

STATE LEGAL REGULATION OF WHOLESALE AND RETAIL TRADE IN RUSSIA IN THE SECOND HALF OF THE XVIII CENTURY: HISTORICAL AND LEGAL RESEARCH

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The aim of this study is to analyze regulation of wholesale and retail trade in Russia in the second half of the XVIII century. The methodological basis of the work is the principle of scientific objectivity, the principle of historicism. The authors of the article used the method of analysis and processing of documentary evidence, revealing the general and the particular in the implementation of trade relations. Conclusions reflected in the study can serve as a basis for further scientific development of advanced chronological and territorial framework. The content of this article may be used by the providers of commercial activity. The scientific novelty of this research is in the fact that the authors of the paper made an attempt to review the integrated wholesale and retail trade in Russia in the second half of the XVIII century. The value of the work is in the fact that the revealed information allows to reevaluate a number of significantly important aspects of the use of wholesale and retail trade in Russia in the second half of the XVIII century. In modern conditions, when the country has put into practice a strategy to change the legislation in the field of export-import relations the need of understanding and application of the previous experience is increasing.

Key words: trade, wholesale, retail, fair, state regulation, market, taxation.

1. INTRODUCTION

In modern and pre-revolutionary literature researchers paid considerable attention to the problems of studying the wholesale and retail trade in Russia in the second half of the XVIII century. In these studies researchers examine economic and financial characteristics however there is no analysis of legal foundations of the functioning of wholesale and retail trade.

Thus, at present there is a significant amount of studies on some issues in specific areas of scientific knowledge, but there are no studies that explored this topic comprehensively.

1.1. General historiography of the research

The most important works are the papers by N.L. Rubinstein, who made the first attempt at formulating and solving the problem of the forms of organization of trade in the historiography on the internal market of the Russian Federation in the XVIII century. These attempts are described in the article "Russian Fair of XVIII

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century” (1939). He says that, from the end of the XVIII century the dominant form of commercial activity was permanent urban bargaining. It was only a camouflaged form of fair organization freed from taxation.

The book by U. A. Mizis (2006) cannot be ignored. It is dedicated to the history of the formation and functioning of the Central Black Soil market in the second half of XVII - the first half of the XVIII century as a self-regulating system, part of the overall system of the Russian market. This work discusses different aspects of the development of trade forms: wholesale and retail of the regional market from the beginning of the XVI century until the abolition of custom duties in 1753 however, the study is purely historical, and the development of the legal basis of trade relations in this period is described indirectly.

S. I. Koroleva in her work “Russian Trading estate” (1998) made an attempt to highlight the history of Russian merchant class in relation to the legal regulation of the economic sphere and economic reforms. Conclusions contained in this research can be taken into account in the study of formation legal trade relations, as well as in the evaluation of the policy pursued by the state in respect of certain trade types and trade classes.

E. V. Sapilov in his study “Russian trade legislation XVII - XVIII centuries “ (2004) shows the most important laws regulating the organization of trade, free trade laws in Russia, the status of commercial and industrial estate and its relationship with state and local authorities, customs regulations, duties and taxes. However, the description of the legislative basis is carried out without regard to comprehensive measures undertaken by the government in the field of trade, in the strict application to the trading activities, without a description of other social spheres that influence the formation of trade laws or depending on its use (political, international and other factors).

B. N. Mironov in his work “The internal market of Russia in the second half of XVIII - the first half of the XIX century” (1981) analyzes the problem of the development of Russian market, the structure and functioning of the internal market from the standpoint of historical and economic interests, the conclusion about the time of formation of a single nationwide market and about a periodic form of trade without relying on legal principles.

In his book “Evolution of trade and its role in economic development” (2002) U. L. Aleksandrov discusses the formation of trade since medieval Russia, taxation duties trade policy in Moscow state in the historical perspective.

The work by B.F. Kevbrin “Trade relations, customs and metrology in Russia (IX -XIX century)” (2002) is devoted to systematization of trade history data, in particular it describes the subject structure of trade relations, determines the degree of influence of the customs of the state policy on the development trade relations, analyzes the state attempts to introduce measures of standardization and metrology in trade.

