‘Russian merchant’ legacies in post-Soviet trade with China

Skvirskaja, Vera

Published in:
History and Anthropology

DOI:
10.1080/02757206.2018.1496916

Publication date:
2018

Document Version
Publisher's PDF, also known as Version of record

Citation for published version (APA):
https://doi.org/10.1080/02757206.2018.1496916
‘Russian merchant’ legacies in post-Soviet trade with China: Moral economy, economic success and business innovation in Yiwu

Vera Skvirskaja

To cite this article: Vera Skvirskaja (2018) ‘Russian merchant’ legacies in post-Soviet trade with China: Moral economy, economic success and business innovation in Yiwu, History and Anthropology, 29:sup1, S48-S66, DOI: 10.1080/02757206.2018.1496916

To link to this article: https://doi.org/10.1080/02757206.2018.1496916

© 2018 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group

Published online: 23 Jul 2018.

Submit your article to this journal

Article views: 209

View Crossmark data
‘Russian merchant’ legacies in post-Soviet trade with China: Moral economy, economic success and business innovation in Yiwu

Vera Skvirskaja

ABSTRACT
This article focuses on Russian traders operating in China, particularly in Yiwu, the major commercial hub for the ‘small commodity’ trade, and explores the idea of the ‘Russian merchant’ prevalent in Russia today. Rather than examining the new commercial culture from the perspective of global neoliberalism, it deals with Russia’s pre-Soviet merchant estate (soslovie) and its present-day political-ideological evocations. While there is no direct cultural-professional continuity between pre-Soviet and post-Soviet merchants, some similarities have come to the fore and have been encouraged by the state and the Church. This is due to the promotion of a particular moral economy wherein the ‘Russian merchant’ figures as a positive category. Using a case study of a Russian trader in Yiwu, the article illustrates the new ways in which mistrust as well as ‘traditional’ merchant attributes such as patriotism and patriarchal authority, have been harnessed to create a successful Russian transnational business.

KEYWORDS
Merchant estate; patriotism; commerce; mistrust; Phalanstery

Introduction
During the final years of the Soviet state, a mass of ordinary and not-so-ordinary citizens from different professional and social backgrounds entered the novel sphere of entrepreneurship. Since popular Soviet understandings that the market principle ‘buy cheap, sell dear’ designated immoral illegal ‘speculation’ (spekuliatsia) held sway (see Humphrey 2002a; Ries 2002), the figures of late Soviet and early post-Soviet market traders gave rise to contrasting new images of commercial activities. On the one hand, trade (torgovlia) was associated with sheer necessity and the ‘fall from grace’ of those involved in it. The new commercial actors-cum-‘victims-of-market-reforms’ included former teachers, clerks, engineers, and workers who were trading on the market or had street stalls or became suitcase/shuttle traders (chelnoki), regularly crossing national borders. An ultimate urban icon of victimisation was the impoverished pensioner-trader – ‘the grandma’ (babushka, although men also participated) – reselling things bought or found elsewhere next to bus stops and metro stations. On the other hand, trade stood for the (illegitimate) wealth and success of the new heterogeneous stratum of businessmen and entrepreneurs (from kooperaoty and kommersanty to biznesmeny and fermery). Privatised industrial
enterprises and new private farmers turned to trade as their main economic activity. This development invited analogies with (‘pre-modern’) mercantile capitalism (see e.g., Burawoy and Krotov 1993). Many of those who could successfully navigate in this new field of commerce were *nomenklatura* (i.e., former Party/Komsomol administrators and activists, the Soviet managerial class) and black-market operators – the representatives of the last Soviet generation who acquired particular entrepreneurial and organisational skills under the ‘entrepreneurial governmentality’ of state socialism (see e.g., Yurchak 2002). These individuals thus became the ‘mediators between the two eras’ (Lipovetsky 2003, 70): late socialism (or Soviet ‘stagnation’) and late capitalism Russian-style where economic survival (let alone flourishing) and ethical life were seen as being incompatible.

The different popular associations attached to commercial activities, which still linger on in Russian society, also indicate that participation in trade has been experienced as humiliation and professional denigration by some and as promising and exciting opportunities by others.1 Besides documenting the crisis of values and popular scorn of capitalist traders and business people, anthropologists and other scholars have offered insightful analyses of the complex ways in which post-Soviet business and discursive practices have taken shape and have shaped new entrepreneurial actors. While post-Soviet practices have been shown to owe a great deal to Soviet ‘hybrid logic’ of the official and personalised public spheres, unwritten rules of networking and hierarchies of belonging (e.g., Radaev 2002; Yurchak 2002; Ledeneva 2009),2 new discursive constructs of being an ‘entrepreneur of oneself’ have, by contrast, been linked to global neo-liberalism and its models of successful living (e.g., Yurchak 2003; Hemment 2015, esp. p. 175). In this way, these approaches situate the heterogeneous category of the post-Soviet trader or new Russian entrepreneur at the intersection of Soviet legacies and global neoliberal capitalism.

Following in these tracks, this article engages with new practices and ethical orientations of the post-Soviet transnational trader, but it also does so with the help of the moral economy approach. The ethnographic object is the small-scale, individual Russian entrepreneurs supplying Russia, but sometimes also other destinations, with cheap Chinese commodities. From the early 1990s onwards, commercial routes linking Russia and China and beyond have been developed by actors whom we tend to associate with ‘globalization from below’, and, as Matthews, Lins Ribeiro, and Alba Vega (2012, 11) noted, who are often ‘out-neoliberalizing’ global corporations by trying to operate below the radar of state regulations. In particular, the article considers the success story of a former petty trader from a Russian industrial city in the Urals who has made his fortune in Yiwu, China, highlighting the fluid and porous boundaries between ‘globalisation from below’ and ‘globalisation from above’. It is in this context that the perspective of moral economy is pertinent because it allows us to bring under the same analytical framework different but entangled regimes of value (cf. Palomera and Vetta 2016): those driven by the state, those inspired by ‘opportunistic’ neoliberalism and those embedded in particular cultural dispositions. As anthropologists have recently argued, moral economy should be understood as an inherently syncretic perspective, i.e., combining different logics, (e.g., de Sardan 1999), that is not restricted to a specific class or group of people (e.g., ‘the peasants’, ‘the petty trader’), but instead accounts for ‘broad social fields of thought and action’ in which the actor in question is inscribed (Palomera and Vetta 2016, 415).

