The central role of credit in economic modernization is well established. In Russia modern banking institutions developed very late, and throughout the Tsarist period access to credit was almost exclusively limited to the nobility, who mainly used it to live profligate lifestyles in St. Petersburg and Moscow. The Russian state kept an iron grip on banking; in the first half of the nineteenth century the Minister of Finance, Count Kankrin, actively opposed private banking and blocked efforts to establish regional banks to serve the agricultural sector of the economy. Historians of the Russian economy place this lack of credit institutions alongside serfdom as an important cause of Russia’s late industrialization.

Mennonites were leaders in Russia’s economic development, introducing large-scale commercial agriculture in the 1820s and eventually using the profits to launch industrial enterprises to produce cloth, bricks and tiles, agricultural machinery, and other goods. By the outbreak of World War I they numbered among the leading manufacturers...
of agricultural machinery in the Russian Empire. Mennonite success has been credited to a variety of things, ranging from a religious and cultural predisposition to work hard, to the oft-repeated argument that state subsidies, tax privileges, and large land grants gave the Mennonites an unfair advantage over other Russian subjects. But the role of credit in their development has never been assessed.

Beginning in the 1820s Johann Cornies, the most famous Russian Mennonite, acted as his community’s biggest money-lender, providing large sums to support commerce and industry, and issuing small loans to help Mennonite families through rough times. In a region starved for credit, such lending practices in the Mennonite community were a key ingredient for the rapid economic growth that sharply distinguished Mennonites from other Russian agricultural communities in the early nineteenth century. These lending practices also provided a vital precondition for their rise to industrial prominence in the second half of the century.

Money-lending was not new to Mennonites when Johann Cornies began his private lending activities in the 1820s. In European agricultural communities – Mennonite and non-Mennonite alike – the granting of small loans by relatives or neighbours was commonplace. David Epp, in his biography of Cornies, writes that Cornies himself got his start in business with such a loan from an elderly Mennonite widow. Jacob Epp recounts in his diary the role that small private loans played in permitting his relatively impoverished Russian Mennonite household to stay afloat. The Russian Mennonites even had an institutionalized source for small credit, the Orphan’s Fund (Waisenamt), which held the estates of orphans in trust and used some of the money to make small loans to community members. These loans helped legitimize money-lending in the community and established a standard interest rate (six percent) that Cornies replicated. Such loans were important to the community, but they were small in size (seldom exceeding 100 rubles); because borrowers had to provide two guarantors from within the community, the loans were subject to constraints that prevented them from playing the developmental role of commercial credit.

What distinguished Cornies’ activities from this small lending was the scale of his activities and his conscious use of loans to promote Mennonite economic development.

Cornies’ great personal wealth was an essential precondition to his lending activities. He owed it to an entrepreneurial spirit that exhibited itself almost as soon as the Cornies family settled in the Molochna village of Ohrloff in 1806. While still a teenager Cornies began carting cheese and butter to regional markets along the coast of the Sea of Azov and in the Crimea. By 1812 he had acquired enough money to lease 3500 desiatinas (roughly 9500 acres) of pasture land
along the Iushanle River just east of Ohrloff, where he established one of the largest sheep herds in the region. In 1818, in partnership with his close friend Wilhelm Martens, he leased from the state a monopoly on brandy distribution for the entire district. This brandy business provided a steady cash income to Cornies for the next fifteen years, and helped fund his lending activities. There is no exact record of his wealth, but he was broadly recognized as one of the wealthiest men in New Russia (modern-day southern Ukraine), and in 1843 a British visitor who met Cornies estimated his “private fortune . . . at more than 2,000,000 rubles.”¹⁰

The bulk of Cornies’ lending, and the place where it had the greatest impact on Mennonite economic development, was in support of the Molochna wool and grain trade. Cornies’ account books only survive in often-illegible fragments and they do not permit a detailed accounting of his money-lending, but his correspondence tells enough of the story to sketch in the broad outlines.

The impetus for Cornies’ lending activities came from his 1824 trip to Moscow. There he met and became fast friends with Traugott Blüher, head of the Moravian Brethren’s Moscow trading house. This trading house possessed membership in Russia’s First Merchant Guild, a designation that bestowed the right to engage in foreign trade. Blüher became Cornies’ business agent in Moscow, providing the means for Cornies to bypass regional Ukrainian markets and sell his wool in Moscow. This meant that Cornies could avoid the unpredictable and rapidly fluctuating prices that regional traders paid for wool. Blüher warehoused Cornies’ wool and sold it when prices were high, and he altogether cut the regional middlemen out of the exchange.¹¹

For Cornies, who was already wealthy in 1824, this wool marketing scheme made good business sense, but most Molochna Mennonites could not afford to send their wool to Moscow on speculation. They sold at local and regional fairs, or to the travelling agents of foreign (mainly British) companies, because they needed ready cash to buy necessities. Their wool trade was inevitably on a small scale, in part because there was no organized credit system, but also because there was often an acute shortage of circulating currency in New Russia.¹² These problems meant that regional traders could not deal in large volumes.

