

# Industrial development of the Russia Far Eastern Region

## Desarrollo industrial de la región rusa del Lejano Oriente

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#### ABSTRACT:

The purpose of this article is to analyze the views of German Russianists of the 20th century towards industrial development of the Far Eastern Region in the pre-revolutionary period and the initial stage of industrialization of those outlying regions in the Russian Empire. The importance of studying the historical experience of Russian industrialization in general and the industrial development of its borderlands in particular is beyond doubt.

**Keywords:** Far East, industry, economic history, Russian regions

#### RESUMEN:

El propósito de este artículo es analizar las opiniones de los rusos alemanes del siglo XX hacia el desarrollo industrial de la región del Lejano Oriente en el período prerrevolucionario y la etapa inicial de industrialización de esas regiones remotas en el Imperio ruso. La importancia de estudiar la experiencia histórica de la industrialización rusa en general y el desarrollo industrial de sus tierras fronterizas en particular está fuera de toda duda.

**Palabras clave:** Lejano Oriente, industria, historia económica, regiones rusas

## 1. Introduction

The industrial development of pre-revolutionary Russia is one of the most extensively studied and at the same time debated topics in both domestic and international historiography. This also applies to regional aspects of Russian industrialization. Among the regions of the country affected by this process, the Far East holds a special place. Its remoteness from the center of Russia, an extreme acuteness of its communications and underpopulation problems alongside with ample natural resources determined the specifics of its industrial development. In the course of time, the latter was favored by some improvement in transport infrastructure, an influx of settlers, and the entrepreneurial activity of domestic and foreign businesses (Žižka et al., 2018; Orlova et al., 2018). Germans were due in no small part among the foreign investors who streamed into the Far Eastern economy, and this circumstance in many respects determined the interest taken in

the region by both a number of German publicists in the early 20th century and Russian historians of the latter half of the same century. Speaking about the hypothesis of the research, it should be pointed out that German and partly German-Swiss Russian studies exploring the interpretation of the Far East industrial development in the final third of 19th – the early 20th centuries will provide an opportunity to better imagine the general exploration degree of the problem as well as the very development of Russian studies globally in the 20th century, its relationship with domestic historiography of the economic history of the Far Eastern region.

The goal of the article is to analyze the take of German Russianists, publicists (as applied to the early 20th century) and researchers on the industrial development of the Far Eastern region in the pre-revolutionary period. With this in mind, the author sets the following objectives: 1. to determine the main periods of interest in this problem in German Russian studies over the past century; 2. to trace authors' representation of achievements and problems at the initial stage of the Far East industrialization in relevant publications; 3. to consider appraisals of the role of the government economic policy and foreign capital in the industrial development of the region by German Russianists.

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## 2. Literary review

Despite the abundance of literature on the problem of the Far East industrial development in the pre-revolutionary period, a special study of foreign historiography on this issue leaves much to be desired, which influenced the choice of the topic herein. The source base of the article was formed, first of all, by sources of historiographical nature – the research of German and, in the person of K. Spiess, German-Swiss Russianists addressing the issue. It is referred to monographs and research articles of historians and (with regard to the early 20th century) economists; the respective papers form the source base of the work. At the same time, in the early 20th century individual German publicists turned to the topic of industrial development of the Far Eastern borderland of Russia; their oeuvre, not being historiographical sources in the full sense of the word, nevertheless, are adjacent to them and are important for identifying the views of German Russianists about the conditions and effectiveness of industrial development of the region. In order to verify and compare the data and partly appraisals of German researchers and publicists with the Far Eastern realia of the early 20th century, some archival and published materials have been used – it is referred to Russian periodicals and publicistic writing, documents of clerking nature stored in the Russian State Historical Archive of the Far East (RSHA FE), related, inter alia, to foreign capital activities in the region.

Speaking about the historiography of the selected topic, it must be said that papers dedicated to critical analysis of the Western historiography of Russia's economic history, including Siberia, were published in the USSR since the late 1950s. Herewith, works of V.A. Fyodorov (1959), B.V. Ananyich (1976), S.V. Perederiy (1980), L.M. Goryshkin, A.N. Sagaidachny (1983), V.N. Razgon (1984) can be noted. In the context of the history of Siberia, certain attention was also paid to the Far Eastern problems; at the same time, a significant part of historiographical works published in the Soviet period are marked with an ideologically charged approach; concepts were analyzed through the prism of polemic with 'bourgeois historical science' provisions. In particular, O.N. Razumov purposefully dwelled upon analysis of foreign historiographical interpretation of industrial development of the Far Eastern region. He primarily focused on criticizing exaggerated claims of the foreign capital's place and role in the industrial life of the region. The author also noted positive aspects in the development of foreign historiography of the issue in the 1970s (Razumov, 1980). Yet, the primary focus of O.N. Razumov, as well as of other historians who turned to the topic, is on the oeuvre of English-speaking researchers; German historiography is given much less attention.

