

Rebecca Hastings
Graduate Employee, PhD Candidate
University of Oregon

The Oil Industry and Society in Azerbaijan, 1870-2015

February 2, 2017 – August 15, 2017
Baku, Azerbaijan

Research Abstract

My research will chronicle the formative role of the oil industry in Azerbaijan's modern history. Since its formation in the nineteenth century, the oil industry centered in Baku has undergone sometimes dramatic vagaries in its development, rising from relative insignificance to become a center of oil production major enough to attract the attention of world superpowers, and then declining into marginality as the global oil industry evolved elsewhere. In my dissertation project, I focus particularly on the social impact of this largely foreign-developed industry, including demographic change stemming from labor migration and urbanization, transformation of urban and industrial landscapes, and social dynamics among and between workers, ethnic groups, industry, and the state. Based on original archival research and consultation of published sources, I will examine the development of the Baku oil industry in the Imperial Russian, Soviet, and independent periods, emphasizing the influence of large foreign states on the direction of this development. Through this case, my work will offer a long-term analysis of the interactions between a single dominant industry and the community it generated, arguing that the makeup and experience of the industrial community are significant in demonstrating the progress and patterns of industrial development under successive regimes.

Research Goals

The specific purpose of my research trip to Azerbaijan was to conduct primary historical research in the archives and libraries of Baku for my doctoral dissertation. The history of the Azerbaijan oil industry has not been well-covered in English-language scholarship, despite its importance to the Russian Empire, the Soviet Union, and the world oil industry more generally. Relevant published primary sources and other literature are sparse in the United States. The effectiveness and originality of my dissertation project will rely in large part on my ability to collect, interpret, and present well a strong body of evidence. Therefore, my main research goal was to collect as much primary-source evidence as possible in six months from archival collections of the Azerbaijan State Historical Archives and from the resources of the National Library of Azerbaijan.

The goal of the dissertation itself, and any publications that may stem from it, is to present original scholarship on a subject that has bearing on several fields of historical research, and implications for current policy approaches to Azerbaijan. Azerbaijan and its oil industry have not been completely neglected in journalistic and scholarly literature, but as yet there exist few works dedicated to the subject that employ archival material and recent historical methods. The results of my research will not only help to fill gaps in the scholarship, but should also contribute to historians' understanding of the role of the oil and gas industry in the Russian Empire and the Soviet Union. My examination of the Azerbaijan oil industry in the post-Soviet era should help shape current approaches to Azerbaijan and the situation in the Caucasus and Caspian basin more broadly.

Given the breadth of my subject, I aimed to gather a wide variety of materials on this research trip. As my dissertation will provide an overview of the history of the Azerbaijan oil

industry's development as well as interrogating the experiences of historical subjects, I hoped to find both official and personal documents in the archives. Online archival inventory lists and the advice and bibliographical citations of other scholars offered some guidance in this regard.

Consulting the resources of both the archives and the national library was also meant to improve the coverage of my sources, as the library holds newspaper issues and published literature that the archives do not.

Finally, this research trip was in part exploratory. Secondary-source research completed before this trip allowed me to develop a solid direction for my project, and to formulate research questions to guide my research, but the precise contours of a project like this must stem directly from the historical sources available. Because this topic has not been explored in great depth by English-language scholars using the national archives of Azerbaijan, and because information accessible online about the archives' inventory is sketchy, I was not entirely certain which kinds of materials I would find. Therefore, I intended to establish in a more nuanced way this project's field of inquiry.

Research Activities

My research activity during this trip consisted of seeking out and gathering information from historical documents held by two branches of the State Historical Archives of the Republic of Azerbaijan and in the National Library of Azerbaijan, all located in Baku. When not taking Azerbaijani language lessons, I spent the majority of my working hours collecting materials at these locations. Because my project covers such an extended time period, I tried to divide my time strategically in order to research each period more or less equally. In six and a half months,

I was able to collect a large amount of original material that will help to illustrate the history of the Azerbaijan oil industry.