Where neoliberalism is commonly portrayed (and experienced) as a disorganisation of non-market regimes of value and the social relations that underlie them, new moral
registers emerge to contain and harmonise ‘disorder’ and these do not necessarily replicate the discursive templates of neoliberalism’s own ‘ideological charter’ (Greenhouse 2012, 5–7). It has widely been observed that neoliberalism has a tendency to create a tense ambivalent coalition with traditional conservatism, especially of nationalistic or xenophobic kinds (e.g., Crouch, della Porta, and Streeck 2016). Both Russia and China, for instance, provide good examples of how conservative approaches to ancient traditions have recently been coupled with economic-social realities brought about by neoliberal globalisation. In China, (neo-)Confucianism has been used to justify the introduction of a capitalist economy and the ideological hegemony of wealth in what is formally a communist one-party state. The ‘Confucian strategy’ in general and ‘Confucian merchants’ in particular aim simultaneously at legitimising political authority and challenging Eurocentric discourses of development and enrichment (Zurndorfer 2017). In a similar vein, Russian ‘traditional values’ have been introduced into collective memory in the post-Soviet decades to address perceived shortages of new positive unifying national symbols. President Putin has complained that there is a ‘deficit of spiritual values’ and that these values have to be recovered from the thousands of years of Russian history. Within this paradigm of ‘national recovery’ and renewal, the pre-revolutionary ‘Russian merchant’ or the merchant estate (kupecheskoe sostojanie) with its culture, religiosity and political orientation has emerged as yet another ‘site of memory’; Russian merchants have been transformed into national heroes of sorts, becoming a model for present-day Russian entrepreneurs and helping to establish a Russian cultural capitalist antipode to Western neoliberal subjectivity.

While conservative (neo)traditionalism has come to define the discursive contours of the moral economy in Russia, there is a conspicuous absence of references to ‘the Russian merchant’ in ethnographies of post-Socialist economic development and trade. This is, of course, not that surprising given that there is no apparent continuity. There is neither any legal continuity of the merchant estate, nor any obvious ‘organic’ cultural or kinship links between pre-Soviet merchants and post-Soviet businessmen and traders. Many prominent Russian merchant families, including those few whose legacy was preserved during the Soviet period, moved abroad, while others vanished in Soviet purges or became ordinary employees of the Soviet state. With the exception of ethnic trading minorities and migrants (for instance, Roma, or traders from Central Asia and the Caucasus operating in the predominantly Slav regions of the USSR) who maintained traces of their commercial cultures or lifestyles at the margins of the socialist economy, new Russian traders had little in terms of historical business culture, values or commercial traditions to rely upon. For many post-Soviet traders, market places and the transnational shuttle trade have become the first ‘school of entrepreneurship’ (Diatlov 2015, 30).

To sum up, from a moral economic perspective, merchant values and ideology as they are represented historically and discussed today in public discourse (mass media, Russian NGOs, the Orthodox Church, state institutions) have to be acknowledged alongside the above-mentioned model of the neoliberals (e.g., in the business mass media and ‘success manuals’), ‘entrepreneurial governmentality’ and legacies of informal Soviet networking. In line with the Russian state’s increasing emphasis on economic nationalism and anti-Western hostility (due to falling oil prices and Western economic sanctions imposed after Russia’s annexation of Crimea), political and religious authorities, as well as civil society, are participating in the on-going ‘framing’ (Mitchell 1990) of moral economy. Even though the neoliberal actors of ‘globalisation from below’ (as well as those of
'globalisation from above’) do not uniformly subscribe to authoritarian traditionalism, its impact on many Russian entrepreneurs’ economic practices and forms of self-identification/presentation should not be overlooked or underestimated. My example of successful Russian operations that have taken off in Yiwu and given rise to a major wholesale business in Russia is also meant to illustrate how a moral economy ‘travels’ along the routes established by ‘globalisation from below’.

In what follows I will first introduce Russian small-commodities traders in Yiwu, foregrounding forms of cooperation and the place of mistrust in the transnational traders’ moral economy. Then I turn to the articulations of moral economy in interconnected spaces: a case study of ‘Russian merchant innovation’ in China – a Russian trading company organised as a micro-enclave – and its headquarters in Russia. Finally, I shall contextualise these transnational traders in the broader discursive value regime of ‘the Russian merchant’, showing how some Russian entrepreneurs inscribe themselves into a historically disrupted and recently created cultural genealogy of the merchant estate.

Background: an ethnography of Russian ‘economic behaviour’ and trust in Yiwu

The city of Yiwu – the world’s supermarket or ‘one-stop shop’ – offers the largest number of small and low-grade commodities of any place in China. It has been a popular destination for different types of Russian traders, from small shop owners and middlemen to big wholesalers, for almost two decades. As Yiwu’s indoor Futian market was rapidly expanding in the 1990s–2000s, it attracted shuttle traders who had previously visited Urumqi and Beijing’s Russian markets. Along with these flows of Russians, Russophone Chinese and Central Asians from the former Soviet republics have also come to the city to work as agents, middlemen and interpreters. What has attracted traders to small and remote Yiwu – a city still often described in Russian online reviews as a place ‘away from civilisation’ (e.g., Bondarenko 2015) or a ‘village of speedy self-development’ – is cheap prices, the availability of small wholesale, quick manufacturing schedules and the concentration of a vast range of goods in one market-place.

In 2002 Russia was the second largest importer of Yiwu goods after the UAE. It fell to fifth place in 2009 (Pliez 2012, 27–29). More recently, the number of Russian traders has fallen further still and this is attributed to the weak rouble and overall economic recession caused by lower oil prices. Yet, while at the time of my research visit in summer 2016, there were not many Russians roaming the market, their commercial significance could be seen in numerous cargo and transport companies serving Russian destinations, the Russian-language ads of Chinese manufacturers and exclusive ‘Russian’ commodities (e.g., Russian icons and souvenirs, Russian ‘Father Christmas’ and other toys that are often copied by Chinese manufacturers during the trade fairs in Moscow or Hong-Kong). Predictions voiced in the early 1990s that the ‘sharks of capitalism’ would squeeze out small traders from the lucrative trade with China (e.g., Ukhlin 1993) have not come true. Instead, the new hubs popular with agents of ‘globalisation from below’ have continued to produce new ‘sharks’ in their own right. And the possibility of a small-volume wholesale, including transport services to deal with small consignments, has kept on attracting new small traders.
Similar to other commercial destinations worldwide (cf. Yukseker 2004 on Turkey), Russian traders in Yiwu do not constitute a trading diaspora or extensive business networks of co-ethnics. Single traders or small groupings come to the city for several days to make a selection of goods and place orders at the Futian market. They visit showrooms of their old suppliers and roam the market in search of new ideas, new types of merchandise and better prices. When placing an order, the trader can only hope that his supplier will deliver the agreed upon quality and quantity, because, with the exception of old stock, at the time of purchase there are only samples available for inspection.