1.2. Regional historiography of the study

In a number of historical studies (U.A. Pospelov (2012), N.V. Semenova (2012), T.V. Kit (2010), T.S. Minaeva (2010), I. A. Sokolov (2010), A.G. Morozov (2009), R.M. Kublov (2005) and others) trade types in some regions of Russia are studied. These works are important for the study of regional trade activities, but there is no systematic study of the legal regulation of trade in the period of second half of the XVIII century.

Despite the relatively large amount of studies about the wholesale and retail trade in Russia in the XVIII century there is a need to investigate how wholesale and retail trade was regulated in Russia in the second half of the XVIII century. This need is explained by the lack of a comprehensive and systematic study that gives a comprehensive description of the legal and institutional basis of the described trade types.

2. METHODOLOGY

The methodological basis of this study is dialectical method of cognition, in which specific methods for studying political, legal and social phenomena were used: historical, comparative - legal, regulatory, logic and systematic method. A lot of attention was paid to the historical approach to the consideration of the studied phenomenon, which allowed identifying patterns in the development and formation of Russian civil legislation on the regulation of certain types of trading, as well as the conditions of their formation, characteristics and main features.

Reports and decisions of the Senate, which allowed tracing the sequence of political and legal decisions with regards to trade relations, played an important role in the study of the features of wholesale state-legal regulation and retail trade.

The relevance of the comparative legal method of study confirms the need for a detailed analysis of not only legislation in the field of trade relations in the historical and legal development but also legal policy as a whole, in particular the use of regulation methods, balancing administrative intervention and free market competition relations. Consideration of state regulation methods has both theoretical and practical importance, since the nature of state intervention in the trade relations invariably affects social processes.

The specific of this research is interesting for several branches of law and it defines a comprehensive approach to the study of the topic.

3. RESULTS

Two big groups in the trade activity of Russian market can be distinguished. They are wholesale occasional trade events (fairs, bazaars, torzhoks) and retail (delivery-peddling and permanent-set trade).

3.1. Wholesale occasional trade

The development of wholesale and retail was not steady due to differently applied legal regulation of these types of trade. The state freed fair trade from all kinds of taxes in order to encourage wholesale considering its importance.

The provision of free trade rights for merchants of all fairs facilitates the activity of fair trade in 1755. An example of this is rapid growth in the number of trade fairs in the second half of the XVIII century: in 1750's there were 627 trade fairs in Russia, in 1790-ies their number has increased almost in 6.5 times and reached 4044 (the majority of them were in rural areas - 3180 Fairs) (Mironov, 1981, pp.62). As fairs helped to overcome caste restrictions on trading activities this led to a rapid increase in their numbers in the second half of the XVIII century.

The size and purpose of fairs were various. So, city fairs were divided into local, intercity and regional, and together they formed internal market. In the XVIII century the largest Russian trade fairs were Irbitskaya, Makarevskaya, Korennaya, Troitskaya, Nezhinskaya, Svinskaya, Sevskaya, Sumsкая and others (Mironov, 1981, pp. 68).

A striking example was the largest fair located in Kursk region. In "Shlyahetskiy inquiry form" of 1765 we can read that there were fair rows in Kursk district in Obmyatskiy camp. The first was in Korennaya monastery. Every year on the tenth Friday after Easter Greek merchants and other people came to this fair from all parts of Great Russia to sell various goods. The duration of this fair was two weeks (GAKO, F. 184. Op. 1. D. 742).

The result of a successful trade of Korennaya Fair in XVIII and XIX centuries was the construction of 3 Guest Yard³ on its territory. The idea of constructing the yard appeared in 1785, when the government proposed the construction to merchants at their own expense under the plan which was given from the capital. People constructed small shops, received a 10-year tax exemption for places occupied by shops (Samsonov, 1949). Entrepreneurs did not like such conditions, and the government has offered more favorable conditions. Urban society was granted breech mill, courtyard seating and shops for Korennaya fair. Contracts for shops inside courtyard of the fair were made with merchants from various parts of Russia. According to archival materials, Smolensk merchant Egor Semenov rented two shops with seats # 94 and 376 and paid 18 rubles. (COIA. F. 184. Op. 1. D. 174, pp. 83).

The rise of the fair at the end of the XVIII century was determined by a number of conditions. Cancellation of the customs border between Russia and the Ukraine in 1753, as well as the inclusion of the Right-Bank Ukraine into the territory of Russia contributed to the development of economic relations between two countries.

