Trust and Mistrust in the Economies of the China-Russia Borderlands

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Searching for Trust

Indigenous People in the Jade Business

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Abstract

The jade mining business is based on a gap in values between Russian producers and Chinese buyers. While in China jade is considered the essence of Chinese culture and a personal obsession, historically it has had no special value in Russia, and few people recognize it as a possible source of profit. But as an illegal trade developed, people began to change their perspective – creating the need for an indigenous company to find trust inside Russia to maintain its business. This chapter first looks at a business strategy that exploits the paradox of the gap in the valuation of jade and works by creating a kind of deliberate absence of trust. We then consider how the search for trust is projected outside of this business strategy, as a hierarchical relationship with possible patrons. We suggest that these manipulations of trust lead to a ‘relocation’ of the Russia-China border to Moscow, where the decisions about who can cross and exploit the border for profit are ultimately made.

Keywords: jade, trust, indigeneity, autonomy, hierarchy

There was much talk about the past of Dima, one of the heads of an Evenki obschina (‘family-based enterprise’) making money from jade mining in one of the Siberian Republics in Russia. Dima was a wrestler who had then become a wealthy businessman: a trajectory very similar to others

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1 This article is one of the results of an ESRC project hosted by the Department of Social Anthropology at the University of Cambridge between 2012 and 2015. At the early stage it was also supported by a Marie Curie Intra-European Fellowship, and later at MIASU by the British Academy.
of that time, as described by Vadim Volkov (2002) in his book on violent entrepreneurship. Dima’s business was profitable, and he was obviously experienced in protecting it from various attacks and attempts to take it from him and his collaborators. This is why, when the independent research centre where I was then working in St. Petersburg suffered a racketeering attempt – during which the owners of the building tried to blockade the office and force our director to sell it cheaply – I asked Dima what we could do in this situation. At that point we were so desperate that we could not rule out strategies such as finding the attackers’ enemies and trying to build a coalition with them, or at least finding something that would help us to fight back. Dima surprised me with his advice to approach the newly established government committee organized to investigate cases of racketeering. I was amazed that he took the work of this committee seriously, since we were ourselves sceptical about the efficiency of any such official state institution. How could he be so naïve? His proposition of trusting state institutions surprised me because the very possibility of an extortion scheme aimed at a research institution seemed to be a sign that the state was not working properly – meaning that I could not trust this state. When I felt needed an alternative strategy, why did Dima trust the state?

In the long term, this trust did not help him: his company was liquidated and a new firm took over the whole sector of jade mining and trading. This new company was protected by officials in Moscow, some of whom turned out be shareholders in the new company. Dima lost his business and had to leave the country under the threat of criminal prosecution. He fought until the end, even applying to the United Nations and defending his company at the highest levels of the Russian courts. His attempts showed that he trusted the state till the end.

In this article we investigate why trust is the only option for business building in Russia, and how this trust is different from what Westerners consider trust to be. An important point is that the jade business itself is based on mistrust between buyers and sellers: the buyers are Chinese people who value jade differently than Russian and Evenki jade miners and traders. In this situation, trust in the state becomes a compensation for the mistrust between trade partners – but this trust is not a rational decision, as when a person decides to trust somebody. Rather, trust becomes a kind of relationship with those who control the spending of profits, which are themselves gained through transactions infused with mistrust.
Thresholds of Trust

In a collective volume edited by Diego Gambetta, trust was approached as an analytical category (1988). In his concluding note, the editor suggested that trust is a complex relationship that can be seen as both positive and negative from different perspectives. For example, we would not like our enemies to trust each other, as that trust can be dangerous for us. Too much trust might also prevent competition and consequently affect the participants in a situation in a negative way. Gambetta also remarked that game theory shows that people do not trust each other in the majority of situations, even though such trust can have an overall positive effect on all of the participants. Summarizing articles by other authors of the volume, he further suggested that trust should be seen as a result of cooperation, rather than its predisposition. It is important to see trust not just as a function of some external variables and conditions – people do not trust each other because they are in certain relationships with each other – but rather as a decision to ignore the risks of possible failures. Trust is an instrument that helps to maintain relationships in unpredictable and turbulent conditions. Every time we trust, we open possibilities for risky collaborations. We do not have to trust people that we know have only one possible way to act. In this respect, trust and confidence should be seen as distinct categories, according to Luhmann, who emphasized that trust can appear only in a situation of uncertainty (in Gambetta 1988). Trust characterizes only one spectrum of possible relations, between points of total trust (confidence) and total distrust. This, then, means that trust has thresholds.

In this light, we can ask the following question: how do actors make a decision to trust other actors, and how do these decisions change their relationships? If trust is a product of cooperation, we can assume that trust characterizes not spontaneous relations, but relationships with a certain history of cooperation. At the same time, trust marks these relationships as open to change, because actors take the risk of trusting each other despite the overall uncertainty of the other’s future actions (Humphrey, this volume). In other words, trust is an effect of the continuity of contact between actors. Who we trust shows with whom we share a past and a potential future (Park, this volume). Grasseni showed how trust operated as a relational matrix for members of alternative food supply networks in Italy, and how it became a problem when these networks tried to combine into a new overall network, a network of networks (2013). Trust thus involves a problem of autonomy and borders. Actors trust those who do not threaten their autonomy and who are autonomous themselves – and who
therefore also can be unpredictable. Yet this autonomy is a condition to establish trust. We might suggest that trust needs as a constitutive part a border between those who trust and those that are trusted. Trust bridges separate, autonomous species that suspend their anxiety about possible future failures and proceed with the interaction, despite the risks.