The dynamics of Russian trade and sociality in Yiwu do not appear to be different from other commercial hubs in China (see e.g., Humphrey 2018). At present, there is a general perception that China is relatively ‘mafia-free’ and safe for doing business: criminals targeting transnational traders are kept in check by the authorities and the same authorities may turn a blind eye to traders’ violation of the visa regime (cf. Lan 2017 on Guangzhou). A Tadjik market trader in St. Petersburg told me fondly that when in China she could leave money in a hotel room and nobody would steal it: ‘If a cleaner steals your money, the authorities will chop off her finger. So they do not steal from foreigners in China.’ In Yiwu, a young Russophobe Uzbek interpreter in his early 20s recalled that shortly after he came to China to study he set up a business operation to extract ‘protection’ money (a ‘roof’, krysha) disguised as ‘cleaning fees’ from Chinese street vendors and Arab café owners operating next to his college. Everybody paid him, but when his Chinese friends understood what he was doing they warned him that the Chinese authorities would simply execute him if they found out. These narratives of ‘safe China’ contrast sharply with Russians’ views of Chinese businesses and traders in Russia and the border zones as being controlled by Chinese intelligence and/or mafia-style conglomerates. These views were commonplace in the 1990s (e.g., Lukin 1998); perhaps attempts by the local Chinese authorities to safeguard an agreeable business environment have contributed to the shift in traders’ perceptions. In Yiwu, for instance, the authorities introduced a city-wide video surveillance system in 2003 and a local people’s police and, in tandem with new security measures, have promoted the city as a ‘second home area’ where foreigners are treated as citizens and encouraged to enjoy a ‘natural bond’ with the locals as if they were all one big ‘family’ (Pieke 2012, 62–63).

Yet, the vision of ‘safe China’ does not imply that traders operate in a high trust environment. Theorisations of ‘globalisation from below’ often highlight ‘human social bonds’ (Matthews, Lins Ribeiro, and Alba Vega 2012, 11) or trust as a necessary idiom to carry on transactions where there are not many legal options available to enforce an agreement/contract (cf. Yukseker 2004, 54–56). Russian practitioners in China would, by contrast, emphasise cultural alienation and mistrust as a local disposition and a quality of commercial ethics. Writing about cross-border trade in the Chinese town of Manzhouli, Peshkov (2018) documents a pervasive suspicion on the part of Russians of their Chinese ‘helpers’ (pomogai), ‘friends’ and commercial partners. He identifies an ‘insolvable contradiction’ that suspicion produces — Russians attempt to resolve problems through their Chinese ‘friends’ but at the same time they are looking for ‘real’ Chinese prices that these friends might be hiding from them.

As if in elaboration of this theme, my Russian interlocutors in Yiwu postulated that the Chinese were not capable of being friends with foreigners (laowai; Chinese). It would be a simplification to view this attitude as mere pragmatic caution (a ‘survival strategy’) under
conditions of market competition. For Russians, the normative idea of friendship means a selfless emotional relationship of trust and Chinese are not seen as sharing this cultural understanding. For the latter, friendship is said to be a façade that disguises calculations of benefits. If trust designates relationships in which people regularly place valued outcomes at risk of others’ mistakes or failures (cf. Tilly 2005), in their ‘friendships’ with Chinese, Russians try to avoid taking such risks. Even Russians’ expectations of Chinese pragmatism are often undermined by suppliers’ preference for short-term calculations of gain (e.g., goods are not properly packed, are faulty or the wrong commodities are shipped) that makes them appear uninterested in long-term cooperation. Online reviews of Yiwu remind traders that every deal should be treated as the first deal and approached with due caution and checks (e.g., Bondarenko 2015). In this respect, Yiwu trade resembles e-commerce on platforms like Alibaba that has been open to Russia since 2015 – there is a (perceived) high risk of being cheated by Chinese suppliers one way or the other; it is the regular physical presence of traders and their local agents administering control of shipments that is meant to make Yiwu trade less risky than buying similar commodities on Alibaba.

In this commercial environment, traders’ ‘hope’ for successful dealings is thus often vested in their local agents and Russian interpreters. Most traders do not speak Chinese and use interpreters who either work for a cargo/transport company or function as independent agents providing quality control of the goods at the factories and organising deliveries to Russia. The independent interpreters-agents work on commission from the total value of purchased commodities paid by their Russian clients. Often these individuals operate in several commercial hubs in China and have an established circle of more or less regular Russian customers that they have cultivated for years. Russians’ socialisation with the local Chinese is minimal and the value of trust in one’s interpreter-agent is reflected in the higher rates of ‘commission’ that they receive.¹⁰

Scholars relate mistrust of Chinese to Russians’ ambiguous valuation of China. There is a willingness to see Chinese as allies, friendly neighbours and commercial partners but there are also concerns about China’s economic might and geographic expansion. This disposition, they argue, is nurtured by the Russian state’s preoccupation with security rather than economic development (Shlapentokh 2007; Peshkov 2018). Indeed, my Chinese interlocutors in Yiwu have hinted at traders’ ‘wounded patriotism’: Russians are fascinated by Chinese economic growth, but it also hurts their national pride that they have been overtaken by what was, until recently, ‘a less developed’ and poorer nation. The legacy of the latter image may also explain why, in contrast to other transnational traders (e.g Afghanis, Arabs) Russians in Yiwu are reluctant to establish intimate or matrimonial relations with the host population.¹¹ (Several popular night clubs are staffed with Russian and Ukrainian dancers who double as potential dates for local migrants from the former Soviet space.) This image may also explain traders’ attempts at ignoring ‘the end of cheap China’: pushing prices below what seems reasonable to local suppliers is justified by the assumption that there are Chinese who are still prepared to work ‘for a bowl of soup’.¹²

The traps of innovation and potentialities of success

If the correlation of price and quality is a major headache for small traders (for they typically receive the quality they have paid, not ‘hoped’, for), another economic dilemma, which is not relevant only for Russian traders, is related to ‘exclusivity’ and the ‘copying’
of cheap commodities by competitors. The fear of ‘theft’ and the secretive search for ‘exclusive’ goods, which can be traced back to the early years of the shuttle trade (see Ukhlin 1993), structure commercial and personal relations between traders, their Chinese suppliers and interpreters. An owner of a small supermarket chain, and a first-time visitor to Yiwu I met in 2016 identified the problem immediately:

Now I got this idea … I can copy Gdzhel patterns and print them on the bedding sets – they will sell like hot buns at my supermarket. But as soon as I place an order at the Futian, everybody will know and copy my idea. Gdzhel bedding will be everywhere.

