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## *The Odessa Grain Trade: A Case Study in Urban Growth and Development in Tsarist Russia*

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The study of Russia's urban growth and development in the late nineteenth and early twentieth centuries has largely focused on the effects of industrialization and the question of internal migration. There is indeed little doubt that "industrialization was the catalyst in (the) frenetic growth of St. Petersburg between 1850 and 1914"<sup>1</sup> and that much the same could be said of 'Russia's Manchester', Ivanovo-Voznesensk, and the mining and metallurgical towns of Ekaterinoslav and Lugansk. Yet, the general applicability of such a correlation may be called into question. William Blackwell has recently described the tsarist program of modernization as resulting in "commercial expansion particularly of the grain trade, extensive railroad building and the growth of industry" all of which "determined the kind of urbanization that took place".<sup>2</sup>

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<sup>1</sup> JAMES H. BATER, *St Petersburg. Industrialization and Change* (London, 1976), p. 4.

<sup>2</sup> WILLIAM BLACKWELL, "Modernization and Urbanization in Russia: A Comparative View," in *The City in Russian History*, Michael F. Hamm, ed. (Lexington, Kentucky, 1976), p. 307.

Commercial expansion, railroads, and industry might be interpreted as the sequential pattern to which urbanization in tsarist Russia generally conformed. However, not every city or even region experienced these transformations to the same degree. While, by 1914, some cities were clearly marked by the predominance of industrial enterprises, others still bore the character of primarily commercial centres. This was true of the port cities of South Russia, and most dramatically of the major port, Odessa. Despite several perturbations and transformations in the grain trade, and considerable industrial growth, the commerce in grain was and remained the principal economic activity within Odessa up to the First World War. As such, the grain trade imparted to and interacted with a certain constellation of social relations.

Therefore, in order to understand the kind of urbanization which took place in Odessa, and by extension to other Russian cities dependent on overseas commerce in grain, the grain trade itself must be analyzed. The method employed in this paper will be cross — sectional analysis. This has the advantage of potentially satisfying two demands on the historian. On the one hand it can illuminate the nature of the grain trade and social relations within the city and their links with the outside world at any one time; on the other, it allows for an assessment of how these relations changed or did not change. After an introductory section on Odessa and the grain trade to 1861, the paper considers the state of the trade and the urban scene in 1875 and 1895. A final section assesses the situation on the eve of the First World War. These dates are in themselves insignificant. Their choice was based on the following criteria: *a*) non-correspondence with wars or other short-term disruptions in the grain trade *b*) diversity of political climates and urban administrative structures *c*) rough equivalence in length of intermittent periods and *d*) data available. Of course it is impossible and probably undesirable to stay strictly within the bounds of these three dates. They should

rather be seen as benchmarks to assist in the evaluation of ongoing processes.

## I

The history of the South Russian seaports before 1861 is largely that of the spectacular though uneven growth of Odessa in contrast to and even at the expense of other port cities. Favoured by its location on a commodious and deep harbour in close proximity to the mouths of three great rivers (the Dniester, Bug and Dnieper), Odessa was already, some twenty years after its founding in 1794, a dynamic city of approximately 25,000 people. Moreover, its trade turnover was as large as that of other earlier established port cities. Whereas the Crimean ports of Sevastopol and Theodosia were as favourably placed with respect to the Straits, sufficiently deep to accommodate the largest seagoing vessels, and unlike Odessa, virtually ice-free, access to them from the hinterland was difficult and cereals production in Taurida province negligible. Nikolaev, situated 22 miles from the mouth of the river Bug, and Kherson, located on the Dnieper, were inaccessible to large ships owing to silting of the channels and the Ochakov bar, while the Azov ports of Mariupol, Rostov-on-Don, Toganrog, and Eisk suffered from the shallowness of the sea, the unreliability of the winds, the dangerous passage through the Yenikale Channel and the sparseness and unsettled nature of the largely Cossack population in the interior.

Under the governors-general Lanjeron (1815-22), Vorontsov (1823-54) and Stroganov (1855-62), Odessa continued to enjoy the administrative solicitude which had marked the Duc de Richelieu's tenure (1803-15). The most striking manifestation of imperial favouritism towards Odessa was its status from 1819 to 1857 as a free port. The significance of this special status was threefold. First, after two adjustments in 1823 and 1826, it fixed the limits of intensive building construction and commercial activity to, and determined the lay-out of, streets within the area enclosed by the walls surrounding the free port zone. These

walls, though demolished in the 1890s, still bear traces in the form of boulevards and parallel streets forming a 'collar' around the inner city.<sup>3</sup> Secondly, residents within the free port zone were able to purchase imported goods at relatively low prices and not incidentally to engage in smuggling operations which from available evidence appear to have been extensive. Finally, and perhaps most significantly, while the regulations had a depressive effect on local industry, they encouraged the establishment of banking houses, foreign and domestic trading firms, consulates and warehouse facilities. They also waived the requirements for foreign 'guests' engaged in overseas commerce to enrol in the first or second guild of the merchantry and pay the requisite tax on declared capital. Hence, in the 1830s and '40s Efrusi and Rafalovich, Ralli, Trabotti, Maas, Walter, Cortazzi and Rodokanaki were the names that topped the list of those handling Odessa's foreign trade. Hence, too, the cosmopolitan atmosphere which pervaded the social and cultural life of the city. In addition to merchants from Italy, Greece and to a lesser extent Britain and Germany, Jews from Poland, Rumania and Bessarabia flocked to Odessa where, unfettered by traditions, they "outran other Jewish centres in the process of modernization".<sup>4</sup> Sojourners, both Russian and foreign, were pleased to record that street signs were in Italian as well as Russian, that the first periodical published in Odessa was in French, that the Italian opera flourished with even the drivers singing arias, that many of the two and three-storey limestone buildings bore a striking resemblance to those seen in Genoa, Naples and other Mediterranean ports, and that as of 1840 there were three bookshops devoted to foreign literature and only two selling primarily Russian language material.<sup>5</sup>

<sup>3</sup> DAVID J. FOX, "Odessa", *Scottish Geographical Magazine* LXXIII (1963), no. 1, p. 10.

<sup>4</sup> S. M. DUBNOW, *History of the Jews in Russia and Poland from the Earliest Times until the Present Day*, translated by I. Friedlaender (3 vols., Philadelphia, 1916-20), II, p. 133. Whereas until 1859 the right of residence in Nikolaev and Sevastopol was denied to Jews, the Jewish population in Odessa rose from 6668 in 1832 to 14,100 in 1858.

<sup>5</sup> See S. I. PLAKSIN, *Kommerchesko-promyshlennaia Odessa i ee predstaviteli v kontse*

If Odessa's free port status stimulated foreign commerce it was above all wheat which constituted the staple article of commerce. Drawing on an ever-expanding growing area which stretched eastwards from Bessarabia across the broad belt of black-soil steppe, Odessa received its wheat via cart, barge or a combination of both. The distances covered by river and road were enormous, sometimes as much as 600 *versts*, the trip took at least several weeks depending on the weather, the cost of transport from Kremenchug and other northerly collection points to the harbour and thence to the warehouses was three to four rubles per *chetvert* or at least as much as freight and handling charges for overseas transport, and the grain frequently arrived in port spoiled from exposure to the elements.<sup>6</sup> Yet, wheat was a commodity in increasing demand in western Europe, and, particularly after the abolition of the corn laws in 1846, in England as well, and as the figures in Appendix I illustrate, Odessa held its own as Russia's major supplier.

Between 1827 and 1863 Odessa's population rose from 32,000 to 115,000, the total tonnage of ships clearing increased nearly threefold, the value of trade jumped six times, and customs revenues rose from 700,000 to 3.5 million silver rubles.<sup>7</sup> The relationship between this extraordinary growth and the grain trade was intricate. Revenue collected from customs, each *chetvert* of grain brought into the city and a variety of levies imposed on ships entering the harbour was allocated towards the upkeep

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*deviatnatsatogo stoletii i istoriia razvitiia torgovykh firm* (Odessa, 1901), pp. 23, 27, 50; K. SKAL'KOVSKII, *Vospominaniia molodosti, 1843-1869* (St. Petersburg, 1906), pp. 18-19, 71; and others cited by Patricia Herlihy, "Odessa: Staple Trade and Urbanization in New Russia." *Jahrbücher für Geschichte Osteuropas* XXI (1973) no. 2, pp. 184-87.

<sup>6</sup> On early difficulties of transporting grain to Odessa, see Iu. E. IANSON, *Statisticheskoe issledovanie o khlebnoi torgovle v Odesskom raione* (St. Petersburg, 1870), pp. 35-40, 55, 77, 79, 129-133; Iu. E. IANSON, *Sravnitel'naia statistika Rossii i zapadno-Evropeiskikh gosudarstv* (St. Petersburg, 1877), pp. 179-81; and S. Bernshtein, *Odessa, istoricheskii i torgovo-ekonomicheskii ocherk Odessy v sviazi s Novorossiiskim kraem* (Odessa, 1881), p. 59.

