
ARTICLES

The Anglo-Russian Trade Treaty of 1766 - An Example of Eighteenth-Century Power Group Interests

Philip Clendenning *
Cambridge, Mass

Part. 1

Britain's diplomatic policy towards Russia throughout much of the eighteenth century appeared to be straight-forward. Underlying it was the constant need to expand commercial interests and reserve the steady stream of vital Baltic raw materials to the Royal Navy, the merchant marine, and the growing number of manufacturing industries. In addition, there was an aim of a grander order, part of the prevailing theory that governments ought to preserve the somewhat cloudy concept of the "balance of power". This balance, sometimes called the "just equilibrium" and maintained by a system of "equipoises," was, in effect, Britain and her allies set against the Bourbon-Hapsburg interests. One pamphleteer in 1743 spoke of various balances existing at the same time, and wrote that "to fix the (whole) Balance of Power in Europe, attention must be paid to the inferior Balances elsewhere," thus allowing rulers to break treaties or yield territory, and even divide up countries to support this European state system.¹

* The author is a fellow of the Russian Research Centre, Harvard University and a director of the consulting firm East-West Business Associates, Cambridge Mass.

¹ *Observations on the conduct of Great Britain in respect to Foreign Affairs*. (London, 1743), 14, quoted in M.S. Anderson, "Eighteenth-Century Theories of the Balance of Power", in R. HATTON, M.S. ANDERSON, (eds), *Studies in Diplomatic History*. (London, 1970), 185, 191. Some of the economic background is discussed in

The aims for the Baltic region led to a fervent desire to keep France from exercising a real influence in Sweden and Denmark, particularly over their rulers. For Britain, the economic importance of these two countries was considerable. Denmark controlled the Sound, the narrow strait between the Atlantic Ocean and Baltic Sea, while Sweden had immense iron and timber resources which were highly prized by British shipyards and manufacturers, and could not be allowed to fall under the direction of French interests.²

At the conclusion of the Northern War in 1721, Britain realized that only Russia, with its "weight and strength," was a highly desirable ally to maintain the balance of power in Europe and keep France out of Sweden and the Polish lands. No other country could be relied upon; Prussia's treasury was empty because of its numerous wars and intrigues against Russia and Austria; Austria was a "feeble and exposed state;" and Holland was "defenceless."³ As a result, Britain and Russia signed three important treaties in the early part of the century: the 1734 commercial treaty, which gave considerable advantages to British trading interests, and the defensive alliances of 1742 and 1745. For the price of a large subsidy, attendant bribes, and a disinclination to interfere in any Russian schemes in Poland and the Ottoman Empire, Britain hired a mercenary army ready to fight in central Europe to safeguard the British Hanoverian interests against French and Prussian incursions. It seemed like a harmonious union of English wealth and Russian land power. Baron Osterman, the Russian foreign minister, even urged England to send a squadron to Sweden "to bring her to her

Arcadius Kahan, *The Plow, the Hammer and the Knout. An Economic History of Eighteenth century Russia*. Chicago, 1985 and H.H. KAPLAN, "Observations on the Value of Russia's Overseas Commerce with Great Britain during the Second Half of the Eighteenth Century" *Slavic Review*, Spring, 1986, pp. 85-94. Fuller documentation is in my book (with Roger Bartlett), *Eighteenth Century Russia: A Select Bibliography of Works Published Since 1955*. (Newtonville, 1981), Section 8.

² H.K. KENT, *War and Trade in Northern Seas*. (Cambridge, 1973), 39-59.

³ "Private and Additional Instructions to Finch, February, 1740", in SIRIO, vol. 85.

senses."⁴ Fortunately for Britain at this time, a far-reaching development was taking place in Russia. This was a social upheaval which encompassed a gradual decline of many of the old conservative aristocratic families such as the Naryshkins, Dorgorukiis, Golitsyns and Golovkins in favour of the new aristocracy created by Peter the Great. The "old Russ" had been extremely disinterested in entering into any trade treaty with a European power but wished "to stick entirely to their Asiatics."⁵ The English resident in St. Petersburg in 1742 described in a sorrowful tone how the "old Russ" began to accumulate its old power under Anna and to "slip back into the old Russian system, which is to stand alone."⁶ Not only was this possible withdrawal disheartening to England, but the old conservative nobility expressed a startling amount of xenophobia which threatened British influence in the country.

But these were, in retrospect, the last gasps of a fading power group. The new aristocracy, the Vorontsovs, Orlovs, Mushin-Pushkins, Panins, and Chernyshevs, together with the rise of a very small but determined group of highly-placed court advisors, wealthy merchants and a few manufacturers in the capital, insisted upon expanding Russian contacts with the West, particularly with countries which would offer potentially the greatest economic and political advantages. Britain was the obvious partner.

It is not the purpose of this study to dwell upon the by-ways

⁴ Finch to Harrington, 25 April, 1741. *Ibid.*, vol. 91.

⁵ *Ibid.* letter of 5 April and 2 June, 1741. Finch noted the worst Russian nobles were those who travelled abroad:

They return home at the same time to the genius of this nation for after all the pains which have been taken for these last forty years to bring this country out of its ancient state, it is only violence and superior force which prevents it falling back into it immediately as it will one day or another sooner or later, for there is not one of them who would not wish St. Petersburg at the bottom of the sea, and all the conquered provinces at the devil, so they could but remove to Moscow, where by being in the neighbourhood of their estates they could all live in greater splendour and less expense.

⁶ B. MEEHAN-WATERS, "The Russian Aristocracy and the Reforms of Peter the Great", *Canadian-American Slavic Studies*, VII, 2 (1974), 288-303.

of Anglo-Russian diplomacy between 1734 and 1756, except to note that no severe crisis took place. Yet, although Russia fought against Britain's ally Prussia in the Seven Years' War, Anglo-Russian trade reached new heights. Clearly neither country could afford to alienate the other. Thus, when the 1734 Trade Treaty finally expired in 1758 (it had been renewed in 1742), both countries were eager to come to some agreement, Ambassador Robert Keith in St. Petersburg expected the Russians to follow the 1734 pattern of a reasonably acquiescent draft proposal for a trade treaty linked with a defensive alliance proposal. Therefore, it was a rude shock to Keith, Whitehall and the Board of Trade when Russia's first draft of August 1761 appeared stiff and uncompromising and led to an equally firm British answer of November 1762 as drafted by the governors of the Russia Company in London.⁷

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From the very first paragraph, a difference in attitudes of deference was apparent. The Russian draft awarded Elizabeth the title of "Impératrice et Autocratrice de toutes les Russies;" the British draft calmly placed King George before the Empress, who also lost her title of "Autocratrice." More importantly, the Russian draft described the 1734 Treaty as "un traité de Commerce et de Navigation." Russia also wanted a termination of any unlawful British seizure of sailors from her ships and to have the right to enter European ports, regardless of whether the ship or crew were Russian in origin.

Russia proposed in Article 4 that British merchants be

⁷ Keith was, during the brief reign of Peter III, an important ambassador in St. Petersburg as Peter had hoped Keith would steer Russia closer to some accord with both Austria and Prussia. British coolness to this proposal contributed to the harsher terms of the commercial treaty draft. Russian draft read by Lord Bute and the Board of Trade in August 1761; copy in *Colonial Office* [CO]388/49, ff. 94-123. Public Records Office, London. November counter-project prepared by Robert Nettleton, Governor of the Russia Company in London, is in *ibid.*, ff. 39-150. Keith's sojourn in Russia is best described in Karl Schweizer, "Britain, Prussia, Russia and the Galitzin Letter: A. Reassessment", *The Historical Journal*, XXVI, 3(1983), 531-556.

allowed to import and export all goods unless prohibited by law, with reciprocal rights for any Russian merchants in Britain, who should also have the right to import "Asian goods." Not surprisingly, the British article was somewhat different. It insisted that British merchants could export from Russia all goods "which subjects of any other nation are permitted to buy and carry out," and even deftly allowed Russian merchants to import Asian goods into England "unless forbidden by law" — a truly hollow concession considering there were no Russian merchants trading in Britain, and even if there were, the East India Company would never allow such competition to thrive. It granted Russian merchants residing in Britain the right to sell wholesale all imported goods, and casually mentioned that the British merchants in Russia (the "Factory") would also receive this right, recognizing that Russia had adamantly opposed such a privilege for fear that it would force the weak Russian merchantry out of an already limited market for imported goods.

The Factory insisted that both Russian merchants and government officials be excluded as much as possible from the financial secrets of each member and that the Factory could only be sued in the College of Commerce court, which was notoriously biased towards the British (Article 19). It also stipulated that the merchant need not show his account books to anyone except in cases of bankruptcy, and even then only to three foreign merchants nominated by the College of Commerce.⁸ In the event a bankruptcy trial took place in a city other than St. Petersburg, where the College of Commerce was located, the Municipal Council (*Glavnyi magistrat*) would preside, although the Factory still wanted the option to appeal to the College of Commerce in the event of an unfavourable decision (Article 20).

⁸ Russian customs officials were as corrupt as any other in Europe at the time and would often allow merchants to bring in debased copper rubles for payment of customs or even waive payment if properly bribed. See "Lettre jointe à la lettre de M. de Villardieu, St. Petersburg, 28 Janvier, 1727" *Marine AS*, vol. 9, "Observations sur le tariff de 1757", *AE B3*, vol. 432, Archives Nationales, Paris.

The topic of customs duties presented particular difficulties due to the strenuous demands by the Russia Company merchants. While Russia was willing to extend the 1734 right of British merchants to pay import duties in silver bars with a minimum fineness of 82 zolotniks per ounce (Article 4), or 15 percent below the accepted international market weight of 96 zolotniks per ounce, British merchants also wanted a drawback of seven-eighths of the total import duties on unsold goods, provided they were re-exported from Russia within three years of arrival (Article 10).

This was unacceptable to Russia. The Factory also insisted it should pay the same export and import duties as the Russian merchants, the latter having previously been allowed lower duties if they shipped goods on Russian ships (Article 4). Furthermore, the British wanted the right to pay for goods purchased in any Russian city in the coin received from the sale of goods, i.e., copper rubles and not necessarily silver, which would enable the Factory to use any devalued coin it received from the sale of its imports into the country. Presumably this would hold good for any additional purchases of goods that the Factory might make in Astrakhan if it succeeded in re-opening the Persian trade route that had been closed in 1747 (Article 8). The desire that British merchants pay the same customs duties on all imports and exports was bound to encounter resistance from those Russians who were promoting the need for a stronger bourgeoisie which could successfully compete with foreign merchants. Such a right would completely nullify any customs advantage of a 25 percent concession that had been granted in the 1731 tariff to Russian merchants who shipped goods abroad in Russian ships. The British insisted that all Russian exporters using British ships pay the duty equal to the extra duty paid by British merchants who were not recipients of favourable domestic export incentives.

Less controversial articles were immediately accepted, including the mechanism for collection of debts, and the tighten-

ing of the quality control operations (*brak*) in the selection and packing of hemp and flax,⁹ the right of merchants to build or rent quarters without fear of billeting, and Factory abrogation of any responsibility for debts incurred by members' Russian servants.

