

Hearts of Stone: Analyzing Anarchic Bukhtarman Stonemason Communities in Eighteenth-Century Russia

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Abstract

The ideal of a “strong state” for economic development and provision of security has always been prevalent in Russian history, especially in nativist thought. This paper argues against this perspective by analyzing the stateless Bukhtarman stonemason communities of the eighteenth century that thrived outside of state control in the mountainous region near the Bukharma river. I show that through entrepreneurial freedom, free trade, norms for dispute resolution, and signaling through adoption of faith, these anarchic communities were able to avoid the Hobbesian war of all against all and substantially improve their economic welfare.

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I. Introduction

Is a strong state a necessity for the economic development of Russia? According to the dominant nativist perspective in Russia, autocracy is essential to the country’s development. Nativists point to the Russian state’s unique ability to “mobilize resources for long-term development,” and historian Nikolai Karamzin argued that “Autocracy is the Palladium of Russia; on its integrity depends Russia’s happiness” (Tsygankov 2014, pp. 5–6). According to Berdyaev (1948, p. 14), “Without the reform of Peter [the Great], the Russian State itself would have been incapable both of self-defence and of development.” Nakhimova (2011, pp. 154–155) points out the increasing popularity of Stalin in modern Russian media and its call

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for a “new” Stalin to resolve the country’s current economic problems. Finally, Vladimir Putin (2003) noted that “a strong and responsible government based on the consolidation of society is vital to preserve the country. Without strong power, it will also be impossible to move forward into the future.”

However, a burgeoning economics literature points out that a strong state can in fact be an impediment to growth and that countries where the state is minimal tend to show greater levels of development (Hall and Lawson 2014). Some works even show that under certain institutional conditions, the absence of formal institutions can lead to objectively greater wealth (Leeson 2007a). Private institutional arrangements can and do provide law and order when demanded by society (Benson 1989).

Would such arrangements be possible in Russia? Following the nativist thought uncritically, the answer seems to be no. However, in this paper I attempt to show that the Russian people in fact were able to thrive under a socioeconomic system without a strong autocratic state. I examine the politically ungoverned Bukhtarman stonemason communities of the eighteenth century to show how Russians have thrived under anarchy. I argue that these communities of Old Believers and escapee peasants who fled from the Russian state to the mountainous region near the river Bukhtarma existed peacefully for almost fifty years and significantly improved their welfare without state control.

Since almost no work in the economic literature examines the possibility of a functioning anarchy in Russia, this paper presents an important case study that aims to cast doubt on the necessity of a “unique” Russian way of development with a strong state at its core. Additionally, the paper seeks to further prove that anarchy can be a socially desirable system that does not degenerate into a Hobbesian war of all against all. Finally, the paper seeks to add another layer of complexity to the existing literature about institutional mechanisms that foster economic exchange in conditions of self-governance.

My analysis uses a simple model by Peter Leeson (2006) that helps identify situations where anarchy can be efficient and desirable. I also draw on another paper by Leeson (2008) to explain the institutional mechanisms employed by stonemasons to overcome the problem of socially heterogeneous escapees in the region and reinforce their mechanisms of self-governance. Works by Scott (2009) and by Stringham and Miles (2012) demonstrate peculiar

parallels between the mechanisms employed by the people of Zomia and the Bukhtarman stonemasons.

I employ many Russian language sources due to a lack of Western literature on the Bukhtarman stonemasons. Of importance is the monograph by Beloborodov and Borovik (2017) that contains details about the various taxes and regulations imposed on the Old Believers, which eventually led to their escape from the Russian state. An Altai handbook of historical statistics (Golubev 1890) provides a chronology of laws in the Russian Empire that discriminated against the Old Believers. Seminal work by Blomquist and Grinkova (1930) contains a detailed historical overview of the stonemason communities, covering their initial formation, traditions, and way of life. Mamsik's (1989) research contains testimonies of the captured stonemason Fedor Sizikov, which gives us a rough estimate of the stonemasons' material well-being. Diaries of professor Carl Ledebour (1993), who traveled to stonemason villages in the early nineteenth century, also reinforce Mamsik's work. A paper by Osercheva (2011) includes a chronology of Bukhtarman stonemason communities, with dates of village constructions and population numbers.

