

A Comparison between Russia-Qing Trade and Anglo-Chinese Trade in 1802–1860* **

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During the first half of the nineteenth century, tea became an essential commodity in the Kyakhta trade, accounting for over 90 % of total imports. Russia increased tea imports to address its growing demand for tea. The country handled the increasing tea imports by simultaneously increasing the exports of fur, wool, and cotton. British trade with China in Guangzhou was for smuggled opium in exchange for tea. When the Qing dynasty attempted to eradicate opium trade, the UK waged two wars and legalised the opium trade. The UK's illegal opium trade and military provocations had a significant impact on China's politics, economy, and society, as well as a decisive impact on the decline of the Kyakhta trade. Opium, which was banned, became a monopoly product for the British, and Russia's export products — except for silver — could not compete with opium. The UK's illegal sale of opium increased China's opium consumption. Consequently, this reduced the purchasing power of the Chinese, worsening the sales conditions of Russian export products. In the end, the opium trade led to a shortage of silver and an increase in the value of silver coins in China. Chinese merchants preferred silver or silver coins to other products when trading with Russia. As a result, the Russian government approved the exchange of silver, effectively ending barter trade throughout Kyakhta.

Keywords: economic contact zone, Russia, China, UK, nineteenth century, Kyakhta trade, Guangzhou trade, tea, opium, barter, currency

В первой половине XIX в. чай стал важнейшим товаром в кяхтинской торговле, составляя более 90 % от общего объема импорта. Россия увеличила импорт чая, чтобы удовлетворить растущий спрос. Одновременно страна увеличила экспорт меха, шерсти и хлопка. Британская торговля с Китаем

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в Гуанчжоу велась путем обмена чая на контрабандный опиум. Когда династия Цин попыталась искоренить торговлю опиумом, Великобритания развязала две войны и узаконила его торговлю. В статье показано, что незаконная торговля опиумом и военные провокации Великобритании оказали значительное влияние на политику, экономику и общество Китая, а также предопределили упадок кяхтинской торговли. Запрещенный опиум стал монопольным товаром для англичан, а экспортные товары России – за исключением серебра – не могли с ним конкурировать. Незаконная продажа опиума Великобританией увеличила его потребление в Китае. Это снизило покупательную способность китайцев, ухудшив условия сбыта российской экспортной продукции. В итоге именно торговля опиумом привела к дефициту серебра и повышению стоимости серебряных монет в Китае. Китайские купцы предпочитали серебро или серебряные монеты другим товарам при торговле с Россией. В результате российское правительство одобрило обмен серебра, фактически положив конец бартерной торговле через Кяхту.

Ключевые слова: зона экономических контактов, Россия, Китай, Великобритания, XIX в., кяхтинская торговля, торговля в Гуанчжоу, чай, опиум, бартер, валюта

The official diplomatic relationship between Russia and the Qing dynasty was formed under the Treaty of Nerchinsk in 1689 and developed into a close trade relationship through Kyakhta — a city built under the Treaty of Kyakhta in 1727. Joseph Fletcher, a renowned American history professor, underestimated the importance of trade in Kyakhta, stating, ‘it seems that trade between China and Russia was nothing more than barter’ [Fletcher, p. 565]. Most Russian researchers think that the Kyakhta trade was conducted on the basis of mutual benefits and equality among the participants, allowing the two countries to develop their politics, economy, and culture [Покровский, с. 13; Хохлов, с. 143; Темников, с. 212, 247, 249; Единархова, с. 10, 131]. Meanwhile, they generally agree that trade in Kyakhta began to decline during the mid-nineteenth century, but have provided various explanations for this decline. V. I. Pokrovskii noted that reduced transport costs across the seas between China and Europe adversely affected inland trade in Kyakhta, wherein transport costs were relatively higher [Покровский, с. 13]. A. N. Khokhlov mentioned that since the Treaty of Kuldja between Russia and the Qing dynasty in 1851, inflows of tea through Xinjiang and increased tea smuggling on the western borders of Russia led to a decline in the Kyakhta trade [Хохлов, с. 141–143]. According to Temnikov, the varied stages of the Kyakhta trade, as well as the high cost of land transport, significantly increased the price of Kyakhta tea in the centre of Russia. He claimed that this led to the increase in the smuggling of tea from Poland in the early 1850s, which led to the decline of the Kyakhta trade [Темников, с. 216–219]. N. E. Edinarkhova attributed the decline of the Kyakhta trade to increased competition with the UK in trade with China,

