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## REGLAMENTACJA HANDLOWA PRZEMYSŁU CUKROWNICZEGO NA LEWOBRZEŻNEJ UKRAINIE NA PRZEŁOMIE XIX I XX WIEKU

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**Adnotacja.** Artykuł poświęcono badaniu handlu cukrem i jego normowaniu przez państwo w celu zwiększenia produkcji cukru na Lewobrzeżnej Ukrainie pod koniec XIX i na początku XX wieku, rozważane są również kwestie handlu hurtowego, targowego. Przemysł cukrowniczy jest ważnym ogniwem w życiu gospodarczym kraju, dlatego autor uważa za konieczne zbadanie procesów produkcji cukru, a w konsekwencji procesów handlowych zachodzących w badanym okresie. W związku z wydaniem ustawy o normalizacji produkcji cukru (1895 r.) w przemyśle zachodzą istotne zmiany, które zwiększyły napływ kapitału akcyjnego. Rząd ustalał corocznie ceny graniczne i regulował jego wpływy na rynek krajowy. Ustalone przez tę ustawę limity uregulowały różne wahania cen w kraju i tym samym stworzyły korzystne warunki dla rozwoju przemysłu cukrowniczego. Zaufanie do dużych zysków przyciągnęło do tej branży nowe inwestycje kapitałowe, a spowodowało budowę nowych fabryk. Rządowe rozliczenie ceny cukru odegrało również pozytywne znaczenie w jego sprzedaży: gwałtowne wahania cen cukru zostały zatrzymane, ceny w latach 1895-1914 stale spadały, a konsumpcja tego cennego produktu spożywczego rosła.

**Słowa kluczowe:** przemysł cukrowniczy, handel, cukier, targi, cena, racjonowanie, jakość.

## TRADE RATIONING OF THE SUGAR INDUSTRY ON THE LEFT BANK OF UKRAINE IN THE LATE XIX – EARLY XX CENTURIES

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**Abstract.** The article is devoted to the study of sugar trade and its rationing by the state in order to increase sugar production in the Left-bank Ukraine in the late XIX-early XX centuries, as well as issues of wholesale and fair trade. The sugar industry is an important link in the country's economic life, so the author considers it necessary to study the processes of sugar production, and as a result, the trade processes that took place during the study period. In connection with the publication of the law on rationing sugar production (1895), significant changes are taking place in the sugar industry, which have increased the inflow of share capital. The government set annual marginal prices and regulated its entry into the domestic market. The limits set by this law regulated various price fluctuations within the country and thus created favorable conditions for the development of the sugar industry. Confidence in large profits attracted new investments

in this industry and, as a result, the construction of new factories. The government regulation of the price of sugar also played a positive role in its sale: the sharp fluctuation in the price of sugar was stopped, prices steadily decreased during 1895-1914, and the consumption of this valuable food product increased.

**Key words:** sugar industry, trade, sugar, fairs, price, rationing, quality.

## ТОРГІВЕЛЬНЕ НОРМУВАННЯ ЦУКРОВОЇ ПРОМИСЛОВОСТІ НА ЛІВОБЕРЕЖНІЙ УКРАЇНІ НАПРИКІНЦІ ХІХ – НА ПОЧАТКУ ХХ СТ.

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**Анотація.** Стаття присвячена дослідженню торгівлі цукром та її нормуванню з боку держави з метою підвищення виробництва цукру на Лівобережній Україні наприкінці ХІХ – на початку ХХ ст., також розглядаються питання оптової, ярмаркової торгівлі. Цукрова промисловість є важливою ланкою в економічному житті країни, тому авторка вважає за потрібне дослідити процеси цукроваріння, а як наслідок торгівельні процеси, що відбувалися у досліджуваний період. У зв'язку з виданням закону про нормування виробництва цукру (1895 р.) у цукровій промисловості відбуваються суттєві зміни, що посилили приплив акціонерного капіталу. Уряд встановлював щороку граничні ціни і регулював його надходження на внутрішній ринок. Встановлені цим законом межі урегулювали різні коливання цін в середині країни і тим створили сприятливі умови для розвитку цукрової промисловості. Впевненість у великих прибутках залучили у цю галузь нові капіталовкладення і, як результат, побудову нових заводів. Урядове урегулювання ціни на цукор мало позитивне значення і у його збуті: різке коливання ціни на цукор було зупинено, ціни впродовж 1895–1914 рр. неухильно зменшувалися, а споживання цього цінного харчового продукту збільшувалося.

