

# THE ROLE OF GERMAN ENTREPRENEURS IN THE DEVELOPMENT OF ENTREPRENEURSHIP AND BANKING IN THE FERGHANA VALLEY

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**Abstract.** *Based on historical and scientific sources, the activities of German businessmen and entrepreneurs in the evolution of entrepreneurial activity in Uzbekistan at the end of the 20th century, in particular in the Ferghana Valley, are considered.*

**Keywords:** *economics, entrepreneurship, stock exchange, banking, foreign capital, innovations, shares, joint-stock company, company, syndicate.*

**Introduction.** Deeply aware of the importance of foreign investment and entrepreneurship in the processes of further development of market relations, in the activities of entrepreneurship and banks in the economic development of our country, we involuntarily feel the need to know how this issue was raised in our country in the late XIX - early XX centuries. To this end, in this article we tried to highlight such issues as the role of German entrepreneurs in the emergence, development and impact of entrepreneurship on the socio-economic life of the country in Central Asia, in particular in the Ferghana Valley.

The degree of study of the literature on the topic. From researchers on the topic Aminov A.M. Economic development of Central Asia (Colonial period). T., 1959., Aminov A., Babakhadzhayev A. Economic and political consequences of joining Central Asia to Russia. T.: "Uzbekistan", 1966., Vekselman M.I. Russian monopoly and foreign capital in Central Asia (late 19th - early 20th century). T: In the scientific work "Nauka", 1987 and others, it was indicated that Russian financial capital is interconnected with the financial capital of large European countries: most banks in Russia belong to French finance; "Russian Bank for Foreign Trade" and "Siberian Trade Bank" - to German capital; and "Russian Trade and Production Bank" is indicated by their dependence on English financial capital [1].

The work of the researcher A. Khadzhimuratov on entrepreneurship, its origin and development in Uzbekistan also deserves attention [2]. Separately, it should be noted that we also relied on archival documents, accurate data, figures, and opinions of a number of authors about the entry of foreign capital into Turkestan, in particular, into the Ferghana Valley.

Purpose of the study. The way in which the issues of foreign entrepreneurship and banking were established in our country in the late XIX - early XX centuries is the coverage of such issues as the origin, development, and influence of foreign (German) entrepreneurship on the socio-economic life of the country in Central Asia, in particularly in the Ferghana Valley.

**Research methodology.** In the article, we examined business and banking relations from the point of view of historical, economic, logical principles, a deterministic approach and the method of discursive analysis.

**Research results.** The development of entrepreneurship required the entry of the railway into the Ferghana Valley in 1906. The connection of Fergana with the Central Asian Railway increased not only the transportation of more products, but also the possibilities of delivery. Of course, this process would be carried out on a large scale. Therefore, without financial institutions and banks, these works could not be carried out. This place was the first Turkestan governor-general von Kaufman. Let us pay attention to the fact that Kaufman provided favorable opportunities for the penetration of the Russian-Asian trading industry, and later Russian and foreign financial capital, into our country.

During this period, agriculture, in particular the export of cotton, silk, karakul, dry and wet fruits, the production, sale and export of basic products in the oil, gas, coal and other national economies, was carried out only through banking institutions. Kokand was in first place in terms of the number of banks in all of Turkestan. Many banks, despite the Russian name, were dependent on foreign capital, which took over the cotton economy in Central Asia. In addition to 47 state-owned banks, 15 commercial banks also operated in 1915. 79% of the capital of the Russian-Asian Bank, the Russian Foreign Trade Bank - more than 40% of the capital of the united bank associated with German capital, the Moscow Trade Bank, which carries out all banking operations associated with English capital, the Moscow Settlement Bank associated with French capital, 36.6 % of the Azov-Don commercial bank associated with Franco-German capital.

Investments of one of the major owners, Mirkomil Mirmominov, who carried out his activities in cooperation with the firms of the German brothers Schlosberg, Knop, the Stepun brothers and the Moscow Bank of Accounts, the Russian-Chinese Bank, the Russian-Asian (this bank also acted in exchange for German investments) banks, was also invested in foreign banks (which at the end of Mirkomil Mirmominov from Kokand not only owned a lot of land, property, but was also an original brainchild of his time. Hence, he became known as the people's defender of that time, a patriot, a very generous person who thought about the future of the nation and wanted the local youth to become knowledgeable professionals. Based on this, he sponsored talented youth to receive education in Germany and Turkey.

