Number 68

ECONOMIC FOUNDATIONS OF RUSSIAN AMERICA

Winston Sarafian

Conference on Russian America

Sponsored by

Kennan Institute for Advanced Russian Studies, The Wilson Center and
The American Historical Association
ECONOMIC FOUNDATIONS OF RUSSIAN AMERICA

By

Winston L. Sarafian, Ph.D.

A Paper Presented at the Conference on Russian America, Sitka, Alaska, August 22-25, 1979
ABBREVIATIONS

CR . . . . . U.S. National Archives. File Microcopies of Records in the National Archives: No. 11, Records of the Russian-American Company, 1802-1867: Correspondence of the Governors General, Communications Received.


ECONOMIC FOUNDATIONS OF RUSSIAN AMERICA

Peter the Great, Emperor of Russia, initiated the Russian discovery, exploration and economic exploitation of Russian America, now known as Alaska. In early January 1725, he ordered Vitus Bering, a Danish sea captain serving in the Russian navy, to undertake a voyage of discovery in the North Pacific Ocean.

Peter instructed Bering as follows:

1. At Kamchatka or other place there you are to build one or two boats with decks.
2. [You are to sail] on these boats along the land which goes to the north, and according to expectations (because its end is not known) that land, it appears, is part of America.
3. You are to search for that [place] where it is joined with America, and to go to any city of European possession, or if you see any European vessel, to find out from it what the coast is called and to write it down, and to go ashore yourself and obtain first-hand information, and, placing it on a map, to return here.¹

Peter sent Bering to find a way to the northwest coast of North America by voyaging northward along the Kamchatka coast and to gather information about that region. Peter may have had additional reasons for sending Bering on an information-gathering expedition to the North Pacific Ocean. A northern sea passage there could permit Russian trading vessels to sail from the Arctic Ocean to Japan, China, India, or Spanish America. Moreover, the prospect of a Russian America abounding with harbors, forests, fertile lands and fur wealth may have spurred the ailing emperor's imperialist ambitions. Peter, however, left no elaborate instructions to
guide Bering, instructions which may have indicated the emperor's desire to exploit the natural resources of North America and develop trade in the Pacific basin.

On 25 January 1725, Bering left St. Petersburg for Kamchatka. Three days later Peter the Great died, but his wife and successor, Empress Catherine I, promptly confirmed his instruction to Bering. In August 1728, after having spent three years preparing for the first Kamchatka expedition, Bering sailed northward from Kamchatka past East Cape, the easternmost tip of Asia. North of East Cape the Asian coast turned abruptly westward, causing Bering to conclude that Asia and America were separated. So Bering was unable to follow Peter's instruction to find where Asia and America joined and search for a city of European possession.

Two years later Bering returned to St. Petersburg and reported his findings to the imperial government. Although he presented scientific proof of the separation of the two continents and demonstrated the feasibility of a northeastern passage through the strait, which now bears his name, officials in the Admiralty College complained that neither had he demonstrated conclusively that water separated Asia and America, nor explored where Asia joined America. Moreover, Bering failed to find the way to America, a failure which provided the impetus for Bering's second voyage in search of America.

In 1732, the government instructed Captain Commander Bering and Captain Aleksei Chirikov to voyage eastward from Kamchatka to America, investigate fur and mineral wealth for the profit of the state and the enhancement of the sovereign's interest, and persuade
American natives to accept Russian sovereignty, pay tribute to the imperial treasury, give hostages and send young men to Russia to learn Russian. The government expected to gain political and economic advantages from America.

On 4 June 1741, after eight years of preparation, Bering and Chirikov embarked upon the second Kamchatka expedition to America, sailing east from Petropavlovsk on the Sv. Petr (St. Peter) and Sv. Pavel (St. Paul) respectively. Sixteen days later they lost each other in thick fog and fierce winds. Coincidentally, they both reached America about the same time. On 16 July, Chirikov sighted the west side of Prince of Wales Island and on the following day Bering spotted Mount St. Elias.

After sighting many islands in the Aleutian chain and meeting some of the Aleutian islanders, the scurvy-ridden Russians on the Sv. Petr shipwrecked on Bering Island where Bering died on 8 December. Fortunately for the starving voyagers, marine animals such as sea otters, seals and sea lions flourished on this desolate island. The meat of these animals sustained the weakened crew while they built a boat and returned to Kamchatka in summer 1742. Chirikov and his men also suffered from scurvy. Before a great many crewmen died, however, they reached Petropavlovsk on 8 October 1741.