In order to promote fair trade the state gave privileges to fairs. So, from 1754 to 1774, the government released all members of fair trade from all kinds of taxes (Mironov, 1981, pp.106).

That tolerant policy in the field of fair trade helped the development of fairs.

3.2. Fair Trade

Speaking about the question of state-legal regulation of fair trade, we should consider the inconsistency of government policy in this area. From 1775 to 1813 the government returned to the collection of all kinds of duties in the area of fair trade. The food trade in shops was specially regulated, as well as the sales of bakers and other sellers (COIA, 1787. F. 184. Op. 1, pp. 244).

Such thorough distribution of taxes was due to imperfection of the legislation. Owners of small shops paid little tax, and employees paid to owners "small hires." From small shops trade a considerable sum of taxes was taken, although traders were a low-income people. One of decree articles defined the practice of dumping of the goods for sale in Moscow and other cities without custom duties.

There was a certain specialization of fairs in the commodity turnover. For example, in Korennaya fair the most famous was the horse bargaining. People bought horses for the army and the royal stables. Herds having 4-6 thousand heads were driven from all over Russia (GAKO, F. 184. Op. 1.D. 74). Independent status of horse trading was determined by its nature, because horses played an important role in the economic life of the country and in the military force. The development of horse trade depended primarily on the state of horse breeding in the nearby area and military demand. Horse trade occupied an intermediate position between the wholesale and retail. Transactions volume of trading were always exceeded money limit that was used to differentiate wholesaling and retailing though as a rule the traded object was only one item of goods. Korennaya fair was important for the exchange of goods between Moscow state and the Ukraine, an attractive place for foreign trade as it opened the trade gateway to the South of Russia³. A distinctive feature of the fair was the sale of imported goods rather than local products, so it had a wholesale character.

A great role in supplying the population with essential commodities played rural trades that intensively developed in the second half of the XVIII century. In trade and fishing villages, not only bazaars were arranged, but there was a permanent trading activity. The main role of trade and fishing villages was to attract the peasants, who either do not go to the city or were there very rarely. However, the quantity of such large commercial and industrial villages at this time was extremely small. Much more important role in the life of peasants has rural torzhok, which was held in all counties and districts (Mironov, 1981, pp.72).

Rural torzhoks also affected the internal trade, as they provided farmers essential commodities because of poor quality of roads.

3.3. Retail trade

Retail trade has also undergone legal changes: measures were taken against the monopoly of wealthy merchant class for this type of activity.

Monopoly of a noble merchant class preserved, as most of the commercial establishments were owned by a small number of very rich merchants. This phenomenon was the result of a state policy in the field of trade relations. According to its established rules in the second half of the XVIII century trade took place only at the gostiny dvor and trade rows, and as a result merchants who took all places were in a better position. This is confirmed in the Commission's commerce report of 1766, which is described by V.N.Yakovetsky (1953, pp. 45).

A large part of merchant class began its commercial activity in the third guild, which has been deprived of the opportunity to trade due to lack of its own stores. Only those merchants who had their own stores were enriched, so in the stationary trade there were many rich merchants. Most merchants of the 3rd guild did not do commercial activity. Consequently, the financial side of the merchants did not play a special role. It can be concluded that the rules hinder the free expansion of trade relations and significantly restrict competition in the market.

According to the decree of 1797 (CCL, T. XIII. # 7845) it was possible to trade in shops located in houses. Trading in gostiny dvor and in shop rows took place every day, except Sundays, holidays and special days. This legal act removed barriers to the development of the stationary trade, which contributed to further intensive development of trade relations in Russia.

Decree of 1782 (CCL. T. XVI. #. 356) provided the opportunity to have shops in houses throughout the territory of Russia and trade in them. The right to organize stalls in their own houses, purchased by small merchants, weakened greatly the position of large merchant class which was in trading activities in the rows and gostiny dvor, defining high monopoly prices for goods. New shopping institutions located in houses were interesting because of lower prices and gave good results. It provides acceleration of turnover and increased profits. In addition, there was a clear separation of commerce for its type and location, resulting in a transparent control implementation.

3. DISCUSSION

Thus, the state-legal regulation of fair trade was formed in the second half of the XVIII century. The fiscal interest of the state to the fairs and markets disappeared after the abolition of internal customs, as this type of trading was not subjected to duties. However, the government controlled the questions of timing and forms of the country's largest trade fairs, as well as their development. Questions of activity of a huge number of local fairs passed on to local authorities.

