### CONCEPTUALISING THE NOTION OF "PROFIT" AMONG THE RUSSIAN NOBILITY (SECOND HALF OF THE 18<sup>th</sup> – FIRST HALF OF THE 19<sup>th</sup> CENTURIES)\*

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This article considers the formation of the contemporary notion of profit (Rus. прибыль). Contrary to the well-established idea that profitability was the main motive of the economic activity of the nobility, the author argues that "profit" was conceptualised among the nobility as late as the second half of the 18<sup>th</sup> century, mainly due to the use of forest land. Starting from the middle of the century, Russian forestry acquired unique features that markedly distinguished it from other areas of agricultural production on estates. First, forests were the second most common privately-owned natural resource (following land), which gives the author reason to believe that forestry practices were widespread in large parts of Russia. Secondly, the nobles mainly had to use hired labour for felling trees and transporting timber because this activity not only required skills, but also time: serfs could not be involved on an ongoing basis because it distracted them from agriculture. The combination of all these factors led to the formation of the modern meaning of the concept of "profit" among the nobility. For the purposes of the study, the author refers to a new complex of unpublished archival sources, mainly draft accounting documents, which allows her to analyse the real financial practices of the nobility.

*Keywords*: forestry; profit; 18<sup>th</sup>-century Russian history; history of economic thought.

Рассматривается процесс формирования понятия «прибыль» в современном значении этого слова. Вопреки устоявшимся представлениям о том, что основным мотивом дворянской хозяйственной деятельности была

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доходность, автор утверждает, что в России в дворянской среде это понятие концептуализировалось поздно, не раньше второй половины XVIII в., и в основном благодаря эксплуатации лесных угодий. Начиная с середины века российское лесное хозяйство приобрело уникальные черты, которые заметно отличали его от других сфер сельскохозяйственного производства в поместьях. Во-первых, после земли леса были наиболее распространенным природным ресурсом, находившимся в частном владении, что дает нам основания считать, что практики в сфере лесного хозяйства были широко распространены на значительной территории России, и дворянство вынуждено было решать сходные задачи. Во-вторых, дворяне вынуждены были использовать преимущественно наемный труд для вырубки и транспортировки леса, поскольку эта деятельность требовала не только навыков, но и времени, что не позволяло привлекать крепостных на постоянной основе, поскольку это отвлекало их от сельского хозяйства. Наиболее интенсивно процесс формирования концепта «прибыль» пошел с 1780-х гг., когда дворяне получили права полного хозяйственного управления лесами. Сочетание всех этих факторов привело к концептуализации понятия «прибыль» в современном смысле слова, в первую очередь в среде дворянства. Для решения поставленной задачи был привлечен новый комплекс неопубликованных архивных источников, в основном черновые бухгалтерские документы, что позволяет проанализировать реальные финансовые практики дворян.

*Ключевые слова*: лесное хозяйство; прибыль; история России XVIII в.; история экономической мысли.

In 1832, in the Lesnoi zhurnal journal, the notions of "profit" and "preservation of forests" were closely connected [Рассуждение, с. 49–50]. "Being deeply worried about their profit, landowners sought to prevent the predatory use of the estate forests and their further degradation" [Быков, c. 352]. At the same time, researchers usually match "the nobles' pursuit of financial gain" or "shaking the pagoda-tree" and "devastation" of forest resources in Russia from the mid-18<sup>th</sup> century (e. g.: [Любомиров; Ведров, c. 171; Бейлин, c. 11]). Even after the Emancipation "nobles tried to sell (their forests. – *K. E.*) without any consideration of basic economic reason and even real value of the resources" [Pravilova, p. 60]. To make it clear, Yekaterina Pravilova demonstrates that forests belonging to aristocrats were usually properly maintained, so landowners took care of their forest resources. Hence, it seems that the notion of "profit" was a driver of more intense exploitation of nobles' forests, but it is not clear how exactly at present.