On an ethnographic level, we are interested in trust as an effect of interactions between autonomous actors. We assume that as long as an actor searches for trustworthy partners, he or she exists as an autonomous entity. We propose to look at the history of an indigenous jade mining enterprise as a series of attempts to become a trustworthy partner and to trust others. This perspective will give us a new picture of how business partnerships and coalitions work in contemporary Russia, and how bridging the gap between Russian and Chinese cultural contexts creates the possibility of profits and the autonomous existence of a relatively small, indigenous enterprise.

In the first part of this article, we will show how the jade trade between Russia and China started, and how various factors created the opportunity for an Evenki company to virtually monopolize the sector (at least in its legal form). Great profits were possible here because the value of jade is vastly different in Russia and China. This means that a successful business should conserve the paradoxical situation in which relationships of trust between traders and buyers do not diminish differences in the valuing of jade. In other words, the fact that Chinese buyers value jade highly should not affect the Russians, for whom jade should remain not very precious. However, successful and continuous trade threatens this situation, as the sellers and buyers obtain more and more knowledge about the product and their perspectives begin to merge with each other. The gap in the value of jade in Russia and China was a result of a long and complex history, and this complexity permitted Evenki people to establish trade with Chinese buyers without sharing their own perspectives and feelings about jade.

In the second part of this article, we describe how the enterprise arose and was then closed. Giving a first-person account of this situation – Pavel, one of the authors of this chapter, was personally involved as a public external representative of the company – we show how the strategies of building trust with Chinese buyers and Russian authorities differed in the way the Evenki interacted with these contrasted parties. In Russia, competition with those who wanted to grab the company’s economic niche was built around the aim of finding a trustworthy partner at a high level of the vertical of power (vertikal’ vlasti, as the hierarchical power structure is designated in Russian media). Once the competitors reached the highest of possible levels, namely the president, the competition was over and the company was both
liquidated and actually taken over by the winning group. The Evenki lost control over the industry. In the conclusion, we will return to our research question and reflect on the role of the centre/periphery axis for building trust in the Russian business world. We will show that searching for trust relocates the real border between Russia and China from Siberia and the Far East to Moscow and Beijing; and hence the national and economic borders are re-situated from peripheral to central locales.

**Untrustworthy Jade**

Gambetta’s edited volume excluded nonhuman agents from the sphere of trust and studied only human-human trust relations. But in our common life we frequently see some ‘objects’ as tricky and not trustable. Jade is such an object: a stone with a strange and unpredictable price that can be trusted to maintain its shape and structure through centuries, but cannot be trusted to mean the same things to different people. We may suppose that distrust or trust can be fetishized, and that the quality of the relationship between certain humans is projected on the object that symbolizes these relationships. Thus untrustworthy jade is a symbol of the absence of trust between its Russian sellers and Chinese buyers. In this section we examine aspects of this distrust and the strategies people employ to build trust despite the untrustworthiness of the material they work with, despite the structural reproduction of distrust between the partners.

The paradox of the jade trade is the following: jade is valuable in China, but only if the stone is connected with Chinese history. Jade from Siberia, even if it is high quality and has a rare white colour, cannot become a highly priced commodity in China where jade carvings are valued for their essence: their relation to China. To be valuable, jade objects should either be from archaeological excavations or antiquity collections, or should be made from the same material as famous historical objects. This means they should be from China. But the jade market in China is growing and demanding more and more jade, so internal sources cannot cope with the demand. Historically, jade is not valued in Russia (where it is known as nephrite), and this means that there is no special state control over its trade. Officially, Siberian jade costs so little that there are no plans to research and develop interest in jade in Russia; as a result it remains an unimportant resource: just a stone with some specific chemical and geological qualities. Because of this invisibility, jade traders can smuggle jade from Russia to China comparatively easily, where it then disappears and reappears on the market.
as an ‘authentic’ Chinese stone from internal mines. Enormous profits are based on the maintenance of this drastic difference in the valuation of jade, and any company that wants to be successful in the jade trade between Russia and China should be careful to sustain this paradox: keep jade a a simple stone on the Russian side, and turn the same object into Chinese jade on the Chinese side of the border. In this respect, the jade trading company acts like the investment bankers in Miyazaki’s research, which showed how people search for discrepancies in assets’ prices and make profits through the annihilation of these discrepancies (2013). This strategy is called arbitrage; the jade trade is comparable to arbitrage, because the stronger and more stable it becomes the more obvious the discrepancy in the valuation of jade, and as a result sooner or later the regimes of value must change and merge with each other. The jade trading company, then, must simultaneously create a bridge between two worlds and keep those worlds apart.

A question that appears in this respect is: how did the gap appear in the first place? If the mineral can be found on both sides of the border, how did it find such a different place in the cultures of neighbouring societies? Another question is: how does the need to maintain a gap of misunderstanding and discrepancy in values affect the position and structure of a company in this business? If a firm needs to protect a border between societies to secure a profitable environment, how can it be transparent itself? It is important to understand that the gap in the valuation of jade by Chinese buyers and Russian sellers was a product of historical collisions. If we look at the history of jade in detail we will see how many conflicts and unresolved clashes of interest are packed into the phenomenon, which we might call ‘the ignorance of jade in Russia’. The same is true for the Chinese side, which values itself through the jade and simultaneously ignores the fact that there is no such thing as purely Chinese jade: the stone was always an imported product.