Initially the British draft preferred to push these requests and ignore the most pressing articles of the Russian draft, which dealt with neutral rights during wartime. Russia wanted the right to have complete freedom of commerce with any nation at war with Britain except cities under siege (Article 8). The Russian draft specifically listed those goods which it labelled contraband (bullets, bombs and the like) and eligible for seizure; it did, however, consider its prime exports of hemp, flax, sailcloth iron and grain in the same category (Article 9). Privateers or war-ships were not to stop Russian ships and demand stores, money, or sailors (Article 11), nor could Russian ships not carrying contraband be detained at any time without full compensation paid to the captain (Article 12).

The most vociferous British advocate for curbing the economic power of a rival by seizing neutral ships was the famous British writer on economic themes, Malachy Postlethwayt, who stated in 1757 "that the great object of a maritime nation should be, to take advantage of any rupture with another trading state, to destroy and distress their shipping and commerce, and to cut off all resources for naval armaments." This was precisely the action that Britain had taken in the Seven Years' War, not only against ships flying the Russian flag (of which there were only a handful), but against Sweden and Denmark, who demanded the right to trade with France. So hostile had Britain become that Denmark and Sweden joined the Armed Neutrality convention of 1756 and advanced in the course of the next three years several arguments for the theory of "free ships, free goods" that was bound to come to Russia's attention.

⁹ *Minutes of the Russia Company*, 1, 15 April 1757. 11747/7, Guildhall Library, London.

Russia also had a particular reason for insisting on the freedom-of-navigation clause. During the war, she had been forced to rely heavily upon Swedish ships to supply her troops fighting in Prussia.¹⁰ Anxious to avoid further dependence upon foreign powers, very cautious trade contacts in the Black and Caspian seas were initiated in 1760, as well as securing a trained workforce in Archangelsk in the hope it would eventually build up a Russian merchant fleet.¹¹

The British intention was to secure for its merchants enough privileges so that foreign entrepreneurs could not possibly compete. It was imperative that the Factory member's books be sacrosanct, that he be allowed to trade with other traders, leave the country at will, and be protected from burdensome lawsuits. In these and all other matters, the Factory relied on vigorous representation in the various Russian colleges as well as appropriate committees in London and in Parliament; all were expected to help support the inclusion of favourable articles in the various draft measures of the commerce treaty.

Unfortunately for the Factory, it was impossible to initiate immediate actions because ambassador Keith had to return to Britain. The prime minister, Lord Bute, needed to appoint a successor able to steer a clear course through the rigours of Russian weather and character and successfully negotiate both a commercial treaty and a defensive alliance. The man whom the government appointed turned out to be not a skilled diplomat, but a trusted friend of Lord Bute and of Grenville, the powerful secretary for northern affairs, James, Earl of Buckinghamshire.¹³

¹⁰ *Senatskii Arkhiv*, (St. Petersburg, 1888-1913) X, (1753-1757), 127.

¹¹ S. OGORODNIKOV, *Istoriia Arkhangel'skogo porta* (St. Petersburg, 1875), 227.

¹² "Observations upon the Minutes enclosed in the Earl of Buckingham's despatch...", ca. October 1763, *Stow Mss.*, 257, f. 105. British Library.

¹³ Buckingham's papers are in scattered sources. A. COLLYER, (ed.), *The Despatches and Correspondence of John, Second Earl of Buckinghamshire*, 2 vols. (London, 1902) contains many of his diplomatic despatches from Russia. These are not, however, complete and must be supplemented from the *State papers [SP]91*, Public Record Office, London, [PRO]; *Letterbook, 1762-1764*. Norfolk Record Office, Norwich; *Stowe Mss.*, 252, 257, British Library; FRANK SPENCER, (ed.), *The Fourth*

The Buckingham Phase, 1762-1765

Buckingham's appointment began at a most inauspicious time. In Britain, Bute's ministry operated in an atmosphere of derision, contempt, fear, ignorance, and hate. Bute, a Scot, was thoroughly disliked in London, where his daily outings frequently caused riots.¹⁴ Moreover, his government lacked that ingenious foreign policy architect, William Pitt, who remained extremely hostile to the personal and political character of Bute's northern secretary, Grenville. Even Buckingham's arrival in Russia in September 1762 was an occasion for bad news: his beloved stepmother had just died in England, and his brother was sick. In contrast to his magnificent country estate in Blickling, Norfolk, his house in Petersburg was "most wretched and ruinous, furnished with no fixtures nor any moveables but rats and bugs...".¹⁵ He was shocked to find that neither his clothes nor his meagre court allowance could match the glitter of the French envoy, whom he was instructed to outshine at every opportunity. He was rebuffed at his early attempt to see a leading senator who was deemed "unwell," and his presentation of credentials was spoiled by the request from the Empress that the papers be in French and not English.¹⁶

His first official meeting with Vice Chancellor Prince Alexander Golitsyn was no more successful, since the latter was

Earl of Sandwich, Diplomatic Correspondence, 1763-1765 (Manchester, 1961). Hereafter cited as *Sandwich Papers*. Buckingham's letters to his aunt, Henrietta, Countess of Suffolk, describing his Russian sentiments and various letters to Grenville and others are in *Lothian Report*, 166-192. His political and family connection to the Grenvilles is described in Lewis Wiggin, *The Faction of Cousins: A Political Account of the Grenvilles, 1733-1761*. (New Haven, 1958), 34, 291. For his earlier career and attachment to his country house in Norfolk, see *Dictionary of National Biography*, IX, "Hobart", 926-27 and A.G. CROSS, (comp.), *Anglo-Russian Relations in the Eighteenth Century. An Exhibition and Catalogue*. (Norwich, 1977), 55.

¹⁴ Wiggin, 291; J. BREWER, "The Misfortune of Lord Bute: A Case Study in 18th Century Political Argument and Public Opinion", *The Historical Journal*, XVI, 1(1973), 3-5.

¹⁵ Buckingham to Grenville, 23 October 1762, SP91/70.

¹⁶ *Ibid.* Buckingham to Halifax, 21 October 1762.

angered by the flow of British money into the coffers of Frederick the Great, which was prolonging Russia's war with Prussia. After Buckingham raised the matter of the renewal of the Treaty of Alliance of 1742, Golitsyn replied coldly, "Yes, I think that treaty is expired." When the conversation touched on the Russian commerce treaty draft presented to Keith in 1761, Buckingham emphatically reiterated his government's feeling that the draft was "so repugnant to the laws of England and to the interests of the Russia Company that it was impossible to proceed [and] it was better to offer our new one or set out upon the old treaty and get as many alterations in favour of the Company as possible..."¹⁷ In this and in subsequent meetings with Golitsyn, Buckingham had the distinct feeling that both Golitsyn and Grand Chancellor Mikhail Vorontsov were only fair-weather friends of Britain as long as they thought Britain would renew the "ancient connections with the Austrians to whom they are devoted".¹⁸

But after the Peace of Paris in 1763 ending the Seven year War, some change was expected. Britain now turned to Prussia to urge Frederick the Great to come to terms with Russia, his adversary in the war, particularly in light of the crisis in Poland following the death of the Polish king, Augustus III. At the same time, Catherine appointed Nikita Panin to run Russian foreign affairs, thereby isolating the pro-Austrian and French sympathizer Bestuzhev. She also began to support actively the bid of her former lover Stanislaus Poniatowski for the Polish throne at the Convocation Diet of April 1764. It was clear a anti-French trend was developing.

Yet a speedy conclusion of the trade treaty was impossible. Lacking, and for that matter, desperately seeking, specific guidelines from Whitehall, Buckingham plodded on with little sense of direction or purpose. He duly noted the growing importance of Grigori and Ivan Orlov, but felt it was still too early to be-

¹⁷ *Ibid.*

¹⁸ *Ibid.*

come associated with them, especially since they were rumoured to be rallying forces hostile to Poniatowski.¹⁹ Bestuzhev, quite apart from his Austrian bent, was dismissed as "old, and has the appearance of being older;"²⁰ Grigori Teplov, a shrewd advisor on economic matters to Catherine, was a "creature" of the Austrian Ambassador, and a "most ignorant, pretending fellow".²¹ The chancellor, Mikhail Vorontsov, was a "weak, timorous, half-honest man and a prejudicial dilatory minister," while Golitsyn was written off as having "neither information nor consequence". Adam Olsufev, a key member of Catherine's inner circle and one of her private secretaries, was "gouty, corpulent, and unwieldy;" his interest in food, women, affluence, and ambition (in that order, according to Buckingham), was so great that "it is not to be expected that he can long maintain any degree of activity or consequence".²²

Buckingham did, however, place some faith in the one man who stood at the centre of any Anglo-Russian negotiations, and who was emerging as the dominant figure in Russian foreign affairs, Count Nikita Panin. While Catherine disliked Panin's political ideas involving any notion of reform that might limit the power of the monarch, she seldomed questioned his skill as a foreign secretary. Opposed to any action by Austria to embroil Russia in another anti-Prussia alliance, he favoured in-

¹⁹ Frederick the Great to Count Solms, 27 August 1765, *SIRIO*, (Sbornik Imperatorskogo Russkogo Istoricheskogo Obschestva). Vol. 22, p. 401. Two other Orlov brothers, Alexei, an Admiral of the Russian fleet, and Vladimir, Director of the Academy of Sciences, did not play any appreciable role in court politics at the time. On Vorontsov, see Buckingham to Halifax, 25 November 1762, *SP91/70*. Lord Halifax had succeeded Grenville in October.

²⁰ Bestuzhev had been a former chancellor under Empress Elizabeth until forced out of office by Panin and the Vorontsovs in 1759. See DAVID RANSEL, *The Politics of Catherine's Russia: The Panin Party*. (New Haven, 1875), p. 22 ff.

²¹ "Russian Memoranda", *Buckingham Correspondence*, I, 94. Teplov, a man of many parts, was well versed in the economic matters of the day and had a profound influence on the Empress. This biography by Wallace Daniel is to be published in 1991. I wish to thank Professor Daniel (Baylor University) for showing me his manuscript.

²² *Ibid.*, II, 16.

stead a trade and defensive alliance, or "northern System," involving Denmark, Sweden, Prussia, and Britain. This policy had the very direct aim of preventing Britain from slipping into a mood of contented isolation, which would be harmful to Russian interests should an enemy attack in the north while at the same time meeting constant British demands that Russia "curb" French power in the north.²³ But Panin's insistence upon the need to have England join in a defensive alliance with Russia seemed too much for Buckingham, though he was unable to bring himself to compliment Panin fully, lamenting frequently at Panin's slowness to act" due to excessive court functions, rival political groups and his disposition, which was "naturally indolent and sensual".²⁴

After the British counter draft had been sent to the Russian ambassador in November, 1762, the Board of Trade contacted the Earl of Halifax who urged the Board to consider a compromise in the treaty drafts which could "safely waive" certain previous demands in favour of the most beneficial articles of 1734.²⁵ In its reply, the Board candidly disclosed the first hints of disagreement with the Russia Company. The Board noted that the 1734 treaty had given British commerce "greater privileges than almost any other Treaty of the same kind with the other states," but the additional articles demanded by the Russia Company were not advantageous enough to risk losing the treaty renewal. The Board felt that the Russia Company's obvious desire for a written guarantee of privileges was founded "on an apprehension" and that, in fact, the Russian government *never enforced* many of their laws.²⁶

In a follow-up meeting on 3 February 1763, the board refuted the Company's insistence on British draft Article 4 (the

²³ M. ROBERTS, *British Diplomacy and Swedish Politics, 1758-1773*. (Minneapolis, 1980), 62.