and argued that Russia was late in transitioning to free trade [Единархова, с. 112–113, 115, 135]. Zh. Z. Tagarov noted that a crisis occurred in the barter system of the Kyakhta. Russian merchants profited by bringing tea obtained through barter and selling it on the Russian domestic market, but the profit rate declined significantly from the 1840s because East Asia was incorporated into the global market in the mid-nineteenth century [Тараров, с. 191–194]. I. R. Khamjin emphasised internal factors: a decline in fur exports led to textiles replacing fur, and unprofitable Russian textiles fiercely competed with British goods on the Chinese market. Russian merchants fell behind in the competition, resulting in the smuggling of Guangzhou tea across the western border [Хамзин, с. 67–77, 217].

The stance of previous researchers can be summarised as follows. The decline in the Kyakhta trade in the mid-nineteenth century was caused by the weakened competitiveness of the Kyakhta merchants and the smuggling of cheap tea across Russia's western border as a result of structural changes in exports, high land transport costs, and intensified competition with the UK. In my view, although the aforementioned studies contain valid points, some uncovered areas need to be examined. First, there is a lack of essential reliable statistical data in trade history research. Next, most studies limit the role of the UK to the opening of trade with China or competition with the UK when it came to identifying the cause of the decline of the Kyakhta trade.

The purpose of this paper is as follows. First, it aims to obtain a systematic time series data for Russo-Chinese trade and Anglo-Chinese trade, and to identify the characteristics of the traded products and contact method (method of exchange) in the Kyakhta trade and in the Guangzhou trade. Second, it aims to examine how the UK's change in trade methods following the sale of opium affected China's economy and the Kyakhta trade. By allowing us to view the Kyakhta trade as an alternative to the ways of trading in Western Europe in the huge world system — rather than just minor trading made on a borderland — this study will help us understand the multilateral trade relations and geopolitical changes in East Asia today and in the future.

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Although the *Foreign Trade Yearbook* [ГБТ] is crucial for understanding foreign trade in Russia, its method of counting did not remain consistent over time and should thus be referred to with caution. As the statistics in the *Foreign Trade Yearbook* are expressed in assignation roubles in 1802–1839 and silver roubles after 1840, [ГБТ за 1840 г., с. III]. Moreover, the Kyakhta trade was based on barter; thus, accurately calculating trade amounts is considerably complex.

The Russian government published *Year 1800 Rules*, which compiled the rules on trade in Kyakhta and stipulated that the exchange price should be set every year for Kyakhta's trade with China, and regulated Chinese

products should be bartered only at such prices [ПСЗ-1, т. 26, № 19328]. Hence, the volume of trade in Kyakhta during 1802–1840 in the *Foreign Trade Yearbook* was calculated at exchange prices based on assignation roubles in 1801. Assignation roubles were abolished in 1839 [ПСЗ-2, т. 13, № 12497], and the volume of trade in Kyakhta was documented at declared prices from 1841 [Неболсин, с. 341]. Accordingly, the numbers from 1841 were presented in silver roubles for the actual trade amounts; however, the numbers in 1802–1840 were recorded from the trade amounts calculated in assignation roubles in 1800.

To align statistics for trade in Kyakhta in the *Foreign Trade Yearbook* into a time series, this paper multiplies statistical numbers derived from 1802–1840 by 0.655 — the assignat exchange rate in 1800 for silver roubles [РГИА. Ф. 994. Оп. 1. Д. 313. Л. 1–31]. Statistics from 1840 are excluded because they were documented during the transition from assignation to silver roubles and severely deviate from the time series. Based on such calculations, statistics for the two periods of 1802–1839 and 1841–1860 are arranged into a relatively stable time series (table 1).

Table 1

Exports and imports in Kyakhta in 1802–1860 (1,000 silver roubles)

Years	Export						Import	
	Total		Russian product		Transit		Chinese product	
	Silver roubles	Index	Silver roubles	Index	Silver roubles	Index	Silver roubles	Index
1802–1807	3,056	100	1,316	100	1,739	100	3,081	100
1812–1820	3,850	126	2,584	196	1,273	73	3,411	111
1821–1830	4,816	158	3,265	248	1,563	90	4,401	143
1831–1839	5,083	166	4,242	322	842	48	5,083	165
1841–1850	6,312	207	5,978	454	335	19	6,312	205
1851–1860	5,956	195	5,956	453	0	0	6,578	214

Source: ГBT за 1802–1807, 1812–1860 rr.

