

The Activities of the Brothers Nobel in the Fergana Valley (1910-1917)

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In the historical literature, the activity of the Nobels in the Ferghana Valley is biased, and most researchers categorically and unconcernedly judged the activities of the “Br. Nobel”¹, which led to more questions than answers about the nature of the company’s trade operations in the Central Asian region. Soviet historiography in the 60-ies XX century proceeded from the concept of the domination of “monopoly capitalism” not only in European Russia but also in the Turkestan general-governorship. As a result of this approach to economic history, the opinion was formed that foreign investors, by their activities, approximated the “social” revolution of 1917 and increased the “tension” in the village. Unfortunately, the latest historical literature does not actually cover the activities of foreign firms in the Turkestan Governor General (in particular, the activities of the Nobel Company in the Ferghana Valley)². It should be noted that some modern researchers repeat the old clichés of Soviet approaches to explaining and modeling the economic history of Central Asia. The economic models of M. Vyatkin, M. Vekselman, and others criticize Russian capitalism on the “outskirts” of the empire through the prism of the concept of the domination of “monopoly capitalism” which leads to the rejection of hypercritical capitalist development of Turkestan. We assume that the Soviet historians of economic relations on the periphery rushed to different “extremes”: they claimed the “weakness” of Russian capitalism and imperialism

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- 1 M.P. Viātkin, “Monopolisticheskiĭ kapital v Srednei Azii”, Frunze: Izd. AN Kirgizskoi SSR, 1962; “Sotsial’no-ekonomicheskoe i politicheskoe polozhenie Uzbekistana nakanune Oktiābriā” // Otv. red. Akademik AN UzSSR K.E. Zhitov, d.i.n. X.Z. Ziīāev, Tashkent, 1973; M.I. Veksel’man, “Rossiiskii i monopolisticheskiĭ kapital v toplivnoi promyshlennosti Srednei Azii v kontse XIX – nachale XX v.” // Istoricheskie zapiski, Tom 113, Moskva: Nauka, 1986; Veksel’man, “Rossiiskii monopolisticheskiĭ i inostrannyĭ kapital v Srednei Azii (konets KHIXH – nachalo KHKH v.)”, Tashkent: Fan, 1987.
- 2 Baryshnikov M.N. “Kompaniā Nobelei: balans interesov i effektivnost’ funktsionirovaniā” // Rossiiskii zhurnal menedzhmenta. 2008. Tom 6. № 2. S. 133–156; Urazgaliev V.SH. “Stanovlenie i razvitiie neftiānogo dela v Rossiiskoi imperii” // Vestnik SPbGU. Ser. 5. 2013. Vyp. 1, s. 69–79.

in Central Asia, they believed that foreign and local investors *choked* and *hampered* the development of *local* capitalism, which as a result took the form of an *ugly* or *wrong*, sometimes even *toothless* capitalism³. As an explanatory model, we will start from the hypothesis that the colonial periphery of the Russian Empire, the least modernized and monopolized by “international capital” and concerns.

According to the model of the Soviet historian M.P. Vyatkin, Nobels were interested in Fergana oil in order to “*eliminate the competition of Fergana oil and thereby prevent the fall in prices for Baku oil supplied to the railways of Central Asia*”⁴. M.P. Vyatkin ignores the fact that the “Chimion” partnership, whose shares belonged to the Nobels, mainly supplied oil to the Central Asian railway via “Nobel” (about 50,000 poods a month). Thus, according to M.P. Vyatkin Nobels did not allow an increase in oil production in the partnership “Chimion”, in order to control the prices of petroleum products. If we take the statistics of oil production in the partnership Chimion, then it continuously fell (in million poods): 1911 - 1.8, 1912 - 1.7, 1913 - 0.8, 1914. - 1, 1915 - 0.7⁵. The drop in oil production is explained not by the conscious policy of Nobels in Fergana, but by the depletion of wells and the slow technical update of the Chimion enterprise. With the position of M.P. Vyatkin is in agreement with the authors of the textbook on the history of Uzbekistan, where they argued that “*Br. Nobel*” was profitable to sell the Baku oil to the treasury through “Chimion” and therefore it was not too rushed with the forcing of drilling operations in Uzbekistan and very reluctantly subsidized the costs associated with the establishment of oil refining enterprises”⁶.