Starting from the mid-18<sup>th</sup> century, forestry became a unique sphere of agriculture characterised by some features: following land, forests and rivers were the most widespread natural resources, and landowners often had to use hired labour to derive profit from forests, and nobles enjoyed full economic management as regarded forests. The combination of all these factors led to the emergence of the concept of "profit" in the modern sense

of the term among nobles. The author tries to answer the question why among Russian noble elites the notion of "profit" was conceptualised in relation to the forest sector unlike the other parts of agriculture in the second part of the  $18^{\text{th}}$  – early  $19^{\text{th}}$  centuries.

### The notion of "(net) profit"

Nowadays, the Cambridge Dictionary defines "profit" as "money that is earned in trade or business after paying the costs of producing and selling goods and services" [Profit]. In the 18<sup>th</sup> century, this notion was only developing in the works of Adam Smith and others. The channels through which contemporary European economic ideas entered the everyday financial practices of Russian noble elite are not entirely clear. Books written by these authors could be found in the libraries of aristocrats, but the mechanisms of adaptation of contemporary economic knowledge in the Russian context must have been very complicated. This research is based on primary financials: books of revenues and expenditures and correspondence, i. e. mostly practical financial skills are being analysed.

In the documents, there were many words describing money which a landowner could get from their property, agriculture, factories, and economic activities: there were at least two words for "revenue" (доход, приход), and, at least four words describing phenomena associated with the notion of "profit" (прибыль, прибыток, барыш, выгода).

During the 17<sup>th</sup> – early 19<sup>th</sup> centuries, the key notion for estimating the profitability was "revenue" which meant all the money aristocrats got from their economy without exclusion. The phrase which is often found in the documents, "this estate was worth 1 000 roubles a year", implies that 1 000 roubles was collected from this estate every year, but the profitability of this economy cannot be determined based on this phrase. The fact that this category is widespread proves that aristocrats did not see obvious expenses: labour costs, because serf labour was quasi-free, and transportation costs, as the transportation of goods was carried out by serfs in the framework of a fixed duty. Witold Kula underlined that when landowners did not count the costs of the components of production which they did not have to be paid for, they could hardly recognise the profitability of the estate as a whole [Kula, p. 95].

The word "profit" (прибыль) has most likely existed in the Russian language since the mid-16<sup>th</sup> century; at that time, this notion meant "benefit", and not necessarily in the economic sense [Словарь, т. 19, с. 100]. In the 17<sup>th</sup> century, only two of the five meanings of the word had economic implications, which were related to the notion of "revenue". E.g. "прибыльщик" was a person who was in charge of seeking for new revenues which were called profit (прибыль) [Там же, с. 100–101]. In the 18<sup>th</sup> century, the notion of "profit" gradually became primarily an economic concept that allowed the evaluation of the level of yield of manufactories or trade. Together with that, the term continued to be used in the context

of "benefit" and "revenue". Two other words which were quite close to the notion of "profit" were прибыток and барыш; they seem to be older than "profit" (прибыль), and they were also polysemantic [Там же, с. 76; т. 19, с. 102]. However, until as long as the 18<sup>th</sup> century, all these terms did not describe the modern formula, i.e. revenue minus expenses.

The fact that different terms were used to define almost the same phenomena could imply that the ways for finding the "right" word were quite individual, based on private experience. Moreover, during the 18<sup>th</sup> century, noblemen almost never used the concept of "profit" in relation to their own estates or agricultural production, they preferred to calculate their "revenue" taking into account that two main items of expenditure, i.e. labour and transportation, were free. But one branch of estate economy – forestry – was an exception, where they started to assess profit by the end of the century.

### Forests in the estate economy of Russian noble elites

In the early 19<sup>th</sup> century, forests covered about 180 m desyatinas (196.2 m hectares), a third of them were private, and, similarly to the peasant population, the majority of forests could be considered as belonging to aristocrats. As a result, magnates' practices and mechanisms of forest exploitation might define the situation with forests in Russia in general.