Cornies, who was the state-appointed chair of the Molochna Mennonite Sheep Society, was responsible for developing commercial wool production in the region. This was a major objective of the Guardianship Committee for Foreign Settlers in New Russia, the state agency that was directly responsible for administration of the Mennonites. It was the Guardianship Committee that had sent Cornies to St. Petersburg via Moscow in 1824 to buy breeding stock for Molochna sheep herds; upon his return to the Molochna he began offering loans
to wool merchants to permit them to buy up Molochna wool for resale in Moscow. The most significant recipient of such loans was Gerhard Enns, former chair of the Molochna Mennonite Gebiestedamt and one of Cornies’ most important allies in the community. In 1825 alone Enns, backed by Cornies’ money, bought up 32,000 kilograms of Mennonite wool at a cost of over 40,000 rubles.\textsuperscript{13} By the early 1830s the demand for short-term loans by Enns and other Mennonite wool merchants during the June shearing season was so great that Cornies was sometimes left cash-short himself. In 1831 he apologetically refused to lend money to Andrei Fadeev, Director of the Guardianship Committee Bureau in Ekaterinoslav, because he had “loaned all [his] money not in use at the moment to the local wool merchants on monthly terms.”\textsuperscript{14} Cornies’ cash loans to Enns and other wool merchants met a critical economic need, providing both credit and currency, thus removing two of the chief disincentives to large-scale wool production. With the help of such loans, between 1825 and 1835 Mennonite sheep herds grew by three hundred percent, becoming the most important commercial activity in the Molochna.\textsuperscript{15}

Cornies played an equally important role in financing commercial grain production in the Molochna. Grain only became a viable commercial crop in the region when the port city of Berdiansk opened in 1836 and provided easy access to international markets.\textsuperscript{16} But, as with wool, grain prices were volatile, and in order to convince Mennonites to shift their efforts from wool to grain, there had to be a stable local market.

Cornies financed the transition to grain production with large-scale loans to Mennonite grain merchants, of whom the most prominent were Abram Wieb and Peter Schmidt. With Cornies’ help, Wieb emerged as the leading Molochna Mennonite grain merchant. Between 1840 and 1844 he borrowed tens of thousands of rubles to fund the establishment of the first permanent Mennonite grain export business in Berdiansk and to buy up and export large quantities of Mennonite grain.\textsuperscript{17} Like Gerhard Enns, Wieb was one of Cornies’ inner circle of allies in the Mennonite community. His energy and Cornies’ money helped underwrite the Molochna Mennonite shift from a wool-based to a grain economy that occurred in the 1840s, at just the time when international wool markets were contracting and grain markets were expanding.\textsuperscript{18}

Cornies’ final important target for commercial loans was the Halbstadt cloth factory owned by Johann Klassen. Opened in 1815, the Klassen factory was the first significant industrial enterprise in the Molochna. The wealthy Klassen invested 20,000 rubles of his own money to establish the factory, but he never realized a profit. After droughts and blizzards decimated Molochna sheep herds in 1825, Klassen was forced to borrow heavily to keep the factory running, and
by 1827 he owed Cornies almost 30,000 rubles.\textsuperscript{19} The great drought of 1832-33 further damaged the factory’s financial situation, and in 1836 Klassen asked the Gebietsamt to intervene and negotiate with his creditors a five year release from all debt repayments.\textsuperscript{20} Although the precise details are not extant, by then Klassen owed a debt of over 72,000 paper rubles, the largest part to Cornies.\textsuperscript{21}

Cornies consistently supported the Klassen factory with loans, while also using his Moscow contacts to keep track of markets and to buy equipment. He became Klassen’s central supporter in 1839 when the original factory burned down and had to be rebuilt (it reopened in 1842). Recognizing the important economic role of the factory, not just for making cloth but also because it provided direct employment to landless Mennonites, Cornies arranged for the Molochna Agricultural Society, which he chaired, to establish a commission to manage the factory’s debts and oversee its rebuilding.\textsuperscript{22} Cornies also continued to lend thousands of rubles to Klassen, even though there was little hope that this debt would ever be repaid.

While large commercial loans constituted the greatest part of Cornies’ lending business, he also provided small loans to a broad spectrum of Mennonites. These loans, usually of less than a thousand rubles, are even more difficult to quantify than the large commercial loans, for they are mainly documented in the dunning letters Cornies sent to defaulters and in the claims he made against the estates of deceased creditors. These letters and claims seldom identify the purpose of the loans.

A rare example where the original loan request survives demonstrates the nature of this small-loan business. In 1839 a Mrs. Voth from the Molochna village of Alexanderwohl wrote to Cornies asking urgently for a loan of 600 rubles. Her husband David, a wood merchant, was away from home buying wood, and in his absence she was unable to pay other suppliers for wood they were delivering. “Wouldn’t you be so kind,” she wrote, “as to lend me 600 rubles? My husband will find his way to you, with the greatest thanks, as soon as possible.”\textsuperscript{23} This loan was not soon to be repaid. In October 1840 Voth sent Cornies forty-six rubles to cover the interest and pleaded for a further extension of the terms, and in December 1840 he wrote to say that he could “absolutely not scare up any money.”\textsuperscript{24} In May 1841 Cornies became insistent, writing to Voth, “Now, my dear friend, the time really has come for me to collect the debt you owe me. . . . You must devise the means. There is no other way.”\textsuperscript{25} This had no effect, for the loan still remained unpaid in December 1843, when Voth asked for a further extension. There is no record to show whether Cornies ever recovered his money.\textsuperscript{26}

Loans of this type were a routine part of Cornies’ business affairs from the 1820s onward. The amounts were sometimes very small, as
for example a loan of sixty-nine rubles to Heinrich Quiring in 1840. While Cornies normally charged six percent annual interest, the Quiring loan demonstrates that he also routinely waived the interest when creditors struggled to repay him.\(^2^7\) Collection of these small debts was a constant source of irritation for Cornies, whose last recourse was to ask the Gebiestamt to intervene and exert community pressure on the debtors.\(^2^8\) He nevertheless made small loans consistently from the 1820s to 1840s, providing an essential service to the emerging Molochna Mennonite economy.