Total exports and imports in Kyakhta continued to increase from the early nineteenth century and nearly doubled in the 1850s. Total Russian exports are divided into the exports of Russian products and transit exports of foreign products. Russian product exports increased 4.5 times between the two periods, 1802–1807 and 1851–1860, whereas transit exports of foreign products decreased to less than a fifth. Official statistics show that the trade between Qing China and Russia developed stably with some level of balance through Kyakhta trade in 1802–1850, but Russia suffered a trade deficit in the 1850s (table 2).

Table 2

Imports and exports by product in Kyakhta in 1802–1860 (1,000 silver roubles)

Years	Import						Export					
	Total		Tea		Cotton		Total		Fur & Leather		Textile	
	sil. rub	index	sil. rub	index	sil. rub	index						
1802–1807	3081	100	1418	100	1515	100	1316	100	1187	100	27	100
1812–1820	3411	111	2514	177	770	51	2584	196	2088	176	268	992
1821–1830	4401	143	3900	275	330	22	3265	248	2638	222	251	930
1831–1840	5083	165	4842	341	64	4	4242	322	2276	192	1117	4139
1841–1850	6312	205	6066	428	21	1	5978	454	1760	148	4021	14893
1851–1860	6578	214	6226	439	27	2	5956	453	1366	115	3558	13179

Source: ГБТ за 1802–1807, 1812–1860 гг.

Table 2 presents statistics of Russian products excluding transit products in Russia's total exports through Kyakhta. In 1802–1807, tea accounted for 46 % of total imports in Kyakhta, whereas cotton was slightly higher at 49 %. The percentage of tea gradually increased, whereas that of cotton products gradually decreased. Cotton products accounted for only 0.4 % of Kyakhta's total import in 1851–1860, whereas tea was dominant and accounted for 95 % of total imports. Overall, it would not be an exaggeration to state that Russia's trade with China since the 1810s was to import tea.

In 1802–1807, fur and leather accounted for 90 % of total exports in Kyakhta, whereas textiles, such as wool, cotton, and linen fabrics, accounted for only 2 %. However, the percentages of fur and leather decreased from 1812–1820 to 23 % of total exports in 1851–1860. In contrast, the export of textiles began to rise, and their share of total exports increased to 67 % in the 1840s and 60 % in the 1850s.

Economic contact between Russia and the Qing dynasty through Kyakhta was sustainable because of the ability of both countries to supply drinks and clothing, such as tea, fur, wool, and cotton textiles, to ensure people were warm and to address each other's needs. These products were useful due to the extreme living conditions in the continent, and were consumer products that were scalable from the upper class to the public, thereby allowing continuous exchange without the mediation of currency. These characteristics of the economic contact between Russia and China through Kyakhta were the primary difference when compared with the UK's trade with China through Guangzhou in the first half of the 19th century.

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Trade between the UK and China also utilised a type of barter [Greenberg, p. 7]. According to H. B. Morse, the exchange ratio between products for the next year was prepared based on the principles of barter at the end of the trade season between China and the UK [Morse, 1926, vol. 2, p. 298; Morse, 1926, vol. 4, p. 123]. However, the UK, unlike Russia, did not have products to offer in exchange for tea in its trade war over Chinese tea. Eventually, the UK had to bring considerable amounts of silver to China to pay for tea. As a result, in the eighteenth century, Guangzhou's trade balance was heavily tilted toward China, and 90 % of the British East India Company's ships heading to China contained precious metals, with only 10 % amounting to other products [Hsü, p. 168] (table 3).

Table 3

**The UK's export and import trade with China by commodity in 1827–1858
(1,000-pound sterling)**

Years	Export*						Import**					
	Total		Cotton		Woollen		Total		Tea		Raw silk	
	1000 £	index	1000 £	%	1000 £	%	1000 £	index	1000 £	%	1000 £	%
1827–1830	647	100	74	11.4	511	79.0	3510	100	3372	96.1	44	1.3
1831–1840	823	127	340	41.3	433	52.6	3838	109	3533	92.0	218	5.7
1841–1850	1584	245	1071	67.6	387	24.4	5412	154	4700	86.8	454	8.4
1854–1858	1964	304	1378	70.2	247	12.6	9157	261	4994	54.5	3974	43.4

* Declared value for 1827–1858, ** Official value for 1827–1853, computed real value for 1854–1858.