As long as noble elites had enough forests, there were a number of ways in which they could use them. Nineteenth-century authors pointed out some ways of forest exploitation: forest bee-keeping, hunting, collection of edible forest fruits, selling of wood, construction, and firewood production for industry [Paccyждение, c. 50]. What were the peculiarities of each way?

The first three ways of forest exploitation were the oldest, but the revenue which could be received from selling mushrooms or forest berries were insignificant and could be rarely found in account books. For instance, in 1766, Prince Alexander Mikhailovich Golitsyn got only 20 roubles for the so-called "forest vegetables" (лесной овощ) in his corvee estate in Belevsky Uyezd [РГАДА. Ф. 1263. Оп. 1. Д. 8449. Л. 2]. Thus, these ways of forest exploitation may be disregarded in this analysis.

According to historiography, between the second half of the  $18^{th}$  century and the early  $19^{th}$  century, the most popular ways of forest exploitation were stumpage sale with the help of hired people or the felling and selling of timber by themselves. They were two main ways of forest exploitation (e.g.: [Бейлин, с. 12]). But in the account books of the second half of the  $18^{th}$  century, one can rarely find income items derived from timber trade. In 1793, Prince Alexander Mikhailovich Golitsyn, the owner of Golubei, received 210 roubles (about 5.5 % of the total revenue) [РГАДА. Ф. 1263. Оп. 1. Д. 5912], and in 1794 Count Alexander Romanovich Vorontsov received only 8 % of the village of Andreevskoe income from the sale of timber [ОПИ ГИМ. Ф. 60. Д. 274]. There can be some plausible explanations of the reasons why financial records on timber sale income were rarely found at that time. First, income from timber sale did not become constant, since it took time to organise forestry in such a way where it could bring revenue every year. Second, landowners felled forests for their own use to heat houses or to construct houses both for themselves and their peasants, without monetising the use of their own timber. However, when they transported wood with the help of hired labour, these items were reflected in the expenses. For example, in 1793, Golitsyn's serfs received 35 roubles when they were sent to Yekaterinoslavl for rafting woods felled in Golitsyn's Roslavl estates [PFAIA.  $\Phi$ . 1263. On. 1. I. 5912]. The third possible answer is that timber felling was a part of timber mill production. Landowners could use their own wood or buy it elsewhere, so this income became a part of revenue from timber mills.

Timber mills were a profitable part of forest exploitation. According to Table 1, the landowners possessed more than one fourth of all timber mills (considering those reflected in the documents without fragmentation).

Table 1

### The number of timber mills in 1798 in Russia in 1798 [Лупанова, 2017, с. 119–121]

Timber mills by owner	Number
Landowners'	93 (23.07%)
Merchants'	80 (19.85%)
Owners'	105 (26.05%)
Without fragmentation	125 (31.01%)
Total	403

The idea of how a timber mill was organised can be obtained from the instruction of Prince Mikhail Mikhailovich Shcherbatov [Сретенский, c. 205–207]. In 1761, he thought that a timber mill should be one of the main concerns of a landowner, "a timber mill should cut both its own wood and someone else's", with the expectation that "the timber mill will reach its full operating capacity and bring additional income, since the timber sawn can be sold with profit". He provided a detailed instruction of how to achieve this result. In spring, wood should be bought in Yaroslavl, or, better yet, some fifty miles away from Yaroslavl, and in winter it should be transported to the estate by peasants for a fee. He determined the level of payments. In case of selling stumps and if timber was taken to Yaroslavl, peasants received half of what timber cost in Yaroslavl. For example, in Yaroslavl a hundred logs could be bought for 10 roubles, while their original price in the place of felling was 7 roubles; as a result, peasants received half of the difference (1.5 roubles).