<sup>7</sup> FREDERICK W. SKINNER, "City Planning in Russia: The Development of Odessa, 1789-1892," Ph. D. dissertation, Princeton University, 1973, pp. 182-83 and A. A. SKAL'KOVSKII, *Zapiski o torgovykh i promyshlennykh silakh Odessy* (St. Petersburg, 1865), p. 121.

and improvement of port facilities which in turn provided for the accommodation of more ships and increased trade. Similarly, as the grain trade expanded so did the building industry and in particular the construction of grain storage houses. By 1852 there were 564 such edifices<sup>8</sup> some of which were, in the view of one traveller, "built with the same elegance as the dwelling houses".<sup>9</sup> Although some were owned by enterprising *meshchane* (town dwellers below the rank of merchant) and third guild merchants who alone had the right to engage in domestic commerce, the largest and most impressive belonged to merchants of the first and second guilds and gentry landowners. It is little wonder therefore that according to another visitor "in society even the women after normal greetings and meteorological observations turn the discussion to wheat".<sup>10</sup>

Perhaps most importantly, though, the grain trade largely determined the structure of population according to occupation and sex. Aside from the fortunes amassed by the major exporters, grain provided a means of livelihood for thousands of agents, commissioners, brokers, weighers and petty tradesmen many of whom journeyed to the countryside in the summer and autumn to arrange contracts, buy up surplus stocks and sell their wares. It also attracted an even larger contingent of drivers, balers, bag-stitchers, port and construction workers whose numbers and daily pay rose and fell depending on the size of stocks in the store houses and the price which wheat fetched. Between April and November as many as 50,000 peasants most of them male entered the city to work in these capacities. Those able to afford the expense stayed in basement flats or lodging houses. Others slept in the catacombs carved out of the limestone quar-

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<sup>8</sup> BERNSTEIN, *Odessa*, p. 38. K. SKAL'KOVSKII, *Vospominaiia*, p. 15 estimated that one-third of the buildings in Odessa were used for grain storage.

<sup>9</sup> J. G. KOHL, *Russia. St. Petersburg, Moscow, Kharkoff, Riga, Odessa, the German Provinces of the Baltic, the Steppes, the Crimea and the Interior of the Empire* (London 1844), p. 420.

<sup>10</sup> PLAKSIN, *Kommerchesko-promyshlennaia Odessa*, p. 31.

ried for construction, or under the open sky. They frequented the taverns situated around the port and the prostitutes whose services were also in demand from merchant seamen.<sup>11</sup> The daily wage of port workers was reported as 15-30 kopecks in 1830, and 60-120 kopecks in 1858. Though data on foodstuffs are scarce and unreliable, it would appear that the increase in wages compared favourably with price increases for meat, butter and game in the corresponding period.<sup>12</sup>

Despite Odessa's hegemony among the port cities of South Russia, despite its elegant corn magazines, its Richelieu lyceum soon to become a university, its magnificent monumental steps, broad boulevards, public gardens, opera, fashionable shops and all the other trappings of civilization if not prosperity, the 'Southern beauty' was still by the 1860s something of a frontier town which left a great deal to be desired in terms of the quality of life it offered its residents. Odessa ranked third in population among Russian cities after St. Petersburg and Moscow but unlike either it had no running water system, its streets, mostly unpaved, were legendary for their dustiness in the dry months and mud-diness during the spring and autumn, and its dwellings were in a constant state of disrepair. Largely as a result of these shortcomings, Odessa's natural growth of population remained negative and its death rate was nearly as high as the notoriously unhealthy and epidemic-prone capital.<sup>13</sup>

In short, Odessa's impressive growth in the pre-emancipation period had outstripped its development. Put another way, "appearances aside, the development of the supportive infra-

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<sup>11</sup> For a description of the early Odessa 'underworld' see *Ibid.*, pp. 60-1, 64-5.

<sup>12</sup> SKAL'KOVSKII, *Zapiski*, pp. 25, 98.

<sup>13</sup> Odessa's death rate in 1863 was 39.9 per 1000 compared to 42.4 for St. Petersburg. See *Ibid.*, p. 154; SKAL'KOVSKII, "Rezultaty registratsii Odesskogo naseleniia v 1866," *Trudy Odesskogo Statisticheskogo Komiteta*, (Hereafter, TOSK), II (1867), p. 294, and BATER, *St. Petersburg*, p. 186. For a more detailed analysis of the death rate in Odessa, see M. I. FINKEL', "Issledovanie o smertnosti v Odesse," TOSK, I (1865), pp. 147-216.

structure of public services and amenities proceeded at a very slow pace and in certain respects not at all".<sup>14</sup> The question remains though, why this was so. Two explanations have been proposed in the recent literature on Odessa. One, advanced by Frederick Skinner, emphasizes the "restrictive nature of the political system". Operating according to the Charter on Towns issued by Catherine II in 1785, the municipal government, Skinner argues, was severely restricted both in terms of its representativeness and its authority. Every decision for even the most minor improvement "consumed an unbelievable amount of paper, talent, and time".<sup>15</sup> This, plus the fact that participation in the municipal *duma* was unremunerated, ensured a cavalier attitude among Odessa's commercial elite to urban government. Even those initiatives emanating from the bureaucracy were not assured of success. Vorontsov's proposals for the construction of a rail line linking Odessa with various river ports and grain collection points ran foul of landlords' indifference and the hostility of the Minister of Finance, Kankrin.<sup>16</sup> But, important and negative as the influence of the overly centralized bureaucratic system was, it must still be asked, why Odessa appeared to suffer more than, say, Moscow or even other provincial cities? Was it a function of Odessa's more rapid population and commercial growth? Was it merely a function of growth or were other factors involved as well?

Patricia Herlihy in an enlightening article on Odessa before 1861 goes a long way towards answering these questions. She argues first that growers' dependence on serf labour to cultivate

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<sup>14</sup> FREDERICK W. SKINNER, "Trends in Planning Practices: The Building of Odessa, 1794-1917," in *The City in Russian History*, p. 146.

<sup>15</sup> *Ibid.*, p. 148.

<sup>16</sup> See A.A. SKAL'KOVSKI, "Biografiia Odesskoi zheleznoi dorogi," *TOSK*, I (1865), pp. 292-99. A. MARKEVICH, "Zheleznye dorogi i soedineiaushchie Odessu s ostal'noi Rossii," *Iuzhnorusskii Al'manakh* (1900), pp. 7-9. On Kankrin's views see WILLIAM BLACKWELL, *The Beginnings of Russian Industrialization, 1800-1860* (Princeton, 1968), pp. 273-74.

and transport grain militated against 'linkages' between urban growth and agricultural modernization to such an extent that Odessa found it increasingly difficult to compete with Danubian and later on American wheat. Secondly, the fact that mercantile fortunes were distributed extensively among branches of the Greek and Italian families which operated not only in Odessa but throughout the Black and Mediterranean Seas hampered infrastructural as well as industrial development in the city itself.<sup>17</sup> Thus, ironically, whereas Odessa's heterogeneous population imparted to the city a sense of cosmopolitanism if not sophistication, it was at the same time a reflection of, and contributing factor towards, underdevelopment. While Herlihy sees this as exceptional in the context of the staple theory of economic growth, Douglass North's comments on the inhibiting effects of the 'plantation's' type of export commodity on urban development would seem to be corroborated in this case.<sup>18</sup>

Yet, it could be said that the irony was double. If Odessa suffered from underdevelopment, it owed its growth in part to the underdevelopment of Russia in general and New Russia in particular. So long as there was resistance to the construction of railroads and the other port cities on the Black and Azov seas lacked the means to accommodate large ships, establish telegraphic links with the interior and overseas markets and otherwise overcome their geographical isolation, Odessa remained in a position to, and did, reap the benefits of "the golden blessings of the fields".

## II

In 1875 Odessa experienced a slight downturn in its overseas commerce with exports dropping from 48.12 million rubles to

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<sup>17</sup> HERLIHY, "Odessa: Staple Trade," pp. 189-91.

<sup>18</sup> See DOUGLASS C. NORTH, "Agriculture in Regional Economic Growth," in *Agriculture in Economic Development*, Carl Ficher and Lawrence Witt eds. (New York, 1964), pp. 72-3. The analogy with the antebellum American South is pertinent.

46.4 million and imports from 45.3 million to 41.7 million. More seriously, grain exports had declined in value from 43.2 million to 40.8 million rubles and "there was a loss to the shipper on every cargo shipped".<sup>19</sup> But in his summary of the year's commerce, the British consul in Odessa contended that the depression was only temporary, adding that "Odessa is making rapid progress in that material improvement which has already rendered her the best built, most cleanly, and best organized town in Russia". Nevertheless, he felt compelled to attach to his report a memorandum of the Odessa Committee of Trade and Manufacturing to the State Council which contained the following, more gloomy assessment:

The present state of affairs in Odessa can be expressed briefly by the fact that not only has it experienced a temporary crisis derived from the results of harvests at home and abroad as well as other fortuities, but is entering into a period of definite decline.<sup>20</sup>

There was much truth in both claims. By 1875 the town had spread to an area nearly twice that of the former free port and boasted a population of 200,000, an increase of 80,000 over 1863. An English company was supplying water piped from the Dniester 27 miles away at one-tenth the previous cost; port construction was proceeding along the lines laid down by Sir Charles Hartley, an English engineer whose tender had been accepted by the government in 1868; the Odessa (later South-western) Railway had just completed the construction of an elevated track (*estokad*) linking the warehouse district of Tiraspol' Zastava with the Peresyp port area; and most of the major thoroughfares were paved with granite and lit with gas.<sup>21</sup> The organi-

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<sup>19</sup> "Report on the Trade and Commerce of Odessa, 1875," *British Parliamentary Papers* (Hereafter, B.P.P.), 1876, LXXIV, pp. 428, 430.

