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**THE DEVELOPMENT OF ECONOMIC RELATIONS  
OF RUSSIA WITH EUROPEAN COUNTRIES AND THE USA  
IN THE END OF THE XIX – THE BEGINNING OF THE XX CENTURY**

**A. G. Kholliiev**

*PhD, assistant professor,  
ORCID 0000-0002-3365-7979,  
e-mail: azizbekholliiev@gmail.com,  
National University of Uzbekistan,  
Tashkent, Uzbekistan*

**Abstract.** In this article the main directions of development of economic relations of Russia with the countries of Europe and the USA in the end of the XIX – the beginning of the XXth century are considered. Special attention is paid to such questions as attraction of western investments into economy of Russia and also development of trade relations with these countries.

**Keywords:** Russia; economic relations; foreign trade; foreign investments; loans; European countries; the USA; export; import.

During the considered period Russia was integrated into processes of world history. The geopolitical position of Russia predetermined its participation in worldwide policy. On power of the financial capital it conceded to "Big Four", that is England, the United States of America, France and Germany.

In the beginning of 90s years of the XIXth century Russia was faced with a problem of creation of the modern industry and a raising of agricultural industry. However the country had no opportunity for the simultaneous solution of both tasks.

The Russian industrial and financial capitalism had noticeable particularity. From the economic point of view one of the main features was that Russia much more imported the capital, than took out it, and the state played a special role in import.

Industrial jump in the 90th years, consolidation of finance and introduction of gold rouble though strengthened the Russian economy, but did not allow it to compete on equal terms to the western countries in fight for the world markets yet.

The union with France provided access to the Parisian money market which became the

main source of external loans of the imperial government. Means for creation of the state-private sector of economy abroad in the form of banks, railway and other joint stock companies etc. were scooped from it.

Russia supported as the active participant of the struggle for economic and in particular the political partition of the world. At the same time Russia was a subject to capital investments of richer and developed countries – France, Germany, England and some other.

In the end of the XIXth – beginning of the XXth century the Russian foreign trade developed in high tempo, not being inferior to growth of the world market. From 1894 to 1913 its total turnover grew more than twice. However its specific weight in world trade increased during that time slightly (from 3.2 to 3.6 %) [6, p. 14–18].

By volume of foreign trade Russia conceded to England, Germany, the United States and France.

About a state of foreign trade of Russia it is possible to judge by the following table [1].

The total annual turnover of foreign trade of Russia and some countries of the world for 1909–1913 (million rubles)					
Countries	1909 y.	1910	1911	1912	1913
United Kingdom *	8617	9496	9747	1058	1119
Germany *	7001	7507	8247	9097	9662
USA	5777	6411	6945	7490	8351
France *	2413	7842	2996	3300	3084
Holland *	4373	4642	4774	-	-
Belgium *	1993	2075	2202	2477	2420
Russia	2038	2257	2451	2507	2706
British India	2334	2533	2753	2691	2900
Austria-Hungary *	1916	2088	2170	2305	2322
Italy	4486	5028	5304	5648	5815

Source: Статистический ежегодник на 1914 г. / под ред. В. И. Шараго. СПб., 1914. С. 817. (The statistical year-book of 1914. / edited by V. I. Sharago. – SPb., 1914. P. 817.)

\* Data on special import and export include the rest minus transit, import for further processing, etc.

Russia in the end of the XIXth – beginning of the XXth century still delivered abroad mainly agricultural goods to which share fell to a half of total amount of the Russian export.

The structure of the Russian import to that period generally also remained without changes. Cars, cotton, wool, tea, chemical products and coal were its largest articles. In process of growth of own industry the need for import of industrial goods decreased, and before war the greatest dependence of the Russian market from abroad was observed concerning machines and the equipment, machines, chemical products and some products of non-ferrous metallurgy.

The Russian foreign trade suffered from a number of essential shortcomings which during the considered period got rid slowly and gradually. So, its foreign trade could not rely on large-scale capital export. The small number of the Russian merchant marine was as one of shortcomings. The capital scarcity complicated the financing of trade opera-

tions, the organization of transportations and storage of goods.