Another of my interlocutors who was based in Yiwu and regularly sent goods back home with his wife shared with me his solution to the problem:

I designed myself this beautiful Christmas tree, I knew it would sell well. I came to my old supplier and told him that he produces this tree for me, I pay him, and so that we are clear – I give him my design as a gift. There is one condition – he cannot sell a single copy of this tree to anybody from my country. If he does and I find out, I will kill him. I was clear about that.

Chinese interpreters-agents are under pressure to manifest high moral grounds and perform ‘loyalty’ to their clients, which, among other things, implies refusing Russian customers dealing in similar commodities if they come from the same city (even a megapolis like Moscow), and reporting subversive behaviour of traders’ employees or associates. Traders-compatriots are particularly suspect as potential ‘thieves’ of one’s brilliant idea of a new commodity, and those buying similar types of goods avoid each other socially in the city. This excessive concern with the ‘uniqueness’ of cheap commodities is something that differentiates Russian traders from some other groups or ethnic networks who also operate in Russia.

A striving towards ‘exclusive innovation’ seems to impact both on Russians’ individual commercial growth and their collective share of the Russian market. As one Russian old-timer in Yiwu put it:

Russians … do not understand how this trade works. They can only supply a supermarket or keep a stall (lavka, Russian), but there are no really big wholesalers, like our Pashtuns … They (Pashtuns) manage to keep prices in Moscow lower than in Yiwu!

Whereas Russian traders make full use of the flexibility provided by transport companies that take consignments of any (small) size, Afghanis load full containers with identical goods belonging to different traders and send these container-‘caravans’ to Russia. Taking advantage of economies of scale and cheaper transport costs, rather than betting on the ‘exclusivity’ of cheap goods that are difficult to ensure, the trading diasporas secure their success in Russia.

However, innovative schemes of business organisation have also emerged in response to this market competition and a culture of secrecy; Russian traders’ mistrust of co-ethnics, which precludes effective cooperation and networks, has sometimes encouraged new economic-social forms, exhibiting ideological traces attributed to the merchant estate. A Russian wholesale company based in Yiwu that I call ‘the Corporation’, which has grown out of the efforts of a small trader, illustrates how mistrust is harnessed to achieve economic success and how together with the patriotic-traditionalist discourse it forges a model of Russian moral economy.
The Russian islands in Yiwu

The community of Russian migrants in Yiwu is small and spatially dispersed. One site of commercial and social gravitation is a complex of several streets across the road from the Futian market that host transport companies, Russian, Georgian, Azeri and Central Asian restaurants, clubs and a hotel, catering for Russophone visitors. A Russian migrant I call Nikolai, who has spent more than a decade in Yiwu, referred to this area as ‘the Russian island’ (Russkii ostrov). It was also Nikolai who told me about a different ‘Russian island’ located on the outskirts of Yiwu and created by a shuttle trader – the Corporation.

The company’s ‘origin-story’ dates back to the early 2000s when a trader from an industrial city in the Urals, who had tried his luck with different small ventures in Russia (e.g., a shoe repair workshop), used his starter capital of 2000 US $ to import Chinese-made toys and souvenirs from Yiwu. By 2016, having survived the financial crisis of the late 2000s and the fall of the rouble in 2014, the company claimed to have suppliers from 50 countries, more than 5000 employees and was selling the larger part of its product range under its own brand name. Around 100 Russian employees, from sales managers and lawyers to workers, are based in Yiwu and today, the Corporation is the biggest Russian company in the city, formally operating under the name of its Chinese General Partner (general’nyi partner) that is headed by the Russian owner’s old Chinese friend (drug, Russian). The Chinese friend is in charge of all transport operations and also represents the Corporation’s merchandise at the Futian market.

The growth of the company went hand in hand with its transformation into a kind of enclave with specific social, psychological and labour technologies, fenced off from local society. The employees are mainly hired in Russia, by the Russian head office, and moved to China on temporary contracts, and they are not allowed to talk to other Russians in Yiwu. In the Futian market, Russians are not allowed into the company’s showroom (Russophone traders have to show their passports to prove that they come from elsewhere); all wholesale deliveries to Russia are dealt with by the head office in Russia.

Different arrangements are in place to fence off risks posed by business competitors and ‘thieves’ of innovative designs, as well as to produce a particular vision of moral economy. Since a couple of years ago, the company’s offices, a large showroom, the dormitories of Russian employees, a canteen serving Russian food for free, sports facilities, and warehouses, have all been gathered ‘under one roof’ and kept under total surveillance. To access the territory, employees use their fingerprints and all guests have to be cleared by management. ‘We should not have outsiders in our home, how do you know that he is not a terrorist?’ Unauthorised contacts between ordinary employees and outsiders may lead to punishment, including bullying and corporal chastisement. Chinese employees of the company have a separate dormitory outside the ‘Russian compound’. A shuttle bus moves some workers to and from the Futian market, whereas those who do not work on the market spend their days in the compound. Working hours are not fixed: after a quick supper in the canteen (a huge screen with music videos does not encourage a slow meal) around 6pm, people go back to the office to work ‘as long as they want.’ Sunday is the day off; some employees go out to town for a meal or to visit a beauty salon, but many old-timers opt for a sleep-in.