Cornies lent money within his community as both a profitable business venture and a way to subsidize the Molochna Mennonite economy; in both cases this amounted to a progressive economic policy that helped place Mennonites well in front of most Russian subjects on the road to modernization. But Cornies did not shy away from using his money for much more old-fashioned purposes, lending (or giving) it to buy influence from important political figures in the Russian administrative system.

Cornies made loans to a number of influential officials in New Russia, ranging from Tavride Civil Governor Muromzov to Ekaterinoslav Police Chief Lizovzov, but the clearest example of his use of credit to cement political patronage was his loans to Andrei Fadeev.\(^2^9\) From 1819 to 1836 Fadeev was head of the regional Guardianship Committee Bureau and consequently the state official most directly responsible for Mennonite affairs. Even after Fadeev's transfer to Astrakhan in 1836, he remained the Mennonites' most influential patron in official circles. Fadeev relied on Cornies as his main ally in implementing the state's economic programmes in the Molochna, while the Mennonite community recognized the value of Cornies' close relationship with Fadeev, which it took advantage of to bypass red tape and seek favours from the administration. This relationship was first demonstrated during the New Russian subsistence crisis of 1825 (described in more detail below). Looking for help, and unable to wait for official appeals to wend their way through channels, the Mennonite Gebietsamt turned to Cornies, asking him to directly intervene with Fadeev.\(^3^0\) In subsequent years Cornies routinely used this direct access to a powerful patron to promote his own and the Mennonite community's interests.

Fadeev was Cornies' most important and well-connected patron, while Cornies was Fadeev's most important Mennonite client. As with most patronage networks the wheels sometimes needed to be greased, and Cornies was naturally the prime greaser. In 1834, when the Guardianship Bureau was relocated from Ekaterinoslav to Odessa, Fadeev wrote to Cornies to bemoan the high costs of setting up residence in the New Russian capital. Cornies wrote back to commiserate, and sent along a gift of 1300 rubles \textit{as a small token of our affection.}\(^3^1\)
Fadeev gave a similar hint when he was transferred from Odessa to Astrakhan in 1836. When Cornies learned of the impending transfer in December 1835, he wrote to thank Fadeev for his efforts on the Mennonites’ behalf and to urgently solicit Fadeev’s continued patronage. Fadeev warmly responded, assuring Cornies that he would do all that he could for his Mennonite friends and asking what final favour he might do before his departure, either for Cornies personally or for the Mennonite community. Cornies asked for two things: the expansion of the Forestry Society’s authority to cover a broad range of agricultural and economic policies, and a personal land grant on the Iushane River where he had already leased 3500 desiatinas of state land. Fadeev’s next letter asked if Cornies might be able to spare him a loan of 1,500 or 2,000 rubles for moving expenses. Cornies quickly assured Fadeev of the loan, and within weeks he received a return promise that the Forestry Society’s authority would be expanded. In May 1836 this led to the creation of the powerful Agricultural Society, which was to play a central role in the development of the Mennonite economy in future years. By the end of August Cornies also received a permanent grant of five hundred desiatinas of land along the Iushane River—but not before he received and approved a request for an additional loan of 3000 rubles for Fadeev’s son-in-law Peter von Hahn. While there was no explicit link between Cornies’ loans and Fadeev’s favours, the implied obligation was clear.

Loans and gifts of the type that Cornies made to Fadeev played a vital role in the Russian administrative world in the nineteenth century. If Mennonites were to negotiate that world in a manner that preserved and promoted their own interests it was critically important that they learn to engage in this system of influence-peddling properly. This process was not new to Mennonites when they arrived in Russia. In Poland the ever-shifting political, economic, and religious forces had placed constant pressures on the Mennonite community. Because there was no strong central government capable of dictating policy, Poland was in a continual state of negotiation between its various constituents. The exchange of gifts and favors this entailed was an established part of the Polish Mennonite experience.

A late seventeenth-century account of Danzig Mennonite life helps reveal the interplay of religion, politics, and money that Mennonites negotiated so successfully in Poland. In 1678 Mennonites found their religious privileges under attack when King John III Sobieski ordered the Catholic Church to conduct an investigation of Mennonite beliefs. George Hanson, an elder, represented the Danzig Flemish Mennonite Congregation at a hearing conducted by Stanisław Sarnowski, Catholic bishop of Włocławek (Leslau). Hanson effectively defended his congregation, insisting on New Testament authority for Mennonite
pacifism. But as Hanson himself noted, the success of his defense was in no small part secured by “a heavy contribution of money.”

The Mennonites who left the Vistula for Ukraine brought with them this Vistula experience and all of the political understanding that came with it. They had been neither naïve nor puritanical in their attitude toward the Polish state, and they would approach the Russian state with the expectation that the same strategies and tactics that had worked in Poland would work in Russia. For Mennonites, the challenge in Russia was that the personal, business, and political relations that had evolved over centuries in Poland did not yet exist for them in Russia; the Russian administration was far more hierarchical than the Polish one had ever been, and Mennonites would need to feel out the pressure points that would permit them to negotiate their rights in Russia. Cornies was a central figure in this feeling-out process.

Loans to Fadeev helped to secure Cornies’ influence with the Russian state, but he was not reticent about also using his money to secure influence within his own community. The political and religious disputes that disrupted Molochna Mennonite life in the 1820s to 1840s, and Cornies’ central role in them as the champion of secular reforms, are well documented. Accounts of these disputes tend to pit Cornies, as a representative of the state, against the Mennonite religious establishment, but this leaves unclear the extent to which Cornies enjoyed community support among Mennonites. This issue is too large to be fully addressed in the present article, but the role of Cornies’ money in cementing community support and creating what might be termed a “Cornies Party” in the Molochna was one important aspect of the process.