<sup>20</sup> *Ibid.*, pp. 435, 444-49.

<sup>21</sup> For a discussion of these and other improvements initiated during the "reform period" see SKINNER, "City Planning in Russia," pp. 281-331.

zation of the town to which the British consul referred was taken well in hand by the municipal government whose representativeness and powers had been expanded by the municipal reforms of 1863 and 1870 and to whose dedication many of the improvements may be attributed.

Nonetheless, the pessimism of the Committee of Trade and Manufacturing was not entirely unfounded. After several years of prosperity which saw the construction of 600 "first class houses" in 1873 alone, Odessa in 1875 was experiencing a recession. In that year, 116 properties valued at 2.6 million rubles were foreclosed by three local banks.<sup>22</sup> The branches of the Moscow and Kiev Banks, having failed to collect on their real estate loans, closed and the Odessa Commercial Bank followed suit in 1878. Work was scarce and it was reported that many itinerant labourers were starving.<sup>23</sup> Scattered through the British consul's reports were other indications of economic trouble — the suicides of the principal importer of colonial goods and the proprietor of the only wool washing enterprise, and the liquidation of a large brewery and distillery.<sup>24</sup>

More ominously, the grain trade which had provided merchants with capital to invest in real estate and industry was being assailed by a number of forces both external and domestic. Among these were the transformation in agriculture as a result of the emancipation of the serfs, the emergence of America and other competitors on the English market, certain innovations in the trade which Odessa in particular and Russia in general were slow to adopt, and finally the construction of railroads to port cities further to the east and the rise of these ports coupled with a railroad tariff policy which favoured export through the Baltic

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<sup>22</sup> V. A. ZOLOTOV, *Khlebnyi eksport Rossii cherez porty chernogo i azovskogo morei v 60-90e gody XIX veka* (Rostov-na-Donu, 1966), p. 119.

<sup>23</sup> I. A. SHTERNSHTEIN, *Morskie vorota Ukrainy* (Odessa, 1958), p. 22.

<sup>24</sup> "Report on... Odessa, 1875," p. 437.

rather than the Black Sea. These developments, though perceived at the time, were difficult to assess. Yet, within a decade they would lead to a major crisis in the grain trade which was to fundamentally alter its nature and have serious consequences for Odessa itself. Thus, while the decline predicted by the organized merchants of Odessa was still to some extent in the offing, there were indications of its imminence. The bulk of this section, then, will be devoted to a consideration of the forces beginning to impinge on the grain trade and the ways in which they affected Odessa's growth and development.

As was the case with the city, the relationship between the grain trade and agriculture was symbiotic. With the expansion of overseas demand in the 1860s and early 1870s, the sown area in the hinterland increased by as much as two times in Ekaterinoslav and Kherson provinces and the price of land and rents also rose.<sup>25</sup> At the same time, as more and more peasants were brought into the market economy — either to meet redemption payments or if they rented land to comply with the terms stipulated by landlords — an increasing proportion of the land was turned over to wheat and barley production at the expense of other cereals and animal husbandry. Still, the transition to capitalist agriculture was neither rapid nor smooth. As far as the grain trade itself was concerned, the plethora of peasant producers encouraged a division of labour such that export houses no longer bought directly or through their agents but relied increasingly on intermediaries. The latter would tour the countryside in the spring negotiating agreements for partial payment based on their expectations of prices in the summer and autumn. Frequently they were suspected of adulterating the grain when it arrived at local markets or rail stations or waylaying peasants en route and striking bargains at the expense of producers. Indeed, the petty buyers (*skupshchiki*) became notorious for their

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<sup>25</sup> ЗОЛОТОВ, *Khlebnyi eksport*, pp. 9, 28.

bag of tricks and as a large percentage were Jews, the already virulent anti-semitism among the agricultural classes was reinforced.

Most buyers in the interior operated with very little capital, relying on advances from exporters and quick turnovers. The exporters in turn obtained their capital from sales on the European exchanges the majority of which occurred during January and February. In this manner, the grain trade within Russia became inextricably linked with that of the rest of the world so that prices in Odessa and even in the interior came to be influenced and eventually dictated by prices overseas. The Soviet historian of the grain trade, V.A. Zolotov, has argued that this process of integration reached a watershed in the mid-1870s.<sup>26</sup> Until then a bad harvest in Russia caused prices to rise in the ports. Thus, in 1873 when Odessa exported 1.36 million *chetverts* of wheat less than in the previous year, it did so at an average price of 16 kopecks per *pood* more. But in the following three years prices fell from 92.8 kopecks per *pood* in 1874 to 84.9 kopecks in 1875 and 84.6 kopecks in 1876 despite relatively poor harvests, only to rise again to over one ruble in 1878-9 when, as a result of the Turkish war of 1877 and good harvests, large stocks had piled up in the port.<sup>27</sup>

Such fluctuations are inexplicable without reference to the impact of other grain exporting areas of the world. Though in the 1840s and '50s Danubian wheat was Russia's main competition on the international market, by the 1870s the vast prairies of the American Midwest were rivalling the Russian steppe as the granary of Europe. For much of the nineteenth century Britain was the world's largest importer of wheat and it was to Britain

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<sup>26</sup> *Ibid.*, p. 118.

<sup>27</sup> *Sbornik svedenii po istorii i statistiki vneshnei torgovli Rossii*, V. I. Pokrovskii ed. (2 vols., St. Petersburg, 1902), I, pp. 34-6.

that most of Odessa's wheat and other cereals were shipped as illustrated by the following figures\* for 1872:<sup>28</sup>

	WHEAT	RYE	BARLEY	MAIZE
Great Britain	1,894,600	154,260	188,600	36,700
France	335,300	4,600	2,370	5,760
Germany	153,000	54,600	25,340	
Austria	150,150	2,660		2,520
Italy	127,300	3,740		
Other**	102,900	46,490	8,650	4,000
Total	2,763,250	261,750	227,190	45,590

\* figures in *chetverts*      \*\* mostly Constantinople and Egypt.

Whereas American wheat comprised only 16.8 per cent of Britain's imports between 1865 and 1870 compared to 33.7 per cent from Russia, in the following two quinquennial periods (1870-75, 1875-80), the proportions were 39.1 and 49.7 per cent for the United States and 33.7 and 29.9 per cent for Russia.<sup>29</sup> Simultaneously, the price of American wheat began its long decline which, because of the large quantities marketed, was to carry Russian wheat with it.

In the Odessa committee's memorandum, cited earlier, much attention was given to American competition. "The cheapness and fertility of its still virgin soil, the salubrity of its climate and rationality of the American economy, gradually replacing human labour with cheap machine work" — such were the reasons which it advanced for the rapid development of American agriculture and the rise of America to the leading position in the

<sup>28</sup> "Report on the Trade and Commerce of Odessa, 1872," *B.P.P.*, 1873, LXV, p. 324.

<sup>29</sup> I. M. RUBINOW, *Russian Wheat and Wheat Flour in European Markets*, U.S. Department of Agriculture, Bureau of Statistics, Bulletin 66, Washington, D.C., 1908, p. 28.

international grain trade.<sup>30</sup> The committee might also have pointed out the advantages derived from America's grain elevator system and extensive network of railways.

The grain elevator system, first developed in Buffalo in 1842 and employed on its most massive scale in Chicago, has been considered "a key factor in revolutionizing the grain trade of the world".<sup>31</sup> In 1875, Chicago's twenty grain elevators, "huge skyscraper warehouses", had a capacity for storing approximately ten million bushels. This was somewhat less than the total capacity of Odessa's several hundred magazines.<sup>32</sup> Yet storage was only one of the functions of elevators. Linked with and in most instances owned by railroads, they provided for speedy and low-cost handling, which, as prices began to fall, made the difference between profit and loss. They also enabled grain to be sorted and graded thus assuring purchasers of a uniform quality. Finally, they ushered in the development of the futures market.

These advantages were not lost on Odessa's merchants. Compared with New York, Chicago and Milwaukee, where the cost of loading a *chetvert* of grain into ships' holds (*franc à bord*) averaged 23 *kopecks*, in Odessa it was 72.5 *kopecks*.<sup>33</sup> As early as 1871 it was reported that the 'American system' was a topic of discussion among exporters.<sup>34</sup> But there were real obstacles to be overcome before elevators could be successfully employed. Middlemen, especially those owning storage houses, feared the loss of their income. Landlords wanted elevators to

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<sup>30</sup> Quoted in ZOLOTOV, *Khlebnyi eksport*, pp. 118-19.

<sup>31</sup> GUY A. LEE, "The Historical Significance of the Chicago Grain Elevator System," *Agricultural History*, XI (1937), p. 18.

<sup>32</sup> *Ibid.*, p. 20; and R. V. ORBINSKII, *Iz otcheta R.V. Orbinskogo o nastoiashchem polo-zhenii khlebnago vyvoza iz Odessy* (Odessa, 1881), p. 13.

<sup>33</sup> *Ibid.*, p. 8. See also *Khlebnaia konkurentsia Rossii s Amerikoi (Materialy dlia resheniia Khlebnago voprosa v Rossii)* (Moscow, 1883), p. 113, and A. C., "Odessa i odesskii raion," *Ekonomicheskii Zhurnal*, bk. 8-9 (1887), pp. 86, 95-6.