The work rhythm, surveillance and spatial segregation may appear oppressive to an outsider, but listening to the insiders it became clear that many accepted the arrangement
whereby the economic, the social and the intimate or sexual were fused within one place and one institution. One young unmarried female sales manager imagined the company’s showroom at the Futian as her small palace (dvorets) where she could invest her ‘energy and soul’ (energiiu i dushu) into her clients. Another woman talked about how the Corporation allows her to have a good quality life:

In Russia I would spend all my money on rent, food, transport … It is an illusion that in Russia you can work until 7 pm and be free. You’d spend so much time in traffic, shopping, cooking, cleaning. Here there are people who do this work and I use my time to make money for the company …. I would not have more leisure time elsewhere …. I work and then I come to my room to wash and sleep … I do not differentiate between work and nonwork … we work hard and relax well.

Making money for the company was mentioned as a supreme value, leading some employees to develop a close affinity with their customers:

I treat my clients’ business as mine. I have helped one to choose commodities, now his business is 80% our merchandise…. I am concerned (perezhivaiu) about my clients, they share their lives with me, their ambitions, and I get to know their children, wives and their aspirations.

My interlocutors mentioned that there are employees who long for ‘freedom’ (volia) or have ‘lost the plot’ and been sent back to Russia; the pressures of collective living and hard work are acknowledged by the company: those who have endured more than three years in Yiwu are rewarded by a star in the compound’s ‘walk of fame’. Yet, they saw the secluded ‘Russian island’ of work-rest-sex provided by the Corporation as safe and self-sufficient. Various leisure activities are organised by the dedicated employees and the company encourages sexual romantic relations only within its walls. The availability of mating partners is regulated by the management. ‘In our company, … the boys and girls are friends. Hopefully I will meet my husband here as well,’ the sales manager told me. One’s place in the company’s hierarchy determines the acceptable degree of personal and sexual freedom in interactions with outsiders. ‘Unsanctioned’ attempts to mess up the top-down allocations of ‘partners’, just as undesirable contacts with Russophone outsiders, can be punished by co-workers. In addition to video surveillance, mutual horizontal surveillance and denunciation, not unlike in the Soviet collective (e.g Kharkhordin 1999), are firmly in place.

In this way, besides being a work collective, the Corporation in Yiwu functions as a hierarchically-organised, paternalistic ‘home’ (dom), representing a moral economy that brings to mind a Russian-style Phalanstery. To recall, the Phalanstery was conceived by the nineteenth century French radical philosopher, Charles Fourier, as a utopian community that would host a group of people (500–1000) working together as one extended family, sustaining an autonomous economy and integrating social, economic and private life in an architectural complex segregated from wider society. When the Phalanstery idea was discussed in nineteenth century Russia, the ‘impossible equality’ proposed by Fourier was rejected. Instead, harmony was to be safeguarded by a social structure based on ‘inequality of condition and class as well as a hierarchy of capabilities and merit’. For its critics, the Russian-style Phalanstery was as autocratic as the Russian monarchy (Kaplan 1958, 169–171). In the Corporation, the higher authority is vested into the trader-founder. When I asked my hosts whether they knew what model of business organisation he relied upon, they replied that this was ‘a model of a strong man who creates something out
of nothing, who makes everyone very proud’ and whom they respected ‘endlessly’ (beskonechno). They went on to describe the founder as a genius, who had an individual approach to each and every one of his employees and who created conditions for each person ‘to stay in Yiwu as long as possible to make money for the company’.

The imaginary of a secure ‘home’ fostered by the Corporation locates it off-the national grid. While for some employees this autonomy is mainly about segregation from surrounding China, for others, being ‘off the national grid’ also implies distancing from Russia as a ‘homeland’. As one woman put it:

Everything about this place [Yiwu] irritates me, the food, the way of life, … but I no longer say that I go home when I go to Russia. I say that I go to Russia to see my mother. After two years in Yiwu, I do not live in China … We are a Russian island inside greater China. I like this company – this is my home.

What also makes the Corporation-cum-home similar to the historical Russian take on the Phalanstery is it embeddedness in a Russian political language that is at present dominated by state patriotism and Orthodox identity.

Not only is a substantial part of the Corporation’s China-made merchandise Russian patriotic commodities (from car stickers with anti-Western motifs to Putin t-shirts) and Orthodox paraphernalia. Both inside and outside, the compound is decorated with symbols of national-political belonging. There is a huge drawing of the Kremlin on one wall of the office building, and a ‘patriotic corner’ with a Russian flag and a portrait of Putin in the drawing room. Patriotic posters, featuring the Russian bear, Stalin and the like, hang on the walls in common areas. The display of photographs includes a picture of the founder with the singer Grigori Leps, who was invited to perform at a corporate event. And Leps is not just any Russian pop star – he is a pro-regime artist who participated in Putin’s election campaign in 2012, and has been blacklisted by the US for moving ‘black cash’ abroad and having connections to mafia-circles. All in all, the Yiwu compound boasts a type of patriotism that is based on an alliance with and proximity to political power in Russia.

Although at the first sight, these patriotic displays may appear to be routine expressions of ‘national belonging’ in a diaspora, it does not take long to find out that the Yiwu compound and the Corporation’s head office in Russia belong to a continuous ideological space established by the founder, who moves between China and Russia, and maintained by his Russian employees, some of whom also move between the offices in Yiwu and Russia. This ideological space, in turn, provides a glimpse into the ways in which moral economy logics are applied in Russia and linked to reformulations of neoliberal subjectivity in Russia more generally.

**Patriotism and a ‘Little North Korea’**

Corporate practices at the company’s Russian headquarters illuminate values that have been persistently promoted in Putin’s Russia. Some of the values are documented in the company’s online promotional materials, such as new rituals of the Great Patriotic War’s celebrations, including a collective Victory waltz, everyday singing of the Russian Anthem, a competition for ‘the most patriotically decorated’ workplace, consecration of the workplaces by the region’s highest Orthodox authorities followed by a speech about the ‘joy’ (radost) to be brought to one’s workplace, and so on. In October 2016,
the founder formulated his ethics and vision in a rare public appearance in connection with his winning the title of ‘the Person of the Year’ (Chelovek Goda), to which he was nominated by the editorial board of the on-line business portal ‘Business Quarterly’ (Delovoi Kvartal) in his home city.

