Navigating the hostile maze: Americans and Greeks exploring the 19th century Russian market opportunities

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The purpose of this essay is to draw comparisons on two nationally diverse family firms that performed in the Russian market during the nineteenth century. It wishes to shed light on the geographic determinant that affected their performance, the type of enterprise, the capabilities of their members and the interaction between families and firms.

a. Methodological issues

The title of this essay refers to the hostile maze. What is the hostile maze? Is it Russia, the country in which the two firms I am comparing performed? Is it the sea, the hostile element through which foreign merchants had to navigate their way? Or is it the lack of comparable documents and the range across time that obliges us, as researchers, to navigate a hostile maze?

Some of you will argue that it is inappropriate to compare the two companies on which I focus in this essay because of the different periods in which they operated. The first, the Ropes and Co, an American merchant family that settled in the 1830’s in St. Petersburg, traded in the Russian capital until 1913, while the second, the Sifneo Frères, of Greek origin, arrived to Taganrog, the principal port of the Sea of Azov, just before the Crimean War and remained there until the Russian Revolution. The twenty years between the respective start ups were crucial due to the changes that occurred in the business environment from which they attempted to profit.

Russia before the Reforms of the mid- nineteenth century was a country drowning in autocracy, bureaucracy and state paternalism. However, the abolition of serfdom in 1861 led to a wave of institutional changes that swept Russia towards the brink of modernity. The judicial reform, the municipal self-government, the relaxation of censorship and the creation of a public space encouraged Russians to assume a more active role in public affairs. The era of the Great Reforms questioned the entire
socio-economic order and brought changes to the behavior of individuals by turning
Russia from a society of subjects into a society of citizens. As to the private
enterprise we observe a relaxation in the merchants’ guild system, by reducing the
guild ranks from three to two and by accepting foreign citizenship in the first guild.
This enabled international traders to maintain their identity while working and
residing in Russia and to enhance their links to and protection from foreign countries.

I am beginning my essay by discussing a methodological problem on what would be the ideal comparison for this project? In my view, regarding the
geographical and time factor the ideal comparison would be between St. Petersburg
and Odessa, Peter the Great’s capital and Catherine II’s capital of the South in the
1830’s. In such a case it would be comparing the similarities or differences between
two places at the same time. Unfortunately, I have yet to find the appropriate business
records to attempt such a comparison. Archival material, diplomatic reports and
newspapers’ information provide us with the necessary feedback on the “outside
world” in which enterprises operated as well as the general outlook of the commercial
cadre, but we have no “eloquent” Greek business archives with which to draw
comparisons and no information on the inner view of the enterprise which could offer
us insights on how the entrepreneur thought and how his enterprise acted in order to
penetrate the market.

The second difficulty concerning this paper derives from the very ambitious
proposal I have made for the call, which would rather need a book than an article for
it to be fully developed. Our limited time in this conference that allows us to explore
only one basic argument as well as the presence of prof. Andrea Colli, whose
comparative works on family businesses are very influential, have persuaded me to
focus on the firm’s point of view and to challenge some of the family business’s
acknowledged pros and contras by testing them against historical evidence.

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2 In particular, Andrea Colli and Mary B. Rose, “Families and Firms: The Culture and Evolution of Family Firms in Britain and Italy in the Nineteenth and
The Firms and the Families

Families have played a pivotal role in the rise and fall of firms. Their size, their structure, their economic functions and the way their members relate among their kin have determined the life of firms. Both cases of our sample demonstrate very strong ties among their members and the companies they founded so as to conclude that the family and the firm were synonymous. The firm was an inheritance, a legacy that had to move on and evolve with the family. Many family members belonging to different generations were involved in both firms. The family offered funds for partnerships, a pool for cadres, and functioned as the ultimate insurer in uncertain environments with imperfect communication and poor institutions (in particular in banking and insurance.)

It is remarkable that both families were large in size (with more than six descendants in each generation and at least five males in the first and three in the second). A significant number of male members ensured the coordination of the activities of the firm across a wide geographic range while the existence of trust among family members, and in many cases a priori, reinforced cooperation and cohesion. Both families were embedded in communities with a tendency towards the development of entrepreneurship, either as a highly estimated value of the individuals in the Early Republic or as an ethnic minority group that had to struggle against adverse political and economic conditions in the Ottoman Empire.