<sup>34</sup> "Report on Trade of Odessa, 1871," *B.P.P.*, 1872, LVIII, p. 138.

be constructed not at the ports but primarily in the interior. There was also the problem of a multiplicity of types of wheat (more than twenty) compared to six or seven varieties grown in America. In any case, Odessa's merchants possessed neither the requisite capital nor the political influence to convince the state to invest. Thus, they were limited to decrying the backwardness of agriculture and the low and indeed deteriorating quality of grain which was giving Odessa a bad reputation on the English market.<sup>35</sup> It was not until 1891 that the Southwestern Railway built a grain elevator at Odessa, the first to be constructed at any southern port.

The construction of railways in South Russia, long delayed by bureaucratic opposition, shortage of domestic capital, and the uncertainties associated with the promulgation of the Emancipation decree, commenced with the Odessa-Balta line, completed in late 1865. Paralleling the northwest-southeast direction of the Dniester and Bug rivers, the railroad tapped a rich wheat growing area. Despite initial problems such as the lack of adequate storage facilities at the ten stations on the line and high costs of loading and unloading, the railroad transported 27 million *poods* of grain to Odessa's Quarantine Harbour in its first three years of operation.<sup>36</sup> This constituted between thirty and forty per cent of all grain exported from Odessa. In the next few years branch lines were constructed to Kishinev by way of Tiraspol', to Kremenchug, and to Zhmerinka. By 1874 23 million *poods* of grain reached Odessa by rail and in the following two years rail transport accounted for 57 and 62 per cent of all grain deliveries.<sup>37</sup> Yet the railway proved something of a mixed blessing as far as Odessa's grain trade was concerned. Despite expectations of much cheaper transport, rail rates were not appreciably lower

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<sup>35</sup> *Otchet Odesskago komiteta torgovli i manufaktur o khode torgovli g. Odessy za 1878 god* (Odessa, 1879), pp. 6-7.

<sup>36</sup> IANSON, *Statisticheskoe issledovanie*, pp. 233, 236, 240.

<sup>37</sup> ZOLOTOV, *Khlebnyi eksport*, pp. 48-9.

than those for road or river traffic and on certain sections, such as the line from Tiraspol', were at least as much. This appears to have been partly due to the fact that between 1870 and 1879, the Odessa Railway was operated by the Russian Steam Navigation and Trading Company (ROPiT) which also owned an extensive fleet of barges and river steamers in addition to its passenger and goods carrying ships which plied to Black and Azov Seas. Rates were in fact so high in the 1870s that it was cheaper to send grain from the area around Kremenchug to Königsberg on the Baltic via Kiev, Brest-Litovsk and the East Prussian Railway than to Odessa despite a difference of 600 *versts* in favor of the latter.<sup>38</sup> In 1879, when the railway was merged with two others to form the Southwestern Railway, the rates were lowered. But throughout the next decade Odessa's merchants waged a bitter struggle with the railway administration which preferred Königsberg and Danzig where it could be assured of full loads for the return journey to Russia. Growers too favoured Baltic merchants who, because freights to London were as much as 90 *kopecks* per *chetvert* lower than from Odessa, could offer higher prices.<sup>39</sup>

A still more serious threat to Odessa's grain trade was posed by the construction of railroads linking other South Russian ports with the grain-growing heartland. Throughout the 1860s committees of merchants and municipal councils had argued in petitions the merits of their ports as terminals for railways, commissioned studies to support their cases, and enticed financiers with offers of free land and other concessions. By 1875 Nikolaev,

<sup>38</sup> M. P. FEDOROV, *Khlebnaia torgovlia v glavneishikh russkikh portakh i Kenigsberge* (Moscow, 1888), pp. 110-11.

<sup>39</sup> The figures in the late 1860s were 1.20-1.80 *rubles* per *chetvert* from Odessa to London, 61-90 *kopecks* from Danzig and 78 *kopecks* — one *ruble* from Königsberg. IANSON, *Statisticheskoe issledovanie*, pp. 314-15. See also D. MORDOVSTEV, "Znachenie khlebykh gruzov v obschchem tovarno-gruzovom dvizhenii russkikh z.d.," *Zhurnal Ministerstva Putei Soobshcheniia*, bk. 5-6 (1875), pp. 25, 52; and ZOLOTOV, *Khlebnyi eksport*, pp. 52-4.

Sevastopol, Taganrog, and Rostov-on-Don had obtained rail links with the interior. While Sevastopol drew away some commodities previously imported by Odessa, it was Nikolaev which emerged as a major rival in the export of grain. Even before the completion in 1872 of the line to Znamenka, 120 *versts* to the north, it was asserted that "one look at the map will convince us that the most natural terminal point for Kremenchug freight and indeed all goods derived from east of Elizavetgrad is Nikolaev."<sup>40</sup> What the map showed was an extremely circuitous route taken by the Odessa Railway, the total distance of which was twice that of the post road. Despite rotting wooden wharves, summer contagions, waist-deep mud in the streets, the necessity for expensive and time-consuming lighterage across the Ochakov bar and other obstacles reminiscent of Odessa in the pre-emancipation period, Nikolaev's grain exports rose from an average of 697,000 *chetverts* between 1869 and 1873 to 1,502,000 *chetverts* in the period 1874 to 1878.<sup>41</sup> This represented an increase from 17.48 per cent to 37.08 per cent of Odessa's exports.

The foregoing analysis of the grain trade by the beginning of the last quarter of the nineteenth century has demonstrated that a transformation was taking place albeit slowly. The old system whereby landlords had direct relations with exporters, the one controlling the labour supply and transport and the other taking advantage of price differentials between the growing area and the port, was giving way to a far more complex and less manipulative one. The price of wheat was beginning to decline and with it profits. On the other hand, the amount of grain arriving at the port and the rate of turnover were increasing. As a result of railroad construction and the expansion of the growing area, new ports were being opened up to foreign commerce. But

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<sup>40</sup> IANSON, *Statisticheskoe issledovanie*, p. 40.

<sup>41</sup> "Report on the Trade of Nikolaev, 1872," *B.P.P.*, 1873, LXIV, p. 707; Report on the Trade of Nikolaev, 1874, *B.P.P.*, 1875, LXXV, p. 652; FEDOROV, *Khelbnaia torvogliia*, p. 75.

thanks to improvements in Odessa's port area and access to it, they only dented but did not overcome Odessa's hegemony. In short, the new elements which had entered the grain trade had yet to assert their dominance. They mixed with but had not supplanted the old ways.

This awkward state of transition was apparent in other facets of life in Odessa, and it is the argument of this paper that the correspondence was not coincidental. In terms of Odessa's physiognomy, two-storey grain magazines with their iron-grated windows could still be seen all over the city, but with the coming of the railway there was a greater concentration of them along the line running to the port. This line with its elevated mechanical loading and unloading apparatus still competed with bargemen, cart drivers, and manual labour.<sup>42</sup> There were 172 industrial enterprises in Odessa in 1878 but they employed a mere 3,279 workers, less than one-tenth the number employed in St. Petersburg.<sup>43</sup> The largest in terms of workers, steam power and turnover were flour mills and metalworks producing agricultural implements. — in other words, those dependent on the state of the grain trade.

Also dependent on the grain trade were the mass of brokers, speculators, agents and commissioners, many if not most of them Jewish, who congregated under the roof of the Hotel Richelieu to form an unofficial "petite bourse". Being the most visible sign of the increasing division of labour to which reference has already been made, they were resented by merchants whose fortunes correspondingly dwindled. The significant rise in the Jewish population of Odessa resulting from *family* migration (itself a product of increased opportunities in commerce), the upward mobility of *some* Jews and the establishment of branch offices of large Jewish-owned firms such as Louis Dreyfus of

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<sup>42</sup> LANSON, *Statisticheskoe issledovanie*, p. 284.

<sup>43</sup> *Otchet Odesskogo Komiteta za 1878*, prilozhenie 5; BATER, *St. Petersburg*, p. 410.

Paris and M. Neufeld of Berlin fanned the flames of anti-semitism in the city. Already in March 1871 the normally hectic pace of commerce at that time of year was halted for three days as Jewish-owned shops, warehouses and taverns were sacked by crowds of Greeks, Ukrainians and Russians.<sup>44</sup> This, the first serious anti-Jewish disorder witnessed in Odessa, was, like much else that has been described, a portent of worse times to come.

### III

The state of the grain trade in Odessa and its interrelationships with the urban social structure were less transparent in 1895 than was the case twenty years earlier. On the one hand, the rate of population increase in the intervening period was prodigious, and was in some respects matched by infrastructural development. On the other, the grain trade, subject to the full force of developments discussed in the previous section, appeared to be on the decline and had certainly lost ground with respect to other South Russian port cities. Yet, as will be argued, urban growth and development was not nearly as spectacular as it has sometimes been portrayed, nor had Odessa extricated itself from its dependence on the grain trade. This is not to suggest that the situation in the mid-nineties was more or less the same as it had been in 1875. Rather, it is to assert that the forces impinging on the grain trade had by the later date transformed its structure, and that the nature of urban growth and development has to be considered in the light of this transformation.