The well-known researcher M.I. Vekselman in his articles and monograph, mainly explored the activities of Nobels in the Transcaspian region, casually mentioning that the shares of Chimion belonged to the Nobel partnership⁷. The Uzbek researcher I.N. Jamolkhoji are fond of the archives of Uzbekistan, have thoroughly studied the activities of the Nobels in Fergana. I.N. Jamolkhoji claims that the Nobels “*have given a noticeable impetus to the development of the oil industry in the*

3 Viatkin, “Monopolisticheskii kapital v Srednei Azii”, s. 161.

4 Viatkin, “Monopolisticheskii kapital v Srednei Azii”, s. 76 – 78.

5 “*Monopolisticheskii kapital v nefiānoi promyshlennosti Rossii. 1883-1914 gg. Dokumenty i materialy*”. Moskva-Leningrad.: Izd. AN SSSR, 1961. S. 656.

6 “*Sotsial’no-ekonomicheskoe i politicheskoe polozhenie Uzbekistana nakanune Oktiābriā*”, s. 51 – 52.

7 M.I. Veksel’man, “*Rossiiskii i monopolisticheskii kapital v toplivnoi promyshlennosti Srednei Azii v kontse XIX – nachale XX v.*”, s. 289–290.

Ferghana Valley”⁸. He also believes that the Nobels built the first oil refinery in the Ferghana Valley, conducted an oil pipeline, etc., the equipment “Chimion” served until the 60-ies XX century⁹. I. Jamolkhoji suggests that the economic activity of the Nobels in Fergana was determined “*depending, to some extent, on tsarist Russia from the countries of Western Europe, which forced the government to expand the opportunities for British, German, and French entrepreneurs to penetrate the oil production of Turkestan*”¹⁰. The increase in Nobel investments in Turkestan, particularly in Fergana, is not due to the dependence of the Russian Empire on “foreign capital”, it was largely determined by the general economic situation in the region and the opinion of authoritative scientific experts. We believe that the experts of oil companies in Turkestan noted, first of all, the increase in kerosene consumption among the local population, secondly, the prospects for economic development and modernization of Central Asia, projects that were developed by the imperial authorities to attract foreign investors, and thirdly, for industrial development, the Turkestan Governor General was ahead of Siberia. For example, by the beginning of 1909 there were 387 industrial establishments in Turkestan (in Fergana 147, Syrdarya oblast 127), in Western Siberia 333, in Eastern Siberia 329. The number of workers in Turkestan was 12.012. (In Fergana 3.452, Syrdarya region 2.613 people), in Western Siberia 14.643, in the East 10.575 people. The amount of production in Turkestan is 78 million 513 thousand rubles. (Fergana 61 million 516 thousand, Syrdarya region 7.179 million), in Western Siberia - 52 million 83 thousand, Eastern 30 million 230 thousand rubles. Productivity per resident in rubles in Turkestan - 11.6 rubles. (In Fergana, 31 rubles, Syr Darya 3,7 rubles, Samarkand 4,9 rubles), in Western Siberia 8 rubles, Eastern 9 rubles¹¹. The total value of the products produced in all enterprises of Turkestan by 1914 was: in the Syrdarya region - 23,623,740 rubles, Ferghana - 141,859,649 rubles, Samarkand - 16,256,860 rubles, Semirechenskaya - 4,522,193 rubles. Total - 186.262.443 rubles¹². The average salary in Turkestan was also higher, although it was unevenly distributed among the branches, for example, in the cotton ginneries it was 169.2 rubles a year, in the ginsengs - 48.9

8 I.N.Jamolkhozhi, “Istoriia formirovaniia i razvitiia nefiianoi promyshlennosti v Ferganskoj doline (1860-1917 gg)”. Avtoref. na soiskanie kand. ist. nauk. Tashkent, 2004, s. 26.

9 Modern Altyaryk oil refinery in Uzbekistan.

10 I.N.Jamolkhozhi, “Istoriia formirovaniia i razvitiia nefiianoi promyshlennosti v Ferganskoj doline (1860-1917 gg)”, s. 29.

11 V.N. Ogloblin, “Promyshlennost’ i torgovliia Turkestana. Iz putevykh zametok”. Moskva: Tip. Russkogo t-va pechatnogo i izd. dela, 1914, s. 33.

12 The Russian State Historical Archive (RGIA). F. 432. Op. 1. D. 424. L. 55 ob. – 56.

rubles, in the oil industry - 320.8 rubles, 326.7 rubles, brewing - 214.8 rubles, leather - 215.5 rubles. The average salary throughout the Turkestan region was, by 1914, 155.7 rubles¹³.

In the Fergana Valley, as in all Turkestan, industrial workers employed day-to-day workers who received fewer times than engineers and representatives of technical specialties. Fee for day laborers:

Figure № 1: Fee for day laborers¹⁴

<i>Enterprises</i>	<i>Per day</i>	<i>Per month</i>
Carboniferous	80 kopecks– 2 r. 50 κ.	15-45 r.
Oil mines	25 kopecks– 2 r. 35 κ.	15-30 r.
Ozokerite	–	12 r.
Copper mines	20 kopecks	25 r.
Asphalt	20 κ.	–
Salt extraction	1 r. 20 κ.	–

Hired workers received an average salary of 90 kopecks in a day. Thus, cheap labor and economic prospects attracted foreign and Russian investors to Turkestan.