Section 2 of the paper examines the historical preconditions for the Bukhtarman stonemason communities' formation. It discusses the main reasons why these people chose to flee from the Russian state and live under anarchy. Section 3 applies Leeson's framework to explain the desirability of anarchy for Bukhtarman stonemasons and to show its benefits. Section 4 considers the main institutional conditions that allowed the stonemasons to achieve stability under anarchy. Section 5 explains the eventual return of stonemasons to the Russian state. Section 6 concludes.

II. The Formation of Bukhtarman Stonemason Communities: A Historical Background

The main precondition for the formation of Bukhtarman stonemason communities was the second phase of the schism in the Russian Orthodox Church that occurred in the year 1666 (Michels 1999, p. 3). The adherents of the old faith—Old Believers or *raskolniki*—were anathematized by the reformed church and began to flee from the state, which they dubbed the Kingdom of Satan. The *raskolniki* who could not or did not want to escape were tortured or burnt at the stake (Michels 1999, pp. 35, 157). At this time, the anarchic legend of *Belovodye* began to form. The Old Believers envisioned Belovodye as a promised land at the edge of the world, free from the diabolical hand

of the state, to which all righteous Christians should relocate (Kovtun 2008, p. 547).

The process of fleeing slowed down in the beginning of the eighteenth century due to the initially more lenient policy of Peter I toward the Old Believers (Riasanovsky 1985, p. 77). However, a new wave of escapees soon formed due to new taxes imposed by the tsar. To finance his political ambitions and the Greater Northern War in particular, Peter I required substantial government revenue, so he imposed new taxes on Russians. The Old Believers who remained within the Russian state were affected the most. Their taxes doubled starting in February 1716 (Riasanovsky 1985, p. 160). From 1719 onward, Old Believers had to pay a fine of six rubles for getting married under the Church anathema.

By a 1722 decree of Peter I, Old Believers had to pay fifty rubles a year for wearing a beard. They could not avoid paying this tax by shaving, since wearing a beard was considered a prime religious requirement for the Old Believers. Additionally, they had to wear a long-sleeved coat with a red collar or be fined fifty additional rubles. This law was implemented to monitor the Old Believers, as they were considered the prime source of potential unrest and instability in the Russian Empire (Beloborodov and Borovik 2017, pp. 47–49). Finally, under Empress Anna Ioanovna in 1737, the Old Believers were subjected to forced labor in the state mining factories (Golubev 1890, p. 6).

These factors, along with the spreading legend about the Kingdom of Opona, motivated more individuals to form communities beyond the state's reach. The conditions for escape were particularly favorable in Siberia's mountainous southern Altai region. Due to the weakening of Dzungar Khanate, the region's sovereign, by the Qing empire in the 1730s, the region near the Altai mountain river of Bukhtarma became a void of state power and lay outside the jurisdiction of neighboring states (Barisitz 2017, p. 173). This effectively made the area anarchic. Historical documents confirm the movement of Old Believers into the territory starting from 1740 (Osercheva 2011, p. 29). The general population of Russia called the denizens of the Altai mountains "stonemasons," or *kamenschiks* in Russian. Their proximity to the Bukhtarma river led to them being called Bukhtarman stonemasons.

The fleeing of Old Believers into mountainous areas echoes the strategy of people fleeing into stateless areas of Southeast Asia, as described in a monograph "The Art of Not Being Governed" by

James C. Scott (2009). Such movements act as a locational mechanism for repelling states, as pointed out by Stringham and Miles (2012, p. 13). They argue that “if the cost of physically traveling to the taxable population and returning collected taxes to the state center is significantly higher than what it costs the taxable population to move out of the way, the state is cost prohibitive.”

The first stonemason settlements were small villages of no more than five to six houses. Osercheva (2011, p. 29) documents the establishment of the first stonemason villages of Fykalka, Belaya, and Pechi in 1742. In 1746, the village of Bykovo was established, with fifty inhabitants (Chernykh 1981, p. 106). By 1791, the region had a total of at least three hundred people living in nine villages (Blomquist and Grinkova 1930, pp. 7–8).

