

## CHAPTER XII

### TRADE AND INDUSTRY

A FEW years ago the peasants of a village not far from St. Petersburg were haymaking in meadows by the riverside

**Growth of Industrialism.** when to their amazement they saw a she-bear with two cubs swimming towards them across the stream. The bear landed, and taking no notice of the peasants, some of whom fled in terror while others vainly gave chase with scythes and other implements, pursued into the nearest forest the way it had so oddly taken. Probably the ancestors of these peasants would have shown more alertness and resource in dealing with the bear. Long ago in the early ages of their history the main occupation of the Russians was the capture of wild animals and the sale of their skins. This occupation constituted, in fact, the basis of Russian trade. The many wandered about the forest hunting or gathering the wax and honey of wild bees, while the comparatively few who lived along the great trade routes bought up the products of the chase and sold them in exchange for the varied products of a higher civilisation, from gaudy beads to rich silks and gold ornaments, to the foreign traders who came sailing inland from outlying seas. It was this trading class that with the help of foreign corsairs founded the Russian State.

But that period has receded into the dim distance of legend. In the Novgorod region a bear nowadays is a rare and perplexing interruption in the routine of husbandry. Hunting from being the staple business of the people has dwindled down to the sport of the few, of the proprietors of the large estates, and of the members of sporting clubs, the officials, judges, and business men who come down from the city for week-ends to shoot in preserves guarded by gamekeepers and foresters. And not often does a bear or an elk or any wild

animal but a fox or a hare fall to the lot of the average sportsman in the greater part of European Russia. Birds are the chief prey—grouse, snipe, partridge, woodcocks, quails, and so forth—and the sport thus provided satisfies the ambitions of most amateur huntsmen. But as human beings have multiplied and spread over the plain the wild beasts have been driven back beyond the Urals. Now the Russian fur traders in St. Petersburg and Moscow have to make annual journeys to the fur markets in Siberia, and in Irbit they buy up the sables and ermines for which Ostiaks have hunted along the Ob, or Tartars and Soiets in the Altai ranges, or Yakuts in the region of the Yablonoi and Stanovoi mountains. London and Leipzig are the chief fur marts of the world, and skins and furs are a mere detail of Russian trade as they are of the world's. Agriculture has succeeded to the chase, and the chief article of export is now corn in its several varieties, wheat, barley, oats, rye, and buckwheat, over seven hundred millions of poods of which are sent abroad annually.

But as hunting gave place to agriculture, as the Russian population grew and its dominions extended, the transit trade over the plain was gradually transformed into internal Russian trade. What happened in the olden days was that Northmen, Arabs, and Greeks traded across the plain, so to speak, over the heads of the Russians, the Russians getting only the scraps that fell by the way. But by the time the Russians had fought their way out to the sea-coasts they had made the plain self-sufficing. It was no longer with its rivers a mere waste expanse, a mere immense distance to be crossed like the sea with, by the way, some profit of wild beasts and skins instead of fish. It was the seat of a big political organism different from both the East and the West to whose mutual needs the plain had formerly ministered, and possessing a very curious economic life of its own. The merchant had been together with the warrior the creator of the State because he was perpetually concerned with the outside world. The merchant was always dealing with

foreign merchants who were called guests. But by the time of Peter the Great the merchants were no longer politically the most important members of the community. They had fallen into their places as middlemen in a big, clumsy, agricultural community in which the landowners naturally took the lead. Peter made the merchants more important than they had been by opening a way out to Europe, and the importance of the merchant class has steadily risen in proportion as Russia has been steadily drawn into the movement of world trade. But many traces of the process of development still linger. The Russian merchant is not like those of other countries. In his mental make-up, in the traditions and conventions of his class there is something of the Moscow merchant who under the Tartar yoke was accustomed to trade chiefly with the East, and of that St. Petersburg merchant who was as often as not a German, and at any rate was strongly influenced in all his dealings by Germans and Swedes. It is the latter type that has been the means of slowly modernising the others, and the process of modernisation is still going on, is not yet complete, and is centred not in St. Petersburg but in Moscow, the heart of the Empire.