²⁴ "Russian Memoranda", *op. cit.*, I, 98.

²⁵ Meeting of 19 November 1762, *Minutes of the Russia Company*, 11, 747/7. Guildhall Library. Halifax to Lords of Trade, 19 January 1763. *Calendar of Home Office Papers* hereafter cited as *CHOP*, 1760-1775. (London, 1878-1899), I, Sec. 788.

right of one merchant to sell to another) on the grounds that it "does not yet appear to be the unanimous sense of all the merchants concerned in this trade".²⁷ The Lords, not having been apprized by Buckingham of the economic discussions taking place in the Empress's inner circle of advisors, feared that the Empress, being a foreign (German) ruler in Russia, might suffer at the hands of the conservative "old Russ" if too many privileges were openly given to the Factory. But the Russia Company remained firm and reiterated its desire for Article 4 though refusing to explain its reasons. The board noted "with the greatest concern" that "so disingenuous a conduct and so vague and indeterminate an answer" by this very respectable body of merchants might irrevocably harm not only the possibility of a new trade treaty but the entire range of Anglo-Russian economic and political interests. It would be "fruitless and inadvisable" to insist on even more commercial rights although the board conceded that Buckingham and the Russia Company should never yield on any articles that would encourage Russia to establish her own merchant marine and assume control of her overseas trade.²⁸ This split now placed Buckingham in an awkward position, for Bute's government had informed him specifically that he should follow the Russia Company advice at all times and made no reference to the Board of Trade's contrary position.

Other problems arose. Buckingham complained that the Russians always thought foreigners had "some hidden design in all the propositions they offer" and his own repeated solicitations for the Treaty renewal now made them even more cautious.²⁹ Quite apart from these xenophobic tendencies, the

²⁶ Board of Trade to Halifax, 11 February 1763, *BM Add Mss* 14,035, ff. 207-10; also "Report of the Russian Company to the Lords Commissioners of Trades", 24 November 1762, *SP91/70*, ff. 204-6.

²⁷ Minutes of the Board of Trade, 3 February 1763, *JCTP (1764-1767)*, 333.

²⁸ Board of Trade to Halifax, 11 February 1763, *BM Add Mss*. 14,035.

²⁹ Buckingham to Halifax, 14 March (NS) 1763, *SP91/71*.

frequent festivals, holidays, illnesses, fires and other interminable delays in the conduct of business exasperated not only Buckingham but almost all other foreigners residing in Russia.

While some delays may have been a deliberate stalling tactic, there is no doubt that a low level of efficiency existed within the Russian ministries. Russian decision-making apparatus was confusing and contradictory with even the Empress herself complaining that the lack of harmony in the Senate was "a burden and trouble to the Empire".³⁰ In addition, the archives of the Commerce College were in a total state of disarray. In 1764, Vice-President Nepluev complained of searching unsuccessfully for various trade treaties and figures. Illiteracy, lack of knowledge about foreign commercial conditions, fuzzy delimitation of bureaucratic responsibilities, and a poor internal flow of information compounded the problems.

As if the administrative delays were not enough, there were several shifts of power at court which potentially put at risk British interests. The most notable was the apparent eclipse of Count Nitrita Panin in 1763 following the defeat of his efforts towards some reform in the Imperial Council advising the Empress.³¹ In March, Bestuzhev, supported by the Orlovs, regained his position as principal foreign advisor to Catherine. By July, the situation had worsened to such an extent that Count Solms, the Prussian minister at St. Petersburg, reported Panin's credit had fallen even further with the Empress. Additionally, the French foreign minister, the Duc de Praslin, sensing that this was an opportune time to exert pressure on the pro-French Orlov elements at court, pressed this group to drop any plans harmful to French commercial aspirations and to protest about

³⁰ "Translation of letter of Catherine to the Senate, 14 June 1763", in the letter of Buckingham to Halifax, 8 July 1763, *SP91/72*.

The Senate was unable to deal effectively with the growing amount of paper-work and legislation. See John Le Donne, *Ruling Russia. Political Administration in the Age of Absolutism*. Princeton, 1984, pp. 31 ff.

³¹ Solms to Frederick the Great, 31 March/11 April, and 8/19 July 1763, in *SIRIO*, vol. 22, p. 49.

the large number of privileges given to the British Factory.³²

Thus, it was only in late summer, 1763, that the first real Anglo-Russian discussion commenced. It was, however, not about the commercial treaty but the defensive treaty which Russia eagerly sought. Called to a meeting by the vice chancellor and Olsufev, Buckingham was presented with the long-awaited draft of the two secret articles which called for joint financial and political action upon the death of the ruling king of Poland: viz., to install a mutually acceptable candidate and to propose measures to preserve the peace and commerce of the north. This would mean suppressing any political party in Sweden and Denmark supported by the Catholic Hapsburg/Bourbon powers of France and Austria which threatened any "equilibrium" established between Russia and Britain. Upon reading it, Buckingham grew more and more irritated: "It is a very sensible mortification to me," he wrote afterwards to the new Foreign secretary, Sandwich, "to observe that every alteration is made in favour of this country without the least reciprocity for England".³³ He complained that in contrast to the 1742 alliance, the Russians had increased the cost of provisions for the troops, reduced the length of validity from fifteen to eight years, and ignored British demands that any outbreak of a Russo-Turkish war was not valid grounds for British aid to Russia (the Turkish *casus foedus* clause). In effect, Buckingham thought it was a subsidy treaty in time of peace which ran counter to the very heart of British continental policy of having other countries fight Britain's European battles but strenuously avoid any direct involvement. In his reply, Lord Sandwich agreed with Buckingham stating that Russia's demands would not ensure peace, but rather promote "fresh disturbances" in Poland, and declared the two secret articles as "utterly inadmissible" since it was "improper" to enter into the Polish succession dispute.³⁴ He urged

³² Praslin to Berenger, 27 September 1763, *SIRIO*, vol. 140, pp. 235-6.

³³ Buckingham to Sandwich, 22 August 1763, *SP91/72*.

³⁴ Sandwich to Buckingham, 23 September 1763, *Stowe Mss* 257, ff. 100-103.

Buckingham to negotiate only on the grounds that the alliance would be similar to that signed in 1742 in which Russia pledged troops to defend English interests in Europe; it could not be the reverse. Moreover, Sandwich insisted that negotiations on the defensive alliance and the trade treaty advance equally.

To date, it had been a very bad year for Buckingham and British aspirations. The only bright spot in the gloomy events was a positive move by Buckingham, — indeed one that was to prove vital to the course of the negotiations — for he finally recognized that the Empress's chief secretary Adam Olsufev possessed "superior abilities and more information than any other I have met in the country".³⁵ It is certainly remarkable that Buckingham had not sought out Olsufev from the very beginning, for he had long been known as an expert on commercial matters. The British ambassador, Sir Charles Hanbury-Williams, described him in 1755 as a "man of many parts, of application and of much acquired knowledge, who spoke and understood all languages, and supplied him with "all the material and arguments which often ran counter to Bestuzhev's plans... he is a man who has more in his power than any other in this country except Bestuzhev to forward or retard, facilitate or impede any present negotiations".³⁶ It was clear that if approached in the right manner, Olsufev could play an integral part in communicating the British point of view forcibly and directly to the Empress.

Equally for Britain, there occurred in the autumn of 1763 a

³⁵ Buckingham to Halifax, 16 March 1763, 91/71. Olsufev, whose crucial role has been completely overlooked by older diplomatic historians such as Lodge and Roberts, was also highly praised by the French chargé d'affaires Sabathier de Cabres as "un homme de la Russie, qui a le plus vertiable esprit... (et) des connaissance de lettres adroit, fin, pénétrant, habitué aux affaires...", Sabathier de Cabres, *Catherine II, Sa Cour, et la Russie en 1772* (Berlin, 1862), 40.

³⁶ Hanbury-Williams to Holderness, 23 June/24 July 1755, SP91/60. The appearance of Olsufev as "the man in charge" is comparable to the role of P.P. Shafirov in the 1734 treaty negotiations. W. BUTLER, (ed.), *P.P. Shafirov, A Discussion concerning the Just Causes of the War Between Sweden and Russia, 1700-1721*. (New York, 1973), 25, fn. 43.

dramatic turn of fortune, for Panin in his struggle with the Orlov faction, seemed to have gained the upper hand. This led to a temporary policy shift to downplay Russia's desperate desire for a defensive alliance with Britain. In addition, the aged but highly respected Field Marshall Burchard Cristoph von Münnich reappeared at court with Catherine's permission. A sworn enemy of Bestuzhev, he objected strenuously to any Russian support of Austria and indirectly, France, as it would only serve to draw Russia into yet another war with Prussia over Austria's claim to Saxony.³⁷ With the prestige of this military hero on his side, Panin and his supporters were able to regain ascendancy at court in late November. Panin was placed in charge of the negotiations with Prussia for a treaty of alliance and by early 1764, Bestuzhev had retired "in disgrace" and an accord with Prussia was signed that guaranteed each country's European possessions and obliged Frederick to support the election of Poniatowski to the Polish throne in August, 1764.

Meanwhile, back in England, British policy seemed to be taking a far different course which was to confuse Anglo-Russian treaty negotiations even further. The new Grenville administration, which had come into office in September of 1763, had not been consulted by either Russia or Prussia as to the nature of their previous secret negotiations, nor had Buckingham been astute enough to discern any major Russian shift. As a result, the foreign secretary, Lord Sandwich, directed his government's wrath at the "underhanded" actions of the two countries's respective ambassadors in London.

Since his arrival in London in 1762, Count Alexander Vorontsov, nephew of the chancellor, had remained less antagonistic towards the French than Sandwich had desired while, at the same time, he conferred with Pitt's opposition party in an effort to negotiate a new defensive alliance which would include

³⁷ For a discussion of this work published in Copenhagen in 1774, D. RANSEL, "The Memoirs of Count Münnich", *Slavic Review*, XXX, 4(1791), 850-1.

Prussia and guarantee Russia British help in any war with Poland, Sweden, or the Ottoman Empire.³⁸ He complained constantly about the pettiness of English politics, and "instability and faithlessness" in the present government making an Anglo-Russian alliance on its own without Prussia "unadvisable".³⁹

Greatly irritated that Pitt was slowly undermining the effectiveness of his government's policy, Sandwich blamed Vorontsov's "cabals" with Pitt and his "hostile" reports back to Russia for the great difficulty in establishing a "union of councils" between the two countries, whom he considered natural allies. He took special exception to Vorontsov's "fake colouring" of the British diplomatic position, saying that the "exigency of affairs in England makes an alliance with Russia so absolutely necessary that we shall be glad to accept it [the treaty] upon their own terms".⁴⁰ In light of this animosity, Vorontsov's position was rapidly becoming untenable and in early 1764 Sandwich asked for his recall. He left in March, hating Sandwich "most cordially".⁴¹

³⁸ ALEXSANDR VORONTSOV (1741-1805) was appointed to the London post by Peter III. His lack of experience in state service was equalled only by that of his brother Semyon. He became an ardent Anglophile in his short sojourn in England despite its unpleasantness, meeting the Elder Pitt, Lord Sydney, Charles Townshend among others. He was President of the Commerce College in St. Petersburg in 1773.