Despite the tragic deaths of Bering and about half the members of the expedition, the Russians were the first Europeans to discover Alaska and the Aleutian Islands, thereby establishing Russian possession of the Great Land until Tsar Alexander II sold it to
the United States in 1867. Moreover, the survivors of Bering's crew brought back a rich cargo of luxurious sea otter pelts, for which Chinese merchants at Kiakhta paid high prices in tea, silks and spices.

Officially, the government remained silent about the geographical discoveries in the North Pacific, publishing no account of Bering's or Chirikov's exploits, so that other European nations would know nothing about the new knowledge. Furthermore, the government made no efforts to follow up the discoveries of Bering and Chirikov. Costing more than two million rubles, the second Kamchatka expedition had been too costly and had brought no promise of substantial income for the treasury.⁸ So in 1743, the government ended officially the American expedition, leaving the pursuit of readily acquired wealth and lucrative trade to private entrepreneurs.

Lured by the prospect of instant riches, hard-living, hard-drinking promyshlenniki (fur hunters; literally, "enterprisers"), who were peasants, cossack soldiers, artisans, and merchants in Siberia, formed fur hunting associations and sailed to Russian America to exploit the fur gold. In the second half of the eighteenth century, over 100 Russian fur hunting expeditions traversed the North Pacific and returned to Siberia with eight million rubles worth of furs. Consequently, the fur trade became the cornerstone in the economic foundation of Russian America.

In the late eighteenth century, merchant capital was instrumental in establishing the economy of Russian America. Siberian merchants
invested large amounts of capital in outfitting fur hunting voyages to America. Merchant-owned companies hired peasants, artisans, townspeople, cossacks and Siberian natives to do such tasks in Russian America as hunt fur bearing animals, fish, navigate boats, transport goods and supplies, and build settlements.

The North Pacific fur trade enriched many Siberian merchants, one of whom attempted to colonize Russian America. This merchant, Grigorii Shelikhov, transformed the fur trade into a large-scale, uninterrupted business dominated by one fur hunting association, the Shelikhov-Golikov Company. Moreover, Shelikhov established the first permanent colony in Russian America and fathered the Russian-American Company, "Russia's first government-chartered, joint-stock company."

Chartered by Tsar Paul I on 8 July 1799, the Russian-American Company received a monopoly over trade, hunting and mineral extraction for 20 years on the Pacific coast of North America from Bering Strait to 55° north latitude and on the Aleutian, Kurile, Bering and other islands in the North Pacific Ocean. Thereafter, the company operated under three 20-year charters until the transfer of Russian America to the United States on 18 October 1867.

The Russian-American Company monopolized commercial activity in Russian America. As a commercial enterprise the company hired chiefly Russians, creoles and American Indians to work in the Russian American colonies. The company exploited primarily the fur wealth along the southern Alaskan coast and the Aleutian Islands and established widely scattered colonies in Alaska and northern California. Answerable to the tsar, the company was a governmental
agency, as well. By the expiration of the company's first charter in 1819, government control over the company had become so marked that as the State Council, the tsar's chief advisory body, pointed out the company was both a commercial enterprise and "a governmental authority." As a governmental authority it administered Russian America under the direction of the government.

To coordinate the company's activities with its own, the government began tightening its control over the company in 1799 by appointing a correspondent, an official who served simultaneously as the company's representative before the emperor and the government's inspector of company activities. In 1804, Tsar Alexander I replaced the office of correspondent with a provisional committee composed of the minister of the navy, the deputy minister of the interior and a representative of the Ministry of Finance. This governmental committee, officially named the Council of the Russian-American Company in 1813, and not the company's chief administrative body, the St. Petersburg-located main office (glavnyi pravlenie) consisting of the four directors whom the stockholders had elected to direct company business, managed company political affairs. This arrangement, which left the main office with control only over the company's commercial affairs, lasted until 1844. In that year the government abolished the council and returned the management of the company's political affairs to the main office. The government took this action because the stockholders had elected four military officers who were government representatives and one merchant as the company's directors in accordance with the provisions of the charter of 1844 specifying that the directors were to be government
representatives as well as merchants.14 This election radically changed the composition of the main office, for this body previously had been composed entirely of businessmen. Thereafter, the majority of the directors were military officers who represented the government in the management of company business.