The Russian merchants have not wholly ceased to form a world apart. They constitute one of the five classes or

castes into which the population of the

**The Merchant.** Empire is divided, and the effects of this division in creating a strong class feeling, with well-marked class customs and deep class prejudices are still very clearly visible, although modern commercialism is doing its levelling work. The English word "merchant" has, indeed, a slightly incongruous sound as applied to members of the Russian trading class. In England the word seems suggestive of a city man in silk hat and frock-coat, of an alderman, of the Tabard Inn, or of the portly head of some mediæval Venetian firm. The Russian merchant is a different being, although he certainly has many

mediaeval characteristics. He is called a *kupiets*, or buyer, which is a word having the same root as the German *kaufmann* or our "chapman." Not so many years ago most members of the class wore a characteristic costume, a long kaftan of dark cloth, hooked, not buttoned, up to the neck, a belt around the waist, baggy trousers, top-boots, neck-cloth, and peaked cap. A beard was worn and the hair cut so as not to hang lower than the nape of the neck. This costume may be still frequently seen in the smaller towns, and the way in which its various elements are combined with modern articles of clothing indicates the extent to which the process of Westernisation has developed. The peak cap and top-boots often linger on when the kaftan has given place to a humdrum jacket. Starched shirts and collars are adopted last of all. The merchants have their own peculiar modes of speech, their quips and cranks, their own elaborate etiquette. They are punctilious in their observance of church ritual—not a few of them are Old Believers—pay serious attention, in contrast to the intelligentsia, to the details of eating and drinking and the mere process of living generally, are very hospitable within their own circle, and make much of festivals and family events such as births, marriages, and deaths. The typical merchant of the not distant past could hardly read or write. He kept no books—the word for book-keeper in Russian is borrowed from German—but had a peculiarly retentive memory for figures and facts. Business deals were, as a rule, effected in *traktirs*, or tea-rooms, over endless glasses of weak tea. Shop-signs took the form of pictures suggestive of the kind of goods sold, and even now the practice is retained in provincial towns and many quarters of the cities. The picture of a sad-eyed ox on the edge of a precipice, or a sheep gazing in blank astonishment into space proclaims to the illiterate the existence of a butcher's shop; a baker's shop displays on its signboard big round loaves and a curling *krendel*; while the rigid forms of spiritless fish declare that within you may purchase the rich produce of

Russian rivers and Northern seas, from the antediluvian sturgeon to the common herring. How recent is the time when the bulk of merchants and customers alike were innocent of letters!

In Russian literature the merchants have received far less attention than the gentry and the peasantry, and in the masterpieces generally known to Western readers they are almost unrepresented. They are admirably described in the comedies of the best of the Russian dramatists, Ostrovsky, which are frequently played in the Imperial theatres. Certain sides of merchant life are dealt with in the stories of a present day writer, Remizov. The typical Russian merchant is now rapidly giving place to the modern business man. Education is spreading. The merchant sends his sons to high school and University, and when they return to carry on the business they infallibly break with the old ways and introduce modern methods. Or else they fall away altogether from the merchant class and enter the professions or the Government service. Perhaps they take a keener interest in foreign trade than their fathers, although it must be admitted that many merchants of the older type displayed great shrewdness in this respect. One Moscow merchant, who is illiterate and naturally not acquainted with foreign languages, went to England over a decade ago and there established what proved to be a successful branch of his business. But the younger men sometimes study abroad in German commercial high schools or even in Universities and come back full of new ideas as to the conduct of business and of new views on life generally. If the older generation was conservative in its business methods and social and political views the younger generation is in the main progressive. But the older generation, especially in Moscow, was far from being wholly untouched by the humanities and can display some munificent patrons of art and learning. The Tretiakov Gallery, the best of Russian picture galleries, was presented to the city of Moscow by the family of the merchant whose