Land ownership was based on homesteading, with the right to land acquired by building a temporary shelter such as an earth lodge or a one-story wilderness hut. The shelter could then be transformed into a permanent residence—or deconstructed, if the owner claimed the land for fallow agricultural production, where a plot of land was cultivated only for a year and then abandoned (Blomquist and Grinkova 1930, pp. 81–82).¹ This production method was an effective tool against state control. With it, stonemasons were not tied to the land and could relocate more easily if faced with the danger of encroaching state agents. Additionally, due to the relative scarcity of labor versus land in Bukhtarma, fallow agriculture was more efficient, as this production method required little to no maintenance of the land. The mountain ranges also protected the stonemason villages against the cold northern winds, which helped with crop growth.² There were few disputes about property rights in Bukhtarma due to the abundance of unowned land available for settling (Blomquist and Grinkova 1930, p. 82, 84).

Stonemason villages were connected to each other primarily via mountainous bridle paths, which were maintained privately. There were few to no attempts to construct cart roads between settlements

¹ To further hinder possible state appropriation, these plots were usually established on steep hills (Blomquist and Grinkova 1930, p. 84).

² Raising crops for stonemasons was vital not only for baking bread and feeding their horses, but also for brewing beer. Drinking was one of the most popular forms of celebration on holidays. Usually, groups of stonemasons drink and move from house to house in a village, singing songs until late evening. It was considered rude if the hosts had no beer to offer the celebrating groups (Blomquist and Grinkova 1930, pp. 162, 164).

for two reasons. First, bridle paths created shortcuts between locations, allowing stonemasons to avoid an otherwise inconvenient path with many steep slopes. Blomquist and Grinkova (1930, p. 52) note that the travel distance from the stonemason village Belaya to the Kazakhstan village of Katon-Karagay via a cart road was seventy kilometers, while the bridle path distance was only thirty. Second, as noted by Stringham and Miles (2012, p. 13), such terrain is a potent geographical mechanism for repelling the state forces, as it makes state appropriation more costly per unit increase of territory. Indeed, to advance into the region, the state forces had to either create infrastructure from the ground up or risk moving through the bridle path choke points.

In these circumstances, horse ownership was the prime means of transport for the stonemasons, since a single horse could easily move along the bridle paths. Saddlebags or small sleds were employed to transport goods, depending on their volume and weight. Children were taught to ride horses from age five, and parents often provided their daughters with horses to give to their grooms when they became brides (Blomquist and Grinkova 1930, p. 52).³

Bridges through small mountainous rivers were also provided and repaired privately. A peculiar form of ownership should be noted in this case, as a single person did not own the whole bridge, but a log in it. As such, bridges consisted of many privately owned logs. Each log had the initials of its owner etched on its ends, and the owner was also responsible for its maintenance (Blomquist and Grinkova 1930, p. 52). However, no permanent bridges were constructed over the Bukhtarma river itself. In summer and early autumn, the stonemasons crossed Bukhtarma using boats, and in winter they used narrow ice bridges for transportation (Blomquist and Grinkova 1930, p. 73).

Apart from agriculture, stonemasons engaged in hunting, fishing, and salt mining from the nearby brine lakes. Their main area of activity was Lake Markakol south of Bukhtarma, located near a Chinese outpost. Later, the economic enterprises of stonemasons diversified into beekeeping and red deer breeding (Blomquist and Grinkova 1930, p. 10).

³ Horseback riding was also a prime means of entertainment for young adults during holidays, with men often giving leisure rides to women in exchange for kisses (Blomquist and Grinkova 1930, p. 52).

III. Desirability of Anarchy for Bukhtarman Stonemasons

To understand the Bukhtarman stonemasons' preference for anarchy instead of state power, I turn to a model by Peter Leeson (2007b, pp. 43–44). In his paper, Leeson introduces a two-person model of exchange, where H is the sum of payoffs to each individual when government is present, L is the sum of the individual payoffs of the lower level of trade when government is absent, and $H > L > 0$. Leeson argues that government can be efficient only if its cost, G , is smaller than its provided benefits. Therefore, government is a desirable institutional arrangement if and only if $G < H - L$. Anarchy, on the other hand, is efficient if $G > H - L$.