Between 1873 and 1893 the number of people registered as living in Odessa rose from 193,513 to 340,526, and by 1897, when the first empire-wide census was conducted, the recorded

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<sup>44</sup> DUBNOW, *History of the Jews*, pp. 191-2 attributes the pogrom to "unfriendly feeling between Jews and Greeks who competed in the corn trade and grocery business." See also I. G. ORSHANSKII, *Evrei v Rossii (ocherki ekonomicheskogo i obshchestvennogo bytia russkikh evreev)* (St. Petersburg, 1877), p. 157; and *Den'* (Odessa), no. 16, April 16, 1871 and no. 19, May 8, 1871.

population was 403,815.<sup>45</sup> Thus, Odessa was experiencing one of the highest rates of population growth of any city in the empire or indeed the world. Nonetheless, municipal expenditure had managed to keep pace with the population, rising from 2.1 million rubles to 3.8 million during the same period.<sup>46</sup> Whereas in 1874 the city allocated 102,000 rubles towards education, in 1893 it assigned 288,000 rubles.<sup>47</sup> In addition to running 54 primary schools, the city owned and operated a slaughter house, mud baths and beaches which had spawned something of a tourist trade, over 2,000 gas lamps on the city's streets, a sewerage system which together with expanded hospital facilities largely accounted for a decline in the death rate from thirty-three per thousand to twenty per thousand, paved and electrically-lit port facilities, and an opera house which rivalled the most famous in the world in architectural splendour and interior decoration.<sup>48</sup>

The state and private enterprise also contributed to the development of Odessa. Between 1865 and 1892 various ministries allocated twelve million rubles for port construction with the result that by 1895 four harbours were in use — the 'New Harbour' for imports and the Oil Harbour, as well as the older Practique and Quarantine Harbours. The Southwestern Railway's grain elevator, built at a cost of 520,000 rubles and electrically lit for night-time operations, boosted Odessa's storage capacity by over one million *poods*.<sup>49</sup> Inner-urban transport was revolutionized with the introduction of the horse-drawn tram which, as in

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<sup>45</sup> *Odessa, 1794-1894 gg. K stoletiiu goroda* (Odessa, 1895), p. 56; and *Pervaia vseobshchaya perepis, Naseleniia Rossiiskoi Imperii 1897g., obshchii svod po Imperii* (2 vols., St. Petersburg, 1905), I, p. 2.

<sup>46</sup> SKINNER, "City Planning in Russia," p. 257.

<sup>47</sup> *Odessa, 1794-1894 gg.*, p. 133.

<sup>48</sup> SKINNER, "Trends in Building Practices," pp. 151-2.

<sup>49</sup> "Report on the Trade and Commerce of Odessa, 1889," B.P.P., 1890, LXXVI, p. 702. Upon nearing completion, the elevator burned down and had to be partially reconstructed. Incendiarism was suspected. See "Report on the Agriculture of the District of the Consulate-General of Odessa, 1890", B.P.P. 1890-91, LXXVIII, p. 560.

virtually every major Russian city, was operated by a Belgian company. By 1894, the line consisted of 46 *versts* of track and proved to be one of the most profitable enterprises in Odessa.<sup>50</sup> Finally, industrial production had made substantial advances. According to factory inspectors' figures, by 1895 there were 404 enterprises employing 12,123 workers and turning out goods valued at 38 million *rubles*.<sup>51</sup> The largest enterprise was the Aleksandrovsk Sugar Refining factory founded in 1879. Part of a chain of South Russian enterprises controlled by the Brodskii family, it employed 720 workers and had a turnover of 12.5 million *rubles* in 1893. These, in short, were the achievements which inspired such hyperbolic characterizations of the city as the following:

If with respect to its external appearance Odessa is called 'the Southern Beauty' and the 'Southern Palmyra', if the quality of life gives it the name of 'little Paris', then in relation to its rapid growth Odessa can be called 'the Russian Chicago'.<sup>52</sup>

Upon closer inspection, however, these comparisons begin to break down. As Thomas Fedor has recently argued, a significant proportion of the growth in the population of South Russian cities was 'artificial' owing to the Temporary Rules of May 3, 1882 and other decrees which compelled Jews living in the countryside to resettle in urban areas.<sup>53</sup> These measures, it should be noted, reflected an exacerbation in the social relations of the commerce in grain and may be seen as a draconian if largely unsuccessful attempt to limit contact between peasants and Jews.

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<sup>50</sup> *Odessa, 1794-1894*, p. 254.

<sup>51</sup> S. LAZAROVICH, "Ekonomicheskaia zhizn' Odessy," *Iuzhnorusskii Al'manakh* (1900), pp. 6-7.

<sup>52</sup> K. L. OLENIN, 'Vek'. *Odesskii istoricheskii al'bom, 1794-1894* (Odessa, 1895), p. 9.

<sup>53</sup> THOMAS FEDOR, *Patterns of Urban Growth in the Russian Empire during the Nineteenth Century*, The University of Chicago, Department of Geography Research Paper No. 163 (Chicago, 1975), p. 100.

Hence, despite the pogrom of 1881 and subsequent emigration to the United States, the Jewish population in Odessa rose from 53,800 (26.8 percent of the total population) in 1880 to 112,235 in 1892 (32.9 percent.)<sup>54</sup>

Educational expenditure increased but the cost of sustaining the military garrison which had amounted to 130,000 rubles in 1874, had risen to 436,000 in 1893. In any case, only 57 percent of the population above the age of six was literate in 1892 and only fifty percent of the total population could read according to the 1897 census.<sup>55</sup> The latter figure compared favourably with Moscow (33 percent) but not with St. Petersburg (62 percent) or Warsaw (53 percent.)

These statistics, however, mask gross inequalities which existed within Odessa. Literacy was reported as highest in the Boulevard district and lowest in Dal'nitsk and Slobodka-Romanovka. Generally, central districts of the city, the Boulevard, Aleksandrov, and Kherson, were the preserves of civil and military functionaries, absentee landowners and the upper ranks of the merchants. More outlying areas to the south and east such as Mikhailov, the Moldavanka, Peresyp, Slobodka-Romanovka, and the suburb of Dal'nitsk housed the city's shopkeepers, artisans, and working class both permanent and itinerant. The former districts had paved streets and sidewalks, electricity, gardens, theatres, restaurants, and 'European' hotels. In the latter there were as many unpaved as paved streets, kerosene instead of gas or electric lighting, and a predominance of lodging houses and taverns over hotels and restaurants. Whereas 95 per cent of all buildings in the Boulevard district had running water by 1893, in Peresyp 70 per cent did without it, in Slobodka-Romanovka 72 per cent had no such facilities and in Dal'nitsk the figure was

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<sup>54</sup> BERNSTEIN, *Odessa*, p. 78, and *Izvestiia Odesskoi Gorodskoi Dumy*, no. 3-4, February, 1914, Table 2.

<sup>55</sup> *Odessa, 1794-1894*, p. 60, and *Pervaia vseobshchaia perepis'*, I, pp. 2, section IX.

94 per cent. Figures for indoor flush toilets show similar disparities. While 87 per cent of homes in the Boulevard and 78.4 per cent in the Aleksandrov districts were thus accommodated, only 16.2 per cent in Mikhailov and 3.3 per cent in Peresyp contained such appertenances. Even the official and otherwise laudatory history of Odessa commemorating its centenary could not avoid mentioning with respect to the Peresyp that "the presence of a significant number of factories, heaps of trash in vacant lots and open sewers ... create unhygienic conditions".<sup>56</sup> Not surprisingly, then, the death rate per thousand was 29.07 in Peresyp compared to 17.19 in the Boulevard and a city-wide average of slightly under 25.<sup>56a</sup>

Working conditions in the factories conformed to those prevalent in major industrial areas throughout Russia. But with the exception of the sugar refinery already mentioned, E. Weinstein's steam-powered flour mills, and the agricultural implements works of I. Gen which employed over a thousand workers by 1900, Odessa possessed no large-scale industrial enterprise of the order of those in St. Petersburg, Moscow or the Donets Basin. Much more characteristic were the artisan or workshop establishments turning out wearing apparel, leather goods, hand tools, etc. According to the 1893 census, of those engaged in manufacturing, less than one-third were actually factory workers.<sup>57</sup> This in itself is indicative of a low level of capital accumulation and investment in industry. While the output of industry increased from year to year, it still accounted for only 31 per cent of the value of grain exports in 1895 and 26.5 per cent of total turnover by 1900. The latter figure was roughly equivalent to other South Russian seaport cities such as Nikolaev

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<sup>56</sup> *Odessa, 1794-1894*, pp. 43, 64.

<sup>56a</sup> *Ibid.*, pp. 444, 445. For a discussion of public health measures, disease and death in Odessa see PATRICIA HERLIHY, "Death in Odessa: A Study of Population Movements in a Nineteenth Century City", *Journal of Urban History*, IV (1978), espec. pp. 424-32.

<sup>57</sup> *Ibid.*, p. 60.