Jade in China and Russia

The recent Chinese enthusiasm for jade is related to several interconnected factors. Obviously, there is a long and fertile history of this mineral in China; jade objects are frequently found in archaeological sites associated with the origins of Chinese culture. But this rich story does not explain why jade became such an obsession when China started to economically develop in the 1980s. Jade actually became a form of investment for the Chinese
rich: jade converts financial status into power, the precious form of power associated with the imperial court of Great China. In earlier times, jade was reserved almost exclusively for the use of the Emperor and members of his family. The Imperial Palace in Beijing is packed with objects made from jade, from Imperial stamps to cups and dishes. During some historical periods, this material was even forbidden to ordinary people. The history of jade combines and unites various Chinese dynasties as well as geographical areas. It is extracted mainly in the north of the country, but is most revered by people in southern regions. Some jade objects carry traits of several historical periods simultaneously: crafted at one point, then excavated from tombs several centuries later, repaired and carved again several centuries later, then sold at auction now. Due to its durability, jade remains relatively well preserved and therefore functions as a point of connection between the long past, the present, and the distant future.² Jade integrates the complex history of China, and simultaneously makes it a distinct and special history, in which gold does not play as important a role as it played in the West. Jade symbolizes something more than any Western concept of power, prosperity, or harmony can grasp. Jade, many Chinese believe, is the essence of China.

With the rise of the Chinese economy several factors have made jade (and fake jade) a perfect object of investment. One factor is that the overall rise of living standards and the flow of capital created conditions to push the housing industry and open new building sites. There is a law obliging builders who find an archaeological object at their site to inform the authorities – who would subsequently close the project and initiate proper archaeological research – and therefore many companies preferred to keep such discoveries a secret so that they can carry on building. As a result, a flow of newly found jade objects entered the black market. Many of these objects were unique and not described by scholars; they were mixed up with fake jade objects, and the jade antiquarian market inside China became a risky business – not only because most of it was illegal, but also because the process of authentication became highly problematic. Since rich Chinese could obtain only a limited amount of immobile property (real estate), the demand for jade led to a rise in prices, infusing the market with even higher risk.

In this situation, legal authentication was not possible inside China, so Chinese buyers turned to specialists and institutions abroad, mainly global

² Jade became so significant for Chinese scholars that archaeologists and historians proposed inserting a Jade Age into the global historic three-age system, following the Stone and before the Bronze and the Iron Ages.
auction houses such as Christie’s, Sotheby’s, and Bonhams (see Figure 14). There are various scientific procedures that can help estimate whether a jade object is authentic, but there are several obstacles to this, so no analysis can provide absolute certainty. Recently produced fakes are the easiest to detect, because the activity embodies the contextual features of its time: a different attitude to the speed of production and stone quality. Experts and object retailers are usually more educated and experienced than forgers and can detect what shapes and patterns refer to which periods. Forgers often replicate objects that they have never seen in real life, guided only by illustrations. Sometimes they wrongly interpret these illustrations and

3 The word ‘jade’ in ancient China referred not only to what we now call jade, but also to various other stones, and even to glass. So some objects may look like jade, but not be jade, while still being authentic ancient pieces. Those who make fakes often use the same technologies as ancient carvers, and as a result examination under a microscope will reveal the same marks and structure, as if the object was produced long ago. Third, fakes were also created many centuries ago, so an object may imitate an artefact from several thousand years before, but still be a piece with antiquarian merit, several centuries old (Wilson 2004).

4 In traditional terms, newly produced jade objects are never fully finished because is money for their producers time, which was totally different for their predecessors, who could spend half of their life on crafting one object. For the experienced jade expert, the impression that the object is unfinished becomes an important source of doubt (Keverne 2010).

Figure 14  Chinese buyers scrupulously explore an old Chinese object put on sale at Sotheby’s auction house in London, UK
carve shapes that were just illusions produced by specific angles of projections, or create objects at a wrong scale. The main problem for the forger is the need to speed up time, so that the jade object experiences harsh environmental pressure over several days to create the impression of lying in soil for several thousands of years. Sometimes they burn the stones, use acid, or even bury them with dead dogs. Very rarely do these tricks work and make the objects look ancient. Still, for their buyers, all of this could be enough to prevent any further investigation, and faked objects appear in the catalogues of their collections, smuggling incorrect patterns into the pool of officially accepted, authentic ornaments.

As a result of this complexity, jade prices often depend on the affective response that objects provoke in their buyers. Prices for the raw material that is used mainly to create faked antiquarian pieces (the market for modern jade sculpture is relatively young and very limited) depend in principle on the prices of authentically proven antique objects. Yet in practice auction battles became an important way to define the prices for jade, and during such short and intense exchanges the affect of the object plays the most important role as date estimations and risk calculations are not possible on the spot. Jade becomes a trophy for its buyers, including in cases of capital investment. For those who mine jade outside of China the mechanisms of jade valuation remain mostly obscure, and the only way to achieve a high price is to invite competing buyers and organize an auction. The context is so complex that non-Chinese experts without regular access to internal and external jade markets cannot predict the price for raw jade minerals.

We can suppose that there were several opportunities for jade to become a precious stone in Russia. It is very important to understand why this did not happen, because then the gap between Russian and Chinese knowledge about jade can be understood from a new perspective. Jade objects are not rare in Neolithic archaeological sites excavated on Russian territory, but these objects were never connected with each other to create a basis for the interpretation of their cultural origin. On the contrary, jade objects stayed at the periphery of archaeological research: they were dispersed among local museums and did not constitute a solid collection in any central research or museum institution. Analyses of these jade samples were rarely conducted.