In 1811, the government, in effect, transformed the company into a governmental department by placing the main office under the jurisdiction of the Department of Manufacture and Domestic Trade. Eight years later the Ministry of Finance obtained jurisdiction over this department and, consequently, the main office. After 1817, the government controlled the company's colonial administration by appointing imperial naval officers to the post of general manager (glavnyi pravitel'), the chief administrator in Russian America. By 1819, then, the company had become an organ of the government in addition to being a commercial corporation.

In the Russian American colonies the chief commercial activities were fur hunting and trading. What were the economic foundations of Russian America? How did the Russian American economy develop? What effects did the colonial economy have on the living patterns of the Russian and native inhabitants of Russian America? To answer these fundamental questions the writer has sought to delineate the development and to indicate the distinctive characteristics of Russian America's economy. This is the purpose of the study.
When the Russians came to North America, Aleuts were already hunting fur-bearing sea mammals as a major economic activity. With Stone Age weapons, such as barbed bone harpoon darts, stone projectile blades and stone knives, Aleuts hunted sea lions, seals, sea otters and birds, fished, and gathered bird eggs, shellfish, tubers and berries to subsist on the cold, windswept, treeless and fog-shrouded Aleutian Islands. By the mid-eighteenth century about 20,000 Aleuts lived in widely scattered villages on these bleak islands.

Aleut men were the grand masters of sea otter hunting. Traditionally, they hunted sea otters from May to July, using the surround-and-spear technique. The hunters went to sea in baidarki (small skin boats), commonly in groups of six to twenty men. The first hunter to spot a sea otter threw a spear at it or paddled to the place where it dove, raising an oar as a signal to his companions. Upon seeing this gesture, the other hunters paddled their baidarki in various directions to form a circle about seven to fourteen feet in diameter around the first hunter. In about fifteen to twenty minutes the animal resurfaced for air. As soon as the sea otter reappeared, the hunters shouted and propelled their baidarki closer to force the animal to dive again, giving it little time to fill its lungs with oxygen. As the circle of baidarki closed in on the creature, the frightened sea otter's dives became shorter and shorter. Finally, the lead hunter hurled his barbed spear at the sea otter. Once wounded, the animal almost never escaped and soon died from exhaustion and loss of blood.
The superior sea otter hunting skill of the Aleuts led to their ruin because the promyshlenniki employed by rival fur hunting and trading associations operating in the Aleutian Islands during the last half of the eighteenth century compelled most Aleut men to hunt this prized animal, whose pelt was worth between 80 and 140 rubles in Russia. The promyshlenniki, who generally were unskilled in hunting sea otters, then appropriated the sea otter catch of the Aleuts, sometimes paying them a few trade beads, needles or tobacco leaves. To force Aleut men to hunt, promyshlenniki usually subdued them by murdering those who resisted and seized Aleut wives and children as hostages, oftentimes beating and raping the women. This practice resulted in the violent deaths of thousands of Aleuts.

By 1766, the mistreatment of Aleuts by Russian fur hunters had become so notorious that out of concern for the Aleuts' welfare Empress Catherine II ordered Siberian Governor General Denis Chicherin to 

reiterate to promyshlenniki that they should treat their new brothers, the inhabitants of these [Aleutian] islands, with kindness and without the slightest oppression or deception. It was implicit in this order that promyshlenniki were to discontinue the practice of forcing Aleut men to hunt.

For unknown reasons, the empress sent no government officials to Russian America to enforce her order. Promyshlenniki, therefore, continued to coerce Aleuts to pursue sea mammals without much fear of apprehension, especially since Aleuts themselves generally were unable to name their oppressors to Siberian authorities. A popular expression of Russian fur hunters best expressed their
contempt for authority: "God is high above, and the Tsar is far away," a saying which implied that promyshlenniki could rob and murder Aleuts with impunity.

One reason why the government granted a monopoly over the Alaskan fur trade to the Russian-American Company was to eliminate the oppression of Aleuts by Russian fur hunters serving rival merchant associations. It is reasonable to assume that the government expected the company to protect the Aleuts from harm. Since the company desired to exploit the sea otter fur wealth of Russian America, it could ill afford to permit the destruction of the Aleuts; they were the only major source of skilled sea otter hunters available for service to the company.