**Ключові слова:** цукрова промисловість, торгівля, цукор, ярмарки, ціна, нормування, якість.

**Introduction.** Sales played an important role in the sugar industry. After all, in the course of selling manufactured products, they reimburse production costs for the proceeds, expand production, and make a profit.

Until the second half of the XIX century, sugar was sold in small batches to intermediaries who resold it to the population, delivering sugar to all localities. Market trade complemented the efforts of sugar carriers. Traveling merchants usually took sugar on credit from breeders, paying for it after selling the product. Thus, the loan stimulated the sale of sugar. Since the second half of the XIX century, wholesale trade in granulated sugar has gradually come out on top.

The study of sugar trade and rationing has been repeatedly considered in the historiography of the sugar industry. Modern Ukrainian historians (Kalinichenko 1999; Rakovskij, 1995; Olyanich, 2000) have studied this extremely interesting and important issue in a new way and left significant achievements in studying the history of the sugar industry.

**The purpose of the article** is to study sugar trading operations and government rationing of sugar prices, and, as a result, positive consequences in the development of the sugar industry during the period under study. To achieve these goals, the author used scientific approaches and methods in scientific research. These are historical and economic, system, statistical, and analytical methods. To summarize the results of the scientific research, the method of theoretical generalization was used.

**Main part.** Wholesale trade in the second half of the XIX century gradually became the main type of sales of granulated sugar. It was held directly at factories, as well as at fairs and commodity exchanges. Intermediaries in this trade, starting from the middle of the XIX century, were merchants, who replaced small intermediaries.

From the middle to the end of the XIX century, fairs played an extremely important role in saturating the market with sugar. In 1895, there were 3,168 such fairs, where sugar was also sold, in Ukraine (Rakovskij, 1995: 223). At least a third of these fairs were on the Left Bank. In the sugar fair trade system, several trade routes gradually developed. Thus, the path of the sugar fair trade on the Left Bank began in Sumy, the center of sugar production. As soon as new sugar appeared, it appeared at the Sumy fair at the end of November – in December. Unsold sugar from Sumy was transported to the Epiphany fair in Kharkiv (January – early February). After the closing of this fair, sugar was taken to the Maslenitsa fair in Romny, where it was sold in the second half of February, then sugar was taken to Elizavetgrad (March-April). From there, the goods for the second time got either to Kharkiv or Romny (May), from these fairs to Kursk (June – July), and in late July – early August to Poltava. From August

15, merchants gathered at the assumption fair in Kharkiv, then in September they moved with sugar to Krolevets, Chernihiv province, and from Krolevets they returned to the Pokrovskaya fair in Kharkiv (mid-October-the first decade of November). This was the end of the annual cycle of the sugar fair trade. In fact, the fair cycle turned into a continuous sugar trade.

Contracts were drawn up for the wholesale purchase and sale of sugar. It indicated the quality of the product, the place and time of sugar transfer from hand to hand, its price and calculation method.

Since sugar producers have always felt the need for working capital, gradually most contracts began to be drawn up in advance, long before production, because pledges were issued for the contracted sugar supply – from 5 to 10% of the cost of sugar. Since the main part of the domestic commercial granulated sugar was sold at the Kiev Epiphany fair, it was called Contract Sugar (Ziserman, 1923: 10–12).

The largest wholesale purchases of sugar took place on the Kiev Stock Exchange, founded in 1865, the second place was occupied by the Kharkiv Commodity Exchange, which had been operating since the late 60s of the XIX century.

The trading turnover of the Kiev granulated sugar exchange in 1909–1913 was quite significant and reached 65-100 million rubles, annually, Kharkiv – 25-30 million rubles (Margolin, 1913: 168–169). In Kiev, more than 25% of the sugar produced within the Russian Empire was sold annually.