The Cornies Party first became apparent with the establishment of the Forestry Society in 1831. The Society was the brainchild of Fadeev, whose plan was to create a completely new, secular agency in the Molochna Mennonite settlement. The Forestry Society was to operate independently of the Gebietsamt, in its own clearly defined arena. Symbolically its headquarters were even located on the southeastern edge of the settlement at Cornies’ Iushanle estate rather than in Halbstadt, the administrative and economic centre of Molochna Mennonite life. Fadeev was clearly conscious that he was departing from past practice, and he carefully justified his decision in the Society charter, writing that “the extent of [the settlement] constantly keeps the district officials busy with affairs in respect to administration, settlement, collection of taxes, keeping of accounts, etc., and even with their best intentions it becomes impossible for them to conduct the exact supervision that is required for success.”

Fadeev paid close attention to the new Forestry Society’s leadership. Cornies was obviously his best ally in the Molochna and naturally
would chair the new Society. It seems likely that Fadeev consulted closely with Cornies about the Society’s organization and goals; there is no direct evidence of this, but in the fall of 1830, before Fadeev announced the creation of Society, Cornies conspicuously established a model forest plantation at Iushanle.\(^{42}\) As for other Society members, Fadeev knew that Cornies faced significant opposition within his own community and needed the support of leading Mennonites, for without them the Forestry Society would surely fail. Consequently the Charter named two other prominent Mennonites to the Society, Gerhard Enns and Dierk Warkentin. It was left to Cornies to augment the Society with two additional members. He chose his friend Wilhelm Martens, and Abram Wieb, the manager of his sheep farm at Iushanle.

This small group was closely connected by its economic interests and in turn by Cornies’ money. Wilhelm Martens was Cornies’ long-time business partner and probably the richest man in the Molochna, but despite his wealth he relied on loans – sometimes for as much as 25,000 rubles – from Cornies to provide cash-flow for his businesses.\(^{43}\) Gerhard Enns and Abram Wieb have already been introduced above, as two of Cornies’ main loan clients. Enns, Deputy Mayor of the Molochna Gebietsamt from 1818 to 1822 and Mayor of the Gebietsamt in the mid-1820s, was the wool merchant who borrowed large sums of money from Cornies to buy wool. In 1831, at Cornies’ recommendation, Enns also became Traugott Blüher’s wool-buying agent in the region, and in the 1840s Enns became one of the two biggest silk manufacturers in the Molochna region. He was also one of Cornies’ most prominent supporters during the “Warkentin Affair” that marked the climax of the Molochna political crisis of the 1830s and 1840s.\(^{44}\) Abram Wieb, who began his career as an employee on Cornies’ sheep farm, was still a minor figure in the Molochna when he was appointed to the Forestry Society. But, as described above, after the Port of Berdiansk opened in 1836 Wieb became the Mennonite community’s most prosperous grain merchant, using loans from Cornies. Dierk Warkentin was the only member of the society who did not borrow large sums from Cornies. He was a wealthy, established member of the Mennonite community, and an old acquaintance of Cornies. In the midst of the subsistence crisis of 1825, he and Cornies had worked together to establish a special emergency fund to help impoverished Mennonites.\(^{45}\)

The members of the Forestry Society thus constituted a wealthy merchant elite in the Molochna. They undoubtedly shared common economic interests, but they also shared one other important characteristic: they relied heavily on Cornies to bankroll their operations. For them, as for Fadeev, Cornies’ services as money-lender played the double role of stimulating the economy and cementing a political
alliance, the Cornies Party, which promoted Cornies’ economic reform agenda.

The ways that Cornies put his money to work for the Molochna economy are clear enough, but less clear are his motivations. Certainly personal profit numbered among them – he was a businessman after all – but profit alone cannot explain the interest-free small loans he made to struggling families. Even his large commercial loans were made at a low interest rate that was far from safe in the conditions of high inflation that prevailed in Russia at the time, and his loans to the Klassen cloth factory, as noted above, continued long after there was any hope of repayment.

Cornies’ correspondence provides important insights into his understanding of wealth and the obligations it imposed on its possessors. Of course Cornies was not a typical Mennonite; indeed he was the most controversial figure in his community and there was no shortage of accusations and denunciations against him from his many enemies. But never did these attacks even mention his lending practices, let alone criticize him for usury. The most critical account of Molochna Mennonite society in the 1830s, the prominent minister Henirich Balzer’s “Faith and Reason,” does not even mention money-lending among the ills of Molochna society. Cornies’ role as community money-lender and the general practice of lending at interest were accepted in the Mennonite community. Cornies’ reflections on wealth and responsibility consequently should be closely examined as evidence of broader community attitudes.

Cornies was first forced to reflect about the responsibilities inherent in wealth after his return home from Moscow and St. Petersburg in August 1824. New Russia was experiencing one of its worst summers on record: the region was bombarded with drought, harvest failure, and swarms of grasshoppers, capped off by a massive August storm. Daniel Schlatter vividly described the storm’s destruction, writing that “many houses, even whole villages were blown down in the old settlement. The misery this has occasioned is very great; many families are without a shelter. The hurricane extended to the Dnieper, into which whole herds of cattle were swept by the violence of the tempest, and even the shepherds were drowned.” On the night of 14-15 February 1825 the already difficult conditions in the Molochna turned sharply worse when a major blizzard swept through the region. A second blizzard followed on 8 March, multiplying the damage. Between August 1824 and June 1825, the Molochna Mennonite settlement lost 10,000 sheep, 1,800 head of cattle, and 1,200 horses. Cornies estimated his personal financial loss at no “less than 30,000 rubles.”

