**Mints as Financial Institutions in Russia, c. 1650 – 1725**

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Lots of documents concerning the workings of pre-Petrine and Petrine mints survive in Russian archives. These include a register of yearly money emissions from 1681 onwards,[[1]](#footnote-1) ledgers of 1701–1710,[[2]](#footnote-2) reports to the Senate from 1711 onwards,[[3]](#footnote-3) as well as precious letters of Dyak Yakov Borin, who managed the biggest mint in 1701–6, to his boss describing the routine and excesses of the job.[[4]](#footnote-4) The documents were studied in some detail by numismatists such as Alla Melnikova and Valery Durov[[5]](#footnote-5) but are as yet little known to historians and economists interested in the development of the Russian fiscal and financial system. Alexander Yukht’s book seeking to synthesize the perspectives of numismatists and of economic historians on the monetary history of the Russian 18th century remains the only one of its kind.[[6]](#footnote-6) Meanwhile, producing coins was, of course, the primary function of Russian mints in the late 17th and early 18th century, but by no means the only one.

At the time, Russia, lacking its own silver mines, depended on imports of the specie. It arrived mostly from the West in the form of German and Dutch thalers, known in Russian as *efimki*. The *efimki* were sent to mints to be melted down and recoined into the Russian money.

Anecdotal evidence from the 16th and the early 17th century suggests that the operation was on a relatively small scale at the time. Any merchant who had some thalers from his ventures could have them reminted for a fee of approximately 5.4 percent plus melting loss of 5–6 percent to yield about 12 percent profit.[[7]](#footnote-7) The influx of silver was random, and the money supply scarce. Coinage was essentially just another state monopoly, along with alcohol and salt.

Army and bureaucracy were supported primarily with land grants. Monetary payments from the state coffers were irregular and mostly supplementary. The beginnings of the Russian standing army in the 1630s changed the situation. The new army, growing by day, had to be paid regularly and in cash.[[8]](#footnote-8) By the mid-17th century the money supply deficit had become a major problem. Consequently, new practices emerged to acquire silver that would eventually add up to what may be described as a full-fledged financial policy.

In 1646 the government led by boyar Boris Morozov, young Tsar Alexis Mikhailovich’s mentor, introduced a salt tax which had to be paid in cash, as opposed to other taxes paid largely in kind. It drove salt prices up and was effectively another tax increase of which there were many in the aftermath of the Time of Troubles of the early 17th century. The Moscow uprising of 1648 led to abolishing the salt tax and Morozov’s expulsion. It also served as a reminder that the cash deficit problem could not be solved with taxation.

A tsar’s decree of c. 1649 banned private individuals from buying thalers. From that point on, any foreign merchant arriving to Russia had to exchange his thalers and carry out his business exclusively in Russian money. Russian merchants bringing silver from their overseas ventures had to do the same. All the moneychangers were state-run, and the exchange rate fixed by the government to overvalue the ruble by about 27 percent. The influx of silver had to fall in the wake of this policy, but almost all the income from silver imports was now headed in the state coffers, which meant that there would be at least some cash to pay the troops. Thus, the Russian bullionism.

In 1679–81, all the state entities operating in cash, namely customhouses, moneychangers, and mints comprised, were consolidated in the Chancellery of the Grand Treasury (*Prikaz Bol’shoi kazny*). Prominent among them was the Chamber of Procurements (*Kupetskaia palata*, sometimes called *Efimochnaia palata*, i. e. “the chamber of thalers”), the organ responsible for supplying the mints with silver. Authorities as well as private merchants routinely turned to this complex for loans or subsidies. Frequent decrees prohibiting the practice indicate that it was both persistent and unwelcome.[[9]](#footnote-9) This system was the financial backbone of Russia as well as the basis on which the whole financial system of Peter the Great and his successors was built.