… the person of the year has to talk about optimistic things … Today we are a very rich company, and I am also a very rich man … How could I achieve this? – I can simply see what others cannot see. This is the first point. Second, I have built my business on very different premises … The basis is … what is needed most, first it is morality (nравственность) and second, patriotism. The third is love of what you are doing. Probably, this love should be number one. I even invented a slogan: ‘The one who loves his business/occupation (дело) transforms it into art.’ …

If a person loves his business, maybe he is not going to be rich, but he will have a decent life. A reason for non-success (неуспех) is not loving your occupation, but loving the money …

Yes … I have decorated the new office in the style of the Hermitage (museum). The ceilings are decorated in gold, thousands of meters of ceilings. My comrade, a Duma deputy, came to visit. He rolled his eyes like this … But I am not ashamed because I am doing it for the people. The office is 15,000 square metres, there are around 2000 people there and I will add another 15,000 metres. This is going to be the biggest office in the whole world.

The entrepreneur did not make the impression of being a skilful public speaker, but his short speech was very well received by the audience – representatives of the local business community – who cheered and applauded throughout his address. The speech and the Corporation’s promotional materials encapsulate parameters of a particular type of new Russian entrepreneurs, as I will discuss below.

The scope of patriotic activities of the Corporation has not passed unnoticed outside business circles. A Russian regional online news-site in their regular rubric ‘Selected rumours about the best people of Russia. Don’t be afraid of rumours, the truth is scarier’, published an article about the Corporation entitled ‘The patriotic boom swept the Ural businessmen up.’ Public discussions of the company’s ethics are, however, largely reserved to online ‘flame-wars’ between its former and current employees and job seekers. Negative evaluations emerge in blogs and online reviews by disgruntled former employees who, besides dissatisfaction with long working hours (ironically called ‘Chinese hours’), grey salaries, and a system of ‘collective’ fines, mention that the founder considers non-Orthodox believers to be immoral persons, and that people are asked to publicly manifest support for power (on one occasion, employees were told to use the company’s stickers ‘I am for Putin’ on their private cars); the failure to participate in the patriotic rituals is punished by fines. One former employee compared the company to ‘a little North Korea.20

Defenders of the Corporation and the company’s trolls respond by attacking these ‘opportunists’:

… patriotism and love for the Motherland is one of the specificities of the company, and it is particularly important because the collective is young. In contrast to many competitors-self-seekers /rvachi/ who only see golden dollars with their greedy eyes, and who think only about profits, … who have neither soul nor the pride of the real patriots … /the Corporation/ makes the world around us better!!!21
This response to the Corporation’s critics summarises current rhetoric in Russia differentiating ‘bad’ and ‘good’ economic behaviour in explicitly patriotic terms that manifest support for the current power holders. It exemplifies attempts aimed at the popularisation of a politically loyal moral economy. It also highlights an ideological opposition of the ‘(neo)liberal’ entrepreneurs (liberally) as potentially subversive subjects and the (neo)traditionalist traders perpetuating the ethical world of ‘the Russian merchant’ made relevant to Russia’s twenty-first century capitalism.

A post-Soviet moral economy and value hierarchy: revival of the merchant estate

The secretive ‘Russian-style Phalanstery’ that the Corporation’s founder created in Yiwu to protect his designs and secure maximum labour efficiency may have been his own innovation, but in his ethical orientation he seems to fashion himself more on a culturally-complex and ideologically-secure model than a ‘new neoliberal’ of the sort discussed by Yurchak (2003). In public discourse, ‘the Russian merchant’ has been offered to Russian entrepreneurs as an exemplar for collective identification who does not have ‘oppositional qualities’, even though this exemplar, like most post-Soviet sites of memory, is a subject of moral controversy.

The ‘marginalised “losers”’ of the Russian Revolution (West 1998a, 3) as the historian West called them, the Russian merchant estate were mainly known to the generations of Soviet citizens from the works of the nineteenth century Russian classics who reproduced their negative image as a ‘dark imperium’ and ‘vulgarian tyrants’ (temnoe tsarstvo and samodury). Contemporary historical research has variously engaged with these stereotypes, pointing out that the merchant estate was a politically weak and unstable social category prone to dubious professional ethics (e.g., West 1998a, 6–12; West 1998b) and undervalued by the Imperial state that favoured foreign entrepreneurs as technologically superior. At the same time, the merchants, both Orthodox and Old Believers, were known as adherents of ‘the old regime’, as traditionalists devoted to the ideal of tsarist autocracy. An alliance with the Slavophiles, whom they supported financially, had nourished the estate’s anti-Western sentiments and general hostility towards liberal ideas. Among the Moscow merchants, for instance, the verb ‘liberal’ni-chat’ – ‘playing a liberal’ – was used to ridicule an opponent. Given their fervent patriotism (kvass patriotism) some historians argued that even those few wealthy and well-travelled merchants who declared themselves Anglophiles were only superficially cosmopolitan (e.g., Owen 1981). By the time of the socialist revolution in 1917, the merchant estate was ideologically fragmented, and neither the political activism of its members, nor their legendary philanthropy (their sponsorship of arts, education) could help them to establish a publicly-recognised ‘heroic self’ (e.g., Clowes 1998) due to their association with exploitation at the factory floor and rampant inequalities (West 1998a, 11).

However unequivocal the images of the Russian merchant are in historical accounts, the received myths of ‘stingy cheaters’ and ‘religious philanthropists’ (e.g., Bogachev 2012) have been re-evaluated as a moral economy that could appeal to Russian sensibilities in the Putin era. As one Russian scholar argued: ‘Against the background of the current problems of the [Russian] market economy, the [negative] image of the merchant most
probably only irritates the ordinary Russian (Jakovleva 2008, 177). A different ‘national merchant’ (natsional’noe kupechestvo) – the ‘unjustly forgotten’ (Krasko 2010, 7) – have now appeared in popular representations and cultural memory: ‘the origin of Russian entrepreneurship’ (istoki rossiiskogo predprinimatel’stva) (Bogomolova 2012), ‘a pillar of the Russian state’, ‘builders of Russia’ (stroiteli Rossii), agents of industrialisation, the key contributors to the economic flourishing of the Russian cities and so on. Newly opened museums, exhibitions, monuments, countless publications, history programmes broadcast on national and regional TV26 and digitally mediated re-productions have corrected Soviet ‘prejudices’ and commemorated the merchant estate.27