³⁹ Pitt had always been rather scornful of an Anglo-Russian treaty; Russia was merely "a newly-rising northern star... that will not shine with any light of its own for Great Britain must be the sun of all this solar system..." B. WILLIAMS, *Life of William Pitt* (London, 1912), I, 276-7; See also "Vorontsov note", 3 December 1763, BM Add. Mss. 32, 888.

⁴⁰ Other incidents had also placed the unfortunate ambassador in an embarrassing position. One was an affair with the ageing widow, the Marchioness of Blandford, which shocked London society. The second was the tragic sinking of a ship hired by Vorontsov to carry English immigrants to Russia in 1763. Several lives were lost and Russia was forced to pay damages. Buckingham to the Countess of Suffolk, 31 August 1763, *Lothian Report*, 176-7; ROGER BARTLETT, *Human Capital. The Settlement of Foreigners in Russia, 1762-1804*. (Cambridge, 1979).

⁴¹ *Sandwich Correspondence*, 136fn; Vorontsov's touching letter of farewell is in P. ALEKSANDRENKO, *Russkie diplomaticheskie agenty v London v XVIII veke*, 2 vols. (Warsaw, 1897; rep. ORP, 1971), II, 100-101; Pitt wrote "vous quittez un pays, où vous serez certainement bien regretté, mais de personne plus sincèrement que moi", Pitt to Vorontsov, 23 March 1764, P. BARTENEV, (ed.), *Arkhiv Kniazia Vorontsova*, (Moscow, 1870-95), XXXIX, 303.

Sandwich had every right to be angry with Vorontsov but for the wrong reason. Rather than contributing to "fake colouring" of the British viewpoint, Vorontsov had spent much of his time despatching to St. Petersburg rumours and printed material of a host of problems facing the government at the time — the Wilkes affair, the rivalries within the Grenville faction, and general civil unrest in London resulting from unstable economy. These reports, and those made by Vorontsov's successors, led some at the Russian court, including Catherine herself, to question the wisdom of relying too heavily upon the British in any political arrangement, when they were more likely to interest themselves in "an election in Essex than in the Northern System".⁴²

It was now Prussia's turn to feel Sandwich's displeasure. Incensed at Frederick's continual efforts to malign the British government by intriguing with the opposition factions through his ambassador Abraham Michel, and bitterly resenting Michel's past intrigues with Vorontsov to prevent the conclusion of an Anglo-Russian alliance, Sandwich demanded the ambassador's recall in April. Alarmed at the turn of events and the expelling of two ambassadors hostile to the British, Catherine immediately named the more moderate Baron Gross as Russia's new ambassador.⁴³ It was his responsibility to prepare the first Russian counterdraft of the trade treaty. Failure could lead to a severe break in Anglo-Russian relations with the likelihood that Russia would turn increasingly towards Prussia for support. Nor could Sandwich ignore the possibility of an early Russian

⁴² I RODZINSKAIA, "Istochniki po istorii russko-angliiskikh otnoshenii 1760-1770 godov", *Trudy moskovskogo gosudarstvennago istoriko arkhivnogo instituta*, XXIV, 1966, p. 141. See also letter of Vorontsov to Panin, 17/27 December 1763. *BM Add. Mss.* 32288, f. 87-97.

⁴³ Aleksandrenko, I, 37, 118. George III had previously rejected Gross as a man of insufficient wealth and rank and somewhat unfairly described as "un homme consommé dans les affaires, ayant cependant une figure ignoble et les manières d'un homme d'assez base extraction". He died in November, 1765; Mitchel to Sandwich, 21 January 1764, *BM Add. Mss.* 6810.

move towards some rapprochement with France — clearly a most undesirable development.

* * *

In his treaty draft, Gross had to confront a major new obstacle. This was the Russia Company's rejection of a proposed British government linen tax. The year before, some government supporters in the House, including the experienced Russian traveller, Sir Francis Dashwood, complained that the new British linen import tax "complicated and mixed with our treaties in Russia".⁴⁴ Nothing was clarified until February 1764 when Parliament passed a measure to increase duties on linen imports, including Russian goods, by twenty to thirty percent. Also it had withdrawn the right for importers of unrated linen to pay duties according to the declared value. Parliament found that these values "had been very unequal" in relation to the duty paid, and now asked that linens be charged accordingly to a set value. Quite naturally, the Russia Company protested, claiming that this high duty would not only ruin the linen trade but lead to retaliation by Russia against British goods. They pointed out that when Britain had raised duties on sailcloth, the trade had stopped altogether and soon fell into Dutch hands. At the same time, the Company enlarged its claims and urged the government to allow a drawback on all hemp made into cordage, which would encourage exports to Spain, Portugal and the colonies.⁴⁵

As Buckingham grew steadily less interested in anything Russian, Panin countered this linen tax with his own form of carrot and stick. In August, he recognized the problems inherent in the flagging timber monopoly held by the Bristol mer-

⁴⁴ "Conversation with Lord Bute from the Attorney-General [Marriott] 9 April 1763", in C. YORKE, *The Life and Correspondence of Philip Yorke, Earl of Hardwicke* (Cambridge, 1913), III, 385.

⁴⁵ Petition of the Treasury Board, 22 March 1764, *Minutes of the Russian Company*, 11741/7.

chant William Gomm in the Kola region and offered him a very favourable loan to keep the operation alive.⁴⁶ Although the Russia Company was pleased with this gesture, a month later Panin informed Buckingham that Article 4 of the 1734 treaty was unacceptable and insisted upon lower duties for goods exported by Russian merchants, even when Russians used British ships. Buckingham replied that even when some Russian government goods had been shipped to England on board vessels built by an Englishman (in this case, Gomm), the duties had been equal. The problem arose when Russia sent commodities to other countries in her own ships. Panin also refused to classify Britain as the "most favoured trading nation" in the matter of import duties on cloths and flannels, nor would he act on the petition of the British Factory which had complained about various restrictions on foreigners at Riga.⁴⁷

He also delayed on the matter of lifting Persian trade restrictions, stating that the 1746 prohibition could only be settled by a "separate convention" which was not elaborated upon. This matter was of importance to the Russia Company since it still entertained hopes of retrieving accounts worth £ 100,000, abandoned on the outbreak of civil war in the late 1740s, and also to counter any possible Russian silk trade expansion into Persia and Central Asia. Writing to Sandwich in October 1764, Robert Nettleton, the Russia Company governor, sensed that the Persian trade initiatives were quickly passing out of his hands and proposed a compromise which would avert another confrontation so distressing to the Russians.⁴⁸ He suggested that the

⁴⁶ Gomm's fortunes improved dramatically. He built 24 ships in 1764-65 ranging in size from 300-500 tons. Contemporary descriptions of his Kola based operations revealed "the most astonishing sight" of 33 British ships loaded with timber for export to Britain. See my article, "William Gomm. A Case Study of the Foreign Entrepreneur in Eighteenth Century Russia", *Journal of European Economic History*, VI, 3 (1977), 540-1.

⁴⁷ Buckingham to Sandwich, 23 September 1764, SP91/74.

^{47a.} *Ibid.*, October 1764.

⁴⁸ Catherine and the Senate allowed the Admiralty to send three ships to northern Persia to promote Russian trade as well as encouraging trade with the Turkomens

Company should not be located in Ghilan along the shores of the southern Caspian, as it had been in 1740, but at Astrakhan on the Volga where the Russians could exercise closer supervision. The Company would also waive its demands to build boats and would hire Russian vessels and crew.

Meanwhile Buckingham, shuddering at the thought that the British might be on the same footing as other merchants in Russia, predicted utter ruin. He placed the entire blame for this policy on Grigory Teplov and "some merchants" for their "most gross misrepresentations of the present state of Russian trade" with their warnings to Panin that Russia did not need foreigners in her trade.⁴⁹ Both Buckingham and Sandwich feared Russia might rescind its promise to grant the Factory very low customs duties on its woollen exports to Russia. This, together with Russia's new friendship with Prussia, gave rise to the British vision of Silesian woollens once again flooding into Russia and cutting the British trade.⁵⁰ Further meetings with the Orlov faction led to nothing for it was often hard to discern whose side it was on. In any event, it was not to matter as his court status was now severely weakened in the face of this vigorous stand by Panin against trade concessions.

Nor was Buckingham helped by the lack of progress on the defensive alliance negotiations. Panin was also involved with these and assumed an equally tough posture. He urged Buckingham to increase the size of the subsidy, stating that Russia had already sent two million rubles to Poland for expenses of "their friends who want more." To be sure, Buckingham deftly ignored these requests, trying instead to steer Russia back to the

along the southeastern Caspian Sea who were considered the link to the illusory Central Asian riches of Khiva and Bukhara. L. IUNYSOVA, *Torgovoiiaia ekspansiiia Anglii v basseine Kaspiiia v pervoi polovine XVIII veka*. Baku, 1988. This trading venture had come just after an effort (thwarted by the British insurance agents in London and Leghorn at the last minute) to establish trading links with Italy through the port of Leghorn. "Russian Scheme for a Levant Trade" *SP9172*, ff 163-66, 208-09.

⁴⁹ *Ibid.*, Buckingham to Sandwich, 9 October 1764.

⁵⁰ Sandwich to Buckingham, 25 September 1764, *Stowe* 257, f. 103.

trade treaty by echoing Sandwich's words that Britain did not really need Russia's exports in the light of her colonial resources.⁵¹ But his heart was no longer in the job. Worn down by both Panin's negotiating techniques and the loss of trust in any of his influential friends in England, he admitted that all open negotiations were at an end and asked for his recall from "the Frozen North where pleasure treads with doubtful steps".⁵²

On the whole, 1764 had been another poor year for British policy in Russia. The commercial treaty negotiations were still mired in the dispute over the alliance treaty; there was a host of unresolved older difficulties as well as the newer ones concerning the problems of equal duties, Riga trading rights and the Persia trade. In the wider sphere of diplomacy, Russia and Prussia had signed a treaty of alliance and had successfully placed their own candidate on the Polish throne. They were even more determined now to be joint masters of the Baltic whatever Britain might wish. For Buckingham, the bleakness of the Russian winter corresponded to his lack of success and in January 1765, he had his last audience with the Empress and left St. Petersburg for England and eventual obscurity. He was not missed; the situation was badly in need of a stronger and surer hand. While some responsibility for the *impasse* in negotiations for both treaties can be attributed to the machinations and divergent aims of the various interest groups within the Russian court, there is little doubt that Buckingham contributed significantly to the British failure. He had overrated Austrian influence in the Russian court, at the same time playing little heed to Prussian aims, claiming any Russo-Prussian alliance was created only "for the purpose of the moment." He certainly had little knowledge of the genuine movement of economic ideas swirling about at court

⁵¹ Buckingham to Sandwich, 13 November 1764, SP91/74.