During the first three months of my stay in Azerbaijan, I worked in the State Historical Archive of the Republic of Azerbaijan (ARDTA), the branch of the national archives that holds collections of documents that date before 1920. Holding a letter of introduction from my dissertation adviser and accompanied by an employee of the local office of American Councils for International Education, I was granted access to the archive relatively easily. Determining which collections to prioritize was somewhat challenging, given that the information available online and in the archival inventory lists is rather sparse. With help from archivists and some guesswork, I began research in two large fonds related to the Azerbaijan oil industry. I was permitted to request ten folders of documents per day; depending on the contents of the folders and the scheduling of my language lessons, it might take me between a few hours and a week to process these ten folders. The contents of most folders in this archive were compiled according to a specific theme, event, or case. In order to save myself time later, much of the time I translated and transcribed the contents of these documents while in the reading room, but I did resort to taking photographs when I felt pressed for time.

About halfway into the research trip, I began doing most of my research in the State Archive of the Republic of Azerbaijan (ARDA), which holds materials from 1920 and after. The operation of this archive was quite similar to ARDTA. In this archive, most folders contained documents for one or two years, frequently covering a variety of topics. Some minor issues, including holiday and maintenance closures, miscommunications, and cataloguing mistakes meant that I was not able to collect quite as much material from ARDA as I would have liked. For instance, my research for the period 1973-1989 is a bit thin, but I expect to supplement it

with other sources, such as newspapers and diplomatic correspondence available in the United States. Similar to my process at ARDTA, at ARDA I sometimes translated materials fully while in the archive, and at other times chose to transcribe or photograph documents.

Finally, I spent some evenings and weekends reading newspapers at the National Library of Azerbaijan, which holds a unique collection of Baku-based newspapers beginning from the late nineteenth century. The library has both physical copies and digital scans of most papers; for the sake of convenience, I chose the latter, reading the newspapers at one of the library's many banks of computer terminals. I took care to concentrate this research time on issues of newspapers that are very difficult or impossible to obtain in the United States, especially the newspaper *Bakinskii Rabochii* (The Baku Worker), which features matters related of the oil industry and its workers. Several American university libraries hold copies of this and other Baku-based newspapers from the 1950s onward, so while in the national library I focused my attention on earlier issues.

The scope of the research I conducted while in Azerbaijan largely did not include the post-Soviet period. Before beginning this research trip, I was advised that attempting to investigate certain aspects of the Azerbaijan oil industry's operation; direct requests for information on sensitive subjects could have resulted in obstruction of my research or otherwise drawn unwanted attention. The precise limits of advisable research activity were never entirely clear to me, as the information I received was often based on rumor and speculation about the government's sensitivities, and I was not certain whether, as a fairly unestablished graduate student, I would even merit attention from authorities. In any case, I was more than adequately occupied with the research that I was able to conduct while in Azerbaijan, and I believe that I will be able to research the post-Soviet time period sufficiently from the United States.

Far more than six months' work would be required to collect and process all of the material in the archives and libraries of Azerbaijan that is potentially relevant to my project, but given the length and nature of this research trip, I am fairly content with the research that I was able to complete. It is entirely possible that I will return to Baku in the future to carry out further research, but the results of this trip alone should constitute the most important part of the primary source evidence base for my dissertation.

Important Research Findings

My initial findings have begun to answer some of my research questions regarding the impact of foreign control over the Azerbaijan oil industry, and the experience of those involved in its development. Although the scope of my research findings will no doubt increase as I continue to process the material I collected, some telling deductions can be made from my assessment of the archival documents and newspapers I reviewed during my research trip in Baku.

It is clear that the economic and strategic importance of Baku's oil industry in the periods of the Russian Empire and the Soviet Union has been somewhat underrepresented in existing English-language scholarship. My research in ARDTA, the archival branch holding materials from before 1920, indicates that the natural resources available in the Absheron region drew laborers, imperial officials, and oil companies large and small from many parts of Eurasia. Famously, the Nobel company played a significant role in the local economy until the end of the tsarist era, but records show that there were vast numbers of smaller oil companies, many of them European, simultaneously struggling for resources and power in the area. Overwhelming numbers of court records dealing with conflicts between oil companies and locals illustrate the

gradual domination of foreign companies. By the end of the nineteenth century, this region had become one of major geopolitical significance for the world's great empires, and there was little interest in developing a local economy to support any activity other than oil production. Through the activity primarily of private oil companies, value was invested in the region, both literally, in terms of capital and physical construction, as well as in the imaginations of European entrepreneurs.

