How and with what results did the economy develop and change?

1855 THE ECONOMIC SITUATION

When Alexander 2 came to the throne Britain, Belgium, France and the states compromising Germany were already well advanced industrially. Mills, factories, coal pits and quarries. Russian economy remained mostly rural with a ratio of 1:1 of rural to town dwellers, compared to 2:1 in Britain.

Reasons for Russia are backwards economy. Much of Russia’s territory was inhospitable, compromising tundra, forests and stretches of barren countryside. As a result the size and climate placed severe strains on economic developments. Lack of progress due to Russia’s commitment to a serf based economy.

Landowning aristocracy, tsarist government and army all reliant on serfs. Inhibited economic developments by limiting forces that drive change such as wage earners, markets and entrepreneurs. Serfs were poor and just about survived on produce they grew for themselves on the land. Survived on ‘COTTAGE INDUSTRIES’ and also faced starvation during the winter.

Markets existed but ‘business’ was mostly small scale. Most common peasant purchases were Vodka, metal tools and salt which they bought in the nearest town. Exchanges took place ‘in kind’ such as eggs for manual labour. Peasants sought wage-work in nearby towns during winter. No internal market demand

Landowning elite obtained what they needed mostly from serfs in the form of feudal dues. Generally uninterested about efficient estates. General no opportunity for capital accumulation. Thanks to the rural population growth and agriculture in Europe. Costs of transporting goods was high in the empire.
Emancipation failed to bring any fundamental change in agriculture. 

ALEKSANDR ENGELGARDT- ‘everything carried on as it was 
before emancipation”

Quantity of plough land was divided up differently. Peasants received less than 4 hectares. High taxes, grain requisitions, redemption fees and traditional farming methods perpetuated by the mir elders hampered the progression.

Yields remained low in comparison to Western Europe although the government established Nobles’ (1882) and the Peasants (1885) Land Banks to facilitate land purchases, the loans they offered often merely increased debt.

Overall increase in agricultural production in the 1870s and 1880s from the kulak class to respond positively to Vyshegradsky’s export drive. Disastrous famine showed that the basic economic problem, which Emancipation had been expected to solve remained the same answer; the Russian peasant had too little land to become prosperous.

Tensions were also emerging between the ruling class and the newly-expanded Russian working class. The migration into the cities was unregulated, and working conditions were disastrous - cities were unable to cope with the influx of these new workers, and there were major overcrowding issues.

Workers were forced to work for as much as fourteen hours each day and without any legal trade unions, the plight of the workers was largely ignored.

The increased urbanisation as a result of Witte’s economic policies had a further unintended consequence. Literacy rates among the Russian working class were higher than those in the countryside, and Marxist and socialist propaganda was easily distributed among factory workers.

By the turn of the century the urban literacy rate was thought to be at 75%, and together with the expansion of student bodies at
plant’. By the turn of the century the State was buying almost two thirds of all Russia’s metallurgical production and a further injection of money was found to make good of losses during Russo-Japanese war.

RAILWAYS
State continued to outbuy private railway companies. By 1905 Russia had 59,616km of railways with 66% being state owned. Amount was still limited in comparison. Linked grain growing areas to the Black Sea ports, reinforcing the export drive. Building of railways were a stimulus to development of iron and core industry. Transport costs failed bringing down the price of goods. From 1903-1913 the rate of railway building fell. By 1913, Russia had the second largest railway network in the world.

HEAVY INDUSTRY
Witte believed that developing large factories over 1000 big increase in heavy production could be achieved and set the pattern for industrial development to 1914.
Main areas were around St Petersburg and the Baltic coast. Moscow, the donbas, Polav, Baku coastfields of the Caspian fields. Caspian east sea of Baku grew tremendously in the oil fields. Production grew from 153 million puds to almost 570 million. Russia took second place in oil production. Moscow overtook St Petersburg as the industrial centre because of its position at the head of the entire railway network.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of factories</th>
<th>Number of factory workers</th>
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<tbody>
<tr>
<td>1887</td>
<td>30,888</td>
<td>1.3 million</td>
</tr>
<tr>
<td>1908</td>
<td>38,856</td>
<td>2.6 million</td>
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INDUSTRIAL PRODUCTION in metric tons

<table>
<thead>
<tr>
<th></th>
<th>1890</th>
<th>1900</th>
<th>1910</th>
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<tbody>
<tr>
<td>Coal</td>
<td>5.9</td>
<td>16.1</td>
<td>25.4</td>
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<tr>
<td>Pig Iron</td>
<td>0.89</td>
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