I will now give a brief description of the firms I am dealing with:

William Ropes and Co

William Ropes established his trading firm in 1833 choosing St. Petersburg for its premises and giving as a reference the merchant bank that supported him, Baring Bros and Co of England, and his clients Goodhue and Co of New York and Thomas Ward of Boston. He first settled as a guest merchant, receiving cargoes of American ships on consignment and dispatching others. He initially worked on commission for
Goodhue and Co of New York and Stieglitz and Co of St. Petersburg. He later registered in the first guild transacting with a working capital of 50,000 rubles.  

“I concluded to write my name up as a first guild merchant seeing no reason now why I should not save all my own charges besides getting a good deal of commission.” wrote William Ropes to his brother in Boston.

He had previous seafaring experience in the West Indies and India. The firm begun as a single proprietorship and later became a partnership jointly owned by members of the same family. His elder son, William Hardy Ropes, worked in his firm but also transacted as an independent merchant of the second guild mainly trading with Russia’s interior markets. They did a handsome business in cotton imports and hemp exports as well as material for shipbuilding. In spite of the universal distress in business in 1834, William Ropes earned attractive profits until the loss of two of his cargoes in ships on their return trip to the United States. His eldest daughter was married to an English businessman who was a partner in the prestigious firm of Hubbard and Co and who diversified into textile industry. In 1836 William Ropes came to London to arrange a stable credit agreement with Baring Bros and settled with his family in 1837. In St. Petersburg his eldest son remained at the head of the company, which expanded in personnel by hiring two more employees in the counting room (one of which was, Joseph, his younger brother) and the second was George Henry Prince, a nephew from Salem. In 1841 William Ropes bought shares in the bark *Ceylon*. In 1842 the founder moved back to the United States and the firm was managed by his elder son, William Hardy. New partners came on board: their uncle from Boston, Hardy Ropes in 1845 and Joseph, William’s youngest son. William Ropes and Co combined trade with shipping. By 1842, they owned three ships, *Chicora, Czarina* and *St. Petersburg* and had branches in London, New York and Boston. The enterprise operated in Russia until 1913, when Ernest Edward Ropes, the St. Petersburg partner died and the firm was dissolved.  

*The Sifneo Frères*

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3 Rope Family Collection, Letter of William to his brother Hardy, St. Petersburg, 18 May 1833.  
The firm was established in Taganrog, Azov Sea, by Theodore Sifneos in the 1850’s. It was a brother partnership among silent and active associates who lived in Russia and in their native homeland as well. It was managed by two brothers of the first generation (Theodore and Zannos) who had settled in Russia. Theodore initially registered as a guest merchant and later as a second guild merchant who traded with a capital of 20,000 rubles. In the second generation the firm registered in the first guild and became a three cousin consortium until its liquidation in 1897 and its re-establishment under the ownership of the family’s cadet branch (Zannos’ branch). In the second generation the firm was managed by four brothers, assigned to the respective ports where they mastered big operations: Taganrog, Rostov, Constantinople and Piraeus. The firm was engaged in import-export transactions and possessed a barge for the transport of cereals from the rivers and estuaries of the Azov Sea to the Taganrog roadstead. During the Russo-Turkish war (1877-1878) the managers of the firm withdrew to Constantinople before the closure of the Straits and worked in opening a branch there in which they delegated the administration to one of their brothers. Besides trade the second generation invested in steamships and provided brokerage services in shipping as well. During the first decade of the 20ieth century the firm expanded by opening new offices in Mariupol, Berdiansk, Eisk (1900) and Piraeus (1916). After the Russian revolution the Sifneo Frères diversified into industry and operated a chemical plant in Piraeus (1916-1940). The shift into ship-ownership enforced the family’s cosmopolitan outlook and guaranteed the survival of its enterprise and the departure from Russia in 1919. Moreover, it provided the necessary means to overcome the restrictions posed by national boundaries, geographical seclusion, due to war or the threat of war, and the arbitrary revolution measures that threatened property rights. The marital strategy of the family reinforced its merchant connections and was characterized by endogamy. The second generation married their sister with the industrialist Th. Alepoudelis, who

5 Sifneos Family Archive, incoming correspondence, letter from Panayotis Sifneo from Monpellier, France, to his brother Theodore in Taganrog, Russia, 15 Jan. 1852.
owned one of the most prestigious soapworks in Piraeus and Crete, an enterprising figure with strong ties to Greece’s business and political elite.