The imperative to continue to develop Baku's oil-producing capacity continued under the leadership of the Soviet regime. The first few decades of the Soviet era were a time of great change in Baku, as indicated by the wealth of documents concerned with building up industry in the years prior to World War II. Baku has not figured largely in histories of the war, but archival records from both the Soviet Union and the Allied Powers show that Baku's oil and weapons production contributed massively to the Soviet war effort. When onshore oil wells began to dry up, offshore oil production began in earnest at the direction of the Soviet regime, despite Baku's diminishing importance after World War II. The dramatic decrease in the number of documents per folder by year is itself an indication that the Soviet regime began to shift its attention to oil production in other parts of the union. However, as records among the various relevant government agencies, the highest priority of Azerbaijan remained the production of oil and associated products. As part of the Union of Soviet Socialist Republics, Azerbaijan had little incentive or freedom to diversify its economy.

Several interesting revelations have come from comparisons between archival documents and information published in newspapers and other publicly-available sources from Baku during the Soviet era, a time period that remains especially understudied in English-language scholarship. Although Soviet publications are known to have been often rather skewed away

from strict accuracy or objectivity by specific agendas, public reports of the state of the oil industry in Baku appear to correspond quite faithfully with information exchanged among high-level officials. Quite a lot of information, especially during times of war, was not made public, but public reports concerning production levels in certain years at each oil-related installation in the Baku region represent well the successes and failures of the industry. As in other industries in the Soviet Union, the regime was eager to celebrate achievements as proof positive of the Soviet system's superiority, and to highlight inadequacy as a means to urge improvement.

Another finding that may become more meaningful with further research regards the role of race and ethnicity in the Baku oil industry. The importance given to ethnic background by the Soviet regime varied quite a lot depending on the given time period, as has been discussed in a number of fairly recent works by historians of the Soviet Union. In the case of the Baku oil industry, a gap existed between public discourse and confidential official correspondence. For instance, newspapers such as *Bakinskii Rabochii* usually tended to discuss the ethnic background of workers very little, instead highlighting class identity or work experience as a means of classification. In contrast, official record-keeping regularly relied on ethnicity or nationality as a significant category for most of the Soviet era. Although it is not yet entirely clear to me how this information was employed here specifically, it is reasonable to suppose that it was related to matters such as affirmative action-type policies and migration permissions. The apparent disconnect between public and private discourse surrounding this issue may have implications related to the way in which the Soviet regime administered the Baku oil industry.

Policy Implications and Recommendations

In emphasizing the outsized role that foreign states and companies have played in the development of the Azerbaijan oil industry over the past century and a half, I hope to underline the obligation of more powerful states to conduct themselves responsibly in their interactions with small but resource-rich states. It is true that the United States is far from the largest consumer of Azerbaijan's oil and natural gas, and that American companies are far less involved than others in drilling and extraction activities in Azerbaijan, but the United States is in a position to affect the future of Azerbaijan's development as a country nonetheless, given its diplomatic and financial influence. However, considerable obstacles remain in the way of the ability of the United States to aid Azerbaijan's development in a direction that is productive and stabilizing for both countries.

If the United States does indeed wish to encourage stability in the Caucasus region, aiding Azerbaijan in its attempt to diversify its economy ought to be among its top priorities. It is impossible to predict whether Azerbaijan might have had more or less success, or whether the country would exist as such today, given different historical circumstances, but it can be said that the country's utter reliance on oil and natural gas to support its economy, and its struggles to diversify economically, can be traced directly to the economic dictates of the Russian Empire and the Soviet Union. The drastic effects that falling oil prices in recent years have had on life in Azerbaijan serve as an omen of the country's fate if it fails to prepare its economy for the depletion of the region's oil reserves in the coming decades. The price of oil is not Azerbaijan's true problem; rather, it reveals existing systemic issues. The Caucasus region is already plagued by conflict and uneven development, which economic failure in Azerbaijan can only exacerbate. Azerbaijan's strategic geopolitical position, and its role as a cultural and political link between

Europe and the Islamic world, mean that ensuring its stability ought to be a priority for any entity invested in Eurasian affairs.