Shcherbatov calculated the profitability of a timber mill in the modern economic sense. A hundred of logs were bought in Yaroslavl for 12 roubles, and after they were sawn, their cost stood at 24 roubles. Four roubles out of 12 was spent on the the maintenance of the mill. Three percent of the remaining 8 roubles was paid to peasants for unloading logs at the hithe, transportation to a saw mill, and transportation from the saw mill to the nearest city for sale. Peasants could get their earned money only after boards were sold. According to Shcherbatov's calculations, the profitability of a timber mill (revenues divided by costs) was 47.7 percent. It is possible to suggest that he considered this sum significant as the mill was one of his main concerns. Its flawless operation was one of his goals, so in this regard, the purchase of third part timber was considered an integral element of production, and the basic operations for transportation and loading were to be paid separately.

Other firewood industries besides timber mills included tar distillation and salt production<sup>1</sup>. The documents studied do not contain records about their own production of tar distillation; however, in one village (Golubei) there were regular revenue items from leasing forest for these purposes to someone else's peasants. E.g. in 1793, revenues from leasing forests for tar distillation were included into the category of unassessed taxes and amounted to 138 roubles (3.7 %) (Table 2).

Table 2

Types of income	Sum (rubles)
Quitrent	2417.21 (64.7%)
Recruit	325.00 (8.7%)
Repayment of peasants' debts	10.53 (0.3%)
Residual	552.18 (14.8%)
Unassessed taxes (неокладные сборы)	431.3 (11.5%)
Total	3736.23

### Revenues of landowner's money (господские деньги) in Golubei in 1793 [РГАДА. Ф. 1263. Оп. 1. Д. 5912]

This money was received under two contracts. The first one was between Count Alexander Mikhailovich Golitsyn and the peasants of ensign Ilya Ivanovich Lvov. The peasants of the latter were allowed to debark standing birches without inflicting damage, using this birch bark for tar distillation afterwards. The contract was concluded for a month for eight axes. Another contract was with state peasants from the village of Pyatnitskoe, who got the right to pull pine stumps for tar distillation for four weeks with the help

<sup>&</sup>lt;sup>1</sup> The latter will not be discussed in this paper due to the complexity of the issue.

of six axes. The contracts pursued both the desire of profitmaking and the preservation of the forest.

Forests were actively used for the construction of both peasants' and landowner's houses, but as for peasants, it was in the framework of helping the peasant households, when permission for felling woods was issued without a fee, but under strict control. It is reflected in the landowners' instructions [Πетровская, с. 236; Щепетов, с. 267, 284]. The reserves of their own wood for the construction and remodelling of the landlord's houses were generally inadequate, so the purchase of building timber was a constant expense item.

There were two more secondary income items connected with forests. One of them is fines for illegal logging. According to the financial documents available, records about fines for illegal logging could be found landowners' books since the late 18<sup>th</sup> century (Table 3).

Table 3

Type of income	1799	1800
Fine for illegal logging	7.5 (1.04%)	6 (0.49%)
Fine for illegal grazing	13.55 (1.88%)	11.05 (0.91%)
Fine for lost livestock	12 (1.67%)	0
Fine for refuse to work	2.5 (0.35%)	0
Sale of horse	30 (4.16%)	100 (8.22%)
Market garden	3.5 (0.49%)	61 (5.02%)
Mill	43.5 (6.04%)	105.5 (8.68%)
Money transfer	0	50 (4.11%)
Provision (stolovye zapasy)	171.99 (23.87%)	171.99 (14.14%)
Quitrent	0	240 (19.74%)
Repayment of peasants' debts	84 (11.66%)	45 (3.7%)
Residual	246.38 (34.2%)	138.42 (11.38%)
Sale of livestock	58 (8.05%)	70 (5.76%)
Debt quitrent	0	217 (17.85%)
Undefined	47.56 (6.6%)	0
Total	720.48	1215.96
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Landowner's revenue in Berezovo (Ryazan Province, Pronsky District) [РГАДА. Ф. 1263. Оп. 1. Д. 6453, 6466]

The total volume of fines was not big enough (see Table 3), the average amount was one rouble. On 29 November 1799, peasant Petr Ivanov Pleshkov was fined, his two carts of birch wood were taken by foresters, and after he paid one rouble, his property was released [ $P\Gamma A \square A$ .  $\Phi$ . 1263. On. 1.  $\square$ . 6453]. According to the documents studied, in this village there were 6–7 cases of illegal logging per year.