⁵² Buckingham to Sir Joseph Yorke (The Hague), 22 November 1764, *Buckingham Correspondence*, II, 262; Buckingham to Lady Suffolk, n.d. [autumn], 1764. BM Add. Mss, 22, 358.

which was contributing to a new sense of Russian economic nationalism and his failure to discover these momentous events was inexcusable. Nor did he understand Catherine's growing realization of Prussia's value in her efforts to manipulate the Polish election and develop Russian hegemony in the region. Quite apart from his strategic deficiencies, Buckingham's personal characteristics were tried and found very wanting at the Russian court. Catherine described him as vane and wimpish — "un des plus plats hommes qu'on puisse connaître".⁵³ His reluctance to play cards and dance, prerequisites at court, and, as he shamefully confessed to his aunt "of that abominable bashfulness which has so often hurt me" were fatal to his Russian career.⁵⁴ Yet, one British diplomat noted that while the Russians were glad to be rid of Lord Buckingham, he wondered how his successor, Sir George Macartney, would fare in a country where "not history, nor the classicks will work on them: to combat there it is the knowledge of men, Greek perversity, and to see through the turpitude of the human heart".⁵⁵

Part. 2

In his instructions to Sir George Macartney, His Majesty's newly appointed ambassador to Catherine the Great's court at St. Petersburg, the British Foreign Secretary Lord Sandwich had two major goals. One was to have Macartney learn as much about the economic life of Russia as possible, including "the amount and state of the revenue, from whence it arises," as well

⁵³ Quoted in A. Cross's introduction to the reprint edition of Sir George Macartney, *A Russian Alamanch for the Year 1767*. (London, 1768; rep. Frank Cass, London, 1978).

⁵⁴ Buckingham to Countess of Suffolk, 24 July 1764, *Buckingham Correspondence*, II, 208.

⁵⁵ Historical Mss. Commission, Tenth Report, *Weston Underwood Papers*, I, 385. Years later Buckingham was to blame the "economy of the English Treasury" in 1764 for not making enough money available for bribery, thus "rendering ineffectual" any negotiations. Buckingham to Lord George Germain, 8 July 1780, *Lothian Report*, 320-321.

as "the state and nature of the commerce and manufactures carried on in the different parts of the Russian dominions" and their effect upon British interests.¹

Secondly, Macartney was not, under any circumstances, to take any initiative on the defensive alliance negotiations but, rather, merely to report on the views held by Panin and the Empress. In keeping with the general diplomatic procedure of the time, at least for Britain, Macartney received no specific information as to the British government's real intentions in the north. It was grandly assumed that he would use his common sense to preserve the perceived British interests when it was time to initial a draft.

Upon his arrival in Russia, Macartney immediately exchanged views with the British Ambassador in Stockholm, Sir John Goodricke, concerning French aims in Sweden. He also quickly became a trusted friend of Caspar von Saldern, the Holstein agent and unofficial advisor to Panin on German affairs.² He got on tolerably well with Panin and was a favourite among the court ladies, one of whom would shortly bring about Macartney's greatest crisis at the Russian court. For the moment, however, his willingness to listen and be seen at court balls caused his star to shine incomparably more brightly than that of Buckingham, and British hopes for an early trade settlement rose accordingly.

Coinciding with Macartney's arrival in Russia, Baron Gross in London handed Sandwich a new Russian trade treaty draft which indicated only minimal concessions by Russia with some

¹ Sandwich to Macartney, 22 March 1765, *SP91/75*. The Macartney papers are spread among several repositories; some are in the Belfast Public Record Office, the Bristol Museum, the British Museum (his letterbook for 1761-64, *Add. Mss.* 51, 388-9) and the Osborne Collection in the Beinecke Library, Yale University. Most of these, however, deal with his career before or after Russia as does the latest biography, PETER ROEBUCK (ed.), *Macartney of Lissanoure, 1737-1806: Essays in Biography*. (Belfast, 1984). The Russian diplomatic phase of his life has been well treated by MICHAEL ROBERTS, *Macartney in Russia* [English Historical Review, Supplement]. (London, 1974).

² Ransed, *The Politics*, 241-46.

of the key stumbling blocks of 1761 still intact.³ The draft insisted that Catherine should be titled "Imperatrice at Autocratrice" and that the treaty itself was one of "Commerce et Navigation." It omitted any reference to a specific statement on the equality of export duties for both Russian and British merchants but insisted that all merchants "se conforment ponchiellement (sic) aux droits, statuts at ordonances ordinaries du pays." It also ignored the restriction placed in the 1761 British draft that Russian merchants should only buy and sell wholesale in Britain.⁴ The Russians doubtless felt their own merchants should be able to retail goods at British fairs just as the British wanted reciprocal rights.

The best that the 1765 draft could offer was a general promise that British subjects would not pay any more duties on exports and imports than those of any other country (Article 9). For British merchants at Riga, incensed with Dutch traders paying less import duty on such a competitive item as fish, this was a real concession. But, on the whole, it failed to meet the demands of the Factory in St. Petersburg that Russian merchants pay less; nor was the penalty for trying to smuggle in goods steep enough.

A more sensitive issue, however, was the continuing difficulty concerning Russia's demand to view the treaty as one of "commerce and navigation" as this detracted from what the British felt was the main task at hand — settling the demands of the British Factory and protecting Britain's commercial monopoly throughout much of the trading world.

The Russian draft rigidly insisted that Russian ships, as neutral ships trading in war-time, should not be molested "dans leur Navigation" provided they conformed to the usage of the law. (Articles 3,4). Russia also made no concessions on the old list of items which should be exempt from the category of "war

³ Draft handed to Sandwich on 3 January 1765, CO388/52, ff. 114-21. SP91/76, ff. 46-54, in parallel text Sandwich's opinions and counter-suggestions.

⁴ SP91/76, f. 116.

goods": sailcloth, building materials, hemp, flax, wrought iron, with the addition of masts "et tous les autres effets qui peuvent servir aux autres usages que ceux de la guerre." Sandwich remarked that it would be better to have Russia as an enemy if this clause were retained: "I could never sign such a treaty," he wrote, "it would be treason of the worst kind to my Sovereign and my country".⁵

It is difficult to perceive that Russia, with its tiny merchant fleet, would ever be in a position to ship goods in large amounts to Britain's enemies. Thus, it is entirely possible that Panin, by introducing these political considerations, wished to draw some concessions out of the British and would be able to back down later without having given up any long-term strategic considerations.

Thus, while the larger political ramifications of navigation were left open, the Russian draft accepted British demands in some critical areas. British merchants were allowed to buy (though not sell) wholesale, using Russian rubles. Russian debtors were to be returned to St. Petersburg by local governors, the sanctity of British merchants' books and papers was upheld, as was their right to build, sell and rent houses in several Russian cities. Given these concessions, Sandwich asked the Board of Trade whether these were enough, and the Board in turn asked the Russia Company. Nettleton replied that the company thought it better to accept the old treaty rather than have none at all, yet still insisted upon the basic demands of 1761. These were that British merchants should have the right to buy and sell wholesale to each other (Article 4), that the Factory could pay duties on exports from Russia in any type of silver coin equal in value to the reichstaler, and that creditors of a bankrupt merchant could choose assignees who would then proportionally divide up the assets. On the whole, however, Nettleton's position had softened over the year and he seemed willing to en-

⁵ *Ibid.*

tain some compromise, as long as Article 4 were to stand.⁶

With these latest opinions in hand, Sandwich urged Macartney to force Russia to recognise that the British Factory had the right to pay customs duties equal to what the Russian merchants paid and that the quality of duties would be established if the Factory could buy and sell to each other without first having to export the goods from Russia.⁷ If this equality were not established, Sandwich feared the Factory would turn to contraband and smuggling to maintain their profit level. He also wanted Macartney to secure a most-favoured-nation customs duty for British woollens which would successfully eliminate the possible upsurge of commercial activity between Russia and Prussia.⁸

Elaborating on his previously published views on neutrality and Russia's diplomatic position in wartime, Sandwich completely rejected the Russian draft articles of "free ships making free goods." He considered this a concept which "His Majesty will never listen to" and defended the British practice of seizing neutral vessels carrying cargo helpful to the enemy.⁹ He wanted to incorporate the 1734 articles prohibiting the concept, or, at least, "the spirit of the two." For support, he reiterated the arguments against the Russians views, advanced by the apologist for British maritime law, Attorney-General James Marriott, that the whole subject of "free ships, free goods" was a dangerous precedent for Britain to accept since Russian trade was largely in naval stores.¹⁰ Marriott stressed that it was better to have con-

⁶ Board of Trade to Robert Nettleton, 25 January 1765, *BM Add Mss.*, 14,035. Memorial of the Russia Company to the Board of Trade, 1 February 1765, *CO388/52*, ff. 113-4; *Minutes of the Russia Company*, 1 February 1765, 11, 741/7.

⁷ Sandwich to Macartney, 15 March 1765, *SP91/75*.

⁸ Schweig wanted Catherine to give him the monopoly of all woollen trade between Prussia and Russia to force the eventual exclusion of the British Factory. In view of British hostility, Catherine did not accept this proposal. See Count Solm's letter to Catherine, 10 September 1766, "Note pour le Ministère de sa Majesté...." *Egerton Mss.*, ff. 98-102, British Library.

⁹ Sandwich to Macartney, 15 March 1765, *SP91/75*.

¹⁰ JAMES MARRIOTT (1730?-1803) was the rabidly nationalistic author of a treatise on neutral nations. He was supported by Halifax and Sandwich in his successful bid for the mastership of Trinity College, Cambridge in 1764. N. JUCKER, (ed.), *The Jenk-*

siderable ambiguity as to the nature of a contraband good, as was implied in Article 12 of the 1734 Treaty, than to permit the Russian draft which differentiated contraband goods (weapons, ammunition) from all others. Thus, Sandwich's proposals omitted any enumeration and left the distinct impression that any item deemed contraband by the British at the time could be seized — a vagueness that he and his country were to regret bitterly in 1780 when Catherine formed the League of Armed Neutrality against Britain.¹¹

A more entrenched difficulty lay with the British Factory's position in the Baltic port of Riga. The Russian negotiators had previously shown no flexibility on the whole problem of the status of Riga trade rights *vis-à-vis* the British merchants. It was a regional difficulty that had smouldered for several generations. Riga had long enjoyed special status as an autonomous trading city, a privilege granted to it by Sweden in 1690.¹² This extended to the four hundred or so merchants of Riga exclusive rights to act as middlemen in the trade between Polish and Livonian peasants in the countryside and foreigners in the cities who wanted to export their products. These privileges remained after Peter the Great occupied the city in the Great Northern War, nor were they altered in the 1734 treaty, partially because the British Factory had praised the honesty and efficiency of the Riga brack system.¹³

ison Papers, 1760-1766. (London, 1949), 110, 255, 296, 301; 11. "Response of James Marriott, 4 February 1765," CO388/52, ff. 144-7. Marriot conveniently disregarded the 1747 law case in which a British prize judge ruled that Article 11 of the 1734 treaty entitled Russia to carry naval stores to the enemy.