Given the glut of international crises that the United States must currently concern itself with, it is reasonable that relations with Azerbaijan are not a pressing priority. However, with the correct policy approaches to Azerbaijan, the United States can help to avoid or mitigate a potential crisis in the Caucasus that could have farther-reaching consequences. Azerbaijan is in need of guidance and immediate incentive for economic diversification, which may also involve pressure to initiate badly-needed political reform. Foreign intervention may be one avenue for this change, but further aid in improving educational and career opportunities for younger Azeris would likely help as well. Expanding educational programs such as the American-sponsored Fulbright Program and Hubert H. Humphrey Fellowship Program would allow more Azeris to gain education that is currently unavailable to them in Azerbaijan, and which they could then use to pursue necessary changes within their own society.

Co-Curricular Activity

While in Baku, I did not have the opportunity to do much co-curricular activity directly related to the topic of my dissertation, but I was able to attend or participate in activities that provided useful context, especially for my consideration of Azerbaijan in the post-Soviet era. During my stay, U.S. Embassy personnel gave two talks at the American Center of the Azerbaijan University of Languages; they delineated in a fairly direct way the current, official American diplomatic perspective on Azerbaijan's economic situation and the role of the conflict with Armenia.

Discussions with other researchers, from both Azerbaijan and abroad, provided some context and further direction for my own project. While in the archives, I met with a few locally-based researchers whose projects were related to some degree to my own. They were able to point me toward works published in Azerbaijan that might be helpful to me. Other foreign researchers in Baku offered some guidance for working in Azerbaijan's archives, and my conversations with them frequently provoked fresh ideas for my own project. The international academic community concerning itself with the history of Azerbaijan is relatively small, and so this research trip was an excellent opportunity to forge new professional connections.

Conclusions

Although the history of the Caucasus region is in many ways rather complex, it is worth continuing to investigate, especially as it bears on the geopolitical dynamics in Eurasia today. The legacy of the management of Transcaucasia by the Russian Empire and the Soviet Union can be seen in the region's political borders (and disputes over them), inherited industrial and agricultural systems, and governmental structures. Past regimes cannot be blamed for all existing problems in the region, but the case of the Azerbaijan oil industry indicates that the interference of large states in the development of smaller entities, especially when valuable natural resources such as oil and gas are involved, can be immensely difficult and complicated to overcome.

My research, though far from complete, is intended to illustrate primarily for an academic audience the significance of the Baku oil industry's development to the history of the Russian Empire, the Soviet Union, the world oil industry, and modern Azerbaijan itself. However, as is the case with most scholarship, the lessons of history here can provide a crucial framework for the decision-making process of policy-makers. Understanding how and why the Baku oil

industry evolved in the way that it has, the background of the delicate and fraught relations between Azerbaijan and its neighbors on all sides, and the impact of previous interventions in Azerbaijan's industrial development can guide the United States and other parties toward policies that will ensure stability and responsible resource management in the Republic of Azerbaijan in the future.

Plans for Future Research Agenda/Presentations and Publications

In order to complete my dissertation project, I will spend the next one to two years conducting further research and writing. The results of of research trip supported by the Title VIII grant will constitute the major part of my primary-source research for the dissertation, but some further research abroad will serve to strengthen the project. I have received funding to visit archives in Moscow in late 2017, and I plan to continue to seek funding for short research trips to either Baku or Moscow. The remainder of my research and writing will likely take place at my home institution.

The first arena in which the results of my research will be presented is in the academic conference setting. In October, I plan to attend a graduate student workshop at the University of California, Berkeley, where I will work together with other graduate students and faculty to produce one chapter of my dissertation. At the annual conference of the Association of Slavic, East European, and Eurasian Studies in November 2017, I will present a paper based on some of my findings from my recent research trip in Baku. In the future, I will likely present papers at other academic conferences, and at work-in-progress talks at my own institution.