Weaknesses of the Russian foreign trade was partly compensated by aggressive backing of the state – protectionist customs tariffs, export bounties and so forth.

The Government of the Russian Federation attached great value to development of foreign trade, in particular export. The sums received as a result of excess of export over import allowed to have the active balance of payments and served as "one of the most powerful factors of economic progress" [8, p. 313]. Really, only in a decade – from 1904 to 1913 – the foreign trade turnover poured about 3.2 billion rubles in the national economy of the country.

For Russia, which took the road of industrialization, the need for creation of protecting customs barriers was acute want. In 1891 the Russian government entered the foreign trade tariff with unprecedented height of customs rates.

In 1893 the tariff of 1891 remained only for the countries which are most favoring to Russia; for the others extra charges affected 30 % for finished products and 20 % for semi-finished products. In 1900 duties on luxury goods were increased [10, p. 127].

In the beginning of the XX century the tariff was reconsidered and on January 13, 1903, after the approval by the emperor, received law force.

Taxes were considerably raised for 91 items from 218 items of the former tariff. The growth of rates first of all concerned chemical products, cars, machines, ferrous and non-ferrous metals and products from them. The new tariff meant continuation and strengthening of the former protectionist course of the government.

Acceptance of a new tariff was closely connected with preparation for reconsideration of the conventional commercial treaties concluded in the nineties of the 19th century.

The central place in the system of trade agreements of Russia was taken by the contract with Germany.

The Russian-German commercial treaty was signed on February 10, 1894 in Berlin for a period of 10 years. According to its conditions, Russia refused the autonomous customs tariff and reduced duties on the German industrial goods on 18–65 % in comparison with a tariff of 1891. Germany, in turn, extended to Russia the reduced rate established in 1891 in commercial treaties of Germany with some countries that meant lowering of the rates for 15–33 % in comparison with a normal tariff. Besides, the contract extended most-favored-nation principle to both parties [9, p. 166].

The Minister of Finance S. Witte was responsible for negotiations on new trade agreements with Germany and other countries.

Severe negotiations assumed the lingering character. In June, 1903 the parties exchanged requirements on customs rates which were submitted in the maximum size.

Two rounds of negotiations – in July – August in St. Petersburg and in November in

Berlin – did not lead to a compromise. High level of the German grain duties and the Russian customs rates on industrial goods remained as a stumbling block.

However the inflexibility of the parties in such situation led to tariff war that was desired by neither Russian, nor German governments. Negotiations showed to Witte inevitability of recognition of the "minimum" grain duties. By the end of 1903 the main attention of the Russian party had already focused on equivalent compensations for its recognition that should be put negotiations on the real ground.

The war that began in 1904 with Japan had worsened positions of Russia in negotiations. It complicated foreign policy position of the country, aggravated its need in loans including in the German money market. Perhaps faster agreement became relevant and, besides it gained economic, political and financial markings. The German government also sought to the fast completion of negotiations, but under the observance of its "agricultural interests".

On July 15 (28), 1904 Witte and Byulow signed the additional convention to the treaty of 1894 which issued the reached agreement in Berlin. The convention for a period of 12 years came into force in a year after ratification.

The Russian delegation achieved the recognition of the basic principle on that it insisted – maintaining balance in customs taxation. If Germany considerably raised taxes on the Russian grain (except for barley) and live stock breeding products, then Russia, in return, in not a smaller size lifted duties on many German goods, first of all metals and metal products, cars and chemical products. Witte received consent to placement of the Russian loan of 500 million marks in the German market. Witte, under the existing ratio of forces, perhaps, had achieved a maximum of possible.

The conclusion of a number of new trade agreements followed after German treaty. Those tariff contracts – Russian-French 16 on September (29), 1905, Russian-Austrian 2

on February (15), 1906 and Russian-Italian 15 on June (28), 1907 – were considered as some kind of addition to the main treaty – Russian-German.

Russia most of all was involved in commodity turnover with developed, mainly in European countries. The considerable part of

the Russian export and import in the years preceding world war was the share of the European countries.

The characteristic feature of the Russian foreign trade consisted in affection for traditional addressees.