(20.5 per cent), Kherson (27.7 per cent) and Rostov-on-Don (21.9 per cent.)<sup>58</sup>

Bearing in mind, then, the peculiar nature of Odessa's growth and development by 1895, we can now turn to the grain trade. The continued dependence of Odessa on the grain trade is suggested by a number of criteria. Although Odessa was the main South Russian port of entry for foreign goods, imports never amounted to more than 22 per cent of the value of exports with the exception of 1892, when owing to the famine, a ban was placed on grain exports. Of the total value of exports, grain, primarily wheat, constituted no less than 65 per cent in the 1880s and at least 75 per cent in the 1890s again with the exception of 1892.<sup>59</sup> That exception demonstrated with a vengeance the extent to which the well-being of the city was linked with the grain trade. As port activity came to a standstill, thousands of dockers, drivers, day labourers, clerks, and brokers were thrown out of work, swelling the ranks of those relying on charity or thievery. The problem of beggars reached such proportions that the city's shelters could not accommodate them and the municipal administration's newspaper appealed to merchants to exercise "the most elementary sense of moral responsibility" by retaining their employees.<sup>60</sup>

Again, of 145 first guild merchants registering in 1890, only 25 indicated the grain trade as their business. But another 34 cited exports while ten were categorized as agents or commis-

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<sup>58</sup> ROGER L. THIEDE, "Town and Function in Tsarist Russia: A Geographical Analysis of Trade and Industry in the Towns of New Russia, 1860-1910," Ph. D. dissertation, University of Washington, 1970, pp. 338, 340, Appendix C. The reasons why industry played no larger role in Odessa than in other port cities cannot be discussed here. For some valuable general comments see NORTH, "Agriculture in Regional Economic Growth," p. 74.

<sup>59</sup> ZOLOTOV, *Khlebnyi eksport*, p. 186. For import figures, see the annual *Obzor vneshnei trgovli Rossii po evropeiskoi i aziatskoi granitsam*, Departament Tamozhennykh Sborov (St. Petersburg).

<sup>60</sup> *Vedomosti Odesskago Gorodskago Obshchestvennago Upravleniia*, no. 13, February 19, 1892 and no. 318, December 11, 1892.

sioners, and eleven each as involved in shipping and banking all of which to a greater or lesser degree were concerned with the grain trade.<sup>61</sup> Finally, the grain trade, or rather the  $\frac{1}{2}$  kopeck tax levied on every *chetvert* of grain exported, remained the largest source of municipal revenue.<sup>62</sup>

But if Odessa remained dependent on the grain trade, the grain trade had become less dependent on Odessa (See Appendix II.) After record exports in 1888 the amount of grain clearing Odessa showed a tendency to level off and after 1895 to decline both relatively and absolutely. This was a reflection of a number of interrelated factors. Despite the improvements in port facilities already mentioned, loading berths remained congested and in periods of intensive activity up to sixty ships waited in the roadsteads, some for as long as two weeks, before being allowed to enter the harbour.<sup>63</sup> At the same time many obstacles to overseas commerce were being overcome at other southern ports. The dredging of the Dnieper and Bug channels and the deepening of the Ochakov bar were well underway by 1895 stimulating exports from Nikolaev and heralding the revival of Kherson. The employment of an ice breaker to keep the Bug channel open to navigation in winter and the construction of an elevator at the quay (unlike Odessa's which was located on the outskirts of the city) were also to Nikolaev's advantage. The extension of Russia's rail network, particularly in the eastern regions of European Russia and the Caucasus, and the colonization of sparsely populated lands led to an expansion of the Black and Azov Sea commercial zone. But it was the Crimean ports of Sevastopol and Theodosia, Mariupol and Berdiansk on the Azov, and above all, Novorossiisk which

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<sup>61</sup> *Adressnaia kniga odesskikh 1-oi i 2-oi gil'dii kuptsov*, Gr. C.A. Blengini de Torricella ed. (Odessa, 1890), *passim*.

<sup>62</sup> SKINNER, "City Planning in Russia," p. 263. In the late 1880s and early 1890s the tax brought in an average of over 450,000 rubles per year or 13.7 per cent of total revenues.

<sup>63</sup> ZOLOTOV, *Khlebnyi eksport*, p. 185.

benefited, not Odessa. The differential tariff rates introduced in the 1890s to stimulate long haulage by rail export similarly favoured the eastern ports.<sup>64</sup> Thus, the decentralization of trade and the eastward drift of population and cultivation, both of which the state encouraged as a means of alleviating overpopulation in the central agricultural provinces and tapping resources of relatively underdeveloped areas, had little to do with Odessa. To the extent that there were finite limits on the amount of money allocated for public works projects, they were actually to its detriment.

Viewed in another way, Odessa was paying the price for early development relative to other port cities. Not only was it left behind in the great rush eastwards to the Caucasus, the Urals and beyond, but it was also passed over by foreign financiers and industrialists in favour of towns such as Kharkov and Ekaterinoslav and sites on or near the great coal and iron ore deposits of the Donbass and Krivoi Rog. With the growth and urbanization of population in the Ukraine, particularly in those areas served by the Southwestern Railway, an internal market for grain emerged. This further cut into the amount consigned for export from Odessa.

The domestic demand did not, however, appreciably affect the price of exported grain which fell precipitously in the 1880s and showed a similar tendency until the latter half of the following decade. The average price of wheat, for example, dropped from 95.9 *kopecks per pood* in 1880 to 67.9 *kopecks* in 1889 and 46.6 *kopecks* in 1893, for rye from an average of one *ruble seven kopecks* between 1878 and 1882 to 64.8 *kopecks* between 1888 and 1892, and for barley from 80 *kopecks* to 61 *kopecks* in the same periods.<sup>65</sup> The nadir was reached in 1894 after which the

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<sup>64</sup> MALCOM FALKUS, "South Russian Ports and the Grain Trade, 1880-1913," (unpublished paper), pp. 5-8.

<sup>65</sup> P. P. ZABARINSKII, "Khlebnaia trgovlia Odessy s 1878 po 1892g." *Zapiski*

price of grain on international markets rose again. To be sure, the fall in grain prices affected all Russian ports, but the fact that they were generally lower in England compared to France, Germany, Italy and other European markets was of particular concern to Odessa (See Appendix II.) Approximately 40 per cent of all wheat shipped from Odessa was earmarked for Great Britain whereas the Mediterranean countries preferred the durum varieties exported from the Azov and eastern Black Sea ports.<sup>66</sup>

It remains to analyze the effects of these trends on the organization of the Odessa grain trade and specifically its social structure. To contemporary observers and several historians, the major change in the grain trade between the 1870s and the 1890s was the entry of large numbers of dealers into the export business and the rapid turnover of firms, a situation which was termed the 'democratization' of the grain trade.<sup>67</sup> Statistics would seem to bear this out. Of 41 export firms in Odessa in 1883 only 19 were still doing business in 1891. Of 57 firms commencing business between 1884 and 1891, 42 had closed by the latter year and the average duration of each was eighteen months.<sup>68</sup> Most of these firms had little capital, bought grain in small quantities from barges and carts, and were frequently involved in litigation over the adulteration of stocks and short deliveries thereby perpetuating the bad reputation of Odessa grain among importers.

Nevertheless, such firms could hardly be said to have controlled the grain trade. While it is true that many firms lasted only

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*Imperatorskogo Obshchestva sel'skogo khoziaistva Iuzhnoi Rossii*, XVII (1894), no. 3, p. 67; no. 5-6, p. 81.

<sup>66</sup> ZOLOTOV, *Khlebnyi eksport*, pp. 141, 211; and MALCOM FALKUS, "Russia and the International Wheat Trade, 1861-1914," *Economica*, XXIII (1966), pp. 421-29.

<sup>67</sup> See, for example, S. S. BEKHTEEV, *Khlebnaia trgovlia i elevatory* vol. 3 of *Khoziaistvennye itogi istekshego sorokaletia* (St. Petersburg, 1911), pp. 125-27; *Odesskii Listok*, no. 192, July 26, 1893; ZABARINSKII, "Khlebnaia trgovlia," no. 5-6, p. 41; J. BOOKSH-PAN, "Internal Trade," in *Russia: Its Trade and Commerce*, A Raffalovich, ed. (London, 1918), p. 294; and P. I. LIASHCHENKO, *Russkoe zernoie khoziaistvo v sisteme mirovogo khoziaistva* (Moscow, 1927), p. 318.

<sup>68</sup> BEKHTEEV, *Khlebnaia trgovlia i elevatory*, p. 126.

a few years, they were rarely among the largest exporters. The latter included some of the old pre-Emancipation firms such as Maas and Company, Trabotti, and Rodokanaki but also more 'modern' foreign-based concerns such as Dreyfus and Neufeld as well as Russian-based but foreign-financed joint-stock ventures. What is more, at other southern ports the latter firms were at least as dominant. The two largest exporters in Nikolaev in 1886 were Neufeld (401,000 *chetverts*) and Dreyfus (231,000 *chetverts*), together exporting 41 per cent of all grain.<sup>69</sup> In 1893, they and two other companies each exported over 350,000 *chetverts* of grain comprising 62 per cent of total exports from Nikolaev. Even in Rostov and Taganrog, where the trade was controlled for decades by Greek and Italian-born exporters, Dreyfus topped the list in the late 1880s and early nineties.<sup>70</sup> What, in other words, was happening, was not democratization but a concentration of capital in the hands of a few companies capable of meeting the challenges of marginal profits and decentralized operations.

The actual export of grain, though, was only the final stage in the process of purchasing it, arranging for transport, storage and other intermediate steps. These tasks were usually undertaken by small buyers, agents and brokers but they were underwritten with short-term credit from railroads, joint-stock commercial banks, the State Bank, merchant shipping lines such as the Russian Steam Navigation and Trading Company and the exporters mentioned above. Initiated in 1883 by the Southwestern Railway in conjunction with private banks, the system of advancing money or issuing warrants through agents on grain delivered to rail stations was soon expanded. In 1888 all railways were made agents of the State Bank for the granting of credit and in 1893, the State Bank was empowered to grant loans directly

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<sup>69</sup> FEDOROV, *Khlebnaia trgovlia*, p. 83.