Several cases provide an insight into the functioning of the nascent system. In 1656, the Russians occupied Kokenhusen, a Swedish Livonian town on the Dvina river (today Koknese, Latvia), in the hinterland of Riga, the most important port of the Eastern Baltic at the time. The town was rechristened Tsarevichev-Dmitriev after Tsar Alexis’s son. Afanasy Ordin-Nashchokin was appointed a voivode (governor) and embarked on a mission to create Tsarevichev-Dmitriev as the new center of Russian foreign trade. He began by establishing a mint there. The purpose was twofold: first, to issue copper coins to pay the troops, and second, to remint silver coins imported from Riga in exchange for the Russian goods. The presence of the mint ensured the abundance of coins in Tsarevichev-Dmitriev and thus, in Nashchokin’s expectations, the flowering of trade.[[10]](#footnote-10)

The project did not come to fruition, for Russia had to turn Kokenhusen back to the Swedes in 1661. Nashchokin, who had distinguished himself in the war, was appointed a voivode in his native Pskov, close to the border of Swedish Livonia. One of his first moves there was to institute new rules for the local fair frequented by foreign merchants. The Russians had been obligated to sell at least one third of their goods for cash instead of imported goods and immediately turn the silver to the official moneychanger at a fixed price. He also sought to provide merchants with stable credit by creating a proto-bank in a local government office (*zemskaia izba*). Nashchokin presumably was going to restore the Pskov mint, shut down in 1663, which would have made the town into the trade center that Tsarevichev-Dmitriev could have been.[[11]](#footnote-11) Once again, Nashchokin’s plan did not come to full fruition as the voivode was summoned to Moscow to become the head of the Ambassadorial Chancellery (*Posol’skii prikaz*), effectively to become Russia’s top diplomat. Many of his ideas, including the bullionist policy, were implemented in the New Trade Statute of 1667.

Ukraine was another special case. It became a part of Russia in 1654, retaining much of its autonomy, including a peculiar monetary system, Polish by origin, with *poltorak* (*chekh* in Ukrainian and Russian) as the most common coin. Moscow’s efforts to supplant it with kopek were unsuccessful, for the latter tended to be overvalued on the Ukrainian market and therefore did not stay in circulation. Meanwhile, the inflow of *chekhs* from Poland was limited. However, in Ukraine the state monopoly on buying foreign coins was not enforced, and its relatively free monetary market was the area of intense jobbery throughout the late 17th century.

As with Livonia and Pskov, the local authorities in Ukraine were eager to take advantage of the situation, and their biggest concern was to establish a Ukrainian mint that would remint all the various coins circulating there to the benefit of whoever controlled it. In the 1670s and 1680s Hetman Ivan Vyhovsky lobbied relentlessly to allow him to mint Ukrainian coins of the Polish design, but the Tsar hesitated to give him such power.

Finally, in 1686, a new mint was established in Sevsk, in the Muscovite territory and supervised by a Russian voivode, not a Ukrainian hetman, producing *chekhs* earmarked for the troops in the Crimean campaigns of 1687 and 1689. The production had been discontinued as soon as the campaigning was broken off.

Thus, by the time Peter the Great ascended the throne, Russia’s financial system consisted in a complex of customhouses, moneychangers, and mints dealing in foreign coins and reminting them into Russian coins, moonlighting in loan business and pawn brokerage.

Peter fully employed the system before he reformed it. In 1701, he established a mint subordinate to the Naval Chancellery (*Prikaz voinskikh morskikh del*) instead of the Grand Treasury. All its proceeds went to financing the creation of the Russian navy, much like the proceeds of the Tsarevichev-Dmitriev and the Sevsk mints going to payments to the troops. In the somewhat chaotic bureaucratic system of the late 17th – early 18th century Russia it was the only way to effectively earmark the funds. That effectively made the mint a state financial institution.

Throughout Peter’s reign, mints were used as a sort of reserve coffer. The “Naval” mint, being the biggest and the most productive of the Petrine mints, provides an illustrative case study. Dyak Yakov Borin, who ran it, complained incessantly to the head of the Naval Chancellery, Fedor Golovin, about other officials trying to extract money from him. Borin had to allocate substantial sums for appropriations outside the jurisdiction of the Naval Chancellery for which he supposedly worked. These were considered simple loans that effectively squeezed the very functioning of the mint, for there never had been enough money to buy silver for coinage. Strangely enough, the mint became a sort of reluctant bank for the state bodies. At times Borin had to conceal the fact that his mint managed to obtain some silver, fearing it would be taken away for some urgent need. In 1701–6, Borin’s mint never had less than 200 000 rubles tied up in these loans. By the end of the period in amounted to 30 percent of its output and thus became a major concern.