Finally, another source of income from forests was for landowners to allow their own peasants to take part in different contracts for wood supply. E.g. on 20 December 1781, Golitsyn's brother wrote to the steward: "...until now, many peasants have had contracts for the supply of firewood in a considerable number of fathoms, and now this practice must stop" [PГАДА. Ф. 1263. Оп. 10. Д. 780]. Consequently, peasants had made profit from forests until their landowners' property rights were defined, but the account books of landowners' money did not reflect any income received from that activity, and it may be reflected as quitrent. However, starting with the late 18<sup>th</sup> century, landowners preferred to take part in contracts for wood supply by themselves. As a result, landowners had some options regarding benefiting from forestry, but they had to take into account the fact that the exploitation of forests went partly beyond the limits of serfdom.

Both serfs and their owners considered felling trees and the transportation of wood very difficult, time and labour consuming, and the landowners had to admit that using their own peasants for this type of activity was not rational. In 1814, Suvorov, a steward, wrote to Counts Alexander and Mikhail Golitsyn, about felling forests in Mozhaisk estates. During the meeting where peasants discussed their landowners' order considering felling trees and transporting wood to Moscow, the serfs said: "we have never done this work before, so we do not believe we could turn ourselves in because of inexperience". For this reason, they asked their Excellences to allow rafting with the help of free people who were competent in the sphere [PFA $\square$ A.  $\Phi$ . 1263. On. 1.  $\square$ . 6529.  $\square$ . 1–2]. And landowners had to accept the peasants' proposal. But using free labour meant an increase in expenses (Table 4).

Table 4

Data	Expenditure item	Sum
June, 2	Sava Ovchinnikov and Andrey Altabasov bought 1480 trees of ten- arshine and eight-arshine for 5.5 rubles per hundred logs and 3120 trees of six-archine for 2.6 rubles per hundred logs	162.80
June, 2	Cab drivers three times 45 kopecks each	1.35
June, 2	For the exchange of 163 rubles of copper money for a silver coin for 2 kopecks per a ruble	3.26
June, 2	Wood floaters were deposited for floating timber from Ples to Moscow to the Kamennyi bridge	0.25

# Transportation costs from Ples to Moscow in 1764 (extract from the account book of Mikhail Golitsyn) [РГАДА. Ф. 1263. Оп. 2. Д. 34]

Data	Expenditure item	Sum
June, 3	Wood floaters from crown village Khoroshevo at the head of Semen Prokhorov for floating timber should get 5.6 rubles, they were deposited by 0.25, so residuals	5.35
June, 5	Paid for transportation under the Kamennyi bridge	4.00
June, 5	Rollers (kataltshik) got in deposit	0.25
June, 5	Sava Ovchinnikov bought hemp ropes	2.60
June, 6	Paid workers for pass over the bridge	3.50
June, 8	Rollers for roll logs below the bridge	1.20
June, 10	Rollers for roll logs below the bridge	2.75
June, 10	Rollers for roll logs below the Moskvoretskii bridge	1.50
June, 14	Laying logs near the Zhivoi Moskvoretskii bridge	6.60

As can be seen from the table, the transportation of wood worth 162.8 roubles cost 42.31 roubles. Thus, at a distance of nearly 400 km, which was not a long distance by Russian standards, the cost of wood increased by almost 30 %.

Another problem was technological. The state required that a saw be used instead of a wood chopper, because it is possible to make a number of boards from a single tree, which was supposed to help preserve forests, and sawn timber would cost more. But a saw was more expensive, it required two people engaged in the process, and peasants did not understand the necessity of using saws instead of wood choppers [Любомиров].