Historically, for Old Believers, the cost G of living under Russian government was extremely high. They had to pay double the taxes levied on the general populace and had to comply with various state-mandated rules. The state subjected them to forced labor, they could not marry without paying a fine, they had to wear certain clothes to be distinguished as Old Believers, and more importantly, they could not practice their religion freely.

At the same time, ample evidence demonstrates an abysmal payoff H for the Old Believers from living under state rule. First, the ambitious projects of Peter I forced the state to channel tax revenues to finance the military and the newly constructed city of Saint Petersburg, leaving it unable to provide public goods at an adequate level to the general populace. Infrastructure projects were often abandoned or entrusted to incompetent government officials, such as Prince Menshikov, who was unable to even start the construction of the Ladoga Canal and wasted two million rubles in the process (Kluhevskiy 1989, p. 113).

Second, the Old Believers were denied access to such public goods as courts for dispute resolution and could not rely on the state for protection due to their anathematization by the church. They could access these goods only by bribing government officials. Vasily Kerov (2016, p. 22) points out that the initial leniency of Peter I toward the Old Believers was largely due to political lobbying from Prince Menshikov, who continuously received bribes in the form of deer, gold, and silver. Only a few Old Believer communities could afford such costly bribes.

Despite Peter I's attempts to revitalize Russian commerce through granting privileges to merchants and his overall favorable attitude to commerce, the Old Believers could not attain the benefits of this policy. A 1725 decree by Empress Catherine I prohibited Old

Believers from joining trade guilds or becoming merchants, thus severely reducing the number of trade partners available to them (Beloborodov and Borovik 2017, p. 49). Overall, the evidence suggests that the cost of government for Bukhtarman stonemasons was too high and its benefits too low.

What of the level of L that they could reach without the state? Scholars such as Ledebour and Mamsik (1989) along with Blomquist and Grinkova (1930) have provided historical accounts regarding the wealth of stonemasons under anarchy. Mamsik (1989) attributes the material well-being of these anarchic communities to a lack of government oppression and taxes, the existence of norms to regulate conflict, and the ability to engage in entrepreneurial activities such as hiring labor, forming cooperative associations, and providing employment opportunities to the newly arriving escapees. Of particular interest is the testimony of Fedor Sizikov, a stonemason captured by the Russian government in 1790 (Mamsik 1989, pp. 62–75). Sizikov escaped from a Barnaul factory where his annual wage amounted to sixteen silver rubles. According to Sizikov, he lived as a stonemason for eight years. In the very first year after escaping to Bukhtarma, he received fifty-nine silver rubles through hunting and was able to obtain a single horse, a rifle with powder and lead, a woolen coat, and a pair of leather boots through barter with peasants from nearby villages (Mamsik 1989, p. 63).

Afterward, peasant Dedigurov employed Sizikov to help him cultivate wheat. As payment, Sizikov received wheat and barley seeds and was able to engage in agricultural production himself (Mamsik 1989, p. 65). In the fourth summer of belonging to the stonemason community, Sizikov was already a full-fledged entrepreneur, employing the newly arriving escapees in his production and creating a cooperative hunting association of his own. That year, Sizikov received six hundred silver coin rubles,⁴ gunpowder, and lead. Sizikov also owned a single horse, two saddles, a rifle, five leg-hold traps, three fur coats, three wool tunics, a fur hat, six shirts, five pants, two pairs of boots, one scythe, and two sickles. Thus, his well-being under anarchy increased exponentially (Mamsik 1989, p. 72).

⁴ Sizikov joined the stonemason communities in 1782. As such, it can be assumed that he had the silver rubles of the year 1764 in his possession, which contained 0.63 oz. of silver per coin (Spasskiy 1957, p. 52). If the assumption is correct, then the 2017 equivalent of Sizikov's monetary holdings would be approximately \$13,000 (Officer and Williamson 2018; Williamson 2018).

Blomquist and Grinkova (1930) along with Ledebour (1993) show that the stonemasons' wealth accumulation began in the first years of their communities through free exchange. The stonemasons significantly expanded their trade networks compared to what they could achieve under the Russian state. With high demand for deer horns and furs in the region, specialization in hunting was especially lucrative.