5 These prices can be exceptionally high: at one recent auction in London, a seal stamp that looked very much like an imperial one, but still with undefined origins, was sold for £400,000. The stamp itself was thought to have been produced in the 18th century, but in its form it mimicked a Neolithic object of undefined function; also, it was made of white jade and in very good condition. Although specialists could not exclude a small chance that it was a fake, the object appealed to competing bidders and the fight for it was dramatic.
What united all of these objects was the common opinion that jade was used in Neolithic times only as a material to make durable instruments and was not used for decoration. Although jade mines are known in several parts of Siberia, they were never studied as the nodes in an archaic jade trade that possibly existed in those distant times. There were confusing contrary suggestions: that all jade was from the current Chinese territories, or that the recently discovered jade deposits were simply unknown to the local tribes. These interpretations say a lot about the political environment of the time they were produced, a period when maintaining a cultural and geographical boundary between the Russian Empire (later the Soviet Union) and China was an important task affecting researchers as well as statesmen. The stereotype that jade as a sacred stone only characterized cultures influenced by China was so strong that it was easier to ignore the presence of jade objects altogether than to open the sensitive question of the history of the southern and eastern territories of Siberia and the Far East. In contrast, remarkably different theories have emerged in Western institutions, where the hypothesis that many jade objects found in Chinese archaeological sites were actually produced with Siberian jade and carry motifs atypical of Chinese culture (such as deer) is finding new support.

The neglect of jade objects from archaeological sites does not mean that there was no attempt to create a Russian tradition of jade carving. Jade became one of the precious materials associated with the name of Peter Carl Fabergé, the imperial jeweller under whose supervision the famous enamelled eggs were created. Using the Russian tradition of giving an egg as a present to your loved ones for Easter, between 1885 and 1917 Fabergé’s company produced many jewelled eggs for the Tsar’s family, many either made from or decorated with jade or minerals close to nephrite (see Figure 15). Fabergé initiated a fashion for jade objects, from jewellery to cigarette cases. Most of this jade was green and from deposits in the Sayan Mountains, but there were also attempts to import white jade from China, although this was found to be too expensive. With the fall of the monarchy this fashion abruptly ended, and many of the items were sold by the Bolsheviks, who needed foreign currency. The interest in Fabergé’s art was revived after the fall of the Soviet Union and the nouveaux riches from Russia started to hunt for eggs and other Fabergé jewellery at antiquarian auctions. They were seen as symbols of Russian pre-Soviet prestige, power, and spirit: something that the new authorities would like to restore or at least associate with. But this

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6 Nephrite was not exploited until the 18th century, except for some small indigenous mines in East Siberia, West Baikalia, and in the East Sayan Mountains, where local people traded it.
was part of an elitist lifestyle and jade was never reconfigured as a Russian stone in a democratic sense: it did not become popular or recognizable, and no artisan craft arose to work the stone into objects of value. This situation was in some ways similar to the heyday of jade in Chinese history, when only the members of royal family and those close to it were permitted to own jade. Even though jade objects like imperial eggs are of Russian origin, their price now is determined at auctions abroad, and foreign experts play important roles in the process. In this respect Russian buyers are similar to Chinese ones: they buy these objects because of the emotional ties they feel towards them.

The jade trade and the story of Sunshine’s rise and fall

When China’s economy started to expand and the borders between Russia and China slightly opened, jade was among the first things that interested Chinese buyers. From the early 1990s people in Siberia started to collect jade pebbles in rivers, as they could be sold for enormous prices according to the standards of that time. In fact, pebbles are sometimes considered
more precious than raw mined stones, because they are seen as naturally sculptured. Pebbles that carry features in which figures of people or animals can be discerned have incomparable value. At the start of the 1990s an indigenous Evenki company that was originally trying to pan for gold recognized that jade would be a more profitable direction. The discovery of a huge rare white jade deposit in the territory of another Evenki indigenous community led to a most profitable merger. The Evenki still did not know why Chinese people were eager to buy jade, but they definitely understood the environment of which this stone was part. Chinese buyers were technically, legally, and practically cut off from the jade deposits, which were situated deep in the taiga forest. This situation created a niche for an indigenous mining company, and a paradox in which the only firm thing that people were dealing with was the ‘untrustworthy jade’, while all other relations and associations were continuously disintegrating.

As we have seen, the trans-border jade trade is profitable only so long as it stays illicit and invisible, to some extent even illegal (c.f. Holzlehner, this volume). The Evenkis had an opportunity to keep this business more or less out of the public eye because raw jade had no recognizable value in post-Soviet Russia. They transported lorries packed with jade across the Russian-Chinese border with all the necessary papers, in which jade was documented as a stone for building and decorative purposes. The company also paid all of the necessary taxes from the profits of its mining activities, and was one of the leading taxpayers in its region. So for the twenty years of the company’s existence, it was capable of simultaneously developing and extending the trade and keeping it out of the public eye. In a way, it was supporting a regime involving the deliberate absence of trust between jade miners and Chinese traders. Any form of collaboration between individuals from these two sides was seen as dangerous for the integrity of the company and the success of its business strategy. Chinese buyers were never allowed to visit the mining places, and neither were Sunshine’s workers sent to China to visit Chinese jade mines or jade trading centres. To our surprise, Sunshine’s owners and workers only had a vague idea of why white jade was so precious for Chinese people, and nobody ever tried to trace the further paths of their stones in China.