¹² S.E. ASTROM, *From Stockholm to St. Petersburg: Commercial Factors in the Political Relations between England and Sweden 1675-1700.* (Helsinki, 1962), 75. Even in 1792, one traveller remarked "Riga is chiefly German in dress, religion and language. Russians are strangers there in their sheepskins and long beards." ANDREW SWINTON, *Travels into Norway, Denmark and Russia in the Years 1788, 1789, 1790 and 1791.* (London, 1792), 127.

¹³ O-H. ELLIAS, "Zur Lage der undeutschen Bevölkerung im Riga des 18. Jahrhundert," *Jahrbücher für Geschichte Osteuropas*, N.F., XIV, 2(1966), 481-4. 14. Petition of English Merchants at Riga, 16 May 1762, CO388/50; Petition of Riga merchants to Samuel Swallow, 1 May 1765, SP91/76, ff. 194-9.

In 1756, the relationship changed as Riga burghers, anxious to benefit from the enormous increase in European demands for naval stores brought on by the war, drew up what was to become the infamous Trading Ordinance which doubtless influenced the empress's overall thinking.¹⁴ It drastically restricted the foreigner's trading role in the city. Foreigners could export only goods sold to them by Riga burghers; they could not sell goods or lend or change money for each other; they had to pay excessive taxes on a variety of items, tonnage, fire dues and so forth; they were only allowed to reside personally in Riga for two months a year in a burgher's house; all foreigners had to store their goods in a predetermined "certain obscure hole of a warehouse... under the care of a sorry miserable indigent Fellow who is not worth a groat and in whom we have no sort of confidence whatsoever".¹⁵ Moreover, as the result of the control of trade by the wealthy Riga burghers and retailers, prices sharply increased on all imports. The British merchants protested that they paid a thirty-three percent greater import tariff than their Dutch competitors on almost all goods and twenty-five percent more on all exports of masts, iron, tar and timber.¹⁶

The result was predictable. The Riga export trade could not keep pace with commerce in the rival cities, Königsberg and Danzig, while the import trade dwindled to meeting demands of the petty shopkeepers who charged "exorbitant" retail prices.¹⁷ Consequently, the British merchants called for their government's immediate support for duty-free entry into Riga of all Russian goods destined for export, especially flax and hemp; more moderate duties on imports and exports to England and Russia; better warehouse facilities, the right of Polish, Russian and Lettish merchants and peasants to sell to whomever and whenever they wished; measures to "improve and regulate the

¹⁵ *Ibid.* "Petition of English Merchants."

¹⁶ *Ibid.*

¹⁷ Adding to the general confusion was the closure of Narva in 1756 because of the war.

quality of all porters, cranes, pilots, wharves, and harbour facilities," and finally the right of foreigners to sell freely to anyone.¹⁸

To forestall some of the expected British hostility, Catherine had established in April 1763 a Riga trade commission which was to report directly to her. Further discussions took place with the governor, Count Brown and the Riga trade inspector, von Dahl, when the Empress made an unprecedented personal visit to the city in late 1764.¹⁹ All agreed upon the need to increase the export of timber, grain and other agricultural goods from the rich lands of Poland and Courland using Riga as the main shipping port. At the same time, the Empress understood the request by Johann Link, the Lifland treasury advisor, for a loan to the city of Riga of 500,000 reichstalers, would be used to provide cheap working capital for the Riga burghers. This in turn would lessen their interest payments (said by Link to amount to over 100,000 reichstalers a year) to British and Dutch merchants who had previously financed a substantial amount of trade in the port.²⁰

Although the Empress was faced with emphatic demands from two vigorous interest groups, it was clear that Russia's greater prosperity lay with placating the British as quickly and conveniently as possible. In September of 1765, British merchants reported that a number of their complaints had been acted upon and that the trading situation had considerably

¹⁸ "Petition of Riga merchants." *op. cit.*

¹⁹ Dahl later became a confidant of Catherine on all trade matters. "Besedi Imperatritsy Ekateriny II's Dalem 1772-1777," *Russkaia Starina*, Sept. 1876, pp. 1-20; G. HELBIG, *Russische Günstlinge*. (Munich-Berlin, 1917), 418-9. Dahl's house was said to be the only place in St. Petersburg where one could meet the writer and social critic Radishchev.

²⁰ Kh. Strod, "Vliianie torgovoi politiki Rossiiskoi imperii na razvitie sel'kogo khoziaistva Latvii v XVIII veke," in Iu. Krastyn, (ed.), *Ekonomicheskie svyazi Pribaltiki s Rossiei: Sbornik statei* (Riga, 1968), 157-9. The Riga trade is described in U.L. Lehtonen, *Die polnischen Provinzen Russlands unter Katerina II* (Berlin, 1907), 476-88. For Catherine's visit, see E. BUCHHOLZ, "Über die Empfang Katherine II in Riga im Jahre 1764," *Sitzungsberichte der Gesellschaft für Geschichte und Altertumskunde der Osteprovinzen Russlands aus dem Jahre 1895* (Riga, 1896), 24-30.

improved.²¹ In December, the Senate incorporated these new measures into a completely revised commercial code, the Riga *Handels-Ordnung*.²² Several sections dealt with foreign trade. All raw material imports into Riga from Russia were exempt from duty and all manufactured Russian goods paid a small two percent tax if imported by land, but were duty free if imported by sea. (Section II/43; II/47/3). All imports destined for export to the Baltic provinces paid a six percent *ad valorem* duty while goods to be sold in St. Petersburg or Moscow were to be taxed in St. Petersburg at the prevailing tariff rate. Warehousing facilities were increased, established merchants could bring in money and loan it to each other — a victory for the British; foreign merchants could sell retail goods by the piece (not in bulk) to Riga citizens at local fairs and in their own homes. To avoid the previous confusion of certain tax exemptions, the foreign merchant was to pay all associated taxes levied by the city, (fire, pilotage, tonnage, accident, sea-court, poor), but could be compensated by his Riga business contact as part of the commercial transaction (Section V/80-V103/1). Finally, a new Riga tariff was drawn up to be effective in 1766, which included more favourable tariff rates and a better description of exports to be taxed.

It was a splendid beginning to a new spirit of compromise, initiated by Russia, and it led to a definite relaxation of the tense atmosphere of the treaty negotiation in St. Petersburg. In June, after consultation with the British merchants, the Board of Trade informed Sandwich that if an article stipulating that Britain would be treated in all cases on the basis of the most-favoured-nation could not be obtained because of "local rights," then even a statement outlining existing British rights would be of "very great advantage".²³

²¹ "Plaintes et demands des marchands Britanniques à Riga, 24 September 1765," SP91/76, f. 270ff.

²² PSZ/XVII, 12, 518, 7 December 1765.

²³ Board of Trade to Sandwich, 11 June 1765, in *Calender of Home Office Papers*. [CHOP] (London, 1878-1899) Vol. 3: Years 1760-1765, Section 1777.

Another indication of the change in attitude was contained in a long report based on a preliminary poll of Factory attitudes, carried out by the trade consul Samuel Swallow.²⁴ He warned that the poll indicated the Russian court could never allow free trade between the British factors for fear that this would lead to export of Russian coinage and a great lowering of commodity export prices. On the problem of equality of duties, Swallow agreed that any reduction allowed solely to Russian merchants, coupled with the low price the Russians originally paid for goods, had the potential to ruin the Factory. However, both he and the Factory were not unduly alarmed since they felt the Russians would not establish any lasting outlets in Europe in the near future to take advantage of their new commercial position. Moreover, he said that many of the Russians would still have to pay the thirteen percent inland duty on all exports and imports. On other points raised in the 1765 draft, Swallow was dubious. The export duty, based on the rate of 125 kopecks per reichstaler, was absurdly high; the Russians would reject the drawback suggestion because of its "novelty" and magistrates still might allow Russian merchants to default on debts and later trade "in borrowed names".²⁵

Other events hastened this "thaw." Count Münnich, responding to a petition by the Factory, made some important trade concessions by allowing the Factory to export Russian timber planks at greatly reduced duties if bar iron was also exported in the same ships.²⁶ Further afield, Catherine and Panin were both impressed by the January victory in the Swedish Diet by the "Cap" party, whose anti-French activities and electoral campaign had been jointly financed by Britain and Russia. In Britain, Parliament passed a law exempting all unrated Russian

²⁴ "Observations of Samuel Swallow to Sir George Macartney, 27 April 1765," SP91/76, f. 90ff.

²⁵ *Ibid.* Riga duties were assessed in thalers as the ruble was not legal tender until 1793.

²⁶ PSZ, XVII, 12, 461, 26 August 1765.

linen from import duties. Previously, the duties had been based on the value as declared by the importer, "which by experience has been found to be very unequal from the various values fixed by the importers on the same Species of Goods".²⁷ In lieu of these duties, all Russian unrated linen, mainly diaper, was rated to pay the old and cheaper rate as defined by the Act of Tonnage and Poundage of 1660 — a most favourable concession to both the Russian linen manufacturer and the Russia Company merchant.²⁸

Another indication of the British move towards some compromise came with a change of government and the new Rockingham administration's dismissal of George Grenville from the inner power circle of the cabinet. Never a popular man, Grenville's colonial policies (especially the Stamp Act) and indifference to Russia had alienated him from his colleagues. This, together with the failure of his protégé, Buckingham, effectively cleared the way for Rockingham to strengthen the weakened Anglo-Russian ties.²⁹

Given London's more positive attitude, Macartney renewed his efforts to conclude the treaty. In July, he entered into separate negotiations with Panin, thereby avoiding the entanglements of the over-zealous newly established Commerce Commission, or "Hydra Commission," as he called it. But Panin proved to be unwilling to give away privileges, particularly

²⁷ 5 Geo. III c. 43.

²⁸ At the same time Parliament passed an act regulating the manufacture of woolen cloths and stockings in West Riding, Yorkshire, to "preserve their credit in foreign parts;" 6 Geo. III c. 23; 6 Geo. III c. 29. Later in the year, a law permitted British cordage to be made from either domestic or imported hemp. 6 Geo III c. 45.

²⁹ The unpopular Grenville was dismissed on 10 July 1765. The *Dictionary of National Biography* entry reads: "... stern, formal, and exact, with a temper that could not brook opposition and an ambition which knew no bounds, Grenville neither courted nor obtained popularity... utterly destitute of tact, obstinate to a degree... his administration was a series of blunders [and] ill-considered attempts to enforce the trade laws... the King [had] said: 'he would rather see the devil in my closet than Mr. Grenville'..." (XXIII, 116). On Grenville's disastrous colonial policy, Dora May Clark, *The Rise of the British Treasury*. (New Haven, 1960), 118 ff.

equality of duties, unless Britain's offer of a *quid pro quo* was of definite advantage to Russia. Sandwich refused to make any attractive offer, thereby forcing Panin to take up the initiative again by asking Macartney to sign a reservation "Declaration" to article 4 of Gross's version "mais alors on se réserve de la part de la Russia en reciprocité de l'Acte de Navigation de la Grande Bretagne, la liberté de faire dans l'intérieur tel arrangement particulier qu'il sera trouvé bon pour encourager et étendre la Navigation russe".³⁰ With regard to Articles 10 and 11 and the nature of contraband in wartime, Macartney was unable to convince Panin of the logic of Marriott's defence of British actions and was forced to abandon any inclusion of it in a treaty draft.