In addition, special 3 banks were serviced that traded land in Kokand: Loan-Credit Bank, Nizhny Novgorod-Samara Land Bank, Poltava Land Bank, and a number of other small credit companies [4]. Banks are located in the best places of the city and in the buildings of Central Street, for which the State Bank was built on the basis of the project of the architect M.D. Mauer, and later the Russian-Asian Bank. We considered it acceptable to clarify some controversial issues related to the penetration of foreign capital into the territory of Turkestan, in particular, into the Ferghana Valley.

The official authorities of tsarism opposed the penetration of foreign capital into Russia and Central Asia within the framework of the law. However, foreign entrepreneurs circumvented the current Russian legislation in various ways and teamed up with Russian firms, manufacturing enterprises and Russian entrepreneurs on the issue of making their own investments in Russia's central banks. The state around the emperor achieved permission by bribing official officials. Foreign economists, big businessmen and all Russian ministers (Brant, Witte, Ozerov, etc.) who believe that it is impossible to develop industry in Russia without foreign capital.) Those who approved the unceasing influx of foreign financial capital into Russia and the country through the section " industry and trade," declared that "it is necessary to ensure that foreign capital flows unceasingly and in large quantities into all spheres and systems of our industry." For example, in

February 1900, according to the Minister of Finance S.Yu. Witte, only 1 billion rubles of foreign capital was invested in the industrial joint-stock company and trading firms, in total 5.5 billion rubles of money was received [5]. Due to the inability of the Russian government to invest, it was not possible to develop a manufacturing industry without foreign capital even in Turkestan, in particular, in the Ferghana Valley.

A sharp competition arose between banks in order to strengthen their positions in the Fergana Valley, to get more profit. They invested their capital in the main areas of production. For example, the Russian-Asian Bank spent the bulk of its capital on the production of cotton and cottonseed oil, gradually trying to completely occupy this territory. To this end, in August 1911, Andreev, who owned two large butter factories, bought the company and turned it into a concern that sold oil production, sunflower seeds and other products in the Valley. To strengthen its dominance in the oil-producing industry, a syndicate (a large monopoly association) was created in November of that year, for the purchase of cotton seeds. These syndicates include three large firms for the production of cottonseed oil: "K.M. Association of Soloviev and K", the Namangan Association and the Andreev Association were merged. The bank's participation in the syndicate was carried out through the Andreev Association in the Namangan branch of the Bank [6].

In addition, the structure of the syndicate between two banks for the sale of cottonseed oil, the Russian-Asian Bank and the Russian Bank for Foreign Trade, worried other small firms, and banks. They, in turn, also intended to create a counter-syndicate to fight syndicates for the purpose of protection. In April 1913, the owner of large cotton-cleaning and olive plants, M.G. Flaksman, also joined the syndicate.

By the end of 1912, partner banks seized a significant part of the oil-producing industry in the Fergana region, having bought shares of the Volga Joint-Stock Company Sololin, 1,800 shares of the Andreev Association in June 1913, and also the Vadyaev oil-producing plant in Kokand for 2 million rubles. The syndicate's management considered the need to issue an additional 35,000 shares in order to increase the company's fixed capital from 3.5 to 7 million. In 1915, the Russian-Asian Bank transferred the shares of the Salolin Society to Russian firms, and 2423 to German ones, with great profit.

Capitalist relations of production in Turkestan do not develop without the financial assistance of large banking magnates," notes V. Suvorov. These are those who financially support capitalism. We can see this on the example of newly built and opened banks, savings banks, construction companies, transport agencies and agencies"[7].

You can learn about the development of savings banks in our country from the following data: in 1881, six savings banks were opened in our country, 8 thousand rubles were deposited on deposits of 1200 depositors, and in 1910 there were 117 savings banks, 74 thousand depositors were 13, 3 million. They kept ruble money in savings banks.

The construction of the railway, oil, and coal production at the Chelikan and Chimion fields would also bring great benefits to Russian and foreign banks [8].

The cotton trade and the cotton-cleaning industry in Turkestan are connected with the activities of Lev Gerasimovich Knop. He came to Moscow in 1841, and since 1852 he was given the title and received Russian citizenship, founded a trading house. "L. Knop". At first, the trading house was engaged in the trade of cotton and sugar, paper, machines, and mechanisms. Later, the company also began to engage in banking and industry. After the establishment of banking activities, L. Knop returned to Germany. His work was carried out by the sons of barons A.

L.Knap, continued F.L.Knops. In addition to them, R.I.Prave, R.R.Ferster, and later the smallest baron F.A.Knope also worked in the company.