Consequently, using forests for either landowners' own needs or trade was often based on hired labour, which was the key difference between forestry and other part of agriculture. Aristocrats, choosing how to use forests, had to take into account labour and transportation costs, but until the 1780s, they could not manage forests freely.

### Changes in property rights in regard of forests

The key trends behind the spreading of the right to property are described by a number of historians [Орлов; Ведров; Лупанова; Pravilova]. During Peter the Great's reign, the key state interest was to satisfy the needs of the fleet, on the one hand, and to decrease the price of wood, on the other. As a result, the private ownership of forests was practically destroyed. The state could intrude in private forests to fell trees needed to build ships, and everybody could cut down trees for their domestic needs of heating and cooking [Ведров, с. 86]. As a result, Peter's main idea was to use every tree according to its purpose [Там же, с. 117–118]. After Peter's death and until the enthronement of Catherine II, the main trends remained and aimed at preserving forests and decreasing the prices. Landowners did not consider forests their own, which can be very clearly seen in their humble petitions (челобитная) of the middle of the century. Count A. I. Tolstoy's opinion seems to have been somewhat overestimated by Yevgenia Lupanova, who argues that "the owners did not even consider themselves entitled to ask for permission to dispose of forests in their estates. Exemption from supervisory duties and the need to get an official permit to stock up firewood for the winter was their ultimate dream" [Лупанова, 2016, c. 122]. Aristocrats regularly filed petitions concerning timber trade, mills, etc., and it is interesting how they justified their claims to the right to cut down forests.

This analysis is based on petitions of some Russian aristocratic families filed between 1753 and 1755. These documents appeared as a reaction to one more bill restricting the right to fell and sell timber and could be divided into three groups.

Petitions of the first group repeated the words of the first paper by actual state councilor and President of Manufacture Department Nikolai Petrovich Saltykov. On 11 May 1753, he asked for permission to fell trees in one of his Smolensk estates where, in the absence of a waterway, the forest was disappearing and rotting without "any state benefit" [PΓAДA. Φ. 248. Д. 581. Л. 549]. Less than a year later, on 21 February 1754 Privy Councilor and Moscow Governor Prince Sergei Alekseevich Golitsyn, an uncle of Nikolai Saltykov's wife, wrote a petition claiming the same right [Tam жe. Л. 742–743 o6.]. And so did colonel Zakhar Grigorievich Chernyshev and Count Petr Mikhailovich Golitsyn in 1755 [Tam жe. Л. 1103–1104, 1098–1098 o6.]. All of them justified the permission to cut down their own forests, appealing to the notion of "state benefit".

The second group of petitions resembles the first type. In 1754, Petr Semenovich Saltykov wrote in his memoirs that forests in his estates disappeared "in vain without any state benefit and without any benefit for me, slave of your Imperial Majesty" [Там же. Л. 755]. In this context, "his benefit" primarily means "public (state) benefit", since he was nothing more than a payer of Her Majesty. In December 1754, general in chief and cavalier lieutenant-colonel Stepan Fedorovich Apraksin and Prince Petr Ivanovich Repnin expressed their ideas in the same way emphasising the fact that Saltykov, Golitsyn, and others had already got such permission [Там же. Л. 979–980, 1096–1097].

The third group includes two almost identical and very colloquial petitions by Roman Illarionovich Vorontsov and widow Princess Natalia Grigorievna Beloselskaya [Tam же. Л. 1071, 1160–1161]. They start with traditional care about "your Imperial Majesty's state profit". Then the aristocrats emphasise that logging and selling timber would help peasants to pay state taxes and promote Russian and international commerce. Moreover, in their opinion, getting permission to participate in timber trade would hinder Swedish, Norwegian, English, and American trade. Despite

the lofty rhetoric, the key idea was the same, i.e. logging and selling timber would bring benefits primarily for the state. It does not follow, though, that the nobles were unmercenary, thinking only of state interests. But since forests were not considered private property, the justification of the right to use them was based on the discourse of "state benefit".