The company’s name can be translated as Sunshine, and like the sun it shone and then disappeared. It started as a small family-based business, a shop for hunters in a distant village without even a permanent road to the central settlement. This had been set up by the head of a local reindeer-herding section of the collective farm. His son and daughter helped from the beginning and were involved in the organization of the small shop
that traded ammunition with local hunters and collected furs from them, mainly sable and squirrel. Some of the furs were sold officially to state collectors, but a substantial portion, along with various strange products such as the internal organs of wild animals used in traditional medicines, were sold to Chinese private buyers. These were the first contacts with the Chinese market, and were often mediated either by local Chinese people (i.e., settled for decades in Siberia) or Evenki people from China. In 1990 the administration of the district accepted and registered the company as an indigenous company in the administrative category of ‘Small People of the North’. With this preferential status the company was exempt from paying taxes as long as its activities were connected with the traditional indigenous way of life, mainly hunting, reindeer herding, and fishing. The small shop was able to open because of an exception permitted by the law, by which a small-scale ammunition shop was seen as a legitimate part of the traditional indigenous economy.

In the beginning the shop was not at all a profitable endeavour: the co-villagers remember that in those days the family struggled to survive. The main source of income was collecting fur from local hunters and reselling it to Chinese buyers. In 1993, when the district was awarded Evenki indigenous status, the company got access to various programs of support for Evenki people, which opened new possibilities and horizons for development. In 1994 the company participated in a tendering process and got a license for gold extraction in the region. Now they moved from their village of origin and opened an office with a warehouse in the central settlement of the district. During the first years they were actually washing, rather than mining, gold – working at the sites of old mines and recycling the sand left after the extraction. New technologies made it possible to make a profit and develop the infrastructure of the company. To maintain their status as an indigenous company, they supported hunting and also sponsored various local Evenki events, promoting culture and traditional knowledge. The company was involved in gold mining between 1994 and 2007 but it was never a main source of profit, mainly because the gold market is monopolized by the state in Russia and prices are unfair and unsustainable for small-scale gold miners. But gold mining was a recognized and respected activity in this region, which has been known for its gold deposits since the 18th century. Although gold mining was not seen as a typically indigenous activity, it was still a traditional activity for the region, and when an indigenous company entered this field it was not perceived as something unthinkable and impossible. The company was paying taxes from its profits from gold mining on a regular basis, although in all other respects it was exempt from taxation.
At the start of the 1990s, collecting jade pebbles became popular among local adventurers and hunters. Pebbles were highly prized by Chinese buyers. Since the beginning of the 1980s it had been known that there were several deposits of jade in the region, both green and white. Geologists discovered samples of jade during general geological investigations, and then the administration of the republic (of which the district was a part) ordered expeditions to find the good deposits. These were the times of decentralization, and it is remarkable that a geological company from a neighbouring district was hired rather than any central body from Moscow or St. Petersburg, as had previously happened in the Soviet 1970s and 1980s. These local geologists were also the first to get mining licenses, but for various reasons they could not manage the extraction, and in 1997 Sunshine got a twenty-year license for jade mining in the region. As we can see, at this time business initiatives and investments were locally focused and shaped mainly by the demand from international buyers, in this case the Chinese. The company grew fast because of the stable flow of international currency. At the beginning jade was collected, rather than extracted. The environment was harsh, but people used their hunting skills and even preferred to work in winter, when the territory was more accessible and the rivers from which stones were collected were partially frozen. Only in 1996 did collecting jade pebbles become a profitable activity; before it had been seen only as complementary to gold mining.

By 2000 the company started to extract jade from the main deposit, using dynamite and transporting stones in winter. The deposit was situated deep in the taiga, meaning that it was only possible for transport vehicles to reach it in winter along frozen rivers. At this time Sunshine united with another Evenki indigenous company that specialized in reindeer herding. Not only were the reindeer herding territories situated between the jade deposits, but the main deposit itself was located not far from the original territories of this Evenki family. They had a unique knowledge of the habitat, the ways to travel there and where to cross the rivers (see Figure 16). After the merger of the two family-based obschinas, Sunshine strengthened its so-called ‘indigenousness’ by supporting reindeer herding and hunting on a new, grand scale; at the same time it also gained important knowledge and the opportunity to build infrastructure for the development of jade mining. At the beginning of 2000 a new route to the deposit was established. Most importantly, this route made it possible to commute between the deposit and the district centre in summer, and thus to operate a full mining season. It was also possible to travel by military all-terrain vehicles, which was more expensive but also incomparably more effective and safe. The route went
through the reindeer farm, which was simultaneously used as a storage place, watch post, and canteen. All of these changes were also very much in favour of the reindeer herders, who had often suffered from the lack of supplies before.

After these changes the company started to grow and transform into a complex business structure. It obtained several other companies and firms that were previously owned by the state and had become bankrupt. By 2004 Sunshine owned dairy and meat factories. It also owned many buildings and built several stations in the area to make the transportation of jade more efficient. They also bought equipment from China and built a new brick factory, using the bricks to build their own infrastructure. Sunshine became a small but self-sufficient corporation, with its own lawyers (some of Evenki origin educated with the support of the company), its own financial and administrative department (situated in a separate building in the centre of the district capital), several warehouses for the storage of jade and logistic purposes, a park of military all-terrain vehicles, lorries, etc. Sunshine had its own security team, but also from time to time hired private security brigades as well. To expand and protect this huge network of facilities and people, the head of the company decided to become a deputy in the regional parliament, and in 2002 his sister became the head of the company. Her
contribution to the company administration was not just nominal: she was active and involved in main company issues right from the beginning. The larger the company grew, the more people became attracted to it, both as rivals and as eager partners; sometimes these roles were accomplished simultaneously. In 2004 the former head of the company was elected the head of administration of the district. He enrolled in the advanced education course for state managers (a programme supported by the president) in Moscow. The company was growing fast, its profits becoming more and more visible, and its leaders more and more influential themselves.