Cornies reacted to the crisis by setting aside his personal business affairs and the demands of the Guardianship Committee and dedicat-
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ing all of his time and energy to his community. He had no official position in the Gebietsamt, and his aid to the community stemmed solely from his own sense of moral obligation. There is no record of the exact financial cost, but as he told Fadeev, the cost in time was immense, leaving “almost no time to cast my eye over my own affairs.”

Cornies wrote to Fadeev to justify ignoring his responsibilities to the Guardianship Committee during the crisis:

> Because, as a member of the community, I possess its confidence, I consider it to be my inescapable duty to employ it according to my best insights for the well-being of every single individual and for the whole community. This is even more so because the Lord, through His gentle hand, has blessed me with temporal riches to the extent that I have been freed of burdensome worries about survival and it is even more pertinent for me than for many another upright man that I am obliged to carry out all responsibilities that can serve the purpose of the general well-being.

Under the pressure of the crisis, significant elements of a personal philosophy emerged that would guide Cornies’ activities for the rest of his life. He described the drought to Traugott Blüher as “God’s judgment,” but this did not mean that its consequences should be accepted passively. Rather, it was a test, intended to benefit people by teaching them to seek solutions in “the Word of God, which is written down for us in the Bible.” As Cornies understood it, God had blessed him with wealth and ability, and with these blessings came obligations to his community. In December 1825, with the crisis finally over, he clearly articulated this conclusion to his wealthy friend Dierk Warkentin when he proposed that the two should personally create an emergency assistance fund for the Molochna settlement: “To the extent that we seek the general well-being and not our own self-interest, we do not have the right to bury our own capital. We must increase its value to the appropriate extent, so that on the great judgment day our capital will also be considered among the ordained.”

Cornies’ belief in the responsibilities inherent in wealth clearly extended to lending money, for as he wrote in 1837, a loan “is a form of charity.” This statement is from a letter to the well-known Mennonite teacher Adrian Hausknecht, a longtime friend of Cornies’, and it came in the form of a stern admonishment. Hausknecht had borrowed 800 rubles from Cornies between 1828 and 1832 and had not repaid so much as a kopeck. Cornies had never pursued his friend for the money, but when Hausknecht asked for a new loan, Cornies
refused, saying bluntly that “whoever borrows with the assumption that the creditor can look after himself better and does not need what is borrowed as urgently as the debtor does, is in my opinion already not acting as a Christian and does not presume any Christian charity.” These words, Cornies said, came from an “honestly concerned friend,” and were written “out of kindness and honesty and with an open and sincere spirit, because I am not indifferent to you or to anyone, and because you need guidance.”

In Cornies’ attitude toward money-lending can be seen the unique intermediary position that he occupied in his Russian Mennonite community. Russia’s Mennonites remained a rural community in the first half of the nineteenth century, and their attitude toward the urban world of commerce and industry was one of deep suspicion. Agriculture remained for them the most genuine representation of a proper, Christian way of life, while cities, with their secular ways, threatened only “desolation” (to use Heinrich Balzer’s word).

Balzer provides a useful comparative perspective on Cornies’ money-lending activities, for he is usually seen as the conservative antithesis of the progressive Cornies. There is good reason for this characterization; Balzer’s most famous work, “Faith and Reason,” directly challenged many of the reforms that Cornies championed and funded. According to Balzer it was clear where his Molochna community was headed: “First, great wealth, then a disposition unto worldly knowledge. And then a focus and refinement of the senses for comedy and theatre . . . in novels and ostentatious displays. They follow atrophied (legalistic) morals and practices without Jesus. And then big business and civil service (the magistracy) and finally the military and service in war.”

While Balzer was condemning Mennonites for developing a taste for “comedy and theatre . . . in novels,” Cornies wrote away to booksellers in Prussia and Switzerland to order copies of popular current works like *Genoveva* and *Rose von Tanenberg*. While Balzer decried Mennonite “ostentation,” Cornies told his son that the best way to treat a recurring fever was to “wash your body now and then with French brandy.” While Balzer criticized worldly education, in 1832 Cornies sent his son Johann Jr. away to Ekaterinoslav to pursue advanced – and explicitly secular – studies with the Guardianship Committee’s chief translator and chief land surveyor. In 1834 he sent Johann Jr. on to Moscow to continue his education.
Balzer wrote “Faith and Reason” in 1833, shortly after a severe cholera epidemic and in the midst of drought and famine. It must be emphasized that Cornies shared Balzer’s interpretation of these crises as lessons from God about Mennonite life in Russia. Cornies also shared in some measure Balzer’s disapproval of people who, as Cornies critically observed during the 1830 cholera epidemic, “indulge in frivolity, even during this depressed, discouraging time.”

Where the two men parted ways was over the relationship between faith and reason. Balzer distinguished between “understanding,” or faith, which he called “reason of the heart,” and “natural reason,” by which he meant secular rationalism. Where Cornies saw the crises as God’s encouragement to carry out rational reforms and become more engaged in the Russian world, Balzer saw them as punishment for the changes Mennonites had undergone in Prussia and Russia and for their involvement with the secular world. Balzer wrote that, originally, natural reason was not inimical to understanding, for reason was also a gift of God, provided to man (but not other creatures) so that man could “see, judge, test, and decide upon” his actions. But reason had become corrupted by the fall from Eden, and had become “outright hostile to God and His will.” Among the truly faithful, reason needed therefore to be “subordinated to the faith, and be brought under its obedience.” This was because reason led to doubt, and ultimately to “conformity with the world” and to the misguided conclusion that belief in “salvation in and through Christ” was “nothing but folly.”