A detailed analysis of a monograph of East German researcher L. Thomas (1982) devoted to the history of Siberia was given in a review by L.M. Goryshkin (1986). However, both in the review and in the monograph itself, the main emphasis is upon the history of Siberia as a whole; the Far Eastern agenda presents a low profile in the work of L. Thomas. In 1990–

2000, issues of economic problems interpretation, including industrial development of the Far East, by German- language Russian studies of the 20th century were considered by the author of this paper (Dorozhkin, 2004). However, research of problems of industrial development in this region in the pre-revolutionary period has not been so far contemplated as an independent subject of research in our country by German-speaking historians of the 20th century. This circumstance, as previously noted, has determined the choice of the article subject.

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### **3. Materials and methods**

In accordance with the country-specific approach to the historiography of the issue, this article analyzes German and, singularly, German-Swiss literature that examined the issues of the Far East industrial development in the pre-revolutionary period. At the same time, the very problem of industrial development of the region is considered against the background of the country's modernization – this approach was inherent in most of the German-speaking Russianists in the final third of the 20th century (while East German researchers were naturally inclined to modernization approach rather than Marxist one).

When examining the problem exploration degree by German-speaking historians of the past century, the author applies scientific principles of historicism, objectivity, comprehensiveness and systematicity. The work is based on the following general scientific and general historical methods:

- Ideographic, expressed in a description of approaches and concepts of individual Russianists;
  - Periodization method, according to which historiography is studied within a specific period, which also allows one to identify the onset of new trends;
  - Systematic, which considers German- language Russian studies as an integral frame of reference to various aspects of the history of Russia and its individual regions;
  - Comparative-historical, allowing comparing the perspectives and concepts of researchers in terms of key aspects of the selected topic;
  - Historical and genetic, which makes it possible to trace formation and development of research concepts.
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### **4. Results**

An active expansionist policy of Kaiser Germany in East Asia, earlier penetration of German commercial capital into the Russian Far East, the interest of German business and partly political environments both in the especially rich resources of this region and in the prospects for its economic development – all that invited the attention of German publicists and in part researchers to the Far Eastern region as early as the beginning of the 20th century. When assessing its investment opportunities, the issues of its industrial development as well as the activities of individual private enterprises were touched upon. Some attention thereto was paid by publicist D. Zepelin; citing the abundant natural resources of Primorye, he, like researcher V. Vitchevsky later did, made a pointed reference to the presence of porto franco in Vladivostok as a factor that was certainly favorable for the economic life of the region. It is worth noting that bourgeois circles in the region also expressed themselves in favor of preserving the porto franco for that reason (n.a., 1908). D. Zepelin and V. Vitchevsky largely attributed both early successes in the industrial development of Primorye and foreign trading and industrial firms' activities to that factor (Wittschewsky, 1905; Zepelin, 1901). A discrepancy between business activity in the region and its opportunities in general was noted by publicist M.L. Schlesinger (Schlesinger, 1908). At the same time, he pointed to early triumphs in the Far East development, including Sakhalin as its part: some Russian and foreign companies had been already interested in the natural wealth of the island and were about to develop their production activity there. At the same time, German researchers in the early 20th century also drew attention to circumstances that made it difficult to invest in the Far East. For instance, M.L. Schlesinger noted the government's flexible policy towards investors, including foreign ones, in Sakhalin

mining developments, also pointing to a lack of ports and a generally poor state of communication lines, underpopulation and high prices for essential commodities as obstacles to economic development of the island and the region as a whole (Schlesinger, 1908). V. Wittschewsky and E. Agahd singled out as such a ban on foreigners to engage in mining in a number of areas of the empire, including within a 100-verst belt along the Russian Pacific coast, as well as the obligation imposed on investors in the mining industry of the region to use exclusively Russian labor at their enterprises, whereas hiring Chinese and Korean workers was only allowed subject to approval of the local administration and was highly regulated (Wittschewsky, 1905; Agahd, 1914). Motives of the tsarist government were quite obvious, and similar restrictions as well as some prohibitive measures against foreign businesses in the North-East of Russia gained traction and support from the public opinion in the country (n.a., 1908). In addition, though, the ban on doing business by foreigners in a number of areas was not flat – exceptions were conceded (RSHA, n.d.).

