes. But in the middle of the 16th century, Ivan the Terrible had already run out of fur stocks and turned to experimental programs of internal colonization. In the 17th century, the trade in furs sharply fell, which launched sharp inflation of the ruble. When hare replaced sable in the Kremlin treasury, the Moscow period of Russian history approached its end.

Changes in both production and consumption were involved in this decline. Internationally, Russian fur now competed with North-American, which was cheaper because of lower transportation costs and custom fees. On the grand scale, fur lost to wool, which was at the peak of its success. In the 18th century, the fur trade was already a minor part of the state income, but it was firmly in the hands of the sovereign. Converting a state monopoly into a royal one, Catherine the Great moved the fur trade from the Siberian Chancellery to the Personal Cabinet, the Empress’ private treasury. To a certain extent, the superb collections of the Hermitage were financed from the revenue that came from Siberian pelts. But sable was gone and squirrel, out of fashion. In the 1770s, James Cook’s expedition brought news about the sea otter in Alaska. Cook’s sailors traded several pelts for a few glass beads each, and then sold them to the Chinese in Canton for 2,000 pounds. The later trips found the sea otter in abundance and the Chinese customers waiting. Founded in 1799, the Russian-American Company traded fur for the next half-century. The quick depletion of sea otter killed this company. In 1867, the imperial domains in North America were sold to the US, and after that Siberia was used mainly as a penal colony.

**North Stream**

In the 20th and 21st centuries, lands of the fur trade have played a new and precious role, which feels uncannily similar to the old one. The same geographical areas that fed the fur trade of medieval Novgorod and Moscow, have provided the Soviet Union and post-Soviet Russia with their means of existence. The oil and gas fields of Western Siberia have been found in those very spaces that the Muscovites colonized for fur trade. Like then, with the exhaustion...
of older sites, the drills are moving to the East, to the coasts and islands of the Pacific. The main consumers of Russian gas and oil are also located in many of those same places – from Hamburg to London – which consumed Russian fur. North Stream, the underwater pipeline that will provide Northern and Western Europe with gas from Western Siberia, runs along the routes of the ancient Hanseatic trade.

Geographically, the resemblance between the sources of fur and oil is accidental. Aesthetically, fur and oil could not be more different. Ecologically, there is no correlation either: people drill oil and gas in forests and marshes as well as in deserts and shelves, but only forests and marshes featured fur animals. However, processing both commodities, fur and oil, is unusually messy; it destroys the environment, natural and cultural. And oil is also counted in barrels.

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Politically, there is much in common between an economy that relies on the export of fur and one that relies on the export of gas. They are both victims of the resource curse, a highly profitable industry that leaves the rest of the economy uncompetitive and undeveloped.

As it was with fur centuries ago, the costs of transporting oil are much higher than the costs of its production. The lion's share of the price of oil lies in the security costs. Those who protect pipelines become the masters of the land. Identical to the state, the security apparatus now shapes a carbon aristocracy, a group of the rich and powerful that emulates its medieval predecessors by combining managerial functions, conspicuous consumption, and hereditary privileges. Most important, these new aristocrats feel responsible for protecting their domains as well as managing them. They preach the nationalist creed of state security but keep their families and money abroad. Trained according to Soviet customs but dressed according to Western fashions, they cherish their successes in martial arts more than the PhDs that they buy on the cheap. What we have seen in 2011 and 2012 is a popular rebellion against this carbon aristocracy, a process that is more similar to the French revolution of the late 18th century than to the Russian revolution of the early 20th century.

There are many antidotes to the resource curse. Norway and Canada remain balanced economies despite the abundance of oil. Holland overcame its mid-20th century “Dutch disease”. Politically, resource dependence can be dealt with. Historically, it can come and go. As history shows, the depletion of their key resource drove the Russian state into a major crisis. It forced a radical change in Muscovite mores, which included the election of a new dynasty by vote, the re-orientation of the geographical expansion from the fur-rich Eastern forests to the grain-rich Southern steppes, and the import of the European Enlightenment. Consumers also changed, though it is amusing to see how long it took the West to kick its fur habit.

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About the author

Alexander Etkind has two PhDs, in Psychology from Bekhterev Institute, Leningrad, and in Slavonic Literatures from the University of Helsinki. Before coming to Cambridge, he taught at the European University at St.Petersburg and, as a visiting professor, at New York University and Georgetown University. He was also a resident fellow at Harvard, Princeton, and Wissenschaftskolleg in Berlin. Current research interests are internal colonization in the Russian Empire; narratology from Pushkin to Nabokov; and comparative studies of cultural memory. He is the author of Internal Colonization: Russia's Imperial Experience.

Notes

2. Timothy Mitchell in his Carbon Democracy: Political Power in the Age of Oil (London: Verso 2011) argues that coal and oil have different proclivities for democratic development in the producing nations.