Source: [British Parliament Papers, 315, 319].

In the first half of the nineteenth century, the UK's major export products were wool and cotton, while the import products were tea and raw silk. Tea was by far the biggest import, accounting for over 90 % of all imports in the 1820s–1830s, but the proportion dropped considerably to 55 % in the 1850s. Instead, the share of raw silk, which was not prominent in the 1820s–1840s, increased significantly in the 1850s, accounting for 43 % of total imports.

In the 1820s, wool accounted for 79 % of total exports, but its export continued to decline, accounting for only 13 % of total exports in the 1850s. However, cotton accounted for only 11 % of total exports in the 1820s, but its export grew gradually in size, accounting for 70 % in the 1850s. Overall, British exports to China increased 3 times between 1827 and 1858, while imports increased 2.6 times, resulting in a greater increase in exports, but the UK still had a huge deficit. This deficit was offset by trade with India, with the key product being Indian opium (table 4).

Table 4

China's opium imports in 1801–1860

Years	Box	Index	Total value	Unit price
			1,000 \$	\$
1801–1810	3,894	100	–	–
1811–1820	4,567	117	4701	1.03
1821–1830	10,233	263	9590	0.94
1831–1839	26,713	686	14762	0.55
1841–1850	40,484	1,040	–	–
1851–1860	68,707	1,764	–	–

Source: [Morse, 1910, p. 556; Greenberg, p. 220–221].

Opium sales by the UK increased approximately 18 times from the early nineteenth century to the 1850s. Opium exports began to increase around 1819, and approximately 1,820 tonnes of opium were imported into China annually by 1836, thus making opium the highest traded product worldwide in the nineteenth century [Greenberg, p. 104].

The illegal smuggling of opium exacerbated the trade balance in China. In the late 1820s, trade deficits occurred for the first time in Chinese history. The net inflow of silver into China from 1801 to 1826 was 1.9 million kg, whereas the net outflow of silver reached 3.3 million kg from 1827 to 1849 [Eastman, p. 129]. From then onwards, silver outflow was higher than the inflow until the 1850s [Von Glahn, p. 367]. This led to a silver shortage in China, and bad money drove out good money; quality silver thus exited the market [Eastman, p. 130]. The silver shortage resulted in increased silver value for goods, and the silver-denominated price index in the first half of the nineteenth century reduced sharply to 85 in 1820 and 55 in 1850, based on 1801–1815 as 100 [Hao, p. 122].

The Qing dynasty could not tolerate the illegal inflow of opium that gnawed away at China's economy and society and placed strict measures to prohibit opium smuggling. In response, the UK waged the First Opium War in 1839–1842 and attempted to force their way of trade onto the Qing. Although the opium trade had yet to be legalised, British merchants were allowed to sell opium more aggressively to China. Above all, this situation decisively changed the exchange method of China. British merchants were not legally allowed to barter opium in public, and thus received silver from brokers and sold opium to them [Wakeman, p. 172]. They used the received silver to pay for tea and shipped it to Western Europe by sea [Spence, p. 130]. The opium trade thus operated completely outside the Guangzhou trade system, and China-UK trade, which was initially close to the barter system, transformed into currency-based trade. This laid the foundation for unequal exchange.

Trade based on Western silver coins expanded with the opium trade. Merchants from other countries, such as the US, brought Western silver coins

into China, which circulated on the Chinese market and then exited through British merchants. For example, Americans brought in 60 million dollars of silver and British people shipped out 50 million dollars of silver in 1818–1834 [Hsü, p. 172]. Therefore, the currency system in the Qing dynasty was very confusing because its silver and copper coins were mixed with various other Western silver coins, such as Spanish and Mexican silver coins, which flowed in through trade with the West, and even opium was used as currency [Hao, p. 34–46]. Under these circumstances, the exchange value of silver tael for copper coins increased in the first half of the nineteenth century. It increased from the 1810s when the opium trade expanded, jumped up especially in the 1840s after the First Opium War, and increased 3.1 times in the 1850s, when the Taiping Rebellion occurred [Allen et al., p. 35]. This shows that the Qing dynasty lost control of money distribution. The amount of silver held by the Qing decreased significantly in the first half of the nineteenth century, and reached its lowest level since 1686 in 1842 [Glahn, p. 362].