The deer furs were in demand by the Russian merchants traveling through the region. Blomquist and Grinkova (1930, pp. 42–43) provide a historical account of Russian merchants transporting Chinese goods to Russia from Dzungaria as early as 1746. On their way back to Russia, they frequently created caravansaries, roadside inns that attracted the stonemasons. In these caravansaries, the Bukhtarmans could exchange their furs for both Russian and Chinese goods. The exchange enriched both sides, with the Russian merchants able to obtain large quantities of valuable furs, while the stonemasons usually demanded bread and grain (initially), rifles, gunpowder, silver, copper teapots, and cast-iron cauldrons. Blomquist and Grinkova (1930, p. 123) note that trade in deer horns allowed the stonemasons' wealth to exceed that of even the richest peasant households in many other regions of the country.

At times, the stonemasons also secretly traded furs with the nearby Russian villages. In exchange, the stonemasons sought not only essential goods, but also brides. Most escapees to Bukhtarma were men, which created a lack of women in their settlements. As such, furs were often used to pay for the bride-price. The typical bride-price equaled approximately two hundred silver rubles' worth of furs.

The demand for deer horns came primarily from the Chinese, due to the horns' widespread use in traditional Tibetan medicine.⁵ In exchange, the stonemasons received porcelain dinnerware and Chinese silk. This exchange created a peculiar blend of Russian and Chinese cultures in stonemason communities—as noted by Carl Ledebour (1993), who traveled to the stonemason villages of Fykalka, Belaya, and Pechi in the early nineteenth century. He mentioned that stonemasons lived in typical Russian houses but wore rich Chinese garments and ate from exquisite Chinese-made dinnerware (Ledebour

⁵ The stonemasons themselves used deer blood for their traditional medicine, believing that it had healing properties. The blood was either consumed on the spot from the beast's body or stored for long-term use in a dry form after being boiled inside a deer intestine (Blomquist and Grinkova 1930, pp. 123–24).

1993, p. 123). Ledebour pointed out the substantial wealth of stonemason communities, accumulated from as far back as the eighteenth century, through decades of life free from the state. Ledebour also noted the tidiness of stonemason houses compared to the unclean villages of the impoverished peasant populace northwest of Bukhtarma.

The disproportionately high costs of Russian government in comparison to the benefits it provided at that time for the Old Believers suggest that anarchy for stonemasons was indeed efficient. However, the historical accounts provided in this section should be treated with caution. It is quite possible that Sizikov exaggerated his testimonies or that Professor Ledebour was lied to, since he visited the Bukhtarman communities after they had returned to the state. Still, these sources offer the most comprehensive insights into the material well-being of Bukhtarman stonemasons in their stateless period and support the conclusion about the efficiency of anarchy for these communities.

IV. The Stability of Anarchy in Stonemason Communities

The Bukhtarman stonemason communities existed for fifty years—from 1740 until 1791—in relative peace, with only two accidental homicides and two cases of theft (Mamsik 1989, p. 172). How did they maintain a peaceful equilibrium without formal institutions?

The previous section mentioned that the stonemasons used a system of norms to resolve conflicts. Literature by Ellickson (1989, 1991) shows that small and socially close groups can effectively utilize such institutional mechanisms to secure cooperation and peace. Indeed, initially, the small stonemason communities were highly homogeneous, consisting primarily of Old Believers. Their system of norms was almost self-regulatory, as the small communities allowed for a faster flow of information regarding uncooperative behavior, general agreement on what constituted crime, and quicker ways of dealing with disputes. The main method of dispute resolution in stonemason communities was the general meeting of villagers in whose presence the accuser and the accused stated their cases. The verdict would be agreed upon by the majority and carried out immediately if the accused was found guilty (Mamsik 1989, pp. 90–91).