Furthermore, the strong link between property rights and reasonable profitmaking was explicitly expressed in the drafts of the law of 22 September 1782 [ПСЗ, т. 21, № 15 581]. Most historians consider this law a benchmark in forestry legislation (e. g.: [Ведров с. 153; Арнольд, с. 213; Рыбалкин, с. 64–65]). But almost none of them has studied the preparation of the law.

The law of 1782 was drafted in the commission of commerce presided by Count Alexander Romanovich Vorontsov from the middle of 1781. At one of the first meetings, it was stated that Her Imperial Majesty pointed out the need to involve state councillor Dahl and director of economy Engelhart for reasoning about timber trade. "...So that each landlord with abounding forests could enjoy the right to sell timber offshore without bringing their forests into impoverishment..." [РГАДА. Ф. 397. Оп. 1. Д. 212. Л. 1–2]. On 15 November 1781, the opinion of an unknown author was debriefed. The core idea was that in case of freeing private forests from state care, "on the one hand, the owner of the forests receives the right to gain benefit (польза) from his property and increase his capital, and, on the other hand, the state will receive more income in cash from other lands" [Там же. Л. 5].

There had been at least three drafts of the bill before it was submitted to the Empress. All of them were subject to editing by Vorontsov himself. The key points repeated in all drafts and were included in the text of the law, but in an abridged form. Vorontsov emphasised that an analysis of the previous resolutions had shown that "private owners always had difficulties in disposing of their own forests, because the forest was completely dependent on the Admiralty, so landowners could not fell a single tree for themselves, either for internal use or for trade, and therefore the forests did not bring them any benefit, but only a certain burden, so landowners did not need to preserve forests..." [Там же. Л. 24-25]. Suffice it to say, the reason why forests rotted on stalk was the lack of title. If or when landowners got the right to full control of their forests, they would make profit through wood trade. "The necessary and useful trade should be as free as possible, and thus profit and self-interest will make every landlord conserve and cultivate their own forests" [Там же. Л. 27]. The freedom of trade was considered the only option for such a spacious Empire [Там же.  $\Pi$ . 29].<sup>2</sup> And the potential profit would become a pledge of careful attitude to the forests. "When everyone is confident of their property rights and their profit, the conviction will come that it is better to keep the forest as a direct source of guaranteed incomes, of course there can be a few who will use this opportunity for malice, but in general, every owner will arrange

<sup>&</sup>lt;sup>2</sup> Catherine II fully shared this idea. See: [Каменский, с. 351; Омельченко, с. 331].

their household so that they receive an annual income..." [Tam  $\times e$ .  $\Pi$ . 51]. All of these ideas were reduced in the law to a standard formula "we hope that landowners will appreciate our favour and do their best to preserve forests" [ $\Pi C3$ ,  $\pi$ . 21, N<sup>0</sup> 15 581].

The draft of the project included a mechanism teaching Russian nobles to take care of their forests; the establishment of forestry in state-owned villages was to set an example, where landlords would see the benefits of well-organised forestry, and study if there was a need [РГАДА. Ф. 397. Оп. 1. Д. 212. Л. 51]. The unpublished Forest Statute (see: [Омельченко, c. 374; Рыбалкин, c. 72–74]) designed to regulate forest management in state-owned villages was supposed to perform this function.

As Yevgenia Lupanova correctly notes, rumours about the forthcoming decree quickly spread. After the six-month work of the committee, on 20 December 1781, Prince Mikhail Mikhailovich Golitsyn wrote to his steward that they should start to protect forests and "not allow peasants to destroy trees in such a way that protection will not be needed at all" [РГАДА. Ф. 1263. Оп. 10. Д. 780. Л. 47–49 об.]. The first task was to define the borders, after which nobles should understand what to do with their forests. The law of 1782 did not only give property right in regard to forests but was also tightly connected with permission to trade. As a result, their need for trade forced the nobility to start calculating profits. Moreover, trade has one indisputable peculiarity, i.e. a rapid turnover of money, hence preliminary calculation is easier.