As a result of a need for competent hunters and the availability of Aleuts for service, the company compelled Aleut men to catch primarily sea otters, fur seals and sea lions. In effect, it turned Aleut men into its serfs, for compulsory hunting for the company was similar to forced labor (barshchina) by Russian serfs on a lord's land. The company compelled Aleuts to hunt in the belief that this was the best way to cause large numbers of them to hunt for it at a given time. Thus, the company followed the very practice which promyshlenniki had begun and the government had outlawed before the company's founding. By 1806, the government knew that the company was forcing Aleut men to hunt sea mammals, but permitted this practice apparently because the company was unable to obtain the sea otter fur wealth of the North Pacific Ocean in any other way.

Unlike promyshlenniki prior to 1799, company officials usually did not have to compel Aleuts by force to hunt sea mammals,
since these natives generally obeyed its orders. They previously had been accustomed to hunting for Russians and commonly feared punishment for disobeying orders. The company punished refractory Aleut hunters to instill obedience in them.

Hunting Alaskan sea otter (Enhydra lutris lutris) was the chief task which the company compelled Aleut men to perform. Every year from early April to late August, the company had as many as 2,000 Aleuts chase sea otters along the southern Alaskan coast and around Sitkha, Kad'iak and the Aleutian Islands. Russian hunting party leaders (partovshchiki) told the Aleuts when and where to hunt, primarily to insure that the natives kept to hunting. The company believed that Aleuts assigned to company hunts would lapse into inactivity if left unwatched.

By requiring Aleut men to hunt, the company often subjected them to arduous ocean voyages for three or four months out of a year. Some Aleuts lost their lives on these voyages, particularly when a severe storm capsized their frail skin boats. Since the company could ill afford to lose skilled Aleut hunters, it attempted to protect them from harm during company hunts by having partovshchiki direct them to pursue sea mammals in safety. Unfortunately, partovshchiki sometimes were unable to save their Aleut charges from misfortune when a sudden storm overtook a company hunting party. It is known that forty Aleuts lost their lives in 1804, forty in 1809, thirty in 1811, five in 1823, fifteen in 1828 and twelve in 1831 when their boats sank in stormy seas while hunting for the company. The possibility that additional numbers of Aleuts drowned while hunting for the company cannot be discounted.
By drafting as many able-bodied Aleut men as it needed, the company took over the working time of the very men upon whom Aleut communities largely depended during summer to hunt for the whales, sea lions and seals and fish for the salmon, cod and turbot stored for winter use. Consequently, the Aleuts generally lacked sufficient food supplies during winter. This condition probably prompted the government to rule in 1821 that the company could draft only half of the 13 to 50-year-old Aleut men at each Aleut village to hunt for a maximum of three years.

As a result of this ruling, the company shifted the task of selecting Aleut men for compulsory service from company officials to Aleut chiefs, beginning in 1822. The company took this step for two reasons: (1) Chiefs personally knew the men in their villages and, therefore, were better qualified to determine which Aleuts were eligible for compulsory service than were company officials, who generally knew nothing about the personal history of the men residing in each of the approximately 1,000 Aleut communities; (2) chiefs were respected leaders whose assignment of Aleut males to company hunts probably would not cause animosity among Aleuts.

By assigning chiefs the task of drafting Aleuts, the company allied itself with the Aleut upper class for administrative purposes. This action had a precedent in the government's seventeenth-century practice of allying itself with Siberian native chieftains and permitting them to govern their tribesmen for the sake of "administrative convenience."
As an outgrowth of its efforts to emancipate the serfs in Russia, the government decided in 1860 to change the legal status of the Aleuts. This decision was manifested in Minister of Finance Kniazhevich's letter of June 2 to State Councilor Sergei Kostlivtsov stating that

the condition of the natives [in the colonies] requires the same basic reform [i.e., the abolition of serfdom] which is now being accomplished inside Russia concerning the lot of the serfs.34

By implication this statement confirms our assertion that the condition of the Aleuts was similar to that of the Russian serfs.