In brief, both firms were international businesses that used Russia as their founding ground. They were family based and oriented towards trade and shipping. They soon discovered that joint partnership was a more adequate form of organization that offered an increasing capital and shared responsibility for the conduct of business and decision making in risky environments.

Both firms endured for at least two generations in Russia and provided working opportunities for family members that arrived from their homeland and were employed as staff of the firm. The enterprises we are studying made use of their kin in order to explore new resources for finance and human capital. They developed marital strategies in order to expand activities, strengthen the firm and sought profit opportunities in the industrial sector. The second family business proved to be more enduring as it survived the turbulence of WWI and the Russian revolution by continuing business out of Russia.

c. The geographical factor

The location

Let us begin with the geographic location of both enterprises in Russia. Foreigners explored borderlines and ports which were the gateways that associated them with the world economy. The family firms of our study were active both in the North and the South of the Russian Empire, St. Petersburg on the Gulf of Finland and Taganrog in the Sea of Azov. St. Petersburg had 445,135 inhabitants of which 9.649 foreigners and Taganrog had 25.000 in the 1850 of which 10% were Greek.

These two locations that operated as ports and linked Russia to the outer world conditioned the emergence of a particular type of entrepreneur that could handle foreign trade, bear extensive foreign connections, speak at least two languages, deal with foreign currency and have a “broader view” of markets in order to select what was needed and could be imported and exported from Russia.

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These two locations in the North and the South presuppose a different setting of foreign links: St. Petersburg and Taganrog belong to different groups of markets with which they interact and are tied to and in which transactions’ profit is maximized due to the reduction of transport costs. St. Petersburg was mostly linked with the Atlantic, Baltic and North European maritime trade centers while Taganrog was linked with the Black Sea, the Aegean and the Mediterranean markets.

**Similarities and differences that conditioned entrepreneurship in the two ports.**

**Similarities**

a. The short navigating period. Trade in both ports was seasonal due to the closure of navigation from November to March-April every year. Consequently, merchants and people who dealt with the chartering of ships were conditioned by the weather and the freezing of the sea to stop their operations and dispatch ships before the official closure of the ports.

b. The need to economize from two in one services i.e. carrying and trade performed by the same firm, that allowed them to compete successfully with the local merchants and foreign rivals. A substantial profit was anticipated from the combination of intermediation and transport that added value to their operations and could offer additional gains and recompense for the fluctuation in prices and the instability of trade. A note of the Greek consul in Taganrog estimated that profit from trade and shipping rose to 25%, while trade profits fluctuated from 10-15%. As Marc Casson points out, integration into shipping reduced the cost of the transport component in the setting of prices. It allowed not only control over the quality of the commodities during their transport but also aggregate profit from the exploitation of two different sources of entrepreneurial activity, i.e. commerce and transport. These two activities operate in a complementary way, for when shipping rates rise, the profits of intermediation reduce and vice-versa.

**Differences**

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10 The yearly results of the Sfíneo trading business were estimated at an average of 14.5% on their invested capital during 1890-1909. See, Capital and Profit Accumulation of the SF family firm in silver rubles, 1890-1909, in E. Sfíneo, Greek Merchants, p. 193-195.
a. Relative “autonomy” of the southern area. The southern ports and Taganrog in particular were remote from central institutions, a factor that permitted a wider range of choices in the way governmental decisions were implemented and measures applied on the spot.

b. The role foreign merchants assumed in the respective cities’ foreign trade: in St. Petersburg their role was crucial but peripheral compared to the state-private sector cooperation (Anglo-Russian trading company, Russian-American company that secured governmental backing by granting exclusive rights in trade\textsuperscript{12}) while in Taganrog the development of foreign trade was based exclusively on foreigners which the authorities tried to assimilate by awarding them privileges.\textsuperscript{13}

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The key prerequisite: Seafaring experience and navigating skills

The geographical factor defined the type of enterprise, an organizational form that combined trade and shipping. Its viability and endurance was firstly tested in a limited geographical area and proved to be a successful device that facilitated entrepreneurial expansion from regional to national and international trade. The ownership of sailing ships and the possession of seafaring experience were primary activities that led to trading overseas and to the exchange of widely needed commodities.