<sup>70</sup> *Ibid.*, p. 29, and ZOLOTOV, *Khlebnyi eksport*, p. 233.

to producers.<sup>71</sup> The intention of the government was to reduce the dependence of landowners on middlemen, to encourage the construction of a network of elevators capable of cleaning and storing grain until advantageous selling conditions eventuated, and thereby to improve Russia's competitive position on the international market.

That this system exacerbated the very condition which it was supposed to overcome may be attributed to the backward nature of agriculture, the paucity and therefore inaccessibility of branch lines and storage facilities and the expansion of the credit system itself. Thirty-nine million rubles was advanced by the State and railways in 1895 on grain delivered. But the landlords' and peasants' need of ready cash and the ubiquitousness of the futures market were such that most of the grain was sold by producers well before harvest time. Thus, the numerous commissioners, local dealers and other intermediaries who delivered the grain, far from being squeezed out, retained their function in the grain trade. In 1893 and again in 1899 the government established commissions to consider how best to restructure the grain trade. But as the commissions consisted of representatives from growers (the *zemstvos*), private railways, dealers and exporters, as well as state officials, and as each desired to bring the as yet infant system of elevators, grandig, etc. under its control, the status quo prevailed.<sup>72</sup> Writing in the first decade of the twentieth century, I.M. Rubinow observed,

The quantity of grain on which loans are advanced is considerable and the grain trade is considerably assisted thereby, but it is questionable whether the desired effect of holding the grain is thereby

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<sup>71</sup> For a discussion of the legislation and its application, see I. M. RUBINOW, *Russia's Wheat Trade*, U.S. Department of Agriculture, Bureau of Statistics, Bulletin 65, Washington, D.C., 1908, pp. 12-14; and *Khlebnaia torgovlia na vnutrennikh rynkakh Evropeiskoi Rossii*, P. Liashchenko, ed. (St. Petersburg, 1912), pp. 610-28.

<sup>72</sup> See GEORGE PAVLOVSKY, *Agricultural Russia on the Eve of the Revolution* (New York, 1968, reprint of 1930 edition), pp. 258-59.

accomplished since only 5 per cent of the credit granted by the State and by railways is given to producers, the principal beneficiaries being the grain merchants, who are thus given the means to quicken trade.<sup>73</sup>

To sum up, Odessa's grain trade had not diminished in importance despite the decentralization of South Russian commerce and the government's bias in favor of more easterly ports. It had, though, been reformed or 'professionalized' by the adoption of methods devised several decades earlier in the United States. This included participation in the futures market, the corresponding expansion of credit, rapid turnover to compensate for the falling rate of profit and the concentration of trade in the hands of large, primarily foreign-based export houses. However, the trade still rested on an agricultural system only beginning to emerge from feudalism and large numbers of petty merchants who provided the link between the banks and exporters on the one hand and the producers on the other, but who themselves were proof that the 'American system' did not transfer easily. At Odessa, the trade was further hampered by an increasingly antiquated infrastructure. The first port to be linked by rail with the hinterland, Odessa found itself by the turn of the century at a distinct disadvantage *vis à vis* other ports with more direct and therefore cheaper transport links. Odessa's grain elevator was the first but in terms of capacity and mechanical contrivances it was soon outclassed by those constructed at Nikolaev and Novorossiisk. Finally the social tensions produced in part by the declining grain trade and intensified by ethnic antagonisms militated against the reinvestment of profits in facilities or the largesse which characterized relations between the state and municipality in earlier years.

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<sup>73</sup> RUBINOW, *Russia's Wheat Trade*, p. 14.

#### IV

After a serious depression in the grain trade in 1899-1900, exports from Odessa rose in the early years of the twentieth century reaching a near record peak in 1903. Thereafter, with the beginning of the Russo-Japanese War, the revolution, and the pogroms which followed, the trade went into a sharp decline from which it did not recover (see Appendix III). In terms of wheat exports, Odessa ranked third behind Nikolaev and Rostov-on-Don for the period 1905-09. Between 1910 and 1913, it ranked eighth, accounting for only 6.3 per cent of the South Russian total.<sup>74</sup> With the exception of maize, grown almost exclusively in Bessarabia, it was much the same with other cereals.

The decline in the grain trade at Odessa in the years before the First World War may be attributed to three factors. The exodus of thousands of Jewish merchants, brokers, shopkeepers and tradesmen was a severe blow to the city's economy. The pogroms of 1905, more violent than those of 1871 and 1881 had resulted in approximately 300 dead, several times that many wounded and crippled, and the destruction of property affecting an estimated 40,000. The subsequent appointment of General I. Tolmachev, an ardent supporter of the Black Hundreds, as Governor-General, further alienated the Jewish community.

Two tendencies already apparent in the 1890s further contributed to the decline. The construction of two new harbours and the continued dredging of the Dnieper channel led to the opening of Kherson to foreign shipping in 1902. River transport was supplemented in 1907 by a railway line from Nikolaev. Thereafter Kherson competed successfully with Odessa, exporting more wheat and nearly as much rye and barley until 1914.<sup>75</sup> Odessa's hinterland, once extending throughout the Black Sea growing area, became restricted to the channels of supply provided by

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<sup>74</sup> *Obzor vneshnei torgovli* for 1905-1913.

<sup>75</sup> *Ibid.*, for 1905-1913.

the not easily navigated Dniester and the Southwestern Railway. At the same time, the south-eastward shift of the wheat belt in favour of the Caucasian Black and Azov Sea ports accelerated. Whereas prior to 1900 no more than one-third of the wheat exported from South Russia was derived from Azov ports, between 1910 and 1913 over half was cleared from them. This was due not only to the expansion of wheat cultivation in the Don-region, the lower Volga, and the north Caucasus, but the fall in sea freight rates, the dredging of the Yenikale channel between the two seas and the removal of other factors hitherto favouring the Black Sea ports.<sup>76</sup>

Finally, declining grain exports meant declining revenue for Odessa and thus a deterioration of its port facilities. Visiting Odessa in 1910, L.A. Velikhov, a frequent contributor to the journal *Gorodskoe Delo* (*City Affairs*), commented that

all merchants blame the unsatisfactory condition of the port for the decline in trade. In view of the congestion of the harbours, the insufficiency of berthing lines and the dearth of mechanized equipment, foreign ships must wait their turn for months (sic) for loading... Not surprisingly, Odessa port is referred to by foreign merchants as 'accursed'

Given the extent of Odessa's decline, it is understandable why the city *duma* would turn back to past glories in its search for a means of revival. Among the remedies it proposed were the restitution of Odessa's free port status and a new railway linking Odessa with the central agricultural provinces. These as well as another plan for a new roadstead and the widening of the Peresyp port, foundered because of the government's unwillingness and the municipality's inability to provide the necessary capital.<sup>77</sup>

<sup>76</sup> FALKUS, "South Russian Ports," p. 12, Table 3.

<sup>77</sup> L. A. VELIKHOV, "Moia poezdka v Odessu," *Gorodskoe Delo*. (1910), no. 6, p. 374. The plan, also calling for the construction of four port elevators, was estimated

The analysis presented here of Odessa's grain trade and the social relations defined by it has contained a number of themes which by way of conclusion may be summarized as follows:

1. If, as one historian has recently asserted, "capitalism without credit is a contradiction in terms and business ignorant of credit is no more capitalist than urban inhabitants without self-government are bourgeois",<sup>78</sup> then Odessa's grain trade prior to the 1860s may be termed pre-capitalist. In this sense, it depended on the natural advantages which Odessa enjoyed over other ports, plus the state's largely mercantilist interest. Its symbiotic relationship with the serf economy was manifested by the participation of serfowners in marketing and exporting, serf labour to transport the grain, as well as the undeveloped state of municipal services.

2. The developments which occurred in the wake of Emancipation — the *monetisation* of agriculture, railroad construction, municipal reform — provided for a greater share of cereals reaching port and a greater division of labour in the handling of grain. This in turn sustained urban population growth. Increased exports and commercial activity in general meant increased revenue which was applied towards municipal and port improvements. But Odessa was not alone in reaping the benefits of commercial capitalism and technology. On the one hand it could not keep pace with American development; on the other, as the cereals frontier was pushed further to the south and east new ports emerged to challenge Odessa's hegemony in South Russia.

3. The decentralization of the grain trade and the falling rate of profit were accompanied by a proliferation of middlemen

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to cost 30 million rubles. See W. E. CURTIS, *Around the Black Sea* (London, 1911), p. 328. On returning to Odessa in 1913, Velikhov remarked that "in general Tolmachev's spirit still blows over the unfortunate 'Southern Beauty.'" See "Odesskie vpechatleniia," *Gorodskoe Delo*, (1913), no. 1, p. 34.

<sup>78</sup> RICHARD PIPES, *Russia under the old Regime* (London, 1974), p. 207.

but this was not tantamount to 'democratization'. Rather, it placed a premium on the extension of credit and speculation. This meant that nominally independent merchants were really dependent on credit institutions including export firms, while producers became dependent on both. The firms which were most adept at these sorts of operations were the foreign-based import-export companies and private banks also deriving much of their capital from abroad. Correspondingly, the old Odessa export houses either reduced the scale of their activities or were demoted to serve as agencies for the transmission of credit.