With time, this situation changed. As the laws of the Russian state became more severe not just for the Old Believers but for the general populace, many new escapees fleeing to Bukhtarma were of different

faith traditions. One wave of escapees arrived in 1747, after the metallurgy factories of the deceased merchant Nikita Demidov in Altai were nationalized by Empress Elizaveta Petrovna. Peasants from nearby regions were coerced into the rapidly expanding factory operations in Altai (Nalepin 2009, pp. 173–76). Harsh conditions and poor treatment forced many of the laborers and soldiers guarding them to flee further south, to Bukhtarma. Many of these people adhered to mainstream Orthodox beliefs. Additionally, some of the individuals escaping to Bukhtarma were convicts fleeing from the state (Blomquist and Grinkova 1930, p. 10).

Thus, for at least forty years, or 80 percent, of the existence of their communities, the stonemasons had to accept socially heterogeneous individuals such as mainstream Orthodox believers or criminals with low time preference. It is not hard to imagine that the arrival of heterogeneous groups of new residents could have led to a swift descent into conflict. However, according to the best crime numbers available, that was clearly not the case. What prevented opportunistic behavior between heterogeneous individuals?

This situation can be modeled using game theory. Consider an economy consisting of a community of stonemasons and one newly arriving escapee. The stonemasons move first and decide whether to accept the individual into the community or outright reject him. The escapee moves second and behaves either cooperatively or opportunistically.

If the stonemasons reject the newly arriving escapee, both parties earn zero payoff, regardless of the escapee's decision to cooperate or not. However, labor as a factor of production was extremely scarce for stonemasons, so they could not easily reject the newly arriving individuals. As such, this strategy was almost never employed.

If the stonemasons accept the individual into their community and he behaves opportunistically, the stonemasons get their lowest payoff $-D$, while the escapee gets his largest payoff F . However, behaving in such a fashion was costly due to the institutional and historical circumstances surrounding the Bukhtarman stonemason communities.

Stonemasons used banishment as a means of strong punishment to elicit cooperation. When the criminal imposed large costs on the community through theft or murder, the perpetrator was exiled by means of rafting. The criminal was publicly denounced and then chained to a wooden raft. Provided with some food and an oar, he was set down the mountain river stream, left to his fate (Mamsik

1989, p. 91). Even if he ended up surviving his journey down a mountainous river, he would likely be unable to find a place in society due to his status as an escapee or an Old Believer. Theoretically, he could try joining a functioning anarchic community elsewhere, but for that he would have to make a difficult and dangerous journey from the mountainous region of Altai. The academic works referenced in this paper contain no examples of such events.

The payoff F for such behavior needs to be modified as $F - Cp$, where C is the punishment administered through the stonemason system of norms and $p \in (0,1)$ is the probability of bringing the criminal to justice. Recalling the exile through rafting and the difficulty of reintegrating into society under the Russian state as an escapee, the level of C can be assumed sufficiently high to negate the benefits from opportunism. At the same time, due to the relatively small size of stonemason communities, the value of p can be considered to have been quite high.

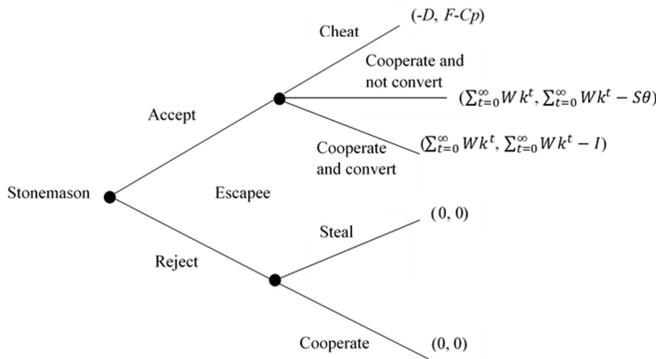
If the escapee wanted to cooperate, there were two ways in which he could do that with or without adopting the Old Believer faith. Leeson (2008) suggests that socially heterogeneous individuals will use social-distance-reducing signals to show their credibility and facilitate cooperation. One of these signals is investment in the customs and practices of the group that an individual wants to interact with. According to Leeson, “Adopting the behaviors and practices of someone unlike you . . . is . . . a signal of the sender’s credibility” (Leeson 2008, p. 177). Leeson argues that such investments must be easily observable and costly enough to show that the person is willing to cooperate long term.