The post-Soviet discourse on the merchant estate is vast in breadth and diversity, and its discussion lies outside the scope of this article. Suffice it to mention two interrelated trends that stand out in this body of cultural production. One is a call to recognise that ‘Western and Russian commercial worlds were not simply different planets, but rather different galaxies’ (Jakovleva 2007, 187). A clear-cut contrast is postulated between Western attitudes to wealth as an individual achievement that benefited only its proprietor, and the Russian merchant – a bearer of the Russian spirit – who saw his wealth as a source of public well-being (na obshchestvennoe blago),28 multiplying his capital for the glory of Russia.29 The other trend involves critical reflection on post-Soviet capitalism via the prism of the ‘spirit of the merchant’ (dukh kupechestva). From this perspective, post-Soviet ‘oligarchic’ Russian capitalism points to a rupture with tradition, for it does not give much chance to many small traders and entrepreneurial muzhiks (‘real men’) to come to the top. The wild capitalism of the 1990s has been replaced by state ‘governed’ capitalism under Putin, and with it comes a new rhetoric that postulates a ‘psychological change’: a new understanding that the wealth of nation is not gas or oil, but the free and socially responsible entrepreneur (sotsial’no otvestvennye predprinimateli) (fn. 28, Russkii kupets, 2012). Various online resources and teaching aids foreground the source of this social responsibility in merchants’ collectivist values, harking back to the communes of peasants (obshchina) and Old Believers.30

The re-evaluation of the Russian merchant as a model for a Russian capitalist moral economy acknowledges the central role of the Orthodox Church and religiosity. The traditional national merchant was an Orthodox patriot. Since the early 1990s there are professional organisations of businessmen/entrepreneurs with headquarters in Moscow, St. Petersburg and other big Russian cities that work either under the aegis of the Church, such as Clubs and Unions of Orthodox Entrepreneurs (pravoslavnye predprinimateli), or that cooperate with Orthodox Entrepreneurs, like The Society of Merchants and Industrialists (Obshchestvo kuptsov i promyshlennikov) founded in Moscow. These organisations have become mainstream and often have members of the ruling party, ‘United Russia’, in key positions. Today they promote an alternative Ethical Concept of Entrepreneurship and alternative MBAs based on ‘the revival of traditional and development of new values’, and ‘the best practice of pre-Revolutionary Russian entrepreneurs’.31 ‘For the glory of the Fatherland’ (Vo slavu Otechestva) is a common slogan; ‘respect power’ (uvazhai vlast’) is a common message. Far from being a metropolitan development, similar initiatives are commonplace at the grassroots in the Russian hinterland. For instance, in 2000 a group of small traders in the town of Gagarin in the Smolensk region established their own ‘Union of Entrepreneurs’ and advertised themselves as ‘successors of the good traditions of the merchant estate’.32
This tendency towards professional-political organisation of a non-oppositional character among entrepreneurs and traders replicates the stereotype of the merchant estate as a conservative supporter of the government. As Kordonskii (2008) pointed out, in general terms, estate identifications in post-Soviet Russia are important in corporate competition for state resources, allocations and rents that is often mistaken as simple ‘corruption’. At present, from a legal point of view, in contrast to say (the titular estates of) the police or the army, Russian entrepreneurs and traders are best seen as a ‘non-titular’ estate that do not directly ‘serve’ the state (sluzhat). Kordonskii suggests that the formal establishment of the merchant estate is on the way – the introduction of the Day of Entrepreneur (Den’ Predprinimatel’stva) by the state is a step in this direction (Kordonskii 2008, 17). A simple point I want to make here is that all these institutional arrangements of Russian civil society and the state, and discourses that re-evaluate, rehabilitate and propagate ‘the Russian merchant’ have also formulated values that shape a Russian capitalist moral economy; ‘the merchant’ has become both a reflection and an expression of what it also means to be a Russian-style neoliberal as well as an embodiment of a particular political culture that competes with other ideological currents present in Russian society. The creativity of the founder of the Corporation in Yiwu and the socio-economic form this Corporation has taken are in part a product of the forces of global market competition and Yiwu’s culture of (business) mistrust, but they have also been shaped by recently popularised version of a merchant moral economy, which ties opportunities for commercial expansion to the Russian state.

**Conclusion**

In this article I hope to have shown that from the moral economy perspective, the model of a universal neoliberal trader with some Russian characteristics is not sufficient to grasp the multiple sources of business creativity and the range of discursive practices available to the Russian entrepreneurial class for the purpose of self-identification. In present-day Russia, a neoliberal trader can fashion himself with the help of the revived models from former eras, like the patriotic, traditionalist, Orthodox merchant who lends his political and economic support to autocratic power. Political and public attempts at recovering the old Russian merchant as a positive social category underscore a worldwide political strategy to align neoliberalism and traditional conservatism, however problematic such an alliance can be (Crouch, della Porta, and Streeck 2016, 499). In Russia, the moral economy of the merchant estate is called upon to mend historical ruptures between different moral frameworks of state socialism and capitalism as well as to complete transition from the West-oriented dispositions of the wild-1990s with its ‘bandits’ (banditskii) and ‘oligarchic’ capitalism to state ‘governed’ capitalism of the Putin’s rule.

The case of the Corporation shows that global nodes of commerce like Yiwu and the routes of ‘globalisation from below’ do not simply forge global neoliberal subjects out of former Soviets. They provide new opportunities and contexts for ‘the Russian merchant’ to re-emerge in a novel format (albeit sometimes exhibiting the recognisable ‘vulgarian tyranny’ (samodurstvo) of their pre-Soviet predecessors). The Corporation’s isolated Russian compound in Yiwu has emerged in a climate of suspicion and informal opportunistic economic behaviour in the market-place that small shuttle traders know only too well. However, we can also speculate that it has taken this particular, idiosyncratic form,
and become a nested moral economy I called ‘Russian-style Phalanstery’, because the present-day ‘Russian merchant’ operates in a paranoid political environment where ideological language breeds uncertainty about actors’ actual commitments. Omnipresent control and monitoring of social and intimate life provided by the Russian Phalanstery model in Yiwu not only enhance labour productivity, but also address this uncertainty and paranoia. The Russian old-timer in Yiwu, Nikolai, who was the first to tell me about the trader-founder of the Corporation, mentioned in passing that the founder refused to give him a job in the company: ‘He said that he does not understand my way of thinking’. I wondered whether Nikolai understood the founder’s way of thinking and what all this secrecy, segregation, mating, patriotic ritualisation and surveillance were about. He was not sure he did but granted that all that was at the core of the matter: ‘It simply works! He is a millionaire.’