4. By the turn of the century, it was clear that Odessa needed the state and foreign capital far more than either needed Odessa. There were simply too many respects in which Odessa had become inconvenient as the centre of Russia's grain exports including ethnic and class antagonisms which grew more prominent as the grain trade and social services declined. The 1905 revolution and the years of reaction were severe blows to the grain trade at Odessa. The First World War and the revolution provided the *coup de grace*.

## APPENDIX I

	Total grain exports from Black and Azov Seas	Total wheat exports	Odessa	Taganrog	Other	% Odessa
1830	2,254,083	2,057,264	1,200,444	437,566	419,254	58.3
1832	1,690,282	1,600,292	804,040	352,041	444,211	50.2
1836	1,523,843	1,410,006	875,707	263,261	268,038	62.2
1838	2,413,447	2,191,617	990,511	286,022	915,084	45.1
1840	1,766,686	1,706,653	789,007	353,259	564,387	46.2
1842	1,718,703	1,712,738	863,422	427,216	422,100	50.4
1844	2,640,214	2,330,261	1,263,036	407,076	660,149	54.2
1846	3,427,315	3,036,424	1,955,316	293,041	788,067	64.3
1847	5,733,189	5,066,183	2,798,183	756,919	1,511,081	55.2
1849	2,306,383	2,247,782	1,567,265	246,410	434,107	59.7
1851	2,456,444	2,136,206	998,382	385,711	752,113	46.7

Figures in chevrons except for last column.

Source: M. Vol'skii, *Ocherk istorii Khlebnoi torgovli Novorossiiskogo kraia s drevneishikh vremen do 1852 goda* (Odessa, 1854), pp. 110, 133.

## APPENDIX II

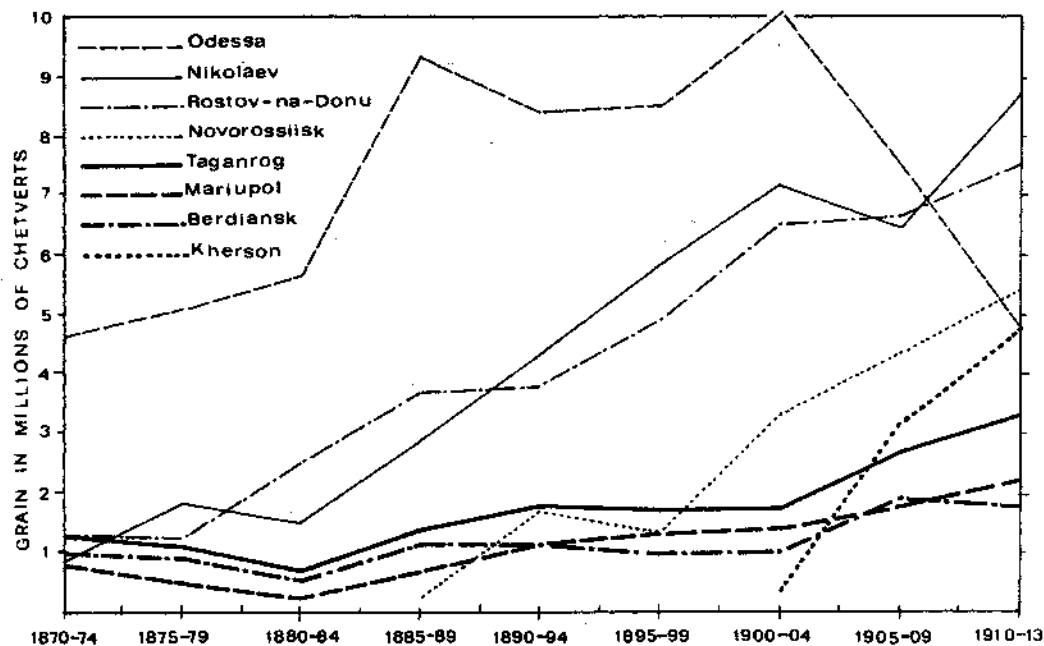
## AVERAGE PRICES OF WHEAT PER CHETVERT IN ODESSA AND LONDON, 1878-92 (IN KOPECKS)

	Odessa	Price per Chetvert		Freight	Insurance	Additional costs		Total difference
		London	Difference			Loading	Total	
1878	1450	1641	191	184	15	64.5	263.5	— 72.5
1879	?	1578	?	?	?	?	?	?
1880	1325	1590	265	111	14	63.3	188.3	+ 76.7
1881	1390	1554	164	114	14.5	65	193.5	— 29.5
1882	1350	1610	260	121	14	64	199	+ 61
1883	1295	1513	218	100	12	62	174	+ 44
1884	1086	1268	182	96.3	10.4	57.3	164	+ 18
1885	1010	1176	166	85.2	9.6	55.2	150	+ 16
1886	1120	1148	28	73	10	58	141	—113
1887	1128	1312	154	107.7	11.1	58.2	177	+ 7
1888	1057	1232	175	125	9	56	190	— 15
1889	940	1012	72	103	7.4	54.6	165	— 93
1890	910	987	77	75	7	53	135	— 58
1891	1063	1221	158	68	9	56	133	+ 25
1892	1005	1022	74	53	8	54	115	— 41

Source: P. P. Zabarinskii, "Khlebnaia torgovlia Odessy s 1878 po 1892 g." *Zapiski Imperatorskogo Obshchestva sel'skogo khoziaistva Iuzhnoi Rossii*, XVII (1894), no. 4, p. 29.

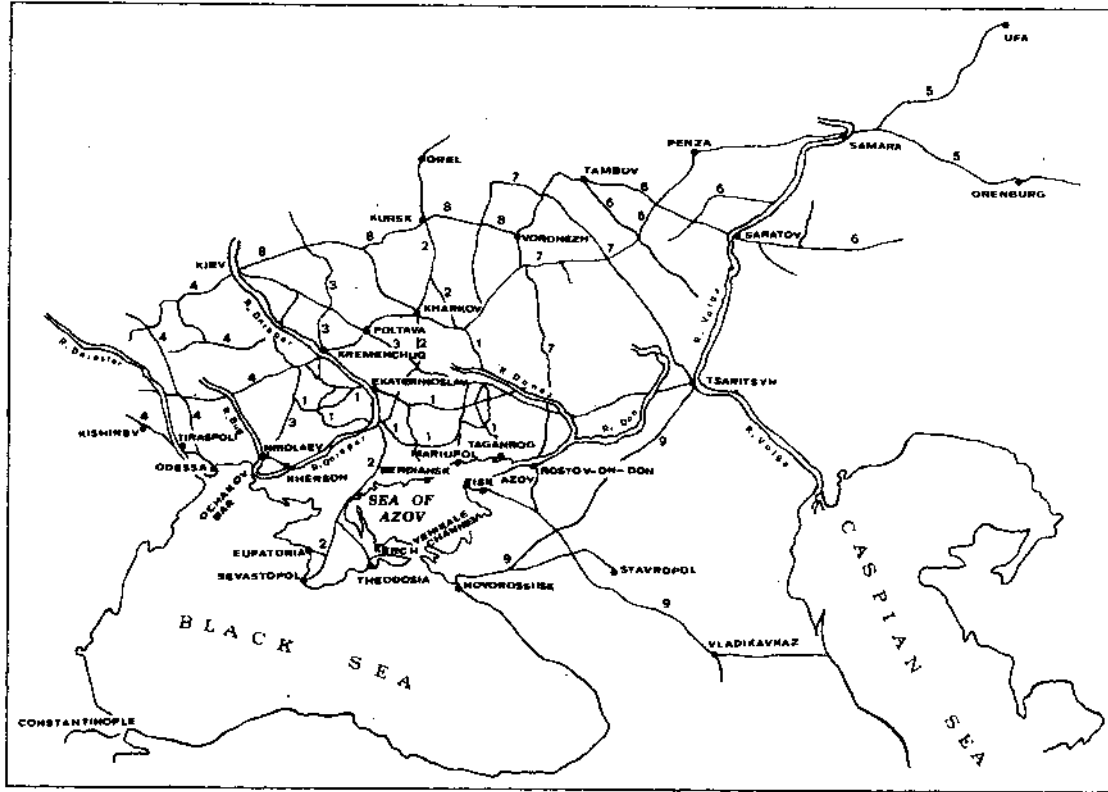
## APPENDIX III

GRAIN EXPORTS FROM BLACK AND AZOV SEAPORTS, 1870-1913 (In Five Year Averages)



Sources: Figures for 1870-84 from M. P. Fedorov, *Khlebnaia torgovlia v glavneishikh russkikh portakh i Kenigsberge* (Moscow, 1888) Table "V"; for 1885-99 from V. A. Zolotov, *Khlebnyi eksport Rossii cherez porty chernogo i azovskogo morei v 60-90e gody XIX veka* (Rostov-na-Donu, 1966), pp. 182-3, 191, 196, 199, 202-3; for 1900-13 from *Obzor vneshnei torgovli Rossii po evropeiskoi i aziatskoi granitsam* (St. Petersburg, 1901-14).

MAIN GRAIN CARRYING RAILWAYS FOR SOUTH RUSSIA'S EXPORT TRADE, 1913



Source: M. Falkus, "South Russian Ports and the Grain Trade, 1880-1913", (unpublished paper, copy in possession of author).