In the Ropes case, the family members had previous experience in overseas journeys as supercargoes, in commercial expeditions to India and the Caribbean since the 1820’s. Many of their cousins and William’s brothers were captains in brigs and schooners that travelled to Calcutta, Cuba, Sumatra, Gothenburg and Trieste. Samuel, their eldest brother died, in 1800, at Curacao. The Ropes were involved in partnerships with family members and bought shares in brigs. William’s brother, Hardy, was settled in Boston and kept a store that cleared ships to India and Brazil.

In the Sifneos case, the family members were settled as apprentices in Constantinople to their uncle’s merchant house since the 1840’s and had undertaken voyages as merchants on sailing vessels that exported grain from the South Russian ports. Although the Black Sea was not like the open ocean, nor did its passage last long, trips were just as dangerous and many vessels, Ottoman and foreign, had lost their cargoes and crews. The family had already suffered a disaster when their eldest brother, Basil, was lost in such a trip. Sifneo Frères during their stay in Russia were both merchants and shipowners possessing barges and later the steamships, Zannos Sifneos, Sifneo Frères, Astrea, Julia and Venizelos. They carried commodities for

(14) Ropes Family Collection, Diary of Hardy Ropes, no 4, 24 Nov.1821.
(15) “William on schooner Zephyr arrived after 32 days from Gibraltar to sail soon for Calcutta”, Ropes Family Collection, Hardy’s diary, 6 Nov.1819.
(16) Evrydiki Sifneos, Greek Merchants in the Azov Sea, p. 185.
their own account and for the sake of other traders, grain, barley and linseed from the estuaries of the river Don and the other exporting outlets to the roadstead of Taganrog, loaded it on their steamships and transported it to Constantinople, Piraeus, Genoa, Leghorn, Marseilles, Rotterdam and Hamburg. 17

The Ropes or Sifneos type of entrepreneur may constitute a sub-group in the classification of McKay’s foreign entrepreneurs in Russia, known in the literature as “the promoter”. 18 Although McKay refers mainly to a typology of foreign entrepreneurs engaged in the industrial sector 19, the individual promoter can easily be applied in trade as well. He had the ability both to perceive Russian investment opportunities and to secure capital from abroad, engaging both his own capital as well as that of his associates and friends. He knew well the conditions and ethics of the local markets 20 and acted according to norms and legally approved standards.

“I have considerable to think for at first in the business, a great many calculations to make ad a great many letters to write, so that I may be sure to make the first determination about sales and markets. I have now got all calculations so as to know at once which market will fit more for the different articles.”, William Ropes wrote to his brother in Boston. 21

In this very early stage of the opening of the Russian market to the world economy both in the North and the South, an important group of entrepreneurs were those who, before residing in Russia, came as captain merchants, and tested the local market’s capacity to “absorb” foreign goods. When they found out that the rate of profit was the appropriate one, they decided to settle as “guests” and to work on their own by opening a merchant house. Our research in the Russian and Ukrainian archives has shown that the seafaring families that navigated from the Aegean and the Ionian islands to the Black Sea and the Sea of Azov ports from the 1780 to 1810,

17 Ibid., p. 160-186.
19 Other types of foreign businessmen were the technologist who brought technological know-how and the joint stock big European corporations that founded affiliated companies. See, ibid.
20 “We had a wrong idea of the state of this market”, wrote from Charleston William Ropes to Hardy where he was to purchase cotton for the Russian market. Ropes Family Collection, 2 Aug.1808.
21 Ropes Family Collection, letter of 21 June 1819.
under various flags of convenience (Ottoman, English, Russian or Greek) had settled members in the respective ports to whom they addressed their cargoes.22

It merits a remark that in both cases the starting point was renowned for its seafaring tradition and activity. Salem, in New England from where the Ropes family came was a little town, whose inhabitants traded more often with overseas markets than with the American interior.23 Salem ships not only were the first to trade with the Baltic ports but they also opened American commerce with Russia at the late 18th century.24 The ships, if they were involved in the triangular trade, left first in January for the West Indies to purchase sugar or to Charleston to pick up cotton cargoes and continued for the North of Russia in March to avail themselves of the ice-free season in the northern waters.25