name it bears. Another merchant named Shchukin, who recently died, transformed his house into a rich museum containing amongst other things the best collection of Post-Impressionist pictures in Europe. Wealthy Moscow merchants again have contributed liberally to the endowment of the Commercial Institute, an institution of higher learning which possesses almost University rank. Frequently Moscow merchants employ the best architects and painters to build and decorate their houses, sometimes with admirable results, though not infrequently the effect is spoiled owing to some headstrong caprice of the proprietor. In any case, broad and enlightened views are making great headway amongst the Moscow merchants who, because of their wealth and their central position, take the lead in the Russian commercial world.

One very important factor of modernisation is the participation of foreigners in Russian commercial and industrial life. In St. Petersburg and Moscow there are large German colonies and also a very considerable number of Englishmen. The traditions of the St. Petersburg English colony go back to the days of the Archangel trade and of the old British Company, and the British Church in St. Petersburg is still the property of a trading company. Many English families have been established in the Russian capital for generations, and although some have become through the lapse of time Russian subjects, and it occasionally happens that the members of families originally English are unable to speak the language of their ancestors, the persistence with which the greater part of the colony retain their English traits, maintain their connection with the mother country, and send their children to England to be educated is very remarkable. English influence on Russian commercial life is less marked, however, than German influence. The Germans have many advantages. In the first place they are near neighbours, and in the second place, through the Baltic Germans, they have a direct and vital

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connection with the population of the Empire. Their agents usually know the language and tastes of the country, which is by no means always the case with English agents, and German firms are more elastic than English firms in giving the long credit which is habitual in Russian business. When Germans settle to carry on business they more readily become assimilated than the English do, although, on the other hand, the Englishman seems as a rule to be much more successful than the German in acquiring a good Russian accent. Efforts have hitherto been made in connection with the Anglo-Russian *entente* to promote the development of commercial relations between England and Russia by the establishment of an Anglo-Russian Chamber of Commerce which works in conjunction with the London Chamber of Commerce, and has met with considerable success. The arguments employed in favour of a commercial *rapprochement* between England and Russia are first, that the two countries are economically complementary, the former being an industrial and the latter an agricultural country, and, secondly, that Russia with its latent resources and its lack of adequate means for developing them presents an eminently suitable field for the investment of English capital. The development of the *rapprochement* has been impeded by the general uncertainty of the political situation, while the complicated passport system and a variety of administrative difficulties act as a deterrent to commercial penetration. The amount of foreign investments in Russia is, however, steadily increasing, and of recent years English investments have been especially prominent. Within the Government there is a curious division of opinion on the subject of the introduction of foreign capital, a minority of extreme Nationalists holding the view that it simply means taking wealth out of the country, while a majority, which generally carries the day, points out that Russia can only gain by any development of her natural resources which may result from the employment of foreign capital in their exploitation.

In the commercial life of the country the Jews, in spite of the severe restrictions imposed upon them, play a prominent part, and their business talent and energy are displayed to advantage in the general process of modernisation. The bulk of the Jewish population are forbidden to live outside the towns and townships in the Pale, that is in the Southern and Western provinces that once constituted the territory of the Polish State, and one of the effects of this restriction is to be seen in the embittered economic struggle which is now being waged between the new Polish middle-class and the Jews in the kingdom of Poland. But a considerable number of Jews have, in virtue of artisans' certificates, membership in merchants' guilds, a University education, or through the acceptance of some form of Christianity, secured the right to live outside the Pale, and these are very active in the business world, especially in matters of finance, as commission agents, brokers, and in the management of banks. The extreme Nationalists have been loud in their protests against the economic activity of the Jews, and have even gone so far as to demand that they shall be deprived of the right of signing bills of exchange. At the same time, many wealthy reactionaries in their own private dealings associate with Jewish business men without the slightest compunction. The whole Jewish problem has become complicated to an excessive and intolerable degree by political considerations and racial agitation, but even under the present abnormal conditions Jewish restlessness and enterprise act as an appreciable stimulus in promoting the economic development of the Empire. In the trade with the Near and Middle East the Armenians play an important part as intermediaries.