Sugar from Chernihiv and Poltava regions was overwhelmingly sold through Kiev retail establishments. In addition, sugar from Kharkiv region was largely sold in Kiev. The rest of the sugar from the Left-Bank factories was sold in Kharkiv and Sumy, mainly from sugar factories owned by P.I. Kharitonenko (Tseitlin, 1927: 54).

I must say that a significant part of trading transactions with sugar did not get into the official Exchange Bulletins, so they avoided accounting. Many sugar growers, for various reasons, preferred to carry out their transactions with sugar outside the exchange in their private offices at factories and at the same time not through the mediation of stockbrokers, but with the help of unregistered (“wild”) brokers. Therefore, the trade turnover of sugar magnates should be recognized as much larger than statistics show (Margolin, 1913: 169). At fairs and commodity exchanges, there were intermediaries who offered their services to both parties. Intermediaries entered into trade agreements with the issuance of broker notes to the parties, certified by the signatures of the parties, which in the event of a dispute were recognized by the courts as irrefutable evidence. Showing considerable enterprise and business activity, intermediaries determined the state of sugar production, evaluated the types of beet harvest in advance, and based on this, drew conclusions about the future of sugar production. With the appearance of signs of a bad harvest or unsatisfactory quality of beets, credit complications, an increase in the price of workers, fuel, which could negatively affect the price of sugar, intermediaries at their own risk, for insignificant pledges, bought sugar and resold it at a higher price at the first opportunity. In cases of profitable resale, intermediaries quickly profited. In fact, it was sugar speculation. Speculative sugar trading has caused a rapid increase in sugar prices.

But it was impossible to constantly raise the price of sugar. At a certain point, competitors necessarily appeared on the market and prices were necessarily underestimated. With the publication of the law on sugar rationing (November 20, 1895), the state intervened in regulating sugar prices. If prices rose above the maximum allowable limit, she ordered through the minister of finance to additionally release sugar to the domestic market. Therefore, sugar speculation was only possible for a short time, in the form of an outbreak over several months. At the same time, the most agile intermediary dealers among stockbrokers, who were at the sources of the speculative spiral of price increases, won, and other dealers who were too fond of the game, suffered large losses.

Before the introduction of the sugar rationing act (1895), speculative outbreaks in the sugar trade occurred every three to five years, which led to the ruin of many sugar producers, to instability in both sugar production and trade. With the introduction of the law of 1895, sharp fluctuations in prices are a thing of the past. When researching the topic, the author draws attention to the fact that the continuous decline in sugar prices is undoubtedly due to the law on rationing sugar prices. So, in the 1895/1896 economic year, the highest price for sugar in the first half of the year was 4.75 rubles, and in the second half of the year – 5 rubles. During 1895-1912, these prices gradually decreased and in the 1911/1912 economic year, the price in the first half of the year was set at 4.05 rubles, and in the second – 4.15 rubles, that is, the first price decreased by 0.75 rubles, and the second – for 0.85 rubles per pood (1 pood equal 16.38 kilograms).

So, before the introduction of the law on sugar rationing, sugar prices on the domestic market were marked by large fluctuations: the price reached 7.9 rubles in the 1881/1882 economic year for pood and fell in the 1886/1887 economic year to 2.8 rubles per pood. Price fluctuations were also very large over the course of one year: for example, in 1881/1882, the difference between the higher and lower price of a pood of granulated sugar was 3.1 rubles. In this state of the sugar market, there could be no question of a calm and uninterrupted development of the sugar industry in the country, it became a victim of speculation and gambling on the stock exchange to raise and lower prices.

That is, it is safe to say that with the introduction of the law on November 20, 1895, the sugar industry was largely spared the harmful effects of stock speculators. And this had a very positive impact on the development of industry, because the economic situation of industry under a market management system always depends on the level of prices for products.

Thus, the shopkeeper had from 3 to 4 rubles per pood of refined sugar for his intermediary services in cities, and in villages the payment for mediation in retail sugar trade already reached 100-200% of the real price of the product, depending on the distance of the consumer from the city.