The prime way to signal credibility in stonemason communities was by adopting the Old Believer faith. This investment was easily obtainable through baptism in the presence of the village’s populace and regular attendance of Sunday prayers (Blomquist and Grinkova 1930, p. 45). This investment itself was not costly to make. Thus, if the stonemasons accept the individual into their community and he adopts their faith, both parties earn $\sum_{t=0}^{\infty} Wk^t$ from repeated interaction, where W is the payoff from peaceful interaction and where $k \in (0,1)$ is the discount rate that both the stonemasons and the escapee apply to their future interactions. At the same time, the escapee must forego I , where I is the cost of adopting the Old Believers’ faith.

However, those unwilling to adopt the Old Believers' faith were relegated to the remote corners of the village and denied membership in community associations. Every stonemason household also had two sets of dinnerware, as their religious beliefs prohibited them from eating food from the unbelievers' dishes, which were deemed "filthy" (Blomquist and Grinkova 1930, p. 33). But most important, the unbelievers were under constant risk of expulsion for not adopting the Old Believers' faith (Blomquist and Grinkova 1930, p. 47).

Expulsion most likely meant capture by the government and subjection to the harsh laws that motivated the individual to flee to Bukhtarma in the first place. The shadow of the future provided incentives for compliance. In case of unwillingness to adopt the faith, the stonemasons still earn $\sum_{t=0}^{\infty} Wk^t$ since they can freely employ the nonconverting escapees and reap the associated benefits. However, the nonconverting escapee earns $\sum_{t=0}^{\infty} Wk^t - S\theta$, where S is the cost of exclusion from economic activities in the community and $\theta \in (0,1)$ is the degree of suspicion from the stonemason community, which determined the severity of sanctions for not converting. Figure 1 demonstrates the full range of payoffs:

Figure 1. Payoffs for behavioral strategies of stonemasons and escapees



With the low level of investment I required to adopt the Old Believers' faith and the extremely costly outcomes in the event of noncooperative behavior, it can be assumed that for the most part, the relations between the stonemasons and the newly arriving escapees were established at the equilibrium strategy of accept/cooperate and convert $(\sum_{t=0}^{\infty} Wk^t, \sum_{t=0}^{\infty} Wk^t - I)$. The establishment and maintenance of this equilibrium explains the

relative stability of these communities over fifty years despite their acceptance of socially heterogeneous individuals.

This analysis can be viewed as an important extension of the existing literature on self-enforcing trade and private governance. Of significance is the stonemasons' strategy of partially incorporating socially heterogeneous individuals into their community. With this strategy, the stonemasons were able to reap the full benefits of exchange while keeping the unbelievers at an arm's length with the possibility of swift exclusion. Individuals who did not adopt the faith could still obtain some benefits from trade and were incentivized to convert to the Old Believer faith through both witnessing the level of wealth a full member of the stonemason community could achieve and through the constant threat of exclusion.

V. The Decline of the Anarchic Communities in Bukhtarma

At the end of the eighteenth century, the institutional conditions in the region changed, altering the costs and benefits of anarchy for Bukhtarman stonemasons. The industrialization of Altai significantly increased the presence of Russian military forces in the region. Alekseenko (1981, p. 6) documents the bloody encounters between the Russian state forces and Bukhtarman stonemasons starting in 1760. State expansion continued in the following years. The Russian army's presence in the region was solidified in 1763 with the construction of Bukhtarma Keep and new mines in 1784 and 1791 near stonemason villages (Blomquist and Grinkova 1930, p. 10). All of this substantially raised the probability and potential costs of conflict for the anarchic stonemason communities and was the primary factor in their decision to reintegrate into the state.

The secondary factor in the stonemasons' decision to reintegrate was economic. The increase in the stonemasons' wealth and their deepening specialization created more opportunities for exchange. However, being outlaws, they could not move to a higher level of trade due to the risk of being caught in the process. There was also a need to expand their exchange networks due to continuous years of crop failure from 1789 to 1791 in the Altai region (Blomquist and Grinkova 1930, p. 12).