There was a hierarchy between Western silver coins and sycee (horseshoe silver). In particular, Espana Carlos silver coins enjoyed an 8 % premium for sycee with purity 7–8 % higher. Hence, if someone bought sycee from Guangzhou and sold it to Kolkata, they could profit by 15 %–16 %. In particular, the premium increased during wars or currency shortages, and Carlos silver coins were circulated in Shanghai at 44–86 % higher prices compared with their intrinsic value when the Qing were in chaos in 1853–1857 due to the Taiping Rebellion [Hao, p. 35–40]. This situation led to an increase in unequal exchange and inevitably affected the Kyakhta trade.

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Table 5 calculates the percentage of Russian export products for tea imported in Kyakhta for 20 years after the First Opium War and provides the contributions of each product to purchasing tea.

Table 5

**Percentage of Russian export products for imported tea in Kyakhta
in 1841–1860 (1,000 silver roubles, 1,000 puds)**

Years	Tea		Sum of 1 and 2		1. Fur + leader		2. Textile		3. Gold and silver products	
	sil. rub	pud	sil. rub	%	sil. rub	%	sil. rub	%	sil. rub	%
1841–1845	6,190	260	5,781	93	1,790	29	3,991	64	–	–
1846–1850	5,943	328	5,779	97	1,729	29	4,050	68	–	–
1851–1855	5,847	269	5,087	87	1,320	23	3,767	64	1,029	18
1856–1860	6,604	421	4,761	72	1,411	21	3,350	51	1,004	15

Source: ГБТ за 1802–1807, 1812–1860 rr.

Although the proportions of fur, leather, and textile trades changed slightly after the First Opium War in the 1840s, Russian merchants could pay for tea with these products in official trades. In particular, Russian wool had a significant market in China when British wool sales to China stagnated after the Opium War [Копсак, с. 227]. In southern ports, which were open to Western European countries, Russian wool fabrics were successfully competing with British and German ones [Журнал мануфактур и торговли, с. 217].

In the first half of the 1850s, tea imports decreased slightly from before when calculated by weight, but increased significantly again in the late 1850s, and reached an all-time high due to the reducing unit price of tea. The exports of fur and leather could not keep up with tea imports, and the exports of textiles decreased further, thus making it difficult to fulfil the growing demand for tea only with traditional products.

As the value of silver for copper coins and products increased further after 1840s, Chinese merchants preferred currency to goods and discounted tea prices considerably when paid in silver metals or coins; Russian merchants were tempted to pay for tea in currency, and such trade took place secretly. A. Korsak stated that although the outflow of precious metals through Kyakhta was prohibited at the time, smuggling was increasingly used to bring precious metals outside [Копсак, с. 180]. According to N. E. Edinarkhova, some Russian entrepreneur merchants made silverware in the Chinese style in Moscow, brought it to Kyakhta, and used it to purchase a huge amount of tea [Единархова, с. 41–42]. Amid this situation, the Russian government had no choice but to allow the exchange of gold and silver products with tea in 1854 [ПСЗ-2, т. 29-1, № 28461].

Trade in Kyakhta thus entered a new chapter of its history. Russia's exports of gold and silver products were in effect paying for tea. Although gold and silver products were called crafted works, Chinese merchants considered them just metals and were not interested in craftsmanship [Покровский, с. 10]. Hence, the Kyakhta trade was no longer based on barter but on exchange mediated by international currency as a result of the official change in the contact method, which started in the 1850s; the balance of trade that had been maintained through barter was not possible any more. The exports of precious metal products increased and accounted for 17 % of total exports in the 1850s. In fact, in 1856, they accounted for 37 % with 2,267,000 silver roubles. Finally, the Russian government scrapped all restrictions in 1861 and allowed the inflow and outflow of precious metals, thus putting an end to the era of barter [Хохлов, с. 142–143].

Many researchers point out that Russian products had already been sold at exceptionally low prices in China since the 1840s amid competition with British products [Ковалевский, с. 142; Гагемейстер, с. 631; Хохлов, с. 144; Единархова, с. 106–107, 110–113]. However, while A. B. Semenov noted that Russian goods were sold cheaply in China, he added that this could be due to fluctuations in China's monetary system [Семенов, с. 212] (table 6).