At the beginning of the 20th century, large oil companies operating in Baku began to be interested in Fergana oil. The main reason was that the government began to invest in the construction of railways in Central Asia and motivated it by the development of the mining industry in the province. From 1901 to 1907 years the government issued 1,541 permits for oil exploration in the Fergana and Trans-Caspian regions of the Turkestan General-Governorship¹⁵. In 1908, the Mining Department authorized oil trades to foreigners, foreign companies and Russian companies with bearer shares in the Turkestan Territory with the special permission of the Minister of Trade and Industry in agreement with the Ministers of Internal Affairs and Finance and subject to approval by the Turkestan Governor-Generalship¹⁶. Despite the elimination of economic and political obstacles in the

13 RGIA. F. 432. Op. 1. D. 424. L. 48.

14 *Ibid*, l. 54.

15 I.N. Jamolkhozhi, “Istoriia formirovaniia i razvitiia neftianoi promyshlennosti v Ferganskoï doline (1860-1917 gg.)”, s. 21.

16 *Ibid*, s. 23.

Turkestan region, only a few large companies operated (Nobel, Lyuborad), which were able to adapt to the rather difficult economic conditions of Turkestan.

Since 1909, Fergana oil has become interested in the partnership “Br. Nobel”, in particular the activities of the “Chimion” society¹⁷. The affairs of the joint-stock company “Chimion” went unimportantly, the 1909/10 operating year was closed by a gross loss in the amount of 19.279 rubles 46 k¹⁸. In the estimate of 1910/11, 250 thousand rubles were contributed. (this money was given to the company as an advance by the firm “Nobel Nobel”) for the construction of electrical equipment in the fields in order to replace the steam power with electric energy, in the forms of reducing fuel costs. Nobels, before buying up stocks invested in the modernization of Chimion. At the end of 1909 Nobel bought up shares (12,500 pieces) of the company “Chimion”, in this operation the Siberian Commercial Bank actively participated¹⁹. The main shareholders of the society were: M.M. Belyamin - 1.153 shares, P. A. Bartmer - 1.140 shares, E.K. Grube - 1.139 shares, Ya.G. Круссель - 1.140 shares, E.L. Nobel - 1.147 shares, P. P. Komov - 240 shares²⁰, etc. The board of Chimion was moved from Kokand to St. Petersburg, the main reason for the move was that the main shareholders lived in the capital. It should be noted that the shares of the company “Chimion” by 1916 could not be realized, i.e., they lost all value on the stock exchange. For example, the Trading House “Pinkhas Abramov with brothers” (Samarkand) had a debt in the Russian-Asian Bank of 14 thousand rubles on-call duty, 9 thousand rubles. of them were provided with 197 shares of the company “Chimion”, which “*cannot be realized at any price,*” wrote an auditor from Petrograd²¹. Despite the cash injections and modernization, the activities of Chimion were unprofitable. By January 1, 1917, the loss of the company “Chimion” amounted to 1.520.502 rubles²². The total loss of the company reached 1.671.172 rubles. 73 k., which was more than 2/5 of the fixed capital. According to the company’s charter (§ 73), the shareholders were required to raise in the amount of 126 rubles. 45 kopecks for each share to cover the loss²³.

17 "Chimion" was established in 1905. The fixed capital in 1914 and 1917 was 2.3 million rubles. See: “*Monopolisticheskiĭ kapital v nefiānoiĭ promyshlennosti Rossii. 1883-1914 gg. Dokumenty i materialy*”, s. 548.

18 RGIA. F. 23. Op. 25. D. 455. L. 194–194 turn.

19 Viātkin, “*Monopolisticheskiĭ kapital v Srednei Azii*”, s. 75–76.

20 RGIA. F. 23. Op. 25. D. L. 199 – 199 turn.

21 RGIA. F. 630. Op. 1. D. 537. L. 89 turn.

22 RGIA. F. 23. Op. 25. D. 455. L. 220.

23 *Ibid.*

Nobels not only controlled the activities of the company “Chimion” but also in 1915 signed a contract with the society “Santo” about the sale of oil and fuel oil by the Tashkent railways through Nobel. The well-known researcher M.P. Vyatkin believed that the merger of two Fergana firms was planned - Santo and Chimion²⁴. Unlike “Chimion”, one share of “Santo” in 100 rubles. (In 1916) brought a dividend of 5 rubles²⁵. We believe that the Nobels did not want to merge these societies, but only tried to control sales²⁶. The Nobel partnership in 1915 was obliged to issue Santo an advance in the amount of 300 thousand rubles under the guarantee of the Russian-Asian Bank, which would help the further development of the enterprise. Thus, the Nobels actively cooperated with the Russian-Asian Bank, which financed all the company’s operations in the Ferghana Valley.