Exploring public-legal regulation of trade relations, it is necessary to consider other types of trade, which played a significant role in the economic life of the country: delivery-peddling and stationary. However, less information remained about these types than about fair trade, which was mainly due to two factors. Firstly, there was no need to take into account these forms of trade for the state in connection

with the abolition of internal customs in 1754. In 1754-1774 system of small fees and charges was dominant, and in 1775-1824 interest-guild collection was dominant (Volkov, 1962, pp 145.). Secondly, they all proceeded from the class rights of taxpayers and the number of commercial establishments but not of the magnitude of produced trade.

Guild merchants were mainly involved in fixed trade. After the abolition of internal customs in 1754 and before 1769 merchants did a lot of small retail payments, the total amount of which reached 2.5 million of rubles per year ("Historical background", 1893, pp. 92). Unlike the wholesale trade a poor system of the taxation of fixed trading became an obstacle in the development of the latter.

In the middle of the XVIII century constant business activity ran in 70% of urban settlements (Mironov, 1981, pp. 59), but it developed only in major urban centers. The developing network of fixed trading was not able to sell the needed quantity of goods. Poorly developed transportation system became a serious obstacle in the development of commercial products.

Comparing the wholesale and retail commodity exchange, we can say that professional traders whose turnover counted in impressive amounts were involved in fair trade. In the retail trade as the bulk of the participants were peasants, ordinary citizens and servicemen who went to the market from time to time. The wholesalers traded mainly the goods brought in from other regions or imported while the retailers first of all traded the products of local crafts and agriculture (Mironov, 1981, pp.179).

It is necessary to mention the specifics of legal policy in this sphere: trade rules limited the expansion of trade relations and competition as the name and status of merchants was more important than the size of their capital.

Trade relations were under constant state control, trade regulation was done by a special agency (Plotnikova&Larina, 2015. Pp.17) in this period the College of Commerce had the supervisory authority and power regulatory function in the field of trade.

However, we can say that there was a transition from restrictive trade measures to the incentive in this period. At the core of the legislative public policy decisions were the ideas of mercantilism, allowing a quick develop of commercial and industrial relations in general and the individual types of trade in particular.

4. CONCLUSION

The problem of the formation of internal market is a very important problem for modern Russia. Intensive growth of industrial and agricultural production, the emergence of numerous joint enterprises and international enterprises, the growth of social needs require new forms of legal and institutional regulation of the internal market.

Other factors that can affect the state of internal market are economy, the impact of political conflicts, technological and other factors.

Development of legal and institutional basis of wholesale and retail trade is essential to study the history of Russian internal market. After study of this question it is possible to make a conclusion that the state-legal regulation of trade was carried out haphazardly, sometimes contradictory, not taking into account peculiarities of different regions. There were two main groups in Russian market: wholesale and periodic-fixed retail. Fair trade was noteworthy. Thus, from 1750 to 1790, the number of fairs has increased 6.5 times. Rural torzhoks were functioning. By the decree of 1797 trade was possible in the shops located in houses. The question of taxation of the merchants by duties and taxes was not resolved. Until 1813 merchants of the first and second guild had the right of free trade at all fairs. Trade in rural areas was not well organized. There were shopping and fishing villages, in which trading activity was arranged and there were few markets.

State policy, in respect of the internal market, led to the monopolization of noble merchant class, the lack of adequate competition, inadequate provision of goods in rural areas.

The studied period of the history has shown the need to develop a system of state regulation of commercial activities; the importance of a uniformed development of trade, taking into account the characteristics of different regions; development of small and medium businesses, the possibility of new jobs, the recovery in the country's commodity markets and creating a competitive environment.

Historical experience is useful for modern Russia in respect of internal market. First of all, it is worth mentioning the law of the Russian Federation 'On Protection of Consumers' Rights', aimed at the formation of objective economic relations arising in goods and services market. This law presents legal business entities, state bodies and public organizations with the participation of consumer. Today, as in past, true development of innovative activities to improve the competitiveness of the Russian economy is of current importance for our country.

An in-depth study of the existing organizational and legal forms of internal market development prevents a lot of mistakes, benefits the development and improvement of business law.

In our opinion, it is interesting to study the historical aspect of trade organizational forms safety and to identify factors of their existence stability.

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