Table 6

Exchange unit price index of tea and wool bartered in Kyakhta in 1812–1860

Years	Tea				Wool			
	1,000 puds	1,000 silver roubles	unit price	Index	1,000 puds	1,000 silver roubles	unit price	index
1812–1820	98	2,514	25.6	100	163	242	1.49	100
1821–1830	142	3,900	27.4	107	145	174	1.2	81
1831–1840	185	4,842	26.2	102	693	1,208	1.74	117
1841–1850	294	6,066	20.6	80	1,336	2,712	2.03	136
1851–1860	345	6,152	17.8	70	958	2,157	2.25	151

Source: ГБТ за 1802–1807, 1812–1860 гг.

As shown in Table 6, the unit price of Russian wool increased consistently from the 1820s, reaching 1.5 times in the 1850s compared to the 1810s. In contrast, the unit price of tea declined continuously from the 1820s, falling to a level of 70% compared to the benchmark price. Therefore, one should not think that Russian merchants suddenly sold Russian wool at low prices at a loss from 1840s. Above all, it should be remembered that the Kyakhta trade was a barter trade. Unlike asymmetrical exchanges through currencies, barter trade has a symmetrical characteristic to a certain extent. Therefore, there is no problem if Russian-manufactured goods are exchanged with tea, after which tea is brought into the domestic market and sold at a good price [Тараров, с. 186, 191]. The UK also did not profit much from the export of manufactured goods, sometimes suffering great losses, but it earned an income by selling Chinese products in Europe [Sargent, p. 50–51].

Of course, the inflow of cheap tea through the western border of Russia from the mid-nineteenth century made it difficult to sell Kyakhta tea on the Russian domestic market, hurting Kyakhta trade [Хохлов, с. 141; Темников, с. 216; Тараров, с. 192]. However, one should not forget the fact that the key reason why the Western powers, including the UK, were able to acquire an enormous amount of tea at low costs from China and bring it in by sea was the sale of opium, which was officially a banned product until 1858. The UK could not find any alternative other than opium for a long time, and it would have been difficult to purchase tea if it were not for opium. Despite all British commercial and military efforts in the 1840s and 60s, Britain's trade balance with China suffered a deficit until the mid-1880s [Sargent, p. 198–200]. Before 1890, opium was the only British product that had a solid market in China [Eastman, p. 160].

Consequently, the number of opium addicts in China increased day-by-day. Smoking opium was expensive and required time and a place. Accordingly, there were many wealthy government officials or soldiers among opium smokers [Wakeman, p. 178]. They had some purchasing power in Chinese society at that time, and their increased opium consumption inevitably led to decreased consumption of other products [Hsü, p. 172]. According to a survey by Lin Zexu, the annual cost of living per person in 1839 was 18 silver tael, but opium addicts consumed 36 silver tael of opium every year [Zhuang, p. 199]. Around 1839, merchants of Nankow and Hankow, commercial centres, told Lin Zexu that the Qing market for goods had fallen by half compared to 30 years ago, half due to the opium imports [Greenberg, p. 143]. In 1847, a British special committee report mentioned that the Chinese could not import British manufactured goods because they had used up all available silver for opium payments [Sargent, p. 130].

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When comparing British and Russian trade with China, it should be understood that the positions of the two governments were different. It was important for the British government to protect the interests of foreign traders and factory entrepreneurs who had an influence over Parliament. In the case of the Russian government, the standpoint of Kyakhta merchants and Moscow entrepreneurs also had to be considered, but protecting national interests in its relations with China was important, as it was a bordering country.

The UK incorporated China into the UK-led world economy through illegal opium sales and military expeditions. This was primarily because it became increasingly important to secure cheap tea stably due to the increasing demand in the UK. In the nineteenth-century UK, black tea had gradually become an inexpensive beverage that urban workers drank with bread, and it lowered the cost of food in urban workers' households during the Industrial Revolution [Clark, Huberman, Lindert, p. 228, 233]. As it eased the pressure of wage increase by lowering the burden of the cost of living of workers, British industrialists wanted a stable import of tea as much as the import of grain [Park]. Furthermore, as the Industrial Revolution gradually spread to other European regions, such as the Netherlands and France, in the nineteenth century, the competition for the sale of products intensified, and British entrepreneurs became interested in the Chinese market [Sargent, p. 50–51]. Henry Pottinger, a British negotiator at the time of the Treaty of Nanjing, told British industrialists that he had opened up a whole new world to their trade, so vast that 'all the mills in Lancashire could not make stocking stuff sufficient for one of its provinces' [Pelcovits, p. 16].