In the 90s of the 19th century, Fergana began to engage in the cotton business in large volumes, acquiring land and real estate in the valley. The firm has established direct contacts with cotton-growing and trading firms, not limited to the purchase of cotton. Kokand bought 2 cotton gins in the district. Their production capacity was 355,000 poods of cotton fiber per year. In 1902, the company acquired shares in several banks, along with members of their management, and even F.L. Knop, chairman of the board of the Russian-Chinese Bank, A.L. Knop, also became chairman of the Moscow Accounting Bank [9]. With the support of banks "L. Firm" Knop "began to form several commercial and industrial joint-stock companies in Central Asia. In 1905, Andreev's commercial and industrial company was founded. Its principal amount was 750 thousand rubles. rubles, the production of which amounted to and included cotton-cleaning, butter-making, oil-pressing, soap-making plants,

At the meeting of the society of payers I in Moscow, which took place in February 1913, "L. Firm" Knop "and its members - barons A.L. Knop, F.L. Knop, A.F. Knop and R.R. Foerstes - sold 6,200 out of a total of 8,000 - wages in the amount of 1 million 550,000 rubles Two of the 4 directors of the company (A.F. Knop, A.G. Steiner) were representatives of the company. The company has 7 factories for cleaning cotton, producing oil and soap, these enterprises were located in the cities of the Kokand valley, Andijan, Skobelov, Namangan, Khujand, Margilan.

In March 1916, all L. Knop firms were merged and transformed into the "Volokno" commercial and industrial company. Even after that, barons F.L. Knop, A.L. Knop, A.F. Knops remained managing directors. When creating a new company, its property amounted to 19.6 million rubles.

90% of the monopoly capital that entered our country covered the cotton trade and took control of the Central Asian banks and firms associated with the production of cotton. In 1917, the Russian Foreign Trade Bank, together with the trading and production company of Poteliahov, received 6 million rubles for the cotton trade. Ruble signed a contract for a loan. The company undertook to sell half of the cotton received to the bank and make payments of 5% on the loan and 6.5% on the invoice. In May 1917, the bank increased its lending to the company. According to the Fergana military governor, in the summer of 1914 Meyercourt's company was placed under banking control of the cotton trade.

Kokand branch of the Volga-Kama Bank in 1914 b.v. For Meyerkort, he opened a loan for 200 thousand rubles, for a large Yaroslav collector for 4 million rubles, for the Kraft Brothers trading house for 5 million rubles. Based on their interests, the banks were not limited to interest on loans, but in most cases also engaged in the cotton operation. In 1916, the bank paid 65.48 million rubles for cotton trade to 5 large firms: the trading houses of the Kraft brothers, Andreev, Vadyaev, Poteliahov and the Yaroslavs big manifest. Rubles allocated credit. In August 1917, their debt to the bank amounted to 15.139 million rubles. As a result of the merger of banks with industrial capital in the cotton trade in Turkestan, financial capital was formed [10].

The population's debt to the bank was also increased in November 1912 to state banks by 27 million. 500 thousand rubles, 129 million to private banks. 200 thousand rubles and 80 million in the Ferghana Valley. This amounted to 300 thousand rubles, or 51% of the total debt [11].

Thus, we considered the entry of Western capital into the whole of Turkestan, in particular into the Ferghana Valley at the end of the 19th - beginning of the 20th centuries - as private

investments, real estate, factories and plant management, as shares of trade associations and in other forms. Based on the above information, we can say that the scientific studies of many of the authors we reviewed are monographs. Articles and other materials published during the former Soviet Union considered some issues from the point of view of the politics of that period. Some took an objective approach to this issue, while most scholars noted its progressive significance, that any invasion can have a positive effect after a certain period, although in the initial period it will bring destruction, misfortune. In others, from the point of view of time, only the deterioration of that period, Russian capitalism brought only disasters and vices to the country.

In conclusion, we can say that the opinions expressed by the authors were correct for certain areas. More precisely, in the process of research it became known that foreign capital penetrated into Turkestan not openly, but through branches, foreign firms and associations of Russian banks in our country. So, the tsarist authorities, on the one hand, did not prevent the penetration of foreign, in particular, Western European capital into Turkestan, due to the fact that they well understood that the very large natural resources in the country could not be used without foreign investment, although they did not want foreign capital to be attracted.

In the current period, the issues of deepening economic reforms, issues of the history of banking and related institutions, business and entrepreneurship remain relevant in the development of market relations. It would also be advisable to give an objective assessment of the question of how this was carried out by foreign - Russian and German entrepreneurs in the late XIX - early XX centuries, which is of great importance for attracting foreign investment in our country today.

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