After inspecting Russian America for the government in 1861, Kostlivtsov and Captain Pavel Golovin disagreed on whether the Aleuts should be obligated to serve the company. Kostlivtsov urged the government to retain this obligation because they were exempt from government taxes and military service.35 Golovin, however, recommended that the government free Aleuts from compulsory service to the company to foster self-reliance among them.36

In 1863, the Committee on the Organization of the Russian American Colonies adopted Golovin's recommendation out of a belief that the bondage of the Aleuts to the company was tantamount to serfdom, which the government had abolished in Russia in 1861.37 Consequently, the committee proposed that the company's new charter include the following statement:

To free Aleuts . . . from obligatory labor for the benefit of the Russian-American Company, having left the hiring of them to the latter for hunting and other work according to voluntary agreement for an agreed upon pay in money or in kind.38

The company objected to this proposal because of an inability
to replace Aleut hunters with Russians and a fear that most Aleuts would not hunt for it voluntarily, thereby leaving it virtually incapable of exploiting the Alaskan sea otter fur wealth. The company, therefore, requested that its new charter contain a clause authorizing it to compel Aleut males to hunt. Undeniably, the government rejected this request, for in 1865 the State Council recommended that the new charter contain the following declaration: "Aleuts . . . are free from obligatory labor for the benefit of the Russian-American Company." Alexander II approved this recommendation probably because he wished to free Aleuts from bondage to the company as he had emancipated the serfs from their masters. Since the government granted the company no new charter after 1844, this recommendation never was put into effect. Aleut men, therefore, continued to be obligated for company service until the cession of Alaska to the United States in 1867.

The company compensated Aleut hunters by exchanging their furs for what their pelts were worth according the the main office's schedule of fixed prices for natives' furs. The first such schedule issued in 1804 specified that a sea otter was worth 10 rubles; a fur seal, 20 kopeks; a black-brown fox, 2 rubles; a cross fox, 80 kopeks; and a red fox, 40 kopeks. To provide Aleuts with needed articles and to maximize its profits from the fur trade, the company paid them the fixed price of their furs not in money, but in an equivalent value of trade goods such as tobacco, knives, axes, seal skins, beads, grease, parkas and kamleiki. The company sold these goods above actual cost, apparently reaping a high margin of profit per transaction. For instance,
the company priced a bird-skin parka, a frequently traded item, at 5 rubles when exchanging it for an Aleut's furs.\textsuperscript{45} The company calculated that this exchange netted it 3 rubles and 30 kopeks, since it spent 1 ruble and 70 kopeks to procure the parka from an Aleut woman.\textsuperscript{46} Also, the company sold a squirrel-skin parka, purchased for 7 rubles from an Aleut woman, to an Aleut for 10 or 15 rubles in furs.\textsuperscript{47} Undoubtedly, parkas cost the company more than it figured, for it overlooked the expense of transferring them from Aleut to Aleut. Company accounting seems to have been unsophisticated and often inaccurate.\textsuperscript{48}

On the other hand, some Aleuts profited greatly by selling trade goods obtained from the company. For example, Kad'iak Aleuts often sold a squirrel-skin parka, which they had acquired from the company for 10 rubles in furs, to other Aleuts or to Russians for 30 or 40 rubles, thereby making a profit of 20 or 30 rubles.\textsuperscript{49} Squirrel-skin parkas were warm, durable and, therefore, in great demand, but the company lacked enough of these parkas to satisfy the demand for them. This is why the Kad'iak Aleuts were able to make such a large profit from their sale.

By 1822, the company usually compensated Aleut hunters in tobacco because by then they generally had become dissatisfied with receiving high-priced goods in exchange for their furs, but had acquired such a craving for tobacco that they became depressed and inactive without the use of it.\textsuperscript{50} The payment of tobacco to the Aleuts contributed nothing to the improvement of their standard of living, an improvement which the company claimed to be making by
distributing useful goods to them. The main office attempted to explain away this inconsistency by arguing that paying Aleuts in tobacco was an "irreproachable" means of inducing them to work for the company and, therefore, "must always be supported." By exchanging tobacco for their furs, the company provided Aleut hunters with an incentive to work and thereby obviated the need to compel them by force to do so.

Originally, the Koniags of Kad’iak Island owned male and female slaves called kalgi, who were chiefly Aleuts obtained through barter with other natives or as prisoners of war. After conquering the Koniags in 1784, the Shelikhov-Golikov Company’s promyshlenniki seized a number of Koniags’ slaves as booty. Promyshlenniki called these slaves kaiuri, a term used locally in Kamchatka to denote servants. Since kaiuri readily hunted fox, fished with traps and transported supplies in return for a few leaves of tobacco, promyshlenniki used them as personal servants to accomplish these tasks.