The Russian government watched the Anglo-Chinese war closely and sought to maintain a stable diplomatic stance and trade relations with the Qing. Of course, it is hard to say that there was no smuggling of opium by Russians along the lengthy Russia-Qing border. However, it seems clear

that there was a willingness at government level to ban the opium trade. In 1841, Nicholas I issued a decree to strictly forbid the flow of opium through the Kyakhta border [ПСЗ-2, т. 16, № 14450]. Decrees were issued again later in 1844 and 1845 to ban the opium trade, and another was issued in 1862 for strict monitoring to disallow the transport of opium and liquor through the Chinese border [Там же, т. 19, № 17547; Там же, т. 20, № 19284; Там же, т. 37, № 38123].

Meanwhile, land transport could not keep up with maritime transport in terms of transportation costs. According to Edinarkhova, it took seven-to-eight months by sea from Kronstadt to Shanghai in the 1850s, and the transportation cost was 3.2 roubles. However, it took six months by land from Moscow to Kyakhta, and the transportation cost was 7.14 roubles, which was almost twice as expensive as maritime transport [Единархова, с. 118]. Most studies agree that land transport was much more expensive than maritime transport [Покровский, с. 12–13; Хохлов, с. 137; Темников, с. 218]. If Russia's goal had been merely to acquire tea, it would have been economically beneficial to activate the tea trade by sea.

From the standpoint of the Russian government, it was important in many ways for the Kyakhta trade to remain stable. The continuous flow of logistics from Moscow to Kyakhta through the Kyakhta trade played an important role in Siberian development [Единархова, с. 74–82]. However, the benefits of maritime transport crossing the vast ocean and those of land transport passing through the country's territory cannot be simply evaluated by the cost of transport alone. Kyakhta trade was an important means of tying European Russia and Siberia into one economy. The Kyakhta trade animated a long travel route from Moscow to the Chinese border by transporting products from the centre of Russia to Kyakhta and vice versa [Хохлов, с. 140; Единархова, с. 79–80]. In particular, a study by Mironov shows that based on the chain of fairs markets in Siberia from Irbit (February to March), Tobolsk (May), Tomsk (June to July), Yeniseysk (August), Irkutsk (October), and Kyakhta (December to February) in the late eighteenth century, Kyakhta's continuous trade with China played a vital role in incorporating Siberia into one nation-wide market [Миронов, с. 218–219].

* * *

Important reasons for the decline of the Kyakhta trade in the mid-nineteenth century include the burden of transport costs, China's opening of trade ports, increased competition with the UK, and the import of inexpensive tea through the western border. However, at the heart of those things was the collapse of the trade system with the Qing due to the UK's illegal opium sales, which resulted in the increase in inequality exchange in trade. Under this circumstance, Kyakhta exports suffered in three aspects.

First, Indian opium, which was brought in illegally by the UK, dominated the Chinese market, aggravating the conditions of buying tea for Russian

merchants. In this structure, the competitiveness of the British was not in the sale of British textiles but in obtaining silver through the sale of Indian opium. The Chinese were fascinated by Russian fur in the eighteenth century and were addicted to Indian opium in the nineteenth century. Next, illegal opium sales by the UK increased China's opium consumption significantly, which reduced the purchasing power of the Chinese and worsened the sales conditions of Russian manufactured goods. After the Treaty of Nanjing, British entrepreneurs also expected the demand of 300 to 400 million people, but in the end, it turned out to be in vain.

Lastly, the decisive blow that the opium trade inflicted on the Kyakhta trade was the collapse of the traditional Chinese currency and trade system. The UK broke down the traditional Qing currency system in a series of processes of illegally exchanging opium with silver or silver coins and then using the silver to buy tea. As a result, in the nineteenth century, there were various currencies in China, among which Western silver coins enjoyed a premium. Chinese merchants wanted silver, a safe asset — especially Western silver coins — rather than Russian products. As the way of exchange changed, barter could no longer be maintained. From now on, Russian merchants had to pay precious metals for tea, but Britain could still buy tea with opium.

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