In 2005 there was an experiment in which Sunshine hired Chinese stone-carvers, as it tried to change its role in the jade market. But as we have seen, there were structural reasons why contemporary carved jade objects were not valuable in China. As a result, the experiment failed, and the Chinese master carvers ran away with the best samples of white jade. They even dug a small tunnel under the fence of the warehouses to steal the precious stones. This event was recited numerous times and always used as an illustration that Chinese people could not be trusted and should be excluded from all phases of jade production, which contributed to the atmosphere of deliberate and useful mistrust. Around that time, other competitors challenged Sunshine for the first time and made attempts to expropriate the business. But this stayed invisible to the general public, to whom the company seemed to be growing stronger and grander every day.

In 2008, when the rest of the world was struggling with the global economic crisis, Sunshine was shining as though nothing was wrong. The Beijing Olympic Games created a jade fever in the market, Chinese buyers were preparing to sell jade to visiting tourists, and jade became a kind of emblem of the Games. Medals were carved out of white, green, and black jade. Sunshine opened a second mine, and complemented its main white jade supply with a green one. At the same time the Sunshine corporation also started to get rid of ineffective assets. First the dairy and meat factories were sold; then the brick factory was closed. It became obvious that Sunshine would not manage to expand beyond its jade specialization. However hard the heads of the company tried, all profits were exclusively connected to the jade. Even gold mining was abolished. So then Sunshine set out to maximize its profits from jade, and did not try to expand its activities through other investments. The global crisis was an important factor in the company’s narrowed focus, but not just because of the risks: Sunshine needed more and more cash and could not carry investments any longer because in the Russian business environment it had to pay larger and larger bribes to continue working smoothly. The appetites of the local and central
authorities grew, and because the jade market in China seemed so obscure and looked as if it had no limits at all, the demand for bribes was unbridled and became a huge burden for the company. Thus the opacity of the jade trade and above all its logic in Russia forced Sunshine to search for an authoritative and trustworthy patron to shield them from these demands.

In 2009 Dima decided not to participate in the elections for the position of the head of the Evenki district again. As a result, Sunshine lost control over regional and district level power. We may speculate that the price of his participation in such elections was now unbearable, or that some sort of decision had already been made concerning the future of the company. In 2013 the company was closed, and the heads left the country. Many public scandals and battles accompanied this closure. Sunshine was accused of illegal mining outside of its licensed territories. The status of the company as indigenous was also questioned. Jade seized from Sunshine's warehouses went missing, and now nobody knows where it is. A newly organized company obtained a license to work on Sunshine's territories, but its levels of extraction never reached those of Sunshine. Meanwhile Sunshine struggled in the courts and reached the highest level, the Supreme Court, where it failed in its attempt to protest the improper liquidation that looked more like a raiding attempt. Sunshine was officially liquidated, although the practical process of its liquidation became very complicated and lasted until 2015.

What searching for trust looks like from the inside

Let us however go back to the start of the search for trust. A very important perspective on trust can be reconstructed from an insider's position. It is clear that the decision of whether to trust, whom to trust, and why, is often based on insider knowledge and experience, and as such is opaque and unclear to observers. To overcome this problem and create a shift of perspectives we have decided to incorporate the voice of a participant. In the following, Pavel describes how he tried to help Sunshine find influential partners to trust, and how its competitors tried to do the same.

The story of my acquaintance with the leaders of Sunshine started in 2005 or 2006. They contacted me in search of help after, according to them, the Vice-Minister of Natural Resources of N called them in to say that they had to give their business away. Sunshine proposed to work in collaboration, but this was rejected on the basis that the decision had
been sent ‘from the top’ – and if they did not accept it, they would face consequences. Naturally, Sunshine did not comply with the imposition to hand over their business. After that, they were bombarded with numerous audits and inspections from local and federal authorities, the police, the Ministry of Internal Affairs, and the tax office. Meanwhile Sunshine was among the top ten companies with the largest tax contribution in N. They paid 90 million roubles every year.

They realized how serious the situation was after a second meeting with N’s chief Prosecutor, during which he once again asked them to give away the business voluntarily. Because everybody in N knew that the Prosecutor was corrupt, engaged in undercover business, and that there was a standard amount of bribe money that he asked for, the heads of the company were emboldened to offer him a bribe. But the Prosecutor said that he did not need money: he was asking for the whole enterprise. After that, the heads started to look for somebody who could help them in this situation: in other words, they searched for trust. They contacted me. At that time I had good relations with the President’s administration; I was a member of the Civic Chamber. I turned to the President’s administration and met one of Surkov’s assistants, explaining the whole situation. And then Surkov’s people called the Deputy Presidential Representative of the region. Afterwards they suggested that I personally meet the President’s Plenipotentiary Representative in another city to describe the situation. I went there, and he already knew what I would be talking about. There was also another person present at the meeting, a member of the Federal Security Bureau (FSB). This person told me, ‘Pavel Vasilievich, you understand that if it is all connected to the chief Prosecutor, whose main responsibility is to guarantee compliance with the law and through whom all the cases go, there is no sense to just come to him and complain that somebody’s rights are not respected.’ And I remember how we sat there for three hours trying to find a solution; you could say we prepared a whole ‘battle plan’. It was decided to organize a workshop connected to Sunshine to study the positive experience of a family-based communal enterprise. By that time there was already a committee devoted to indigenous issues attached to the Presidential Representative’s administration, and it was suggested that this body

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7 Vladislav Surkov was First Deputy Chief of the Russian Presidential Administration from 1999 to 2011.
8 In 2000 eight federal regions of Russia were created and Plenipotentiary Representatives of the President of the Federation were appointed to each of them.
should be in charge of the workshop and cover all the organizational issues. It was decided that the Representative’s office would conduct its own inspection of the enterprise, and if this were positive it would prepare resolutions and recommendations for all branches of the local authorities to support Sunshine because of its exemplary role for other such indigenous enterprises.