The Sifneos family originated from the island of Lesvos in the North-Eastern Aegean Sea. While they traded at the early 1800 in the principal town’s market place, their surname alludes to people who had moved to Lesvos from another island of the central Aegean, the island of Sifnos. The Aegean islands were the cradle of Greek maritime prowess and together with the Ionian islands exploited their commercial intercourse with the Black Sea and Sea of Azov markets as well as with other ports of the eastern and western Mediterranean and became the principal carriers of grain during the European wars, a position that they kept for a century. Aegean ships were smaller and adapted for the shallow waters of the Sea of Azov. Taking into consideration the short navigating season and the spatial proximity of the Aegean Sea to the South Russian ports, they were in an advantageous position to perform more

25 William Ropes in his journey from Salem to St. Petersburg via Cuba, arrived in February 1830 in Havana to load boxes of sugar. He waited for the crop to come into the market and was planning after a month to leave for St. Petersburg expecting to arrive at the opening of the navigation. He calculated that the prices of white sugar would achieve the highest price of the year before the arrival of other ships in the port. Letter of William Ropes from Havana to his parents, 17 Feb.1830.
voyages than their Atlantic (British) competitors. Yet, a more in depth study of the sailing era in New England and the North Eastern Aegean would reveal common and diverging traditions in maritime trade.


We will discuss two incidents of strategic decision-making in both firms. The first refers to the type of entrepreneurial activity to develop in Russia and the second refers to their ultimate back up, a chosen locality in which the two firms could withdraw in the event of crisis, depression or war.

Both enterprises opted for the import-export entrepreneurial pattern, trying to select the appropriate commodity that was in demand by the Russian market and the Russian goods that could be exported and sold in foreign countries with a “handsome” profit margin. The import-export pattern that prevailed in the first half of the nineteenth century was superseded in a large extent by the industrial joint-stock corporation that became a typical example of the second half.

In both cases, the selection of the basic staple, was a fundamental decision that dictated the firm’s strategy. It consisted of a primary good that played a vital role in the economy of the region. Each foreign national adapted the strategy of his enterprise in accordance to the products that could be exported from his country and the tariff policy of the country of reception. The British firms for example, imported in Russia manufactured goods (textiles or machinery) and exported grains and merinos. The American firms gave importance to cotton, rice and sugar and exported iron sheets, sailing cloth, cordages and hemp. The difference was that in St. Petersburg the Ropes and Co’s start-up was import-oriented, while in the Sea of Azov the Sifneo


28 See for example, the firm Martin and Co of Rostov, Yeames and Co of Taganrog and others. Import-export was also the basic pattern of the British Merchant houses in Buenos Aires. See, “The organization and operation of the British Mercantile House”, in British Mercantile Houses in Buenos Aires, p. 55-81.

29 The most important American companies in Russia were the Singer and the International Harvester. Cf. Fred V. Carstensen, American Enterprise in Foreign Markets. Singer and International Harvester in Imperial Russia, University of North Carolina Press, 1984.
Freres’ start up was export-oriented, and complemented by imports of Mediterranean foodstuffs.

In the North, imported sugar together with coffee and tobacco was among the most required foreign goods which were sold in the capital’s stock exchange in the 1830’s, that is before the beginnings of Russian industrialization and the development of sugar-beet refineries. Sugar was a basic article of the triangular trade between Boston, the West Indies and St. Petersburg. In the South, grain exports and the organization of their commerce was the primary motivation that dragged along with it the import activity, in order to minimize the costs of a journey in ballast.

It seems to me that in the long run the second pattern was more durable, while the first choice had to shift to other products such as cotton or machinery or the very fashionable Singer sewing machines. Groups of money, coal or agricultural machinery could be preferably imported from the British isles, while the cereal business had no interest for the American traders.

The second circumstance refers to the ways the firms responded to risk and uncertainty by planning in anticipation, and using as an alternative in the event of economic depression, blockade or war, to withdraw not to their country of origin but to an important metropolis of finance and trade that would be geographically nearer to their businesses.

The Ropes opted for London for financial and commercial reasons in which the founder of the firm sought for credit and settled. He opened a branch trying to undertake British exports to St. Petersburg while he delegated the management of the firm to his eldest son in the Russian capital. London was a major Atlantic center for trade and finance. It was where all Russian business originated.

The Sifneos chose to back up in Constantinople at the mouth of the Straits, a port which conducted and re-oriented all Black Sea and Sea of Azov trade. They thus solved the problem of blockade of the in Black Sea ports as will be discussed below.