Macartney was very displeased at this turn of events, for he thought Panin's stance was out of place in the light of Russia's inability to carry on her own navigation for "want of money, industry and genius".³¹ His anger subsided somewhat when Panin informed him it was not his doing, but rather that of the Empress, "who is infinitely jealous of her Powers, looks upon it as an affair of interior policy only and not as a proper object for a Treaty binding her".³²

On the rest of the treaty, Panin agreed with the British draft of 1761 and Sandwich's comments on Gross's 1765 draft. British merchants were allowed to pay all import duties in "current coin" — a distinct improvement over the 1734 Treaty, which called for payment in silver reichstalers. British merchants had the right of appeal to the Commerce College in any law suit. Article 18 allowed the bankruptcy procedure, which Macartney noted that Russia had "even borrowed from us to incorporate into a new law for the Empire," and stipulated that only three

³⁰ Macartney to Grafton, 26 July/6 August 1765, *SP91/76.31*. *Ibid.* Present Treaty of Commerce as signed 4/15 August with remarks (by Macartney).

³¹ *Ibid.*

³² *Ibid.*, Panin to Macartney, 25 July 1765.

foreign merchants would examine the papers of any bankrupt British merchant.³³

Although Macartney was still worried about the offending navigation clause, Panin was in no mood for a further delay and curtly warned him that "il nous est absolument impossible de faire plus," threatening a termination of all talks.³⁴ Shaken by this ultimatum, Macartney ignored his instructions, accepted Panin's declaration and signed the commercial treaty draft on his own initiative in August, 1765. The King and Cabinet now had to approve the signature, and Parliament had to ratify the treaty before it could take effect.

It is easy to sympathize with Macartney's position. He was apprehensive about the consequences of failure to produce a treaty that was so urgently desired by the British merchants; at the same time, his political isolation in Russia tended to magnify the threats and pleas of the Russians. He also realized that, despite the avoidance of the "Hydra Commission," both Panin and Catherine were intractable on what they perceived to be minimum Russian desires.

Another factor was the "foreign cabals," especially those represented by French and Spanish commercial groups, which wanted concessions for their own merchants.³⁵ There was also the problem of the Orlov faction. Macartney took cold comfort in his belief that the whole affair would have been much worse if Panin had been replaced by "his creatures" the Orlovs who were "mere Russians." This, remarked Macartney, would have meant "adieu to the Treaty forever".³⁶

³³ *Ibid.*

³⁴ *Ibid.*

³⁵ The French, in particular, had offered Russia a treaty in 1761 by which France would buy up all the available Russian beef and tobacco. Although Russia refused the treaty draft, the French ministers persisted throughout the 1760s. See F. Fox, "French-Russian Commercial Relations and the French-Russian Treaty of 1787," unpublished Ph.D thesis, University of Delaware, 1967, Chapter IV.

³⁶ Macartney to Grafton, 8/19 August, 20/31 October 1765, SP91,176. Macartney continued to fear the fall of Panin until well into the next year. See his letter to Grafton 4/15 April 1766, *SIRIO*, XII, p. 256-8.

Moreover, as Macartney wrote to Grafton after he had signed, it seemed impossible to link the signature of the commerce treaty with that of the defensive alliance, which had barely reached the negotiation stage. Indeed, Macartney had convinced himself that intrigues carried on by Prussia's ambassadors in London (Gross) and in St. Petersburg (Solms), had prejudiced Panin against signing a defensive alliance with Britain without very definite guarantees, such as the notorious "Turkish clause," which would have committed Britain to aid Russia in the event of a Russo-Turkish war.³⁷ This, together with Panin's seemingly eternal quest to involve British interests in the maelstrom of Swedish politics on behalf of Russia made it abundantly clear to Macartney that the political strings attached to the defensive alliance were too complicated for both himself and, to a large extent, for general British interests. It would be better to let half-sleeping dogs lie.

As if these problems were not wearisome enough for Macartney, several other economic factors warranted his close attention. One was the British parliamentary debate on the possible increase of North American timber bounties, that threatened the 500,000 ruble loan which the Russian senate had made to Gomm to promote the White Sea timber trade. Macartney mentioned that he had taken "uncommon pains to stifle their suspicions and quiet their apprehension," although he well knew that a treaty with the navigation declaration would give Russia a better chance to market timber in their own ships.³⁸ Macartney admitted that the Russians were taking seriously the concept of developing their own navigation and that Britain could not prevent Russia from doing so. To ignore this situation was, in his mind, very hazardous.

Finally, there was Macartney's low opinion of the Russia Company's spokesmen in London. Realizing that over one third

³⁷ *Ibid.*, Macartney to Grafton, 23 August 1765.

³⁸ *Ibid.*, Macartney to Grafton, 20 October 1765.

of the Court of Assistants had never been to or carried on trade with Russia, and were ignorant of the true trading conditions, Macartney increasingly rejected their complaints and decided on the merits of the treaty as he himself saw them.

Needless to say, his signing created considerable consternation in Whitehall. The chancellor, Lord Northington, raised the main objection in his perception of the possible dangers of the reservation declaration.³⁹ "I have always thought," he wrote to Grafton in September, with a dash of self-righteousness, "that the treaty was too eagerly pursued as it gave Russia all the advantages and [I] had never been properly consulted and as a result the Russia Company will have trouble getting it signed".⁴⁰ He realized that the company had informed Grafton that if Article 4 were to stand, it would ruin the Russian trade and "render the whole treaty ineffectual".⁴¹

The cabinet was furious. It ignored Macartney's efforts to bring the treaty to a conclusion, rendered no congratulations or laudatory praise, but merely reminded him brusquely of what the King's ministers wanted him to do. "It is impossible for me to conceal," Grafton wrote in his new instructions. "how much His Majesty as well as every one of His Ministers are dissatisfied that you have signed".⁴² He enumerated the reasons. Macartney had contradicted his orders; he signed without first sending "Whitehall the final draft; there was no mention of "an equitable plan of Alliance," and most disconcertingly of all, Macart-

³⁹ *Ibid.*, Grafton to Macartney 2 August 1765. Grafton wrote that Baron Gross had told him that Macartney had "strongly hinted" to the Russian court that if Russia were to yield on the trade treaty articles, then Britain would agree to a Turkish *casus foederis* in the defensive alliance. Grafton urged Macartney not to make such statements, but his letter arrived too late.

⁴⁰ *Ibid.*, Northington to Grafton, 28 September 1765. Northington was a great favourite of George III and his influence was instrumental in Rockingham's dismissal in 1766; *DNB*, IX, 417.

⁴¹ Governor of the Russia Company to Grafton, 24 September 1765. *SP91/76*.

⁴² *Ibid.* Macartney was shattered. "I confess," he lamented, "that in the vanity of my hour, I had flattered myself with hopes of some small degree of applause for my conduct in the late negotiations."

ney had allowed the mention of the Navigation Act in the treaty, thereby "introducing a new idea" upon which other foreign nations could base demands "greatly to the disadvantage of this country."

Yet, apart from actually recalling Macartney, the Cabinet chose another method of protest — finding a way to nullify the offending Russian article. Consequently, Grafton authorized Macartney to spend 90,000 rubles to induce the Russians to accept a new declaration drawn up by Grafton which had to be separately approved before Britain agreed to ratify the treaty. Following the section giving the Russians the right to "encourager et étendre leur Navigation," Grafton insisted upon a clause that any treaty must not give Russia an unqualified right to establish her own merchant marine without giving British merchants the right to participate on equal terms with Russian subjects.⁴³ Whitehall especially feared foreign encroachments on the Navigation Acts powers. Russia, for example had made several attempts in the early 1760s to break into the lucrative carrying trade to Italy. Macartney himself had reported in August 1765 that the Russians were about to send a cargo of iron, wax, hides, and canvas worth £ 5,000 to Lisbon in the hope of tapping the vast colonial market.⁴⁴

Not surprisingly, Panin received Grafton's acrimonious demands for the declaration changes with considerable anger and immediately informed Macartney that his signing would be "un act de dépendence marquée, qui repugnerait la dignité de sa couronne [Catherine]".⁴⁵ Macartney lamented that Panin and the court would concede nothing. "This court," he wrote to Grafton, "rises hourly higher and higher in her pride, and dazzled by her present prosperity, looks with less deference upon other powers and with more Admiration upon herself." Indeed, he seemed to have found the very reason for this "haughtiness":

⁴³ *Ibid.*, Grafton to Macartney, 29 September 1765.

⁴⁴ *Ibid.*, Macartney to Sandwich, 9 August 1765.

⁴⁵ *Ibid.*, Panin's Pro Memoria to Macartney, 4 November 1765.

“Strengthened as they are by the alliance of Denmark and Prussia, proud of having imposed a monarch upon the throne of Poland, being elated by their recent successes in Sweden, I am persuaded that we shall every day find them less moderate in their persuasions and more difficult in negotiation”.⁴⁶

Faced with this new Russian move, and the growing hostility between Panin and Macartney, which threatened to disrupt the entire negotiations, Grafton attempted to force a split in the united opposition of the Commerce Commission by suggesting that any “Publick Minister or Ministers” could sign the Declaration if they had “full powers.” He even suggested that Britain would conclude an immediate alliance with Denmark if Russia would surrender her claim to Article 4.⁴⁷ Panin became incensed at these proposals, thinking that they again reflected British parsimony on the matters of subsidies and ignored the point that Russia, and not Britain, had helped to destroy French influence in Denmark. He realised that abandonment of this crucial point could possibly harm Russia’s hopes for economic self-development and certainly be a real denial of her claim to equality of international status with Britain and other maritime nations. He also feared that this new declaration would give Britain control over Russia’s domestic policy and the right to discuss in the “minutest detail” regulations which were purely internal.⁴⁸

The result was a predicable stalemate. On the Danish question, Macartney had to tell Grafton that Panin had not even considered the matter:

She [Denmark] can contract no Engagement without the consent of Russia: the cession of Holstein-Kiel to her, as stipulated by the late Treaty, is an object of so great importance that rather than lose sight of it, she would reject the most splendid offer that any other European power could tempt with.⁴⁹

⁴⁶ *Ibid.*, Macartney to Grafton, 5/16 November 1765.

⁴⁷ *Ibid.*, Grafton to Macartney, 24 December 1765.

⁴⁸ Pro Memoria to Macartney, 7 February 1766, *SP91/77*.