And this seminar really was organized with the heads of Sunshine and the representatives of indigenous business organizations from other regions. It actually raised a furore. And I personally believe that nobody could reach such a level of success in a short time as Sunshine. I think that this enterprise should have been cared for and supported, because they reached such heights of success legally. This enterprise was investing huge amounts of money into the development of its people. Reindeer herding, hunting, fishing: we understand that these activities are unprofitable, especially for small and indigenous people in market conditions. Yet reindeer herding and hunting were really developing there, because they were supported from the profits of the other activities of Sunshine. It was not only jade extraction that brought income, they also had a bread factory, dairy factory, and were engaged in other socially beneficial activities. For example, it seems to me in 2010 or 2011, when the enterprise was still working, there was a small plane crash. The passengers were saved by reindeer herders from Sunshine. The airplane fell deep in the taiga in an almost unreachable place. Herders found the plane, were first to reach the place, and evacuated people from there by reindeer. They brought the passengers to their camp, everybody was saved and nobody was frozen.

So we conducted the event with the participation of the President’s Representative in the region, the President of N, and all the other top leaders. As a result, the Sunshine bosses told me later, they were invited over by the Prosecutor, who said that since they had managed to find a connection to Moscow they could keep going for a while. And then they were left in peace.

This peace continued until 2012, when a serious attack was initiated with the use of ‘heavy artillery’. Armed officers arrived, a Special Purpose Mobility Unit (SPMU) – and it was a Moscow SPMU, with investigators from Moscow as well. They commandeered the storehouses, closed the mine, occupied the Sunshine office, and even closed one road. This was done at the demand of Mr. S. (who is now in jail, by the way). On his orders a criminal case was opened, accusing Sunshine of stealing state property. The damages to the state were assessed at 600 million roubles. These accusations were based on one argument, that Sunshine started
extraction beyond its licensed territories. But these accusations were not new; the company had already been inspected on this issue several times and knew every centimetre of their borders. Naturally the whole affair was concocted out of nothing.

And the most outrageous thing – they took two members of Sunshine’s personnel and took them away to an unknown destination. We started to make official inquiries, I as well in the name of the Civic Chamber, because formally they were not arrested. After a month one of them was freed. He then called the heads of Sunshine asking for an apology, and confirmed that he had signed some documents when he was asked. The second person was kept for three months. But we knew that he was alive, because he managed to call his wife and tell her that he was alive but under pressure, and they tried to force him to sign papers against the heads of Sunshine. In the end they released him, but he promised not to submit any complaint. And he also said that he was kept in a house that belonged to a brother of the vice-Prime Minister of N.

Who ordered all of this? I think, this is my suspicion, that the Prosecutor of N was behind these events: he was also the former head of N’s FSB. Why? Because simultaneously, while all this was happening, he became head of a new company, the Russian Jade Company, that was positioned by the authorities as a state company to control all jade mining and exclude private firms. It was then already clear that this company was registered in Cyprus and was an offshore. And the owners of this company, as I assume, are close to Mr. Ch., the head of a state corporation called Russian Developments, which was one of the founders of the Russian Jade Company. The corporation owned 10 percent of the new Jade Company, and all the rest belonged to private investors.

Why do I think that Mr. Ch. is involved? I understand that Mr. Ch. might not know anything about it, because his corporation is turning over hundreds of billions of dollars and a tiny family-based enterprise with a small turnover is of no interest to him. But lesser people from his circles could become interested. Why am I sure of this? When the enterprise contacted me once again, I managed to include the Civic Chamber, we held several publicity meetings, and a special letter from the United Nations was sent to the government enquiring about the situation around this indigenous enterprise. The media started to write about it: Izvestiya, Kommersant, the main newspapers, a lot was said on the Internet.

It is also important that all of the jade that had been stored by Sunshine, and there was a lot of it, all of this jade was transported to the warehouses of the Russian Jade Company. Ultimately all of this jade was
stolen; nothing was left. This former FSB general became the head of the Russian Jade Company.

When a fuss around this situation was made in the media, three investigations were ordered concerning whether Sunshine was extracting jade outside of its licensed borders. Two were ordered by Sunshine itself, and one by the police. All three, including the police, showed that the enterprise did not overstep its licensed territories by even one centimetre. When the officials realized that they could not officially proceed, and that the public clamour was impossible to ignore, they contacted Mr. Ch., who is known to be a friend of the President. I am sure. I saw a letter from him to the President, and this letter was printed on the letterhead notepaper of Russian Developments. It is not clear why Mr. Ch. should be bothered by a situation around a small company. But he was writing a letter to the President; he wrote: ‘Dear Mr. President, please examine the case of the Sunshine enterprise, which is involved in smuggling, illegal business activities, and so forth’. This means he was asking the President of the country to study the case of such a small company!