Part of the entrepreneurs’ strategy was to be at times prudent and careful disregarding opportunities for high but risky profits. Two statements are very eloquent:

“The dreadful state of things in America and England, wrote William Ropes from St. Petersburg to his brother in Boston, worn us to keep very quiet in business and we shall do so for the present. There is as much
wisdom in doing little sometimes as it is in doing much at others.” And Vaseilios Sifneos from Taganrog reported to his father: “Let prudence be our signal for the moment, and let’s drop out risky gains. Unfortunately we do not agree with our cousin on this issue. This difference in the modus operandi is the reason of dispute among us. Unfortunately, the circumstances have decided in my favor.”

The Ropes in the first part of the nineteenth century gave special attention to acquire an overall image of the state of the markets by mobilizing their family information network and by transmitting valuable observations on prices and crops through correspondence of captains and supercargoes in the world’s ports. They avoided extremely risky gains and worked in a rather prudent way. They also “isolated” overly ambitious descendants from the firm’s leadership by keeping them as partners in a collective administration without giving them exclusivity of power in decision-making. The Sifneos’ family business had to confront a disagreement on the policy of the firm towards risky operations in the grain trade that could bring extremely profitable earnings. This dispute among cousins led to the liquidation of the initial firm in 1897 and its re-establishment among the brothers of the cadet branch.

**Threats and dangers affecting trade**

**Disease:**

In their long journeys abroad and in the countries were they resided entrepreneurs faced uncertainty and risk not only for their businesses but for their lives as well.

In the Ropes documents we often find remarks about the impending danger that threatened their lives in the hostile environment which the superintendant had to face. The year that William Ropes made his journey to St. Petersburg for instance, cholera had killed more than 10,000 individuals. The epidemic was spread all over Russia and affected the capital in a devastating way as well as the overall trade

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30 Ropes Family Collection, letter of William Ropes to Hardy Ropes, 7 June 1834.
31 Sifneos Family Archive, letter of Vaseilios Sifneos in Taganrog to his father, Zannos, in Lesvos, 4 Aug. 1896.
32 See the way they treated their youngest brother Joseph Henry and the ‘conflict’ with their accountant Mr. Mirrieles.
33 Evrydiki Sifneos, Greek Merchants…, p. 157-160.
34 “A fellow boarder of my brother who had just arrived from New York informed me that my brother [William] had arrived in ship Jane from Calcutta on Wednesday. I found him in perfect health. He had left Calcutta unexpectedly in consequence of having taken a violent fever at Sangur island where he went to attend a ship which was consigned to him and wrecked.” Ropes Family Collection, Hardy’s Diary, no 2, 13 Jan. 1821.
performance of that year. In the Sifneos’ case, observations are made on the unfriendly climate, the freezing winter, the epidemics (typhoid fever due to water impurity) that affected family members. We assume that the Ropes were better prepared to adapt to the St. Petresburg climate than the Sifneos to the Sea of Azov weather. Yet, in the long run, the health of the members of both families worsened.

**Depression, distress and economic crisis**

Archival evidence demonstrates that the entrepreneurs were in a continuous situation of risk with which they had to cope and find solutions in order to avert it. Depression seemed an integral part of economic cycles, as the American merchants understood it. In the case of the Sifneos family, distress caused by physical calamities in their homeland obliged them to seek new sources of maintenance in foreign lands and provoked family members’ migration first to Constantinople and then to Russia.

**War**

Wars were not only a serious obstacle to trade but a source of profitability as well. In the years between 1793 and 1815 Europe’s trade declined and America’s expanded. During this period of agitation in Europe, the United States established itself as the world’s preeminent neutral shipper, and after the cessation of War it maintained its dominance until the 1830’s. The merchant families of Salem and Boston and among them the Ropes profited from this exclusive opportunity. The blockaded French ports of the Caribbean were supplied by the American vessels that were neutral carriers. Neutral carriers were the Greek sailing vessels as well, in the