### Private forest property and profit: individual practices

At the very end of the 18<sup>th</sup> century – early 19<sup>th</sup> centuries, very specific documents appeared quite regularly – calculations of the profit.

The first example refers to 1787, when Anna Rodionovna Chernysheva [РГАДА. Ф. 1263. Оп. 10. Д. 931] tried to find out whether it was worthwhile to raft her forest from Propoisk (now Slavgorod, Mogilev region, Belarus) to Kherson. First, it was necessary to decide where to sell forests in the domestic market or abroad. The sale in inner provinces was not very profitable and quick. In Kherson Province, as a possible market of timber trade, there were many mud huts, and wood for construction was not so necessary, moreover, firewood was not indispensable for heating and cooking either. E.g. in the house of Andrei Ivanovich Vyazemsky in Kherson, only reed was used for heating and cooking, and everybody used chips, which sailors brought from the Admiralty. Hence, the choice was made in favour of international trade. Secondly, the route from Propoisk to Kherson was studied carefully. It was obvious that during rafting there would be one wintering, so using one's own serfs would lead to a halt in agricultural work. Therefore, it would be necessary to invite people from outside, at least 6 people for every timber float.

## The calculation of costs of rafting one timber float from Propoisk to Kherson in 1787 [РГАДА. Ф. 1263. Оп. 10. Д. 931]

Expenses	Total (rubles)
Serfs from Propoisk to Kaidai	60
Wage laborers from Kaidai to Kherson	30
Wage laborers for creating a timber float and shipment	15
The pilot receives money for passage through the rapids	6
Ropes	10
Travel expenses	3
People for protection	4
Total	128

Thus, the total costs of rafting one timber float (about 150 trees) amounted to 128 roubles, rounding up 130. Its selling price was around 465 roubles. The estimated profit from the forest was about 355 roubles. But the profit of 300 roubles from each float was considered sufficient. The shipping of 10 to 20 rafts was deemed expedient. Consequently, calculations were made before any decision was taken, and the main driver was net profit, but of course the alternative costs were not included in the analysis.

One can find more sophisticated calculations of net profit in Mikhail Semenovich Vorontsov's papers released after 1817: "A report on how to extract a significant income from the forest ownership of Count Vorontsov without destroying the forests and receive an annual income of up to 50 thousand roubles without using his peasants" [PГАДА. Ф. 1261. Оп. 2. Д. 1055. Л. 3]. The calculation was carried out for one fathom (сажень) of long firewood. Cutting down one fathom of firewood would cost 4 roubles, with transportation costs amounting to 10 roubles, unforeseen expenses to one rouble, and "ruling costs" to 2.5 roubles. The total costs for one fathom of long firewood should be 17.5 roubles. The lowest price of long firewood ready to use could be 25 roubles per fathom, so net profit was 7.5 roubles. The felling and selling of wood had to be organised in such a way that every year it was possible to produce 5 000 fathoms of firewood.

What happened in reality? In the first year, the income from timber sale was 2074.24 roubles, and from wood sale 925.15 roubles, but in the next year, the total income was almost 18.5 thousand roubles, and in 1821 21.5 thousand roubles [Tam же. Л. 20, 23]. The volume of wood sold is not known, but it obviously worked.

The idea of profit was not to take shape quickly, and the process took a long time. Even the manual on forestry of 1848, among the most progressive for its

time, did not focus on the question of profit as such. The author continued to use the notions income or benefit. "The forest, like any other property, must bring income, or benefit. The income from forests can be direct, consisting in the direct collection of money from the sale of firewood, logs and other forest materials, or indirect, consisting of a quitrent from peasants who use the forest for free, selling various factory products..." [Теплоухов, с. 1]. He was worried that "forests bring little income to the landlords, because the main consumer are peasants who use it free of charge" [Там же, с. 2]. But in any way nobles started to understand the notion of "profit", and forestry was the key area where they could attain the modern economic term "profit", and they had to think more about serfdom.

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