Further attention of German researchers was attracted by German firms' operation in the Far East, especially of "Kunst and Albers" trading house, which made a significant contribution to the industrial development of the region. A special article was dedicated to a review of that firm's entrepreneurial activity published in *Ostasiatische Rundschau* journal in 1940. The anonymous author of the article showed the diverse nature of the firm's activities: in addition to trading operations back in the final third of the 19th century, it maintained lending and insurance, carried out government instructions, and entered its own production. The author, as well as East German historian J. Mai later did, particularly noted the trading house's role as a regulator in the Far East economic life (n.a., 1940; Mai, 1970). The same circumstance was emphasized in a telegram sent by the firm's clerks to the governor-general in Amur region on August 19, 1916 (RSHA, n.d.).

Interest in the Far Eastern region resumed in German-language Russian studies in the final third of the 20th century. It touched both upon the East and West German *Rossica*, and later partly on German-Swiss *Rossica* as well. Thus, the above mentioned "Kunst and Albers" firm's operation was given considerable attention in a summarizing paper of East German historian J. Mai on German capital in Russia (Mai, 1970). L. Deeg's monograph and L. Thomas's article published as late as in the 1990s specifically dealt with it (Deeg, 1996; Thomas, 1998). These works note the firm's contribution to the region's industrialization, but its achievements (as well as those of foreign capital in general) in this process are not exaggerated. Economic development, including industrial one, of the Far East in the latter half of the 19th – the early 20th centuries was examined by German-Swiss researcher K. Spiess and German historian D. Landgraf in their papers in a more comprehensive sense (Spiess, 1980; Landgraf, 1989). K. Spiess emphasized stimulating importance of military, railway construction and resettlers' requirements for the regional economic development. The need to cater to the latter, as well as to military personnel, gave impetus to the flour-milling industry development. Vehicles of the sea basing in Vladivostok, construction of transportation routes and a tendency towards agricultural mechanization outlined in the days of Stolypin reform gave birth and proliferation to metalworking; there were railway shops in Chita and Vladivostok. The fleet and railways demand primarily determined the local coal mining industry development (Spiess, 1980).

Thus, it can be said that the stimulating role of government orders in the Far East industry was not less and sometimes even more than in major economic regions of the country. Given that circumstance, the point of K. Spiess about generally insignificant interest of the tsarist government in the industrial development of the region requires correction, according to the author. On K. Spiess's and D. Landgraf's own admission, military and political motivation stimulated the development of a number of sectors in the Far East economy. On the other hand, understanding the need for growth in productive power of the region forced the public administration to facilitate the private sector penetration even into the areas officially closed thereto. It is revealing that the list of admission conditions for entrepreneurs to engage in mining industry often included the requirement to conduct their own production activities rather than to simply "tap" into enterprises already operating in the region (RSHA, n.d.). All this is rather poorly consistent with the point about "generally insignificant", according to K. Spiess, interest of the government and local authorities in the development

of the Far Eastern industry.

At the same time, on the eve of the First World War, there was, albeit in its own way, a tendency towards a greater commitment of industry, including heavy industry, to the domestic needs even in the Far East. K. Spiess and D. Landgraf acknowledge that the growing prosperity of the region's peasants led to an increase in demand for agricultural machinery. However, according to D. Landgraf, in addition to an agricultural machine building factory in Blagoveshchensk, there were only small-scale enterprises belonging to Shadrin and Chepurin in the Amur River Governorate General; they participated in a district exhibition in Khabarovsk in 1899 and agricultural fairs in 1904 and 1913 in Blagoveshchensk. All of them could satisfy the consumer demand only marginally and were not able to compete on an equal footing with the products of foreign firms, mainly American, German and English ones (Landgraf, 1989). Yet, a gradual improvement in the transport infrastructure, a growing colonization of the region, and the military requirements resulted in the fact that gold mining, previously a leading branch of the Far Eastern industry, was marginalized by the food industry, woodworking and partly by metalworking (Spiess, 1980). Gold mining itself was partially mechanized. Nevertheless, industrial development of the region took place in a particularly tough environment: there was a significant shortage of labor, especially skilled; despite all the improvements, the transport problem remained pressing; a nominal population density also could not but hinder industrialization (Spiess, 1980; Landgraf, 1989). Many of the industries, primarily fishery and sawmilling, were targeted rather at the foreign market. The former of those industries was not developed in the best possible way, and no sooner than in 1899, construction of the first fish-canning factory in the region started in Nikolayevsk-on-Amur (Spiess, 1980). Subsequently, a number of such enterprises appeared; the cost of production in some of them reached several hundred thousand rubles by 1914. However, it did not suffice to fundamentally change the situation. In general, it was not until the 1930s that the region's economy was able to reorient toward meeting the country's domestic needs alone (Spiess, 1980).