**The Russian export on countries of destination on average in the five-years for 1899–1913 [2]**

	1899–1903		1904–1908		1909–1913		1913	
	Mln. rubles	%	Mln. rubles	%	Mln. rubles	%	Mln. rubles	%
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
Germany	193,	2	269,0	25	435,1	2	453,	2
Great Britain								
Holland	81,4							
France	61,9		68,1		94,5			
Iran	22,7		28,0		45,1		57,7	
Belgium	28,0		40,3		62,0		64,7	
Italy	41,6		46,4		64,4		73,8	
Austria-Hungary	31,1		44,6		63,4		65,3	
China and	11,1		32,4		26,0		31,5	
Denmark	22,3		29,2		34,7		36,4	
Turkey	17,5		19,7		31,0		35,0	
Romania	10,8		12,8		20,5		21,7	
USA	6,6		5,0		13,3		14,2	
Sweden	10,4		9,1		10,1		11,4	
Norway	6,7		7,2		7,2		6,7	
Other countries	40,2		48,7		55,0		45,9	
Finland	39,9		46,2		50,6		55,3	
Total								

**Source: Обзор внешней торговли России по Европейским и Азиатским границам за 1914 г. Ia., 1915. С. III. (The review of foreign trade of Russia on the European and Asian borders for 1914. Ia., 1915. Page III.)**

**The Russian import over the countries of departure on average  
in the five-years for 1899–1913 [3]**

Countries	1899–		1904–1908		1909–1913		1913	
	Mln. rubles	%	Mln. rubles	%	Mln. rubles	%	Mln. rubles	%
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
Germany	22							
Great Britain	11							
China								
USA								
France								
Iran								
India								
Austria-								
Holland								
Italy								
Japan			9,1		4,7		4,8	
Sweden			7,6					
Turkey			7,3					
Egypt					7,4		5,9	
Denmark			6,4		8,5			
Norway			7,5		8,8		9,8	
Other								
Finland								
Total:								

**Source: Обзор внешней торговли России по Европейской и Азиатской границам за 1914 год. – Пг., 1915. Ч. 1. С. V. (The review of foreign trade of Russia on the European and Asian borders for 1914. – Pg., 1915. Ch. 1. Page V.)**

As well as after the contract of 1894, the German industry got the slight gain not in export growth of the capital, but in expansion of export of goods. In the economic relations between Russia and Germany export of goods the farther, the more dominated over export of the capitals.

Grain (over a half of all quantity of grain exported by Russia) was on the first place from among the Russian goods which were taken out to Germany. In big sizes also cakes, bran, eggs, the wood, a flax, rawhide, oil products, manganese ore, furs, etc. were exported.

The Russian export consisted of agricultural products more and more. That unilaterality of Russian export was its weakness.

Import value from Germany grew much quicker, than the value of the Russian export there. Germany played a crucial role in import to Russia of machines and devices, chemical products, paints, woolen and cotton fabrics, skin, knitted products, linen, haberdashery, ferrous and non-ferrous metals. It widely developed also intermediary trade, importing coffee, cocoa, spices, raw silk, the Chilean saltpeter into Russia.

The important place in a foreign trade turnover of Russia was taken by England. The English-Russian agreement of 1907,

having smoothed contradictions of two powers, created the atmosphere of bigger trust which contributed to the development of economic relations. Foundation in December, 1908 of Russian-English trade board was an important step on that way. It provided to a business community of Russia and England versatile economic information on both countries and protected the interests of Russian-English economic rapprochement in the press and various institutions. The Russian office of the London trade board was created in England at the same time.

40 % of all external trade sea transportation of Russia, and at the Black and Azov seas over 50 % of transportations, were the share of the English fleet. More than a half of all ships of actually merchant marine fleet of Russia was constructed on the English shipyards [9, p. 163].

The Russian-English trade turnover considerably increased in 1908–1913. Steadily both export of the Russian goods to England, and import grew from there.

Nevertheless on some important objects of the Russian export (eggs, butter, pork, the processed wood, linen, manganese ore) the value of the English market increased, and Great Britain won or kept first place at that. As for import, in pre-war years England won the first place only selling coal, rubber and ships to Russia.

