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Authors: Tobias Sæther, Lennart Visser

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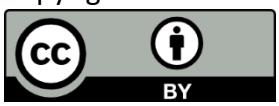

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Friedrich-Meinecke-Institut
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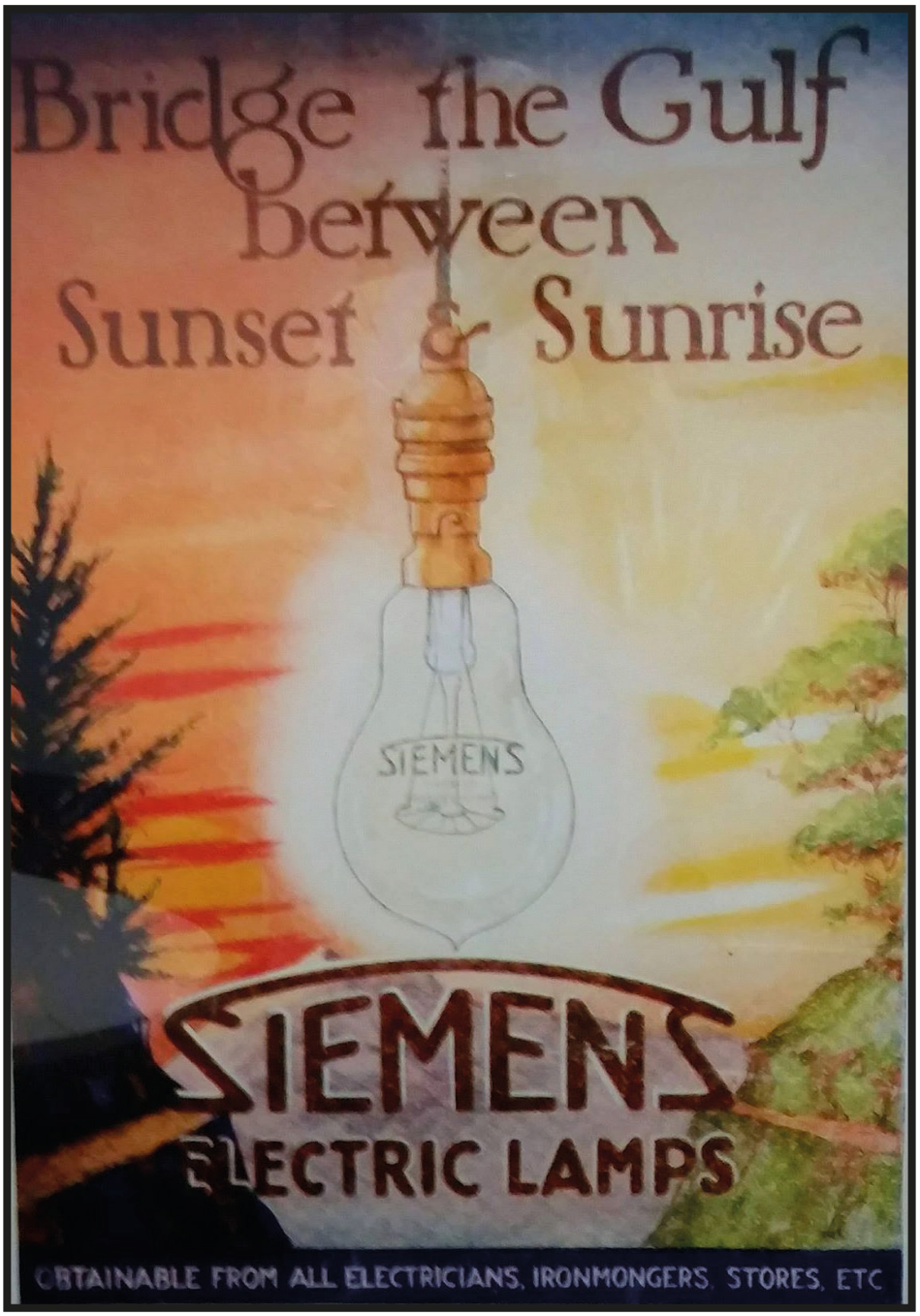

Siemens Poster from the 1920s: a Fitting Allegory for Siemens's Aims in Harbin and Vladivostok. Wikimedia Commons.

Business in Uncertainty and War: Trust and Risk for Siemens in Harbin and Vladivostok, 1914–1923

TOBIAS SÆTHER AND LENNART VISSER

Tobias Sæther holds a Bachelor's degree in Political Science as well as History from the University of Oslo. He is an M.A. candidate in Global History at Freie Universität and Humboldt-Universität in Berlin. His research interests include the political and economic history of Europe and East Asia, as well as interactions between the two regions. Currently, he is researching responses in the western press to the Japanese advances and victory in the Russo-Japanese War.