In a word, the process of the modernisation of Russian trade is in full swing. Many reminiscences of the past are still to be found. The annual fair at Nizhni-Novgorod maintains the traditions of the days of slow-moving, steamless trade with the east, but in itself now serves as a means for

the penetration of modern influences eastward. In many merchant homes beyond the Moskva river Moscow patriarchal customs are retained, although the daily newspaper is undermining their authority. In the centre of St. Petersburg there is an institution called the *Gostiny Dvor*, or "Guest's Court," an old Russian name for something in the nature of a permanent market, long rows of retail shops of all kinds arranged in concentric squares around a courtyard. It is a sort of disorderly departmental store, only that the departments are owned by separate proprietors and overlap repeatedly. Even more puzzling than the *Gostiny Dvor* are the neighbouring markets, where after passing through the line of shops that face the street you find yourself in a labyrinth of little shops in which only the experienced can make purchases, since if you buy nails in one shop it by no means follows that you will not have to buy tin-tacks three streets away in another shop that seems to be mainly devoted to the sale of leather goods. In such haunts as these the old-fashioned Russian merchant spirit is strongly felt, while in the streets outside modern commercialism is rampant, with its noisy advertisements, its small profits and quick returns, and its eager race for the latest fashions.

Business is, in fact, increasing in pace and volume, is being modernised, because the whole trading region has grown so big, and because the distances across it have been vastly shortened by improved means of communication. The political barriers on the

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plain have been broken down and various areas have been linked together; the plain has been opened up. Instead of a number of small trading communities with imperfect means of intercommunication, there is now one immense trading community as broad as the Empire and possessing an interesting combination of ancient and modern traffic facilities, waterways and railways, caravans and motor-vans, barges and vessels with internal-combustion engines. The waterways that years ago made possible a transit trade across the plain

are still freely used. Russia has a network of long rivers with endless tributaries that make it possible to sail from one end of the plain to another, so that in some respects Russia may be compared to an immensely enlarged Holland. Several of the rivers are connected by canals. Steamers, most of which are in the hands of private owners, ply up and down all the navigable rivers during the summer months. Several companies compete for the rich trade on the Volga. Well-equipped steamers maintain traffic amidst the beautiful scenery of the Northern Dvina which flows into the White Sea. English steamers formerly crept cautiously round the North coast through the Arctic Ocean and the Kara Sea, and entering the swift-running Yenisei made their way up as far as Krasnoyarsk, a station on the Trans-Siberian Railway. Petroleum is sent from Baku to Warsaw by a roundabout water route; first up the Volga to Rybinsk where it is re-shipped into smaller vessels and then conveyed through the intricate Marie Canal and river system to Lake Ladoga, the Neva, and St. Petersburg. Here it is again reshipped and carried by sea to Danzig whence after further reshipping it is taken up the Vistula to Warsaw, no duties being paid in German territory in transit goods.

All this busy water traffic is naturally confined to the spring, summer, and autumn months, for during the winter

all the rivers and the Baltic ports, except  
**Transport.** Libau and to a certain extent Reval, are reduced to enforced idleness. And then the immense importance of railways for Russia becomes manifest. The waterways can only be auxiliaries to traffic. The growth of modern Russia and the final unification of the Empire are coincident with the development of the railway system. And it is largely because of the railways that make Odessa thirty-six hours, Baku a week, and Harbin three weeks distant from St. Petersburg, that merchants who begin on a small scale can now rapidly build up a successful business, that a pottery manufacturer, for instance, who began