Consumers in rural areas actually paid three times more for sugar than in urban areas. There is no doubt that the participation of numerous intermediaries in the sugar trade greatly inflated the prices of sugar, while to such an extent that it became inaccessible to the poor.

Rapid turnover with sugar, securities of sugar Joint-Stock Companies, materials and equipment for sugar production took place in Kiev for a whole year. And they reached their largest size during the contract Fair in February. Then representatives of sugar factories from all over the Russian Empire came to Kiev. A number of sugar factories, including those from the Left-Bank provinces of Ukraine, moved their trade affairs to Kiev. In the city, during the contracts, there were also Annual Meetings of shareholders of many sugar factories (Tseitlin, 1927: 54).

Various transactions with so-called "paper" sugar, that is, with various certificates for the right to export domestic sugar, including from the Left-Bank provinces to Finland, Persia and Western European markets, and for the transfer of one plant to another of the right to transfer part of its sugar from Reserve to freely sold sugar (Margolin, 1913: 168), were also quite developed on the Kiev and Kharkiv exchanges.

The First World War had a very negative impact on the sugar trade. First of all, due to the mobilization and complication of cargo transportation, the release of sugar from factories was almost completely suspended, and the supply of the population was carried out only at the expense of stocks that were in warehouses outside the factories and in the hands of small shopkeepers, who, of course, immediately raised the price of sugar. The declaration of war led to the establishment of a moratorium on the fulfillment of debt obligations, which made it difficult to supply factories with cash. In turn, banks reduced financing and lending to sugar factories just in the fall during beet digging and the beginning of sugar production, when the plants were particularly in need of working capital. Then, in November-December 1914, there were constant interruptions in the supply of beets and fuel and in the shipment of sugar due to a lack of wagons, and constant requisitions of bags for military needs began. The war became protracted and led to a significant increase in food prices, including sugar. This became noticeable already in the spring of 1915, when sugar prices rose by an average of 30% compared to the summer of 1914. (Lange, 1924: 51).

The sugar produced in the country was divided into those consumed within the country and those exported abroad, most of all to Eastern markets (Persia, Bukhara, China, etc.), less – to Western European countries. But this was not always the case. Until 1875/1876, the amount of sugar produced in the Russian Empire was not enough, and therefore it had to be imported from abroad to meet domestic demand. Since 1875/1876, the country began to produce sugar in excess and it began to be exported abroad (Tolpygin, 1896: 5). For 1895–1914, 84% of the sugar produced was consumed domestically, and 16% was exported abroad (Feshchenko-Chopivetskyi, 1918: 11). Sugar exports abroad after the outbreak of the First World War began to decrease, and from the 1915/1916 economic year almost stopped. Ukrainian sugar in the pre-war 1913/1914 economic year was exported to Bulgaria (163.6 thousand poods), England (74.9 thousand poods), China (149.4 thousand poods), Norway (81.8 thousand poods), Turkey (199.5 thousand poods), Persia (5189.1 thousand poods), Finland (2692.1 thousand poods), Austria (12.6 thousand poods). In total, this amounted to 8563.0 thousand poods (Tolpygin, 1914; Feshchenko-Chopivetskyi, 1918: 94). Considering that 8666.0 thousand poods were exported from Russia in the 1913/1914 economic year, it should be concluded that almost all the sugar that was exported from the Russian Empire to foreign markets was Ukrainian sugar. During the study period, domestic sugar, due to its high quality and relatively low price, confidently competed in the world beet sugar market with the product of German, French, and Belgian sugar producers.

**Conclusions.** Sugar production throughout the Left-Bank region, as well as in the country as a whole, has been steadily growing. The share of Left-Bank sugar in Ukrainian production was also steadily increasing. The industrial crisis of the 1900s did not affect the country's sugar industry, it continued to increase volumes.

Government regulation of the price of sugar also played a positive role in its sale: the sharp fluctuation in the price of sugar was stopped, sugar prices steadily decreased during 1895–1914, and the consumption of this valuable food product increased. In general, on the eve of the First World War, sugar production and marketing in the country and, in particular, on the Left Bank were on the rise. But the sugar industry of the region, as well as the whole country, suffered great damage during the first World War.

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