Balzer did not place this critique in the explicit context of Molochna conditions in 1833 (indeed he identified the worst of these failings with Prussian Mennonites), but it is worth remembering how desperate Molochna conditions were at the time: Mennonites were stripping the thatch from the roofs of their homes to feed to emaciated livestock, and no one was sure where seed grain would come from to plant for the next year. Both Balzer and Cornies understood these crises as a sign from God, and it is likely that most Mennonites shared this view.

The difference between Cornies and Balzer was that Balzer interpreted the crises as punishment for the Mennonites’ drift into worldliness, while Cornies interpreted them as an urgent call to push forward reforms. He considered his money to be an essential catalyst for his reform programme, but as he told Hausknecht, this was an exercise in Christian charity, and not self-interest. Like Balzer, Cornies was deeply committed to the welfare of his community, but unlike Balzer he viewed economic development as the mainspring of that welfare. He lent money from a sense of Christian duty to the Mennonite community.

Cornies’ attitude toward money-lending, and the broad outlines of his lending activities, emerge clearly from his correspondence, but
the relationship between money-lending and economic modernization cannot be traced so explicitly. There is no doubt that by the end of the nineteenth century New Russia was one of the most economically advanced regions in the Russian Empire. In 1893 the Russian Department of Agriculture employed evidence drawn in part from New Russia’s factories to claim that Russia was set to become a player in international trade, and in 1899 Vladimir Lenin used the region’s commercial agricultural economy as evidence for his spurious argument that Russia was “capitalist.” By the 1930s historians Adolf Ehrt and David Rempel had begun to argue that Mennonites played a particularly precocious role in this development, and since the 1990s Ukrainian historians Marina Belikova and Natalia Venger have supported the claims of Ehrt and Rempel with hard evidence drawn from Ukrainian archives. As Venger concludes in her new study of Mennonite industrialization, “in objective terms the Mennonite settlements played the role of an experimental field for Russian modernization... [Mennonites] were the architects of the [modernization] process.”

The challenge is to relate the undoubted economic prominence of Mennonites in the Khortitsa Mennonite settlement in the late nineteenth and early twentieth centuries to Mennonite economic developments in the Molochna settlement in the early nineteenth century. Venger insists that in the pre-reform period “Mennonite [modernization] produced a colossal economic and social resonance in Russia,” but even her careful reconstruction of Mennonite economic activities cannot explicitly connect pre- and post-reform development. It might be possible to derive proof of such a connection from a detailed reconstruction of Mennonite inheritance and business records, but that is well beyond either the scope of this paper or of my current research. All that can be offered here is a brief reflection on the implicit connections.

The stages of economic development among Mennonites in New Russia are well documented. In the 1820s and 1830s Mennonites invested heavily in sheep-rearing to produce wool for commercial markets. In the 1830s-1850s they experienced a large-scale transition to commercial grain farming. Beginning in the 1850s they began to develop milling and manufacturing industries to serve their agricultural economy. While industrialization was more intensive in the Khortitsa settlement, it served the entire Mennonite agricultural community, and more broadly the entire steppe region of Ukraine and southern Russia.

Cornies’ money served this process in two ways. Most importantly, it provided ready credit for wool and grain merchants, permitting them to trade on a scale that would otherwise have been impossible. Gerhard Enns and Abram Wieb, two of Cornies’ most important clients, were
the leading Mennonite wool and grain merchants. While the wool and grain trade might have developed without them, it is hard to imagine that it could have developed so quickly. A second critical contributor to Mennonite economic development was the work of the Agricultural Society, which aggressively pursued agricultural reforms that made Mennonite grain yields among the highest in the Empire. While the Agricultural Society provided policies rather than money, its prominence and power were secured in part by Cornies’ judicious distribution of loans and gifts to officials.

Cornies’ motivations to lend were not those of a modern banker putting capital to work for profit. While too little survives of his bookkeeping to provide definitive evidence, it seems clear that he neither sought nor gained any significant profit from lending money. But if his motives were not modern, his contribution to Mennonite modernization seems indisputable. Mennonite wool production skyrocketed in the 1820s; wheat production followed in the 1830s and 1840s; and in the 1840s the first signs of industrialization came in the production of agricultural equipment and building materials. In every case, Cornies’ money underwrote Mennonite entrepreneurship. This is more than coincidence: credit and economic take-off are closely linked phenomena, and Mennonites enjoyed access to credit, courtesy of Cornies, long before most of Tsarist Russia’s rural subjects. That access and the Mennonites’ acceptance of credit as consonant with their religious beliefs were important factors in the extraordinary prosperity they achieved in Russia.

Notes

1 I am grateful to Ingrid Epp who has provided expert translation of all of the Johann Cornies correspondence employed in this essay; to my colleague Dr. Peter McCord for his valuable advice regarding banking, lending, and modernization theory; and to the anonymous reviewer who provided such a thorough and knowledgeable critique of the essay for the Journal of Mennonite Studies.