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36 “We have had but only very few days colder than our weather usually is at home in January, though we have warm fur cloaks. I fancy you may laugh to see us wrapped up so warmly and wearing our American winter cloaks”, wrote Mary Tyler, the founder’s daughter, from St. Petersburg to her uncle in Boston. 14 May 1833.
37 Letter of Mikias Sifneos from Taganrog to his brother, Vaseilios, in Paris,1/13 Aug. 1897.
38 “Distress is unfavorable to our best happiness, wrote William to his parents in the early 1820ies. You must have witnessed in our country (and have heard of the same from Europe) the great distress which has followed almost all large commercial speculations”. Ropes Family Collection, letter of William Ropes to his parents from Calcutta, 15 March 1820.
39 We are referring to the Big Freeze of 1851 that destroyed the olive groves and the basic crop of the island and the earthquake of 1867 that ruined 2/3 of the houses of the island’s capital.
40 “If you knew, my dear brother, my emotions of content each time I receive your letters! They give me the chance to compare our adolescence with our present life. Could you imagine such a change? We had ‘no place under the sun.’”. Undated letter of the eldest brother, Panayiotis, to the founder of the Sifneos firm in Taganrog, c. 1852.
Mediterranean. In the same period the Greek shipowners handled the Mediterranean trade and took advantage of the blockade of the French ports to become exclusive carriers of Russian grain.\(^{42}\) Besides the central Aegean islands, seafaring families from Lesvos island ventured into Constantinople and the Black sea ports carrying olive oil and soap, exclusive products of the island and supplied the markets of the Asia Minor coast to Trabzon and Odessa in the Black Sea.\(^{43}\)

The Crimean, the Russo-Turkish war of 1877-78 and the Balkan Wars (1912-13) seriously conditioned the Black Sea trade.\(^{44}\) Greek shipowners and Greek entrepreneurs who were settled in the Azov Sea ports were seriously affected by the arbitrary and sudden measures that the two opponents took: the prohibition of grain exports from the Russian side and the closure of the sea passage of the Dardanelles from the Turkish side.

During the 1877-1878 Russo-Turkish war big commercial concerns, mainly Greek exporters based in Odessa, and particularly those located nearer to the Russian army’s line of advance, concentrated on supplying the military with Russian grain, but the Azov Sea traders had no such outlet. Anticipating the outbreak of hostilities the managers of the Sifneo Frères, left their headquarters, embarked on their sailing vessels and passed through the Straits out of the Black sea,\(^{45}\) Due to their past experience of the Crimean War, they made estimates about the effects of the current one upon their business and acted accordingly.\(^{46}\)

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\(^{45}\) Evrydiki Sifneos, “War and entrepreneurial Strategies: Greek Merchant Houses in Taganrog, Azov sea, Russia, facing the 1877-1878, Russo-Turkish War [in Greek]”, [forthcoming].

The Family input

This paper could have exclusively focused on evidence drawn from the correspondence of the two firms regarding the family input to business. I will highlight here only some aspects:

Family as a social unit was extremely important to business and all family members including women and children were involved in business welfare. This was facilitated by the existence in the same building of the dwelling house and the firm’s premises. Their enterprise was the central theme in daily discussions that embraced all family members. The Ropes’ women were concerned with the enterprise and informed about voyages and profits.

“I think there was some considerable loss in the Courier’s and Oscar’s voyages. Do not be discouraged about business, dear mother, wrote William Ropes in 1820. We have to rejoice that we have been kept from the effect of great changes.”

I quote from a similar letter in the Sifneos Archive: “Yesterday, wrote Apostolos Sifneos to his sister, I was informed, dear sister about the collision of ‘Zannos Sifneos’ with a Spanish steamship at the Taganrog roadstead. Ours has suffered from serious damage rising to 5,000 pounds. I hope the insurance will reimburse us.”

In the Sifneos case, women travelled as businessmen’s wives and who were strongly concerned with the family firm’s assets not only as part of their family’s welfare but as shareholders too. The future of their firm was related to the owners’

47 Ropes Family Collection: “Almost all the counting rooms here are in the dwelling houses and all the distance we have to go to ours, is down a flight of stairs” Letter of William Hardy from St. Petersburg to Hardy at Boston, 13-5-1833. In the Sifneos case, the front rooms of the house, overlooking on the main street, served as the firm’s headquarters, while the back part was for the family’s residential needs. See, Sifneos Archive, INR/NHRF, plan of the house at 73 Alexandrofsky street in Taganrog and Register of moveable property of the Aristeidis Sifneos’ house in Taganrog, 5 Apr. 1919.