Following the Russian conquest of the Koniags, many slaves escaped from their Koniag masters and volunteered to serve the company as kaiuri apparently in order to improve their lot. By 1790, the company had impressed all of the remaining slaves belonging to the Koniags into its service as kaiuri, for the slaves willingly fought against their former Koniag masters, reported when Koniags planned to attack Russians and served the company as hunters, oarsmen and woodcutters, thereby augmenting its labor force. Kaiuri served the company for life or until it freed them or their
relatives redeemed them, as had been the case when these slaves had belonged to the Koniags. 57

For more than two decades after its founding, the Russian-American Company owned about 500 kaiuri, some of whom it obtained when the Shelikhov-Golikov Company's former holdings were transferred to it in 1799. 58 Since all of the Koniags' slaves had been appropriated before its founding, the Russian-American Company replaced kaiuri who died or became disabled with Aleuts whom their chiefs gave to it upon request. 59

The company held that kaiuri were native servants, but in reality they were its slaves, for it obligated them to serve it for life in return for food, clothing and shelter or until it freed them. 60 By using kaiuri to fish, hunt fox, transport goods and gather food, the company relieved many promyshlenniki from these tasks. Through the use of kaiuri, then, the company increased its ability to protect and expand colonial settlements and exploit the Alaskan fur wealth.

In 1821, the main office concluded that kaiuri were "a burden to the company" because the company could hire Aleut and creole workers by the month to perform the same tasks assigned to kaiuri and thereby save the expense of maintaining kaiuri all year long. 61 The main office, therefore, approved the retirement of two-thirds of the approximately 100 kaiuri at Unalashka whom Acting General Manager Semen Ianovskii had discharged in 1820. 62 The main office retained about 33 kaiuri at Unalashka in the company service apparently because they could not be replaced readily. Also, the main office probably approved the retirement in 1820 of the
125 kaiuri stationed at Karluk, since it found that they worked for
the company only about two months out of a year. No mention of
kaiuri is found in existing company records after 1823, but the
company probably released all of the kaiuri in its service a short
time later.

In 1817, General Manager Aleksandr Baranov hired a number of
Aleut men for 60 rubles a year to serve on company ships for at
least three years as substitutes for Russian sailers. This act
marked the beginning of the company's employment of Aleuts for
annual wages. Within five years most of these Aleut sailors had
become sick and incapacitated and, therefore, the company discharged
them. As a result, it only occasionally employed Aleuts as
sailors thereafter.

The company hired Aleut craftsmen, artisans and interpreters
for lifetime service, paying each of them 250 rubles or 300 rubles
a year. However, it was able to hire only a few tradesmen because
most Aleuts were skilled in hunting alone. Since the company needed
Aleut hunters, it did not encourage many of them to become tradesmen
or interpreters. This fact is indicated by the company's standing
orders to the Unalashka and Atkha boys' schools, which trained Aleut
boys. These orders state that Aleuts were to receive instruction in
constructing and sailing skin boats together with reading and writing
in Russian in order to maintain their skill in hunting "for the
benefit of the company." Sometimes, the company hired Aleut workmen for three-year terms
of service with an annual salary ranging from 120 rubles to 250 rubles
to transport supplies and load and unload cargo. In reward for
diligence the company customarily raised an Aleut's salary by 50 rubles during his last year of service.\textsuperscript{69}

In 1851, General Manager Nikolai Rozenberg announced that the company no longer would hire Aleut laborers for three years because most of them became sick and incapacitated by the end of their third year of service and because the company needed more Aleuts for hunting.\textsuperscript{70} The company's work force of permanent Aleut laborers probably numbered 250 annually, but thereafter the company hired Aleuts for temporary service only.

Beginning in 1820, the company employed Aleut men and women on a temporary basis to meet a seasonal need for women to clean animal skins and gather and prepare food for winter use and men to chop wood, cut ice and haul supplies.\textsuperscript{71} For accomplishing such tasks, the company paid 50 kopeks to 1 ruble a day or 10 or 12 rubles a month to an Aleut.\textsuperscript{72} Perhaps as many as 1,500 Aleuts worked for the company temporarily during a year.

