

# [To what extent did industrial development under witte make russia a more stable a...](https://assignbuster.com/to-what-extent-did-industrial-development-under-witte-make-russia-a-more-stable-and-prosperous-country/)

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To what extent did industrial development under Witte make Russia a more stable and prosperous country? Even thought there were problems with Witte's approach to development is not to deny that Russia needed major reform. Its defeat by Western powers in the Crimean War (1853-1856), lack of industrial development, poor infrastructure, left it much weaker than its competitors in Europe. As finance minister, Witte pushed for greater exports, ambitious industrialisation and to get large foreign loans. With these policies he hoped to make Russia a more competitive with the rest of Europe. His plans for Russia's economic development, which, though ambitious and in some ways successful, created new ones, which created long-term implications for the country's economic and social making them unstable. Witte had decided to finance his ambitious industrialise through foreign loans as a way to stimulate economic growth. Once these loans were secured by Witte the county enjoy impressive economic growth, a healthy pace of modernisation as well as other aspects of modernisation within Russia. As by 1900 Witte had seen his ambitious industrialisation start to work from a Russian point of view as industrial production had increased significantly from 1880 to 1900 with coal output 5x higher from 3, 290 to 16, 160 (thousand tons), petroleum export increased 30x from 382 to 10, 684 (thousand ton). Also the railways within 15 years had increase from 5, 800km to 59, 616km. However Russia failed to recognise is that these loans where short term to strengthen Russia military for the expected world war that was going to happen, which was one of the reason for French and British funding as at they saw Russia as the weak link in their plan if war was to breakout. They also failed to recognise that by taking out large foreign loans made the Russian market vulnerable as if the French economy was to faultier it would mean the end of the loans it needed. Which it did at the end of world war 1 as the French economy was facing major challenges, and its own war effort quickly consumed investment capital that would otherwise have been loaned to Russia to cover the nearly 40% of Russian public debt it was covering stopped. This shows that even though Witte was in the short term successful with foreign loans in the long run it left Russia’s economy unstable. Railroad development was an undeniable benefit, but several other existing policies continued and expanded by Witte were not so beneficent. As Witte in an effort to stimulate Russia's domestic economic growth, he encouraged increased exports of wheat and other agricultural products, as well as high tariffs and other protectionist measures to limit competitive foreign imports. These policies had proved ineffective at the least as Russia's major trading partners both placed high tariffs on Russian grain and found meaning that the finish product was not as cheap or more appealing than the grain being imported from places in North Africa and south America. With Witte policies failing in stimulating domestic growth if he had invested in agriculture to make efficient farming and greater agricultural production it would have created greater surpluses for export. With an increase of available exports it would have helped boost Russia's trade and reduce its reliance on high tariffs. Also in having larger export revenues would have allowed for domestic development without the need to resort to borrowing high amounts abroad. In all even though Russia experienced steady economic growth before World War 1, Witte's eleven-year term as minister of finance left it with many problems. As Russian reliance on foreign capital was inefficient and surrendered an important amount of decision-making power to the strategic needs of another nation. Its agricultural sector remained underdeveloped, underutilized as a source of revenue. Its taxation system failed to access its growing urban financial resources and left it ill prepared to pay the costs of operating a modern state. The fault for these problems lay with an incomplete process of modernization, much of which was directed by Sergei Witte.