As I continue to work on my dissertation, I plan to write and have published in scholarly journals articles based on original archival research. Currently, I have no definite plans for

publication, but I imagine that the results of this and other research trips will allow me to be more productive in that respect.

Bibliography

- Agamalieva, N. *Azerbaidzhanskaia Demokraticheskaia Respublika: 1918-1920*. 1998.
- Altstadt, Audrey L. *The Azerbaijani Turks: Power and Identity under Russian Rule*. 1992.
- . *The Politics of Culture in Soviet Azerbaijan, 1920-1940*. 2016.
- Baberowski, Jorg. *Der Feind ist überall: Stalinismus im Kaukasus*. 2003.
- Baddeley, John F. *The Russian Conquest of the Caucasus*. 1999.
- Bagirova, I. S. *Politicheskie partii i organizatsii Azerbaidzhana v nachale XX veka, 1900-1917*. 1997.
- Blandy, Charles. *The Caucasus Region and Caspian Basin: Change, Complication and Challenge*. 1998.
- Bolukbasi, Suha. *Azerbaijan: A Political History*. 2011.
- Brinegar, Sara G. "Baku at All Costs: The Politics of Oil in the New Soviet State." 2014.
- Buniatov, Z. M. *Istoriia Azerbaidzhana po dokumentam i publikatsiiam*. 1990.
- Burdett, Anita. *Oil Resources in Eastern Europe and the Caucasus: British Documents 1885-1978*. 2012
- Campbell, Robert W. *The Economics of Soviet Oil and Gas*. 1968.
- Chumalov, M. Iu. *Kaspiiskaia neft' i mezhnatsional'nye otnosheniia*. 1999.
- De Waal, Thomas. *Black Garden: Armenia and Azerbaijan through Peace and War*. 2003.
- D'iakonova, I. A. *Neft' i ugol' v energetike tsarskoi Rossii v mezhdunarodykh sopostavleniakh*. 1999.
- Ebel, Robert E., and Rajan Menon, eds. *Energy and Conflict in Central Asia and the Caucasus*. 2000.
- Gokay, Bulent. *The Politics of Caspian Oil*. 2001.

Ibrahimov, Rovshan. *Energy and Azerbaijan: History, Strategy, and Cooperation*. 2013.

Iljine, Nicolas V. *Memories of Baku*. 2013.

Iskhakov, S. M. *Iz istorii azerbaidzhanskoi emigratsii: sbornik dokumentov, proizvedenii, pisem*. 2011.

Jones Luong, Pauline, and Erika Weinthal. *Oil is Not a Curse: Ownership Structure and Institutions in Soviet Successor States*. 2010.

LeVine, Steve. *The Oil and the Glory: The Pursuit of Empire and Fortune on the Caspian Sea*. 2007.

Lund, Nicholas. "At the Center of the Periphery: Oil, Land, and Power in Baku, 1905-1917." 2013.

Mamedova, Shalala. *Interpretatsiia totalitarizma: Stalinizm v Azerbaidzhane: 1920-1930 gg*. 2004.

Mekhtiev, R. E. *Kommunisticheskaia partiia Azerbaidzhana: v revoliutsiikh i resheniikh*. 1986.

Mir-Babaev, M. F. *A Concise History of Azerbaijani Oil*. 2008.

Samedov, Viacheslav. *Neft' i ekonomika Rossii: 80-90 gody XIX veka*. 1988.

Sumbatzade, Ali Sumbatovich. *Azerbaidzhanskaia istoriografiia XIX-XX vekov*. 1987.

Suny, Ronald Grigor. *Baku Commune, 1917-1918: Class and Nationality in the Russian Revolution*. 1972.

———. *Transcaucasia: Nationalism and Social Change: Essays in the History of Armenia, Azerbaijan, and Georgia*. 1996.

Swietochowski, Tadeusz. *Historical Dictionary of Azerbaijan*. 1999.

———. *Russian Azerbaijan, 1905-1920: The Shaping of National Identity in a Muslim Community*. 1985.

Tolf, Robert. *The Russian Rockefellers: The Saga of the Nobel Family and the Russian Oil Industry*. 1976.