It was understood that without including such strong leverage, they could not resolve the situation. I saw the response to this letter myself, with the President’s personal signature, with a resolution to send this letter to Chaika, Bastrykin, and Kolokoltsev\(^9\) for them to investigate and report back. And so the attackers on Sunshine realized that they could do whatever they want, and that they actually did not need a criminal case against Sunshine. And they followed the easiest way: the state Prosecutor of N, who was trying to obtain the business, applied to the court to liquidate the enterprise, because its activities were not in line with Russian law. There were two main accusations: 1) that out of four founders of the enterprise, two were not registered at the place where the enterprise was registered; 2) the enterprise’s status was incorrect, as it was involved not only in traditional activities but also non-traditional as well.

There are broader implications of this situation. The Chief of an Native American tribe, Willy Littlechild, who was in N in connection with the public campaign around Sunshine, said that this was a case of ‘economic discrimination’ – because indigenous people of the Russian Federation seemed to be disbarred from activities that are not traditional.

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\(^9\) Yury Chaika was the Prosecutor general of Russia, Alexander Bastrykin is the Head of The Investigative Committee of Russia, and Vladimir Kolokoltsev is the Russian Minister of Internal Affairs
Nevertheless, the court decided that this argument was not important and ordered the enterprise to close.

I also want to mention that the list of traditional activities was initially created by the Association of Indigenous People of the North and then was accepted and authorized by the Russian government. I was the initiator of this, and our Association reached the federal level to create the list. We initiated it with the simple intention of protecting such indigenous companies, so that they could apply for state funding to support these traditional occupations. And bureaucrats later turned it all upside down, and started to interpret this list as an instrument to limit the activities of these companies. And so Sunshine was liquidated on this basis and all of the jade was stolen. I know that later this FSB general was dismissed because he had not managed to do everything without a public fuss and another person became head of the Russian Jade Company. And then the FSB general tried to use his connections to punish me: I was accused of being a spy and a traitor.

Unfortunately, this was the end of Sunshine. All appeal cases were lost. Now I know that because there was so much public fuss, they created a new offshore company and all jade business was redirected from the Russian Jade Company to this new one. The criminal case against Sunshine is still open. It is clear that nobody can be prosecuted, because all expert investigations have shown that there was no overstep. But lawyers say that keeping it open was done on purpose, to keep people on the hook. As I know, the heads had to leave the country for China. And I know that Chinese intelligence services prevented an attempt to kill them – and the criminals who attempted the murder confirmed that the order was from Russia.

I want to underline that Sunshine reached unprecedented success that nobody else could reach in the near future. They were unique specialists. And this new company that acquired Sunshine’s business is now unprofitable. It receives money from the regional budget to cover its expenses, including sponsoring the local community.

Concluding Remarks: Vortex of Trust

The trajectory of searching for trust in Russia can be graphically depicted as a vortex: winding around a centre, coming closer to it with each round until one is swallowed by the centre. Once we met Dima, at a point when Sunshine was at its brightest, and were surprised by the shadow of pessimism in his
eyes. We talked about it with one of his friends, and he answered that Dima could not go further, that the development of Sunshine had reached its limit and it was obvious that the end was coming, even if not so soon. This was not about the limit of capital for investment; this was not about the limit of ideas for expansion and change; this was about the limit of trust, as we realized later. If Dima did not have to establish relationships of trust with Chinese buyers, knowing from the start that they operated in different worlds and that the only thing that he could do was apply to their affects and emotions, leaving them to compete with each other for their stones, his relationships with competitors and partners on the Russian side of the border were always determined by trust, namely the decision to take the risk to trust people, accept the chance that in future they will not be loyal, but still seek out contacts with them.

Searching for a person you can trust means searching for the one that will make decisions in the future to help you or to attack your enemies. This means that the person should be autonomous. As soon as you realize that his or her actions depend on decisions sent from above, you cannot trust that person. As a result, in a hierarchical political system the process of searching for trust is like climbing a mountain, when as soon as you reach the top you realize that this is not the top, but just another platform from which you can see another peak. In the end people can trust only one person, the President, because he seems to be the only person who decides completely independently. As a result, even such a small problem as competition for a small, peripheral business becomes an issue needing a letter to the President and a plea for his personal involvement. And whoever reaches him first becomes the winner. This has an unexpected effect on the way the Russian-Chinese border is perceived. Although geographically it is far from the centre in Moscow, in practice this border is created in the capital where the Kremlin decides who has the final right to speculate on the gaps in values created by this border and who can cross it. This does not mean that such decisions necessarily provide legal status for a business, as we can assume that the flow of illegal and smuggled jade has not lessened since the liquidation of Sunshine. Because crossing the border is an activity based on trust-protection, and the epicentre of trust is situated in the Kremlin, both legal and illegal border crossing are negotiated there.

Every time we visited Sunshine, we met new people there. We were surprised, wondering why, if Sunshine was obviously offering such good working conditions with fair salaries, people were leaving it. It turned out that almost nobody could avoid jade fever. They were taking risks to steal stones and sell them directly to Chinese buyers. So the feverish
affect initially associated with Chinese customers had spread to people from the other side of the border. We recognized that Sunshine could not trust its own workers. Trust was a projection onto those who maintain higher positions, not onto your subordinates. So it always took the form of subordination, rather than a relationship with equals. And this is the main difference between trust as interpreted in the West as described by Gambetta and colleagues, where trusting is associated with the relations between equal autonomous partners, and trust as it functions in Russia, where it becomes an intention, rather than a decision. As we can see from the story of Sunshine, partners in Russia trust not those who are closer to them, but those who are closer to the centre of the system. Thus the search for trust recreates power divisions between the periphery and the centre.

Bibliography