Notes

1. The nature of these experiences (positive or negative) has itself become a highly politicised and contested topic carried on in discussions on social media and online forums (e.g. https://www.facebook.com/snarkf?lst=742145637%3A100001819035580%3A1492755374). It often boils down to a more general question of how to evaluate the legacy of the 1990s (the first post-Soviet decade, the decade of ‘freedom’/’chaos’). Under the current authoritarian style of rule, the 1990s are represented by the regime’s supporters as a kind of dystopia (Skvirskaja forthcoming).

2. Hence, the very concept of postsocialism retains its import long after the end of state socialism in Russia (cf. Humphrey 2002b). There is, however, also a view that ‘postsocialism’ should only be concomitant with the so-called period of transition (perekhodnyi period) from socialism to capitalism and therefore, it is no longer a viable description of contemporary Russia (e.g. Diatlov 2015).

3. In his address to the Federal Council in 2012 Putin famously used an archaism skrepy (an equivalent of ‘linchpin’ in this context) to refer to Russian spiritual values that supposedly hold (or should) hold Russians/Russian nation together.

4. Citizens of the Russian Empire were identified by estates (soslovia, e.g. noble, clergy, merchant, peasant) which were ascriptive and often hereditary categories defining the rights and obligations of these groups to the state. As a legal-civic category the merchant estate ceased to exist after the Russian socialist revolution in October 1917 (e.g. Fitzpatrick 1993). For an overview of the Russian merchant estate see e.g. West (1998a), and for a more general overview of the Western and Russian scholarship on Russia’s merchants, see e.g. Monahan (2016).

5. Statistics-based data on the background of Russian entrepreneurs (defined as owners of a business with a minimum of five employees) in the early 2000s indicates that there were hardly any entrepreneurs among the grandparents of those surveyed. More than 40% had a parent or parents’ siblings involved in running a business (Djankov et al. 2005, 592).

6. See e.g. Krasko (2010) for an overview of St. Petersburg’s merchants’ family histories.

7. For a description of the different Russian categories of traders participating in cross-border trade, see e.g. Humphrey (2002a). The same categories in varying proportions are also present in Yiwu.

8. This is a Russian pun on the Chinese abbreviation for Yiwu – CCC (China Commodity City). In Russian, ‘CCC’ is rendered as ‘Selo Stremitel’nogo Samorazvitia’ (i.e. a ‘village of speedy self-development’) (pingguo 2009).

9. Business consultants second this view when they argue (e.g. Rein 2012) that it is almost impossible for foreigners to become a part of ‘true’ guanxi (connections, networks) unless
they have lived in the country for a very long time and/or set up families with the locals, gained school friends and so on.

10. This strategy is reminiscent of ‘individualist’ Genoese merchants (Greif 1994 in Tilly 2005, 9) who paid the agent a high commission, ‘an efficiency wage’, to make the gain from cheating a single time less interesting than the expected gain in the long term. Similarly, Russian traders give higher rates to their Chinese agents in a bid to prevent them from taking commissions from manufactures or increase suppliers’ prices during contract negotiations.

11. In Yiwu, I was told that Russians tend to avoid marriage and liaisons with the Chinese as a sign of their cultural superiority. This attitude towards marriages with the Chinese is documented elsewhere in China (e.g. Kireev 2016, 80).

12. This idiom was widely used by my informants-traders in the mid 2000s to explain the cheapness of Chinese commodities.

13. Since the 2000s, the majority of long-term migrants from Russia have settled in major urban centres in the most developed coastal part of China (Kireev 2016, 78). In Zhejiang province, middle class Russians are concentrated in the province’s capital, Hangzhou, working mainly in high-tech and electronic commerce (e.g. Alibaba).


15. For a discussion of the ‘off-the-grid’ enclaves, see Ferguson (2005). While the Corporation in Yiwu is integrated into the Chinese economy via its Chinese General Partner and hence, does not resemble secured enclaves engaged in resource extraction in Africa described by Ferguson, it is imagined as if ‘off-the-grid’ by its Russian employees.

16. That is in the style of the Winter Palace in St. Petersburg, the main residence of the Russian tsars.


18. Collective fines work by distributing the penalty for one employee’s mistake among all employees of the department/unit where she works.


20. https://orabote.top/feedback/show/id/372114


23. These descriptions of the merchant estate were introduced by one of the most influential Russian playwrights, Alexander Ostrovskii (1823–1886), who is credited with creating a Russian national repertoire. Organised as a ‘non-tax’ estate along with the nobility, the merchants (kupechestvo, kupecheskoe soslovie), whose social origins lay in the peasantry, serfs and sectarian communities of Old Believers, did not enjoy the security of a hereditary status. The estate was stratified into three guilds distinguished by wealth, which also defined the range and scope of members’ economic activities; membership in the estate had to be renewed annually to secure commercial privileges (West 1998a).

24. This devotion seems to be common both among metropolitan and geographically remote merchants. For instance, the memoirs of Siberian merchants in the late nineteenth century testify that while critical attitudes towards central power were commonly voiced, the monarch/tsar’s authority was never mentioned or discussed (see e.g. Matkhanova 2016).

25. Kvass is a traditional Russian beverage made from rye bread. The ironic term ‘kvass patriotism’ (kvasnoi patriotism) emerged in the nineteenth century to describe an uncritical form of patriotism incapable of negative evaluation of anything related to one’s patria. From an anthropological perspective, however, cosmopolitanism and patriotism should not be seen as per se incompatible (cf. Appiah 1998 on patriotic cosmopolitanism). Also, the economic nationalism of Russian merchants and industrialists during and after the World War I was not always a conservative force, but, at times, a radical anti-imperial disposition in favour of liberal nationalist ideas of citizenship (Lohr 2003, 478–480).


28. This statement was aired on the national TV channel Rossia, in the popular programme Kultura (Culture) dedicated to ‘the Russian merchant’ in 2012. The invited experts were professional historians from The Institute of Russian History under the Russian Academy of Science (RAN).


32. www.gzhatsk.ru/gzhatskoe_kupechestvo/predprinimateli_gagarina_preemniki_dobryh_tradicii_kupechestva.html

Disclosure statement

No potential conflict of interest was reported by the author.

Funding

This work was supported by the European Research Council (ERC) under the European Union’s Horizon 2020 research and innovation programme 669 132 – TRODITIES, ‘Yiwu Trust, Global Traders and Commodities in a Chinese International City’.

ORCID

Vera Skvirskaja http://orcid.org/0000-0001-5637-5192

References