48 Ropes Family Collection, letter of William Ropes to his mother, 1820.

49 Sifneos Family Archive, letter of Apostolos Sifneos to his sister, 17-8-1903.

duty of working for the well being of their extended family in Russia and their respective homeland. In a letter to her grandparents in Salem, William’s daughter, Mary Tyler Gellibrandt, expresses her desire to go back and visit the US “when duty shall permit us to leave this country.”

Evidence from both our samples shows that they induced their members to the protestant ethic and asked them to be diligent, industrious and economical. Values such as love and respect for their parents and love among brothers were cultivated in daily family meetings, vacations in summer dachas and elsewhere. Samuel Ropes, the elder brother, in his last letter from Curacao wrote to William: “I pray for love, first to parents and second among us all.” Both sons of the founders consulted and informed their fathers on business matters and the state of their sales even when they had retired from business. The Sifneos Frères based their successful leadership on brotherly love and equality and cultivated emotions for their parents and their kin. The Ropes’ administration was more of a paternalistic type while the Sifneos’ second generation administration was based on mutual understanding and collective decision-making. They thus evolved from the paternalistic model to a participative and more successful management.

In their leisure time the Ropes invested a great deal in religious gatherings, propagation of tracts to the German colonies and building a chapel for their faith. The Sifneos showed less interest in religious matters although religious affiliation with the Russian people through Orthodoxy helped their commercial affairs and in particular their sales of olive oil for use of Russian churches. The institutional framework in which they had to work often obliged them to do things against their true will, as was the case in the adoption of Russian citizenship for reasons of commercial expansion or protection of family interests.

“Father intends making me a Russian, wrote William Hardy Ropes to his uncle at Boston. His being written up in the first guild as Foreign Guest, does not

51 Letter of 12/28 March 1834.
52 Letter of William Ropes to his family from Havana, Cuba, 18 Jan. 1830.
53 Ropes Family Collection, Letter of Samuel Ropes from Curacao to his brothers on December 1799.
54 “Father knows a good deal about our business”. Letter of William to Hardy, April 1833. And in the Sifneos archive: “We have informed you by telegraph, father, on the freight rate for the cargo of Komninakis. We are willing to move quickly.” Letter of Mikias Sifneo from Taganrog to his father, Zannos, in Lesvos, 31 Jul. 1896.
55 “We have petitioned for and obtained from the Emperor to build a chapel for the British and Americans and now we must come to the nations we represent and beg for funds.” Letter of Mary Tyler Ropes to her uncle in Boston 14 Jun. 1833.
give him the privilege of trading in the interior. So, I am to be written up in the second guild and made a Russian subject. I suppose you will not like this very much – neither do I – but I shall endeavour not to return into a bear. I shall probably not, at least for the present wear a white beard”.  

In the Sifneos’ case, the elder brother and partner of the firm had to pick up Russian citizenship in order to protect his family’s interests in Istanbul, due to the deterioration of the Greco-Turkish diplomatic relations from 1897 to the Balkan Wars. Surprisingly enough Vasseilios Sifneos, confessed to his family the same thing: “I must admit that the Russian citizenship is a heavy burden for me.” Both families were greatly concerned about the fate of their relatives whom they supported materially and took care of ethical and behavior issues of the younger generation. The importance of the family circle and the creation of a space of sociability among family members by organizing gatherings for leisure and entertainment and by creating a ‘distinct way of life’ promoted trust and goal congruence. This facilitated smooth transmission of leadership to family members that were educated in nourishing family culture and imbuing business with it.

**Preliminary conclusions**

Although this is a work in progress we may suggest some preliminary conclusions.

The two firms we have sketched although belonging to different national traditions and regional contexts in which they operated transcend a north – south separation and converge widely in many aspects such as the organizational form, the pattern of enterprise, and the prerequisites and skills of their founder for a successful entrepreneurship in posts that attempted to associate with the world economy. Their basic difference is the religious creed of their members that unexpectedly, in the case of the Ropes family, encountered no hostility in the Russian capital’s environment.

The common factor influencing the success and longevity of these two firms seems to be their ‘familiness’

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57 Sifneos Family Archive, letter of Vasselios Sifneos to his family, 21 Febr. 1903.  
58 Evrydiki Sifneos, Greek merchants… , p. 277-280.  
from the attitudes of local society. Moreover, it formed a strong component that reduced agency costs and mobilized a vast spectrum of resources.