Lennart Visser holds a Bachelor's degree in History from Universiteit Leiden in the Netherlands, and is currently finishing his Research Master's degree in Early Modern History at Leiden University. His research mainly focuses on the Holy Roman Empire, and European overseas expansion and interaction during the seventeenth and eighteenth centuries.

The view that a long period of globalization ended when World War I broke out in 1914 has long prevailed in economic history. This view, however, has recently been contested and it has been argued that 1914 rather marks the beginning of a globalization of new and different processes. We contribute to this globalization-deglobalization debate with a study of Siemens's technical bureaus in Vladivostok and Harbin between 1914 and 1923, when the bureaus lost contact with Siemens in Germany and were left alone to tackle the difficulties and insecurity caused by World War I and the Russian Civil War. In spite of the new and radically different political situation in East Asia, Siemens did not decrease its long-term commitment to business and its fine-meshed network of branches and divisions there. Instead of decreasing its transnational activities, Siemens adjusted to the increased Japanese and decreased Russian influence in East Asia. Siemens's persisting commitment to business in the region was all the more important as the company had ambitions of restoring the global role it held prior to 1914 whilst at the same time suffering from restricted access to many of its most important markets in the West in the aftermath of World War I. In East Asia, Siemens pursued a conservative entrepreneurial ideology in which trust between its different branches and the need for information about the local situation played a decisive role. When trustworthy business partners had been found and a more predictable business environment was in place, business could continue as usual.

Introduction

> We hereby notify that the Bureau in Harbin has been closed and all traffic with the bureau is halted until further notice.[1]

On January 22nd, 1915, Siemens's corporate headquarters in *Siemensstadt,* Berlin, sent a general dispatch to all its branches, stating that the technical bureau (TB) in the Russian-influenced city of Harbin in China had been shut down because Russia was fighting Germany in World War I (WWI).[2] Although this was not unexpected, the shutdown of the technical bureau implied a great change in the status quo for Siemens, which had built up a network of branches in East Asia integrated into company structures in Germany.

Both WWI and the ensuing Russian Civil War are thoroughly studied parts of history. Studies of WWI have often focused on the war's origins, but social, economic, and cultural factors have come under increasing scrutiny as well.[3] All these factors overlap within corporate history. Among corporate historians, there has been an increasing interest in companies during WWI and the Russian Civil War, including German companies such as Siemens and the sizable German trading firm Kunst & Albers in Vladivostok.[4] However, there are no studies that analyze the role of German companies behind battle lines in the transnational Russian-Chinese-Japanese context in the both uncertain and formative period from 1914 to 1923.

In this paper, we research profound issues such as risk and trust that the Siemens network had to deal with in East Asia in the face of WWI and the Russian

[1] We would like to thank Robert Kindler and Martin Lutz for their supervision, valuable feedback, and showing us the ropes in the Siemens Archives. Furthermore, we are thankful to Sebastian Conrad for pointing us to the idea of using the globalization-deglobalization debate as a lens. Finally, we want to thank the reviewers and editors of Global Histories for making this publication possible. Mitteilung No. 45, Siemensstadt, January 22, 1915, Siemens Corporate Archives, Siemens Archiv Akte (SAA) 68 La 498: 229.

[2] The technical bureaus represented Siemens's links to the markets in which the company was active. See: Harm G Schröter, "The German Question, the Unification of Europe, and the European Market Strategies of Germany's Chemical and Electrical Industries, 1900-1990," in *Business History Review* 67 (Autumn 1993): 377.

[3] For an overview of WWI, see the second and third volume of: *The Cambridge History of the First World War* (Cambridge: Cambridge University Press, 2014). For historiography, see: Donald R. Kelly, *Frontiers of History: Historical Inquiry in the Twentieth Century* (New Haven: Yale University Press, 2006); For the Russian Civil War, see: David Bullock, *The Russian Civil War 1918–22* (Oxford: Osprey Publishing, 2008); and: Evan Mawdsley, *The Russian Civil War* (New York: Pegasus Books, 2007).

[4] Martin Lutz, *Siemens im Sowjetgeschäft. Eine Institutionengeschichte der deutsch-sowjetischen Beziehungen 1917–1933* (Stuttgart: Franz Steiner Verlag, 2011); Lothar Deeg, *Kunst & Albers. Die Kaufhauskönige von Wladiwostok: Aufstieg und Untergang eines deutschen Handelshauses jenseits von Sibirien* (Essen: Klartext, 2012).