Until 1861, serfdom prevailed in Russia and the vast majority of Russian laborers were serfs. Most Russian workers, therefore, were not free to join the company service, even though the government granted the company the right to employ Russian serfs as well as free persons. The government authorized the company to hire free persons, state peasants, landlords' peasants and household servants in Russia for seven-year terms of service in the Russian American colonies.\textsuperscript{73} State peasants were state-owned serfs; landlords' peasants and household servants were serfs owned by nobles; and free persons were not held in bondage. In practice, the company hired primarily state peasants, merchants and petty burghers (\textit{meshchane})
probably because more of them were available for hire and willing to serve than any other persons. Since nobles generally regarded ownership of serfs as one of their prerogatives and resisted the efforts of merchants to obtain serfs, most serf-owning nobles probably denied the company, which was essentially an association of merchants, permission to employ their serfs.

Upon the arrival of merchants and meshchane at Novo-Arkhangel'sk, the colonial capital, the general manager usually appointed them to serve as managers, assistant managers, clerks and storekeepers, thereby making them company officials. In general, state peasants constituted the company's Russian employees, to whom the general manager assigned the duties of promyshlenniki. According to the company's needs and their capabilities, promyshlenniki acted as soldiers, sailors, manual laborers, fur hunters, traders or artisans. Their duties were similar to those performed by promyshlenniki who signed up with merchant associations in Siberia to procure furs in Russian America during the half century preceding the company's founding.

Since serfdom prevailed in Russia until 1861, one would assume that the company purchased serfs to serve as employees. The company wanted to acquire serfs, but imperial laws contained no authorization for a company to own them. For unexplained reasons, the company did not ask for imperial permission to own serfs and, therefore, never owned them.

The company needed Russian employees primarily to carry on the fur trade and protect and expand colonial settlements in Alaska. Throughout its existence, however, the company was plagued by a
shortage of Russian employees. By 1805, this shortage was great enough to impede the company's expansion of fur trade and colonization into the interior of Alaska. At that time the company had about 400 Russian employees in its service. Thereafter this number of employees remained about the same. As a result, the company neither colonized the interior of Alaska extensively nor subdued the natives there completely. Also, general managers frequently were unable to send enough workers to remote colonial settlements, man company ships with adequate crews, construct new buildings or even maintain existing colonial structures because of this lack of manpower.

The chief causes of the shortage of Russian employees were two: (1) the inability of the company to induce enough Russians to enter its service owing to their common aversion to living and working in the remote American colonies; (2) the institution of serfdom, which limited the number of Russians free to join the company service to a small but undetermined figure. In 1861, the government abolished serfdom in Russia. This action, however, came near the end of the company's existence and resulted in no increase in the number of Russians hired by the company probably because emancipated serfs became members of communes, which controlled their freedom of movement. So to offset its shortage of Russian employees, the company resorted to hiring undesirables, foreigners, creoles, American Indians, Finns and Iakuts and to enticing useful employees to remain in its employ after their contracts expired.

During the beginning years of company rule, the method of paying employees was by distributing shares of furs at the quadrennial division of the fur catch. At the division the
company divided all the peltry caught by employees during the previous four-year period into a definite number of parts called "shares," which corresponded to the number of employees in the company service. The company then divided a share into two equal parts called "half-shares" and gave each promyshlennik one half-share and retained the other half-share as its income. The company followed this method of paying promyshlenniki probably because merchant associations operating in Russian America before 1799 had commonly used it to pay their promyshlenniki. For unknown reasons, the company gave each artisan a full share.

At the quadrennial division of 1803, the company introduced the practice of compensating each employee in money, the amount which his share or half-share was worth according to a schedule of fixed prices set by the main office. The company introduced this innovation probably to deny employees an opportunity to sell their peltry in Siberia, after returning there, for less than the company's prices for furs. The order from the main office in 1803 requiring employees to sell their furs only to the company at fixed prices to prevent furs from passing into "outsiders' hands" lends credence to the assumption that employees did this. According to the schedule of fixed prices, employees received 50 rubles for a prime quality sea otter, 20 rubles for an immature sea otter, from 3 to 8 rubles for an otter, from 3 to 6 rubles for a beaver and 1 ruble for a fur seal.

The establishment of fixed prices now left the company free to pay employees less than a fair price for their furs or to grade their peltry to their disadvantage. By 1815, promyshlenniki