4 It is commonly claimed that Mennonites produced 6.5% of the Empire’s agricultural machinery by 1914 (see e.g. Cornelius Krahn, “Industry Among Mennonites in Russia (and Prussia),” Global Anabaptist Mennonite Encyclopedia Online (1958), retrieved 19 January 2009, http://www.gameo.org/encyclopedia/contents/I551.html). However, this figure is poorly documented. Marina Belikova,
who thoroughly reviews the subject, suggests it is inflated. She does not offer an alternative figure, but she shows convincingly that Mennonite industrialists were the most prominent agricultural machinery manufacturers in their own region, which in turn was the most productive region in the Empire (Marina Volodimirivna Belikova, “Menonits’ki kolonii pivdnia Ukraini (1789-1917 rr.), [Zaporizhzhe State University: Unpub. Ph.D. Diss., 2004], 126-140). Natalia Venger carefully documents the prominence of Mennonites in Ukraine industrial production, showing that by 1911 Mennonites produced 17% of all Ukrainian agricultural machinery, but she does not place this figure in the larger Russian context (Natalia Venger, Mezhdu obshchinoi, klanom i Rossiei v epokhu vybora: Mennonitskoe predprinimatel’stvov usloviah uzhno-rossiiskoi modernizatsii (1789-1920), 323. All references to this work refer to the manuscript of Dr. Venger’s forthcoming monograph, and I am grateful to her for her permission to cite this manuscript.)

For a critical assessment of this historiography see my Cross-Cultural Encounters on the Ukrainian Steppe: Settling the Molochna Basin, 1783-1861 (Toronto: University of Toronto Press, 2003), 181-183.


These figures are based on records from the Khortitsa Waisenamt’s capital and lending activities for the period 1815-1820, located in the State Archive of the Odessa Region, fond 6, opis 1, delo 926. These have been translated and published by Tim Janzen (“1820 Chortitza Colony Orphans Office Records,” http://www.mennonitegenealogy.com/russia/1820_Chortitza_orphan_records.htm). There is no serious published study of the Waisenamt, but Jake Peters provides a brief overview focusing on its Canadian history (The Waisenamt: A History of Mennonite Inheritance Custom [Steinbach, MB: Mennonite Village Museum, 1985]).

The 1818 agreement is not extant, but the 1822 renewal implies that the original lease came in 1818. See the Peter J. Braun Russian Mennonite Archive [hereafter PJBRMA], fond 89, opis 1, delo 31 (October 31, 1822). Cornies’ and Martens’ brandy distribution monopoly is documented extensively in Cornies personal correspondence in the PJBRMA.

John MacGregor, Commercial tariffs and regulations of the several states of Europe and America, together with the commercial treaties between England and foreign countries. Presented to both Houses of Parliament by command of Her Majesty. Vol. 11 (London: Charles Whiting, 1843), 321.

The details of Cornies’ and Blüher’s business dealings emerge in bits and pieces from their 24-year correspondence, which can be found in the PJBRMA.

Cornies frequently mentioned the shortage of circulating currency in his correspondence. See, e.g., Cornies to Wilhelm Frank, 9 June 1831, PJBRMA fond 89, opis 1, delo 200.

Cornies to Blüher, 25 June 1825, PJBRMA fond 89, opis 1, delo 63.

Cornies to Wilhelm Frank [Fadeev’s personal secretary], 9 June 1832, PJBRMA fond 89, opis 1, delo 200.

On the development of sheep farming in the Molochna, see my Cross-Cultural Encounters on the Ukrainian Steppe: Settling the Molochna Basin, 1783-1861 (Toronto: University of Toronto Press, 2003), 72-84.

On grain production, see Cross-Cultural Encounters, 124.

A series of letters from Wieb to Cornies document this: 4 Sept. 1840, PJBRMA fond 89, opis 1, delo 628; 31 May 1841, PJBRMA fond 89, opis 1, delo 769; 1 March 1844, PJBRMA fond 89, opis 1, delo 1094; 13 May 1844, PJBRMA fond 89, opis 1, delo 1094; and 21 February 1845, PJBRMA fond 89, opis 1, delo 1132. Regarding Peter
Schmidt, see Schmidt to Cornies, 4 Sept. 1840, *PJB*RM*A* fond 89, opis 1, delo 628, and a series of further letters from Schmidt to Cornies in the same delo.

On the growth of grain exports, see *Cross-Cultural Encounters*, 132-137.


In 1841 Klassen proposed a scheme to repay Cornies and his other creditors by giving them use of land belonging to the factory. He estimated that the land would generate an income of 72,000 paper rubles, which he admitted would “not cover the old debt totally.” Klassen to Cornies, 18 January 1841, *PJB*RM*A* fond 89, opis 1, delo 769: p. 10.

Regarding the establishment of the commission, see Cornies to Fadeev, 12 August 1839, *PJB*RM*A*, fond 89, opis 1, delo 587: p. 22. At the time Klassen claimed that the factory employed 236 Mennonites (see Cornies and Petr Keppen, 12 August 1839, *PJB*RM*A*, fond 89, opis 1, delo 521: p. 70). This figure is probably inflated – Meshkov shows that between 1821 and 1833 it had never employed more than 70 people – but Klassen may have been including the families of his workers, who were dependent upon factory wages (Meshkov, “K istorii soukonnoi fabriki Ioganna Klassena” 161-162). Elsewhere Klassen writes that the factory supported 40 Mennonite families (Klassen to Cornies and Regier, 4 August 1838, *PJB*RM*A*, fond 89, opis 1, delo 521: p. 68). Klassen launched a general appeal to Mennonites in the Molochna and Khortitsa Settlements to contribute money to rebuilding the factory (On the Khortitsa appeal, see David Epp, *The Diaries of David Epp 1837-1843*, John B. Toews, trans and ed. [Vancouver: Regents College, 2000], 149, 151, 159; the Molochna appeal is mentioned in the Cornies correspondence cited above).

Mrs. David Voth to Johann Cornies, 27 May 1839, *PJB*RM*A*, fond 89, opis 1, delo 420.