At the same time, the stonemasons did not wish to incur the same costs of government as they did prior to their escape. They petitioned Empress Catherine II to accept them into the Russian state as allogeneous people—a special ethnicity-based category of the Russian population that was free from military service, free from

forced labor, and had to pay only a natural tax—the *yasak*—in the form of furs. In 1792, the empress pardoned the escapees and gave her permission for them to be accepted into the Russian state (Blomquist and Grinkova 1930, p. 12). The stonemasons were not only allowed to pay lower taxes than the general Russian populace, but also to finally use the public goods provided by the government, such as courts and army protection. With this, the stonemasons managed to minimize the cost of government G , while maximizing the provided state benefits.

No longer having to fear the state and its military presence, stonemasons relocated from the mountainous areas to more fertile areas in the river valleys. However, this movement allowed the Russian government to impose greater taxes on them. As Stringham and Miles note in their paper on the stateless region of Zomia, “conditions favorable to state-making include an accessible, concentrated population producing easily appropriable goods that can feasibly be returned to the state centers” (Stringham and Miles 2012, p. 13). Having made their location more accessible to the state’s reach, the stonemasons’ *yasak* was replaced with a monetary tax in 1796, followed by a tax increase in 1824. By 1878, the Bukhtarman stonemason privileges were abolished completely. From then on, the stonemasons were treated as regular peasants, fully incorporated into the Russian state (Blomquist and Grinkova 1930, pp. 13–14).

The villages founded by stonemasons continued to grow, and by 1927, they had almost 3,000 people living in them (Blomquist and Grinkova 1930, p. 15). Due to the later repressions by Stalin and forced collectivization, the Russian stonemasons are now almost nonexistent in Russia. In the 2002 population census, only two people identified themselves as Bukhtarman stonemasons, while the census of 2010 provides no such mentions (Russian Federal State Statistics Service 2010).

VI. Conclusion

The study of Bukhtarman stonemason communities fills a gap in the economic and historical analysis of self-governance in Russia and provides a strong counterargument to the Russian nativist perspective about the necessity of a strong state. The stonemasons were able to substantially improve their well-being and did not degenerate into a Hobbesian war of all against all. My research strengthens the existing literature, which shows that self-interested economic agents will establish systems of private law and security in

the absence of formal institutions. In many cases, such arrangements will be more efficient than their state-provided counterparts, resulting in greater material benefits for their users.

Using Leeson's framework, I have also shown that for fifty years, anarchy for stonemasons was efficient, given the specific institutional constraints and incentives of that time. For Old Believers, the costs of living under the Russian state were prohibitively high and government benefits were extremely low. Due to absence of predatory government restrictions under anarchy, the stonemasons were able to fully unleash their entrepreneurial ability, set up community associations, and provide the newly arriving escapees with jobs and chances for a better life. Using the diaries of Carl Ledebour (1993), the seminal work of Blomquist and Grinkova (1930), along with testimonies of Fedor Sizikov (Mamsik 1989), I was able to provide a rough estimate of the Bukhtarman stonemasons' wealth under anarchy and show that free trade and their entrepreneurial spirit played a huge role in their increased material well-being.

An effective system of norms with rather harsh punishments allowed the stonemasons to maintain a peaceful equilibrium in the absence of formal institutions. An important takeaway from the stonemasons' system of self-governance is their mechanism of partial inclusion of socially heterogeneous individuals in their communities. This mechanism provided full benefits from exchange to the stonemasons while giving partial benefits to the nonconverting individuals. The shadow of the future in the form of exclusion from community, coupled with the perspective of attaining similar levels of wealth as the stonemasons, incentivized people to convert and reap the greater exchange benefits.

With the dangerous expansion of the state military into the Bukhtarman region and the pressing necessity to broaden the scope of economic exchange, the stonemasons decided to rationally reintegrate into the state on favorable terms. But after nearly a century of reintegration, their privileges were fully abolished.

Of course, the institutional and historical conditions of that time were different from the ones in contemporary Russia, and a valid criticism of anarchy in stonemason communities is that such institutional arrangements will not scale up to larger and more complex socially heterogeneous populations. It is therefore left to us to find more empirical examples of successful, large anarchic

communities in the rich history of Russia to further advance this line of research.

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