Civil War.[5] To this end, we use the globalization-deglobalization debate as a lens for an analysis particularly centered at Siemens's technical bureaus in Vladivostok and Harbin.[6] Throughout WWI and the early 1920s, East Asia was characterized by war, social unrest, revolution, and changing power constellations within and across its empires. These factors heavily influenced and limited the freedom of action for a company like Siemens. Although the international system of Europe was shattered by WWI, a new—albeit unstable—state system was established on its ruins. Such a framework never came into being in East Asia. There, the unsettled situation made well-founded decisions extremely difficult, and even the mere exercise of gathering information a considerable challenge. Simultaneously, the unstable geopolitical environment in East Asia represented new opportunities and configurations. Hence, the dynamics within Siemens's network cannot be understood properly without accounting for the unstable and difficult political and economic circumstances in East Asia at the time.

After briefly touching upon the globalization-deglobalization debate, we provide an introduction to Siemens in Russia and East Asia. Then, we analyze the communication between Siemens's technical bureaus in Harbin and Vladivostok and other parts of the company's network in East Asia and Germany and examine how Siemens dealt with the 'new world' in East Asia in which it found itself. We argue that Siemens pursued a conservative entrepreneurship in East Asia, in which trust between its different branches and the need for information about the local and regional situation played a decisive role. A lack of these key factors in East Asia during the researched period impeded efficient decision-making until trust had been restored, regional power relations reconfigured, and territorial questions settled.

The Interwar Period: Globalization or Deglobalization?

A major discussion in economic history is the development of economies around the world from the outbreak of WWI onwards, as a time of increasing

[5] The Russian Far East is sometimes included in definitions of Northeast Asia only. In this study, however, we include the Russian Far East in the term East Asia. Correspondence between the Siemens headquarters in Berlin and its branches in East Asia are at the core of this study. As no sources dealing with the technical bureaus in Harbin and Vladivostok are transmitted for the years 1915–1920, it is only possible to reconstruct important parts of what happened during this time based on what was written after 1920. This source material is quite extensive, but does not include the technical bureaus' correspondence with third parties such as customers and suppliers. Furthermore, we do also have correspondence from Siemens China and Siemens Japan, to which we can compare the material from the technical bureaus in Harbin and Vladivostok. The archival materials used are memoranda, dispatches, and different letters stored at the Siemens Historical Institute archive in Berlin. The sources are all in folder 68 La 498, counting 273 pages.

[6] See: Antoni Estevadeordal, Brian Frantz, and Alan M. Taylor, "The Rise and Fall of World Trade, 1870–1939," *The Quarterly Journal of Economics* 118, no. 2 (May 2003): 359–407; Knut Borchardt, *Globalisierung in historischer Perspektive* (Munich: Bayerische Akademie der Wissenschaften, 2001).

international trade apparently was superseded by a time of more limited border-crossing trade and a phase of deglobalization. The commonality in this literature is the thesis that global integration slowed significantly after 1914.[7]

According to the economists Antoni Estevadeordal, Brian Frantz, and Alan Taylor, international trade rose from an average of 11% of worldwide average GDP in 1870, to 19% by 1900, and 22% in 1913, before it decreased to 15% in 1929 and 9% by 1938.[8] They argue that the appearance of the gold standard and decrease in transportation costs were the main driving forces behind the rise in international trade up to 1913, and that the increase in transportation costs and dissolution of the gold standard drove back international trade in the interwar period.[9] In *The End of Globalization,* Harold James sees the "collapse of globalism" resulting not only from economic factors such as the collapse of capital flows and trade, but also from a decrease in international migration and policies as well as institutions hindering globalization.[10] According to Borchardt, World War I stopped the globalization process and the Great Depression made what had always been a controversial process less attractive.[11]

This deglobalization thesis, however, has recently come under scrutiny. Sönke Kunkel and Christoph Meyer argue that a period of deglobalization between World War I and World War II is a myth, and that the interwar period was much more than just a transition-phase between two wars.[12] They suggest that the period was a phase of experimentation in which 'problems..., processes, and practices of the twentieth century were sparked, tested, rejected or invented.'[13] Although the international trade levels were low in the interwar period compared to the peak in 1913, the level of globalization may not be assessed solely by using trade statistics. The international and often global spread of inputs, ideas, innovations, and expressions in the cultural, political, and economic fields suggest a period char-

[7] Harold James, *The End of Globalization: Lessons from the Great Depression* (Cambridge: Harvard University Press, 2001); Estevadeordal, Frantz, and Taylor, "The Rise and Fall of World Trade"; Borchardt, *Globalisierung*; Barry Eichengreen, *Golden Fetters: The Gold Standard and The Great Depression, 1919–1939* (Oxford: Oxford University Press, 1992); A. G. Kenwood and A. L. Lougheed, *The Growth of the International Economy, 1820–2000*, 4th ed. (London: Routledge, 1999); Ronald Findlay, and Kevin H. O'Rourke, "Commodity Market Integration, 1500–2000," in *Globalization in Historical Perspective*, ed. Michael D. Bordo, Alan M. Taylor, and Jeffrey G. Williamson (Chicago: University of Chicago Press, 2003); Charles Kindleberger, "Commercial Policy Between the Wars," in *The Cambridge Economic History of Europe,* vol. 8, ed. Peter Mathias and Sidney Pollard (Cambridge: Cambridge University Press, 1989).