with a capital of £2,000 has now built a whole township around his factory and sells his plates and jugs in the distant markets of Central Asia. It was in 1836 that the first railway was built between St. Petersburg and Tsarskoe Selo, during the following years the chief centres in European Russia were linked up by rail, and then began the penetration of Asia by iron ways. The enterprising General Annenkov pushed the Trans-Caspian Railway through the Turkestan Steppe to Tashkent. The great Trans-Siberian Railway was begun in the 'nineties and brought the Far East startlingly near, suddenly increased tenfold the economic importance of Siberia, but at the same time raised grave political problems. The Caucasus was finally subdued by the construction of railways and a great many admirable roads. The primary considerations in the construction of many of the chief Russian railways have been strategic, and strategic and economic interests by no means coincide. The great majority of the railways have been built and are owned by the Government, and the few private railways that exist are being gradually bought up by the State. The railway system has, in fact, served as a very important means of bureaucratic unification and centralisation. But in the measure of their extension and their perfection they serve to assure steadiness and regularity in economic progress. There are not nearly enough railways in Russia, and an enormous amount remains to be done in the construction of roads. It may be said, indeed, that the traffic system has been so far only sketched out, and the filling in and the perfecting of the details will be a matter of time and increased political and economic efficiency. Moreover, the administration of the railway system, in spite of certain improvements effected in recent years, leaves very much to be desired. Blocks of goods trains are frequent, whole trains of corn are stranded for weeks *en route*, waggon loads of goods fail to reach their destination, and amongst the railway employees bribery is common. These are inevitable defects in the present condition of the country. But

the railways have in any case lifted Russian economic life beyond the stage of exclusive dependence on climatic conditions and are assimilating it to that of Western countries.

Railway construction has a very direct effect on industry. The demand for rails has stimulated the output of iron and coal, and thus has not only promoted the development of the earlier industrial regions around Moscow and in the Urals, but has been one of the chief causes of the growth of new industrial areas in Poland and in the south and south-east of European Russia. Russian industry is still a small thing, both in comparison with Russian agriculture and also, and this more especially, in comparison with that of Western Europe. It lags behind in its application of mechanical power. The day of handicrafts and artisan production and of cottage industries is still recent, and in some respects this is fortunate, for the persistence of cottage industries into the later and more enlightened period of the Machine Age has made it possible for *Zemstvos* and Benevolent Institutions to take measures for rescuing them from extinction and even for reviving them. The curious and picturesque bric-a-brac, the wicker-work, embroidery, woodwork, leather goods, toys, pottery, and pictures that are the work of peasants in their homes during the long winter months have a distinct artistic and economic value. Then the handicrafts serve to a certain extent as auxiliaries to machine industry. An extensive demand has sprung up for cotton fabrics. These fabrics are manufactured chiefly in the mills of the Moscow industrial region, that is, in the governments of Moscow, Vladimir, Yaroslavl, Kostroma, and Nizhni-Novgorod, and also on the outskirts of St. Petersburg, and to a certain extent in Poland. Raw cotton is imported from America and Egypt, while a certain amount is drawn from the new and steadily broadening cotton-growing area in Turkestan. In Yaroslavl and Kostroma a good deal of the work is done on hand looms in the homes of the workers.

But machine industries are growing and freeing themselves from the traditions of serfdom and the associations of the home industries. A century ago the few factories that existed employed serf-labour, and relics of this patriarchal state of affairs are still to be found in the big iron works in the Urals where the labourers lived as serfs on the estate of a great landed proprietor, and after the emancipation received, like other former serfs, allotments of land, which they still retain, somehow combining a certain amount of farming and gardening with their work in the foundries. During the last fifty years the factories have drawn their labour supply from among peasants who possessed little or no land or found cultivation unprofitable, and this circumstance served to maintain a regular connection between the factories and the soil. In time the connection tended to lapse and a new generation grew up to form a modern working class. The recent law providing for the breaking up of the village commune is effectually cutting most of the remaining ties between the workers and the village, except in such regions as the Vladimir government, where the factories are at the doors of the villages and agriculture mingles with industry in dusty and sooty confusion.