⁴⁹ Macartney to Grafton, 20 December 1765, *SP91/76*. Russia had signed a defen-

In addition, Macartney bitterly pointed out several other reasons for the protracted nature of the negotiations. He noted that the Russians mistakenly thought that the "Court of London can make the British nation adopt her ideas as easily as the Empress of Russia can enforce her subjects." Equally, Britain's mistake was to assume that Russia was a "civilized" nation. "There is not one of the ministry here that even understands Latin," Macartney wrote, "[and] few can be said to possess the common rudiments of literature... I might as well talk of Clark or Tillotson to the Divan of Constantinople, as quote Grotius and Puffendorf to the Ministers of Petersburg... You [may] imagine the Law of nations cannot have made any great progress in a country where there is no such thing as a University".⁵⁰

In matters of commerce and shipbuilding, Macartney described the Russians as being "like children [who], allured by every new idea, pursue it for the moment, and then abandon it when another starts up in their imaginations... all of which ends in loss, disappointment and shame." He urged that "at all events, we should ratify the Treaty as by that means we shall secure what is already stipulated and obtained, but which we shall certainly lose, perhaps forever, if once it can be annulled".⁵¹

Macartney was in a dilemma. Should he accept the Russian draft with its offending Article 4 on navigation, even though the Russians had not signed the declaration, and go against the express permission of Grafton, thereby putting his future career

sive alliance with Denmark in late February in which Denmark exchanged ducal Holstein for the counties of Oldenburg and Delmenhorst to be held by a junior branch of the House of Holstein-Gottorp. See I. de Madariaga, *Russia in the Age of Catherine the Great*, (New Haven, 1981), 192.

⁵⁰ Macartney to Grafton, 10/21 January and 11/22 February 1766, SP91/77. Macartney was unduly harsh here as well as in his memoir of his Russia sojourn (published in 1768). Moscow University had been established in 1755, although for many years it had only a few law students. Macartney, like his predecessor Lord Buckingham, had little knowledge of Moscow intellectual life as well as the fairly vigorous, albeit small, circle of academics in both the St. Petersburg Academy of Sciences and the Free Economic Society.

⁵¹ *Ibid.*, Macartney to Grafton, 11 February 1766.

in jeopardy, or should he delay and risk the consequences of a collapse in trade? Macartney entreated Panin "in the most earnest and pathetic manner... despite the fact that no art has been left untried, no argument unenforced, and no effort unexerted that my integrity could inspire... he has listened to me with the most provoking phlegem and the most stoical indifference..." and forecasted the "total loss" of the treaty as "absolutely certain".⁵²

This outcry did not strengthen Macartney's case. In February, 1766, Panin again exerted pressure on Macartney to accede to Russian demands by insisting that one of the Factory members accept billeting in a house he wanted to buy, while at the same time, informing the trading community at large that soon trading conditions would become very difficult. Feeling more and more desperate with the demands of this "haughty, arrogant and insolent nation," Macartney pleaded with Grafton to follow the old way of settling disputes and to authorize him to tell Panin that England would send warships to the Baltic to protect English trade "the apprehension of such a measure might induce Russia to comply with our demand".⁵³ Although this proposal to engage in gunboat diplomacy was not acted upon, Grafton, for his part, could not agree to abandonment of the points which had generated so much bitterness. Macartney continued to protest until the Empress in great exasperation requested that Panin post an *ukaz* at Kronstadt announcing the termination of all rights including tariff concessions granted in the 1734 treaty.

By June, 1766, Macartney realized that matters were quickly getting out of control. Determined to salvage the treaty, he seized the initiative and wrote to Whitehall stating that he could no longer await an uncertain future development of the defensive alliance negotiations, nor any meetings on the trade treaty. Consequently, he arbitrarily revised Article 4 and the previously

⁵² *Ibid.*, Macartney to Grafton, 10 January 1766; Macartney to Grafton 11 February 1766.

⁵³ Macartney to Grafton, 14 March 1766, SP91/77.

signed treaty draft which Panin, Munnich, and Teplov quickly ratified. "Had I not signed," he wrote, "the whole would have been lost to us forever," lamenting the clause which he was forced to accept, "to my great mortification, [I] found that I had not influence enough to prevail even in this trifling point, trifling I call it, for though the mode of expression is somewhat changed, the sense is entirely the same".⁵⁴

Was Macartney correct? Laid side-by-side, the two versions show some interesting shades of meaning which, when translated from the French of the treaty draft into Russian indicate a subtle but substantial difference. The British version:

Mais alors on se réserve de la part des deux hautes parties contractantes la liberté de faire dans l'intérieur tel arrangement particulier, qu'il sera trouvé bon pour encourager et étendre leur navigation respective.

Panin's version:

Mais alors que haute partie contractante se réserve pour elle la liberté de faire dans l'intérieur de ses états, tel arrangement particulier qu'elle trouvera bon pour encourager et étendre sa propre navigation.

The Russian was far more specific. It wanted to extend its own navigation ("sa propre" — *substvennyi*) as opposed to a loosely phrased "respective" (*vziarnnyi*) in the British version.⁵⁵ It was quite obvious that Russia did not want any interference in her own planning of navigation, especially in the light of past British involvement in the Caspian Sea and Russian desires to develop the Black Sea trade. By signing, Macartney accepted a compromise.

Each party was to have the right to control its own internal navigation which, in Russia's case, meant transportation along the Volga and across the Caspian Sea. On the other hand, the clause did not specifically encourage Russian ships to carry

⁵⁴ *Ibid.*, Macartney to Grafton 15 April 1766.

⁵⁵ *Ibid.*; texts in Macartney to Grafton, 23 June 1766.

goods to Britain and to replace Britain's position as Russia's chief maritime carrier.

While this stage was drawing to a close, there was yet another change in the British government. Lord Rockingham's party, buffeted by Lord Northington's hostility to the 1765 treaty signature and his overall objection to Rockingham's proposed civil administration scheme for Canada, had collapsed and Grafton was forced to resign. William Pitt, long an exponent of Anglo-Prussian relations, became prime minister and General Henry Conway took over Grafton's post as northern secretary.⁵⁶ Shortly after assuming office, Pitt resolved to form a triple alliance with Prussia and Russia with the right to accede to it granted to Denmark and Sweden.⁵⁷ Meanwhile, both he and Conway had acknowledged Macartney's signature of the July 1766 draft and the King's acceptance. At last, after years of negotiation, intrigue, disappointment and accusations, the long awaited treaty had been completed. Yet, in Conway's first dispatch to Macartney on 1 August 1766, he offered no congratulations and, after noting that Macartney's replacement was to be a Mr. Stanley, said that "at present, I have nothing further in command from His Majesty to communicate with you".⁵⁸

There is no doubt that this was a crushing blow for Macartney, particularly in the choice of his replacement, a political non-entity described as a man "of awkward appearance, ungracious

⁵⁶ FIELD MARSHAL HENRY SEYMOUR CONWAY (1721-1795) was a cousin of Sir Robert Walpole and was related by marriage to the Duke of Grafton. He accepted the position of northern secretary in 1766, serving under Pitt and Grafton. He has been described as having talents that "were not brilliant"; he also lacked decision and insight, and he was easily swayed both by his emotions and his friends: *DNB*, XII, 52.

⁵⁷ W.S. TAYLOR, (ed.), *Correspondence of William Pitt, Earl of Chatham* (London, 1839), III, 29.

⁵⁸ Conway to Macartney, 1 August 1766, *SP91/77*. The King had accepted the treaty on the recommendation of Pitt. See Sir John Fortescue, (ed.), *The Correspondence of King George III* (London, 1927), I, 386. The treaty text is in T.T. Martens, *Récueil des Traités et Conventions conclus par la Russie avec les Puissances étrangères*, (St. Petersburg, 1874), Vol. IX.

manner, irascible temper and eccentric habits".⁵⁹ Macartney was so shocked that he wrote to his friend Goodricke that "... if Disappointment could induce you to go and sow Turnips in Yorkshire, this affront might very well induce me to retire and plant potatoes in Ireland".⁶⁰ He was ready to return to England. "My business is over," he bitterly wrote to Buckingham, and with some immodesty, "this has been the most deplorable employment... the labour, the trouble, vexation which I have suffered for these two years past would absolutely have overturned a Mind less Steady than Mine".⁶¹

Nevertheless, upon some sober reflection, Macartney indicated his awareness of the exasperation of Panin and the Empress with British small-mindedness, which stressed only the trade advantages to Britain. At one meeting Panin fumed and "looked very steadfastly" at Macartney saying "when I tell you that Denmark has given a hundred thousand roubles, when I tell you that I have spent half a million in this cursed Dyet, can you seriously speak to me of the efforts of Great Britain?...".⁶² Certainly this negative view from Panin caused Macartney to doubt whether any treaty would be signed:

I should think a Treaty of Alliance with the Empress as distinct and unlikely to be brought about, as a League with Prester John, or the King of bantam... We have no credit at the present, the whole of it laying between Mr. Asseburg and Mr. de Solms [Danish and Prussian ministers]... I realy do believe that the mufti of Constantinople might, with as much probability, expect a blessing from the Pope, as

⁵⁹ GEORGE, EARL OF ALBEMARLE, *Memoirs of the Marquis of Rockingham and his Contemporaries*, (London, 1852), I, 21-22. Hans Stanley, the grandson of Sir Hans Sloane, had been formerly with the Admiralty, and gained some reputation with Lord Buckingham, who thought that on the conclusion of the 1763 Versailles Treaty, he was "much more Master of the subject than the Duke of Bedford." Buckingham to Stanley, 28 March 1763, *Lothian Report*, *op. cit.*, 172.

⁶⁰ Quoted in Roberts, *Macartney*, 62, fn 1.

⁶¹ Letter of 2 August 1766, BM, *Add. Mss.*, 22, 358, f. 39.

⁶² Macartney to Conway, 25 July 1766, SP91/77. British financial stringency had jeopardized any chances for a treaty with Sweden and Anglo-Danish relations were stagnant, possibly because the British Ambassador in Copenhagen, Robert Gunning, found Danish politics "incomprehensible."

the court of Great Britain flatter herself with the Hopes of Assistance from the Court of Berlin in any Russian negotiation... My own opinion is that this court has long since resigned all thoughts of bringing us into the System, and therefore endeavours to compose it as well as she can without us.⁶³

Macartney's last few weeks were distinctly unpleasant. As a result of political squabbling in Parliament, Stanley's appointment was rescinded and Macartney was forced to inform Panin no successor had been designated. Panin felt that British diplomacy had declined precipitously when Conway was forced to apologize for his consistent references to Catherine as a "Czar-inna" rather than "Empress".⁶⁴ Even more unusual was the fact that upon Macartney's return to England in the late fall of 1766, he was nominated to return to St. Petersburg as the British envoy. This was most unfortunate for he had neglected to inform Conway that he was now, quite apart from his country's political sentiments, a *persona non grata* at the Russian court, due to his indiscreet love affair with one of the Empress's ladies-in-waiting, who happened to be Panin's cousin. She was pregnant and the blame fell upon Macartney. Panin, furious at Macartney's convenient departure, wrote to him stating that he was most unwelcome in Russia⁶⁵ Such was the break between Panin and the British that it was two years before the next official ambassador, Lord Cathcart, arrived to take up his post. By then, Britain, was drifting steadily towards a confrontation in the North American colonies and had lost interest in Russia.

⁶³ *Ibid.*, Macartney to Conway, 1 August 1766.

⁶⁴ Roberts, *Macartney*, 70-1. Conway had obviously forgotten the long and bitter controversy in the 1730s on Russia's touchiness about "lack of foreign respect" for titles assumed by Russian rulers. Lord Harrington to Claudius Rondeau, 17 February 1739, and subsequent letters, *SIRIO*, vol. 80, p. 430 ff.

⁶⁵ Panin to Macartney, 10 December 1767, *SIRIO*, vol. 67, pp. 546-550.