K. Spiess and D. Landgraf particularly noted a poor overall development of manufacturing industry in the Far East, the prevalence of craft and artisan production. Urban industry, as D. Landgraf pointed out, was predominantly represented by "factories" of local significance. At the same time, the concept of a "factory" was quite relative – in most cases it was referred to petty craft and artisan production employing 5-20 people each. Significant dependence on imports of manufactured goods continued to persist; monopolistic position of American and German trading firms complicated the foundation of Russian enterprises in a number of industries (Spiess, 1980). L. Deeg, on the contrary, avoids referring to this factor, instead focusing on the "regulatory" impact of "Kunst and Albers" on the Far Eastern trade (Deeg, 1996).

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## 5. Discussion

It should be said that initially, in the early 20th century, the issues of the Russian Far East industrial development were not considered in detail by German Russian studies; it was mainly about its potential as a scope of investor activities, including foreign ones. In the context of German trading house 'Kunst and Albers' operation in the region, attention was paid to the region's economic development in the article published in 1940. In 1960-1990, East German (before 1990) historians J. Mai and L. Thomas also addressed this topic in the same context. This approach is also evident in Deeg's thorough research published in 1996. At the same time, there was also a remarkable interest in the economic history of the Far East in the 1980s; the results of its industrial development achieved by 1917 were also considered from the pertinent perspective, taking into account its achievements and shortcomings. At the same time, K. Spiess, a Swiss, arrived at a challengeable conclusion about a mild interest of the tsarist government in the industrialization prospects of the region, while D. Landgraf, without denying the existing problems and contradictions, cited data to show the opposite, as well as a certain groundwork having been laid for the subsequent development of the region in the pre-revolutionary period.

## 6. Conclusion

When investigating the issue, the author came to the following conclusions:

A certain interest in the topic of industrial development of the Far East in the pre-revolutionary period was observed twice in German-language Russian studies of the 20th century. In the first half of the 20th century it was covered in the context of the country's economic development and the activities of foreign capital in its economy; in the latter half of the 20th century, with this approach preserved, there also appeared works directly addressing the economic history of the Far East; moreover, both German (East and West German until the 1990s) and Swiss Russian studies took interest in this topic. The focus of historians in the latter half of the 20th century was usually on the entrepreneurial development of Primorye and partly of the Amur region, while some attention was also paid to Sakhalin in the early 20th century.

It is mostly the investment opportunities of the region that were assessed in the first decade and a half of the 20th century; whereas the effectiveness of the region's industrial development in the pre-revolutionary period began to be subsequently regarded as well. In this respect, consideration was given to the problems and achievements of industrial development emphasizing the presence of certain maladjustments, while simultaneously exhibiting, albeit belatedly, the same trend in the region as in the European part of the country – a producer being rather oriented toward the consumer than to a government order. This was conducive to the manufacturing industry development, although German-speaking historians did not overestimate the achievements in this field.

Both in the early and late 20th century, German researchers (as well as publicists in the first half of the 20th century) paid significant attention to the activities of foreign, especially German, capital in the region. The latter was given full marks, with its merits in the development of Far Eastern industry and trade noted, but even in an anonymous article published in 1940 during the Nazi regime, Germans were not credited with all the achievements in the industrial development of the region. In the late 20th century, the monopolistic position of foreign trading firms in the trade of the region was pointed out as a factor complicating the region's industrialization. At the same time, a certain ambiguity was observed in the government policy regarding investment in local industry, although the conclusions of researchers were not free of contradictions in a number of instances.

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