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Russia Comes Full Circle in 100 Years

By Alexei Bayer

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During the Soviet era, the year 1913 was mentioned almost daily in books, newspapers, speeches by government officials and news reports. It was the last full year of the tsarist regime, before Russia entered World War I the following August. It was therefore customary to compare all economic statistics to those in 1913, be it the tons of coal mined, the number of tractors produced, the incidence of tuberculosis among children or literacy among peasants in the Vologda region.

By the 1970s, more than a half-century had passed and a lot had changed in science, technology and social development. By referencing their systems' achievements to 1913, Soviet officials were implicitly admitting that those achievements couldn't stand on their own merit — and, of course, could not withstand comparison to the standard of living in capitalist Western Europe.

Soviet propaganda kept declaring that the Bolsheviks came to power in a backward nation, transforming it into a highly developed industrial superpower in just two decades. Modernizing at such a remarkable clip, the Soviet Union was bound to catch up with

the United States and overtake it — Nikita Khrushchev's favorite obsession — with the Soviet Union becoming the world's richest and most advanced nation. But the constant comparison to the underdeveloped Russian Empire somehow took the shine off the Bolsheviks' grand historical achievement.

Now that we've entered 2013, it may be useful to see what Russia has really achieved over the past century and whether it is indeed better off than the old tsarist empire. To begin with, Russia remains, much like 100 years ago, mainly a commodity producer, which is currently the source of its considerable wealth. The difference is that the Russian Empire was a major exporter of wheat, while today's Russia exports oil, gas and other industrial commodities. But in 1913, Russia was rapidly developing into a formidable industrial power. In just eight years since being defeated by the Japanese in the Far East, Russia covered considerable ground in catching up to the industrial powers of the day. Taking on Austria and Germany in a war that required a very high level of technological and infrastructural sophistication, Russia more than held its own.

Today, by contrast, Russia in many ways has come full circle. Its natural industrialization in the early 20th century was accelerated and extended thanks to the storm methods employed by the Bolsheviks in the 1930s and by the often misguided development during the subsequent years. Now Russia is falling further and further behind today's leading industrial nations in terms of production volumes, quality and technological sophistication.

Actually, it no longer makes economic sense to develop any industry in Russia. As long as oil prices remain so high, it is far less efficient to spend a barrel of Russian oil to produce something in Russia. On the contrary, it pays to export the barrel and spend the proceeds to import finished goods from China or Germany.

For all its nuclear weapons and a large military, Russia is far more dependent on the rest of the world and the price it sets for oil than the "weak" imperial Russia of old.

While Russia obviously produces more oil and gas than it did in 1913, it is running out of one vital resource after a century of social experimentation and bloodletting. Its population is ailing and dwindling, and it is importing unskilled workers while supplying brain power to high-tech companies, science labs and universities all over the world.

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