Voth to Cornies, 30 October 1840, *PJB*RM*A*, fond 89, opis 1, delo 628; Voth to Cornies, 20 December 1840, *PJB*RM*A*, fond 89, opis 1, delo 628.

Cornies to Voth, 20 May 1841, *PJB*RM*A*, fond 89, opis 1, delo 746.

Voth to Cornies, 3 December 1843, *PJB*RM*A*, fond 89, opis 1, delo 923.

Cornies to Gebietsamt, 2 October 1840, *PJB*RM*A*, fond 89, opis 1, delo 647. In this letter, Cornies both documents the loan and offers to waive the interest.

Cornies resorted to the Gebietsamt to collect his debt from Quiring, along with a number of other defaulters, in December 1840. Gebietsamt to Cornies, 11 December 1840, *PJB*RM*A*, fond 89, opis 1, delo 628.

Cornies lent 5000 rubles to Muromzov in May 1841 (Cornies to Muromzov, 17 May 1841, *PJB*RM*A*, fond 89, opis 1, delo 746); He lent 1000 rubles to the Ekaterinoslav Police Chief Mikhail Lizovzov in 1839 (Cornies to Heinrich Cornies, 1 October 1839, *PJB*RM*A*, fond 89, opis 1, delo 521).

Cornies to Fadeev, 27 January 1825, *PJB*RM*A*, fond 89, opis 1, delo 63. See also Cornies to Contenius, 30 January 1825, *PJB*RM*A*, fond 89, opis 1, delo 63.

Cornies to Fadeev, 18 September 1834, *PJB*RM*A*, fond 89, opis 1, delo 300.

Cornies’ 6 December 1835 letter to Fadeev is not extant, but Fadeev’s 17 December response makes the content of the earlier letter clear: Fadeev to Cornies, 17 December 1835, *PJB*RM*A*, fond 89, opis 1, delo 352, p. 38.

Cornies to Fadeev, 24 January 1836, *PJB*RM*A*, fond 89, opis 1, delo 388. Cornies had leased land on the Iushanle River from the state since 1812, and asked that this land be given to him in permanent hereditary tenure.

Cornies to Fadeev, 15 January 1836, *PJB*RM*A*, fond 89, opis 1, delo 367. Fadeev’s request for a loan was mailed before he received Cornies’ 24 January request for land and expansion of the agricultural society’s authority.
The first step in this expansion was a 6 February 1836 letter from the Chief Guardian, General Inzoff, to the Gebietsamt ordering it to lend its authority to assure Forestry Society reform projects (described in Fadeev to Cornies, 6 February 1836, PJBKMA fond 89, opis 1, delo 352). On 21 March Inzov formally expanded the Society’s authority, authorizing the creation of the Agricultural Society (Inzov to Cornies, 21 March 1836, PJBKMA fond 89, opis 1, delo 389). Agricultural Society to Inzov, 12 May 1836, fond 89, opis 1, delo 389.

On the important role of gift-giving, bribery, and the exchange of favours in Russian society, see Stephen Lovell, Alena Ledeneva, and Andrei Rogachevskii, eds., Bribery and Blat in Russia: Negotiating Reciprocity from the Middle Ages to the 1990s (London: MacMillan, 2000).


Cornies to Warkentin, 27 December 1825, PJBKMA fond 89, opis 1, delo 63. Cornies was Chair of the Sheep Society and Land Surveyor of the community Settlement Commission, but these positions had no official relationship to his crisis relief efforts.

Cornies to Fadeev, 27 January 1825, PJBKMA fond 89, opis 1, delo 63. Cornies was Chair of the Sheep Society and Land Surveyor of the community Settlement Commission, but these positions had no official relationship to his crisis relief efforts.
Johann Cornies to Johann Cornies, Jr., 22 December 1832, *PJBRMA fond 89, opis 1, delo 236.*

Cornies asked the Guardianship Committee to enforce payment for brandy distributed on credit. See Fadeev to Molochna Mennonite church leadership, 12 January 1831, *PJBRMA fond 89, opis 1, delo 449a.*

Apart from the Odessa newspapers, Cornies subscribed to newspapers from Moscow, Berlin, and Halle (See e.g. Cornies to Blüher, 2 January 1837, *PJBRMA fond 89, opis 1, delo 432; Fadeev to Cornies, 3 August 1837, PJBRMA fond 89, opis 1, delo 426; Cornies to Blüher, 29 January 1833, PJBRMA fond 89, opis 1, delo 258). See correspondence between Cornies and his son beginning in July 1832, *PJBRMA PBRMA fond 89, opis 1, delo 236.*

Johann Cornies to Johann Wieb (Prussia), 30 December 1830, *PJBRMA fond 89, opis 1, delo 169.*

Balzer, “Faith and Reason.”

As James Urry has recently shown, Balzer’s “Faith and Reason” can also be understood as a reaction to the appearance in the Mennonite Settlement of Abraham Hunzinger’s *Das Religions-, Kirchen- und Schulwesen der Mennoniten oder Taufgesinnten: wahr und unpartheiisch dargestellt und mit besonderen Betrachtungen über einige Dogmen und mit Verbesserungs-Vorschlägen versehen von einem Mennoniten*, a book which created controversy particularly among Russian Mennonites for its promotion of Mennonite cooperation with secular governments. In my opinion the immediate subsistence crisis in the Molochna was the more significant factor, but regardless of what motivated Balzer, his works are important evidence of Molochna values. See James Urry, *Mennonites, Politics, and Peoplehood: Europe-Russia-Canada 1525-1980* (Winnipeg: University of Manitoba Press, 2006), 70-71.


Venger, *Mezhdu obshchinoi, klanom i Rossiei v epokhu vybora*, 495.