A rough and crude industrial life is growing up in the south of Russia, in the coalmines and iron-foundries of the government of Ekaterinoslav and the Donets basin generally, and also in the neighbourhood of Odessa. The Kingdom of Poland again has within the last fifty years become, especially in the districts around Warsaw, Lodz, and Sosnowice, one of the most important industrial regions in the Empire, and one of the chief factors militating against the separatist tendencies due to political oppression is the immense gain accruing to Polish industry from the broad, open market that stretches from the Austrian and Prussian frontier to the Pacific Ocean. It was the attempt of German manufacturers to take advantage of this market by erecting branch factories just over the frontier that gave the chief impetus

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Factories.**

to Polish industry. Riga is the industrial centre of the Baltic provinces. But when these districts are added to the Moscow, St. Petersburg, and Ural regions, when the Baku oil fields are taken into account and reference is made to the sawmills that are scattered about the northern forests, the factories for the manufacture of beet-root sugar in Southern Russia, the gold mining in Eastern Siberia, and the output of platinum in the Urals and of manganese ore in the Caucasus, of both of which Russia has almost a monopoly, the extent of Russian machine industry is almost exhausted. Only the hiss of steam and the whirr of machinery do not exhaust the immense variety of interesting work that is done throughout Russia. There are the fisheries, the various stages of grain export, the salt-works in the steppes, the making of *kumys* or fermented mare's milk, and a hundred other kinds of work besides.

But the rise of machine industry in Russia, backward though it still is, and slow as is its movement—from 1900 to 1908 the number of factory workers rose from 1,343,000 to 1,559,000, an increase of 16 per cent., while in Germany the increase for the same period was 28 per cent., and in Germany the average of the annual extension of application of steam power in industry is 13·5 per cent., while in Russia it amounts only to 5·2 per cent.—has yet had very important social consequences. This is not the place to describe that extremely interesting process by which side by side with the development of industry there grew up a labour movement. This movement under the conditions prevailing in Russia inevitably assumed a political and revolutionary character. And this fact has given the labour movement in Russia an intensity, a passion, and a persistent importance which would be otherwise inexplicable considering the comparative backwardness of Russian industrial development. It was the strikes of the workmen in 1905 which disorganised the machinery of public life and led to the standstill on the railways and the great general strike which terminated on the

promulgation of the constitution. The workmen have suffered severely from the repression of the following years, and the trade unions which had been successfully organised have been the object of especially severe measures. One effect of the bitter and turbulent experiences of the last decade has been very considerably to raise the level of intelligence amongst the working men, and in spite of administrative restrictions a serious educational and economic movement persists among them.

While on the one hand industry is slowly fashioning out of peasants a modern working class, on the other hand it is dovetailing into the merchant class a new class of big industrialists. Russia contains a large element of foreign enterprise to which Englishmen, Germans, French, Belgians, Swedes, and, of late years, Americans, have all contributed their share. But Russian merchants and hard-fisted and pushing peasants and representatives of the gentry have been drawn into the new current and the Russian industrialists of to-day present a curious combination of the Western European factory owner with the Russian merchant. The industrialists in Moscow form in conjunction with the wealthy merchants of the city the vanguard of a rising middle class. This middle class is displaying a growing spirit of political independence and cherishes a fierce antagonism towards the country gentry on whose support the bureaucracy has mainly relied. Russian industry has hitherto been under Government tutelage and the Government has been the best customer of metallurgists and mineowners. But at the present moment industry is emerging from the chrysalis stage, and the process is singularly interesting.

There is a great deal that is heavy and oppressive in Russian industrialism. The factory laws are fairly good, but they are frequently evaded, especially in districts remote from the centres, where the employers bribe the administrative authorities and engage in systematic and brutal exploitation which may lead to such tragic results as the shooting down of the

Lena miners in 1912. Excessive drinking is the rule in factory districts. The grosser forms of amusement make their way. The dark sides of industrial life are only too apparent, and under present political conditions it is difficult to mitigate them. Industrial life probably means progress in Russia, but at present it is a very rough-and-tumble and creaking kind of progress.