At the same time mints loaned money to private individuals. The credit certainly was not extended to anyone, the borrowers being mostly high officials and people close to the Tsar, such as Peter Apraksin and Alexander Menshikov. Some of them had to provide a collateral, usually in the form of silverware that could be reminted into coins. However, more often than not there was no collateral, and we usually do not see in the ledgers that these debts were ever paid off. Only in 1733, eight years after Peter’s death, the practice was somewhat streamlined in a decree of Empress Anna regulating private borrowing from the Office of Coinage, a body administering the mints.

The growth of state expenditures in the late 17th and especially the early 18th century Russia brought about the creation of the first primitive financial system, aimed at increasing the maneuverability of the state finances. The mints were the core of system, mostly because they were the only place where one could reliably find hard cash at any particular moment.

1. Rossiiskii gosudarstvennyi arkhiv drevnikh aktov [The Russian State Archive of Ancient Documents, RGADA], f. 19 (“The Finance” Collection), d. 165, l. 46ob–47. [↑](#footnote-ref-1)
2. Collected mostly in RGADA, f. 396, op. 3. [↑](#footnote-ref-2)
3. Collected in RGADA, f. 248 (The Senate). [↑](#footnote-ref-3)
4. Collected in RGADA, f. 160. [↑](#footnote-ref-4)
5. See, for example: A. S. Mel’nikova, “Novyi (“Angliiskii”) denezhnyi dvor v Moskve v 1654–1663 gg.” [The New (“English”) mint in Moscow in 1654–63], in *Numizmatika i epigrafika*, vol. 9. Moscow, 1971, 144–58; V. A. Durov, “Ocherk nachal’nogo perioda deiatel’nosti Kadashevskogo monetnogo dvora v sviazi s denezhnoi reformoi Petra I” [An essay on the early workings at the Kadashevsky Mint in relation to Peter I’s monetary reform], in *Trudy Gosudarstvennogo Istoricheskogo muzeia*, vol. 47 (1978), 40–65. [↑](#footnote-ref-5)
6. A. I. Iukht, *Russkiie den’gi ot Petra Velikogo do Aleksandra I* [The Russian money from Peter the Great to Alexander I] (Moscow : *Finansy i statistika*, 1994). [↑](#footnote-ref-6)
7. A. S. Mel’nikova, *Russkie monety ot Ivana Groznogo do Petra Pervogo* (Moscow : *Finansy i statistika*, 1989), 34–5. [↑](#footnote-ref-7)
8. Penskoi V. V. *Ot luka k mushketu. Vooruzhennye sily Rossiiskogo gosudarstva vo 2-i polovine XV – XVII vv.: problemy razvitiia* [Bow to musket. The armed forces of the Russian state from the late 15th to the 17th century: the problems of development] (Belgorod : BelGU, 2008), 173–90; Petrukhintsev N. N. “*‘Finansy voiny’ i ofitserskii korpus polkov ‘novogo stroia’ v voennoi reforme Alekseia Mikhailovicha* (1663)” [“War finances” and the officer cadre of the “New Order” regiments in Alexis Mikhailovich’s military reform (1663)], in *Quaestio Rossica*, vol. 2 (2014), 263–92. [↑](#footnote-ref-8)
9. See, e. g., *PSZRI*, vol. 3, *1687*, 615–32. [↑](#footnote-ref-9)
10. A. S. Mel’nikova, “*O chekanke monet v Kukenoise v seredine XVII v.*” [On the coinage in Koknese in the mid-17th century], in *Sovetskaia arkheologiia*, 1964. vol. 3, 141–8. [↑](#footnote-ref-10)
11. Nashchokin’s reports to the Tsar explicating his plans are published in *Dopolneniia k “Aktam istoricheskim,”* vol. 5 (St. Petersburg, 1853), 11–46. [↑](#footnote-ref-11)