In 1912 the Nobels were sent to investigate the Ferghana oilfields of the well-known engineer S. M. Yushkin. On his recommendation, the Nobels began to develop Fergana oil²⁷. During the years 1913-1915 the partnership, Nobel actively took requests for oil exploration (permissible certificates) in the Ferghana Valley (*Rishtan* and *Chimion*) through an attorney in Tashkent, T.F. Pershin. It was taken permission to explore more than 72 sites²⁸. In the Fergana Valley, in the pre-war period, there was a boom in oil-producing countries and active resale to large firms. One of such Topuridze traders in 1913 suggested Nobels to buy 25 allotments in Sel-Rokho²⁹. But the Nobels rejected all the proposals of Topuridze and wrote to the trusted Nobel in St. Petersburg:

“In Sel-Rokho, my people would not mind buying the plots, but the price is somewhat high. Taking on all the risks of exploration and production, they do not consider paying even more forward, so they prefer to deduct a certain percentage of future production. However, the designated 20% deductions may be a very large percentage, which not every fishery will survive. Therefore, I would suggest 10% of the production so that from the wells that will give more than 2 thousand poods per day of extraction, the deduction can be increased to 20%”³⁰.

24 Viatkin, “Monopolisticheskiĭ kapital v Sredneĭ Azii”, s. 100 – 101.

25 RGIA. F. 630. Op. 2. D. 336. L. 40.

26 RGIA. F. 630. Op. 2. D. 336. L. 20 – 21 turns.

27 RGIA. F. 1458. Op. 1. D. 419. L. 4 – 10.

28 RGIA. F. 1458. Op. 1. D. 529. L. 52 – 65.

29 RGIA. F. 1458. Op. 1. D. 528. L. 3 – 3 turn.

30 Ibid, l. 20⁶– 21.

There were also competitors from the Nobels, for example, “Zhir-May” (owners and owners S. A. Stepanyants and A.P. Beglornts), which was located in *Ir-Yagy*, *Yaukesek* district of the *Bostan* volost of Margelan district of the Ferghana region to the south of known chain, stretching from the east to the west and bearing the name Mount *Zhir-May*, at a distance of 24 versts from the station Serovo of the Central Asian Railway and at a distance of 12 versts to the south of the village of Rishtan³¹. “Zhir-May”, wrote the Nobel agent to St. Petersburg, has a goal to acquire ten oil applications in the same *Yaukesek* Boston volost, which are of great value. It should be noted that one-tenth of the oil-bearing land was worth 25 thousand rubles in the Boston volost³². Agent Nobels offered to buy a partnership “Zhir-May” and for this purpose it was planned to invest 700 thousand rubles. At calculations, it was found out, that these oil-bearing lands should give the net profit of 551.520 rubles. It should be noted that the Nobels used “independent” entrepreneurs to strengthen their positions in the oil business. Such persons were: nobleman S. V. Neruchev, real state counselor P. S. Lapchenko, the nobleman V.K. Istomin³³. These agents bought up land for Nobels and probably drilled oil-bearing lands. Trusted Nobels even tried to bribe Turkestan officials to seize oil lands in Rishtan³⁴.

By 1916, the economic situation is changing, the Transcaspian region has become attractive to investors.

“During the current year (1916), newspapers wrote, about 20,000 petitions were submitted to the Transcaspian regional administration for the issue of permits for authorized intelligence services. The first place is occupied by applications for oil (about 12,000 applications). Then comes the coal, sulfur, copper ore, sulfur pyrite, iron ore, etc. In 1915, 554 permits for the production of intelligence certificates were issued. Of these, 278-for oil, 243-for coal, 1-for iron ore, 7-for copper ore, 32-for sulfur and 2-for sulfur pyrite”³⁵.

Despite the fact that Fergana oilfields did not bring tangible revenues, Nobel and other firms were slow to abandon oil production and exploration, hoping that after the end of World War I, Fergana will become the leading economic center of Turkestan.

31 Ibid, l. 38⁵, 41 – 44.

32 Ibid. In 1894, one tenth of the oil-bearing land was worth seven thousand rubles.

33 RGIA. F. 1458. Op. 1. D. 529. L. 77.

34 Ibid, l. 112 – 112 turn.

35 *Turkestanskii Golos. 1 iūliā 1916. № 1.*

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