Thus, only two powers still dominated in the Russian foreign trade in the 1900th years. Both England and Germany with success used capital export for development of trade with Russia.

Commodity turnover volume with other developed countries was lower. Holland took the third place, the small country with big merchant marine fleet, communications with which was characterized by huge prevalence of export over import. It was explained by the fact that it largely served as the transit point for the Russian goods on the way to Germany. Grain and also the wood and manganese ore were in transit there through Holland.

Allied France took only the fourth place in foreign trade of Russia. Though in absolute figures commodity turnover with it constantly increased, its specific weight in those years even a little reduced.

Wool and wine (the first place) and also luxury goods were the main articles of the French export to Russia. France mainly took out agricultural products – bread and a flax and also the wood and oil products. As since the end of the 19th century in France the high import duties for wheat surpassing even German were established it remained the modest buyer of the Russian grain [7, p. 274].

France used the position of the main creditor of the tsarist government to get more profitable conditions of commodities exchange in contracts with Russia. However the range of products which two countries exchanged was quite narrow that in itself limited possibilities of development of their mutual trade.

Two more states played certain role in the Russian external trade – the United States of America and Italy. The role of the USA as consumer of the Russian goods was insignificant (no more than 1 % of the Russian export were the share of them). But in import to Russia the United States till 1910 took the fourth place, and since 1911 came to the third place. The USA was the chief supplier on the Russian market of cotton and farm vehicles. Also the denunciation of the Russian-American commercial treaty of 1832 which is carried out by the U.S. Government in 1912 for political motives did not prevent it. Commodity turnover between Russia and the transatlantic republic in the years preceding world war constantly increased. In May, 1913 with assistance of the American diplomacy in Moscow the Russian-American trade board was founded. Negotiations on the conclusion of the new commercial treaty brightly expressed, which did not manage to finish before the war began [6, c. 26].

Differently there were trade relations with Italy that had pronounced raw-material producing character. Not less than 90 % of cost

of export to that country were made by wheat. Such grain as corn, oats, barley were distinguished from other export goods. Nevertheless if Italy was a solid buyer, but as the supplier of goods to the Russian market it shared with India modest the tenth - the eleventh places. The agricultural products raw silk, citrus, olive oil composed the basis of import of the Italian goods into Russia [6, p. 26].

Attraction of financial resources from abroad became one of fundamentals of economic policy of the Minister of Finance Witte and his successors.

On the eve of World War I the Russian Empire was the largest world borrower. The gold ruble had the fixed exchange rate. The Russian securities were actively on sale and bought in all world share centers. The multinational companies of the end of the XIX – beginning of the XXth century ran business in Russia. The business legislation of Russia was rather stable to attract investments. Financial crises in Paris and London struck the financial markets in Moscow and St. Petersburg [5, p. 38].

Russia relied on attraction in a big amount of the foreign capital. By the time of falling of tsarism Russia was the largest world borrower of whom about 11 % of world volume of the international debts were the share [5, p. 41].

The foreign capital came to Russia in two main forms - investments into the national economy and loans. Foreign capital investments in stocks and bonds of the Russian enterprises approached 1 billion at the turn of the century, and by the time of world war – 2 billion rubles [4, p. 445]. Their specific weight was about 1/3 cumulative share capitals of the country. The role of foreign capital investments in development of the Russian economy was ambiguous. Their inflow promoted industrialization of the country. Rapid industrial growth of Russia in the 90th years of the XIXth century and in 1909–1913, undoubtedly, was also connected with import of the capital.

In parallel with inflow of investments into the national economy process of growth of financial dependence, other, more important from the foreign policy point of view, imperial, and since February, 1917 Provisional government from foreign powers as a result of placement abroad of the Russian loans and securities developed. Inflow of the foreign capital in a loan considerably exceeded foreign investments into economy. At the turn of the century it made about 4 billion, and in 1913 – 5.6 billion rubles. Sharp increase in liabilities of Russia – on 7.25 billion rubles – happened during world war [11, p. 295].

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