[8] Estevadeordal, Frantz, and Taylor, "The Rise and Fall of World Trade," 395.

[9] Ibid., 373–96.

[10] James, *The End of Globalization*.

[11] Borchardt, *Globalisierung,* 5.

[12] Sönke Kunkel and Christoph Meyer, "Dimensionen des Aufbruchs: Die 1920er und 1930er Jahre in globaler Perspektive," in *Aufbruch ins postkoloniale Zeitalter: Globalisierung und die außereuropäische Welt in den 1920er und 1930er Jahren*, ed. Kunkel and Meyer (Frankfurt am Main: Campus Verlag, 2012), 8–9.

[13] Kunkel and Meyer, "Dimensionen des Aufbruchs," 8.

acterized by new global opportunities and configurations as well as a desire and attempts to globalize problem-solving processes.[14] Hence, to describe the interwar period as a period of deglobalization based on mere trade volume implies too narrow a definition of what global integration is.

Siemens in Russia and East Asia

Siemens began its operations in Russia in 1849, and over the next decades the company expanded to become the largest one in the Russian electrical industry. The Russian state proved to be an important employer and customer for Siemens, especially in the company's formative years from the beginning of the 1850s.[15] At the end of the nineteenth century, German firms accounted for more than 50% of the total investments in manufacturing in the Russian electrical industry and Siemens was the largest company in that sector in Russia until World War I.[16]

Although Siemens had been exporting to East Asia since the 1870s, its first branch office in the region was opened only in 1892, in Tokyo.[17] This Japanese Agency was followed by several technical bureaus in China after the turn of the century and the establishment of an umbrella organization for the whole China division, *Siemens China Co. GmbH,* in 1914.[18] Due to the steady increase in the number of overseas technical bureaus and the desire to maintain as much contact as possible between those overseas representations and *Siemensstadt*, Siemens established a head office in Berlin for coordinating operations overseas, the *Central-Verwaltung Übersee* (CVU).[19] Within the CVU, *Abteilung Übersee* was responsible for coordinating Siemens's operations in China, in which TB Harbin also played a role.[20]

Interestingly, Siemens's technical bureau at Harbin was not a part of Siemens China, but instead belonged to Siemens's Russian division, *Russische Elektrotechnische Werke. Siemens & Halske AG*. The city of Harbin had been founded by

[14] Alys Eve Weimbaum et al., eds., *The Modern Girl Around the World: Consumption, Modernity, and Globalization* (Durham: Duke University Press, 2008); Gordon Pirie, *Air Empire: British Imperial Aviation 1919–39* (Manchester: Manchester University Pres, 2009); Iris Borowy, *Coming to Terms with World Health: The League of Nations Health Organization 1921–1946* (Frankfurt am Main: Peter Lang, 2009); Marc Frey, "Experten, Stiftungen und Politik. Zur Genese des globalen Diskurses über Bevölkerung seit 1945," *Zeithistorische Studien* 4, no. 1/2 (2007): 137–59; Tomoko Akami, "Between the State and Global Civil Society: Non-Official Experts and their Network in the Asia-Pacific 1925–1945," *Global Networks* 2, no. 1 (2002): 65–81.

[15] Martin Lutz, *Carl von Siemens: Ein Leben zwischen Familie und Weltfirma* (Munich: C.H. Beck Verlag, 2013), 96–97.

[16] Jonathan Coopersmith, *The Electrification of Russia 1880–1926* (New York: Cornell University Press, 1992), 38.

[17] Mathias Mutz, "'Der Sohn, der durch das West-Tor kam.' Siemens und die wirtschaftliche Internationalisierung Chinas vor 1949," *Jahrbuch für außereuropäische Geschichte* 15, no. 1 (2005): 8, 28.

[18] Ibid., 5.

[19] Ibid., 28–29.

[20] Ibid., 28.

Russians in 1899, its Russian population was sizable and the Russian government had built and owned the railway line through the city, the only railway connecting Vladivostok to the rest of Russia prior to 1916.[21] The Russian influence in Manchuria had been strong, but was weakened in the aftermath of the Japanese victory in the Russo-Japanese War in 1905, when Russian railroad and economic rights had been transferred to Japan.[22]

Due to the presence of Russians in Harbin and Manchuria and Siemens's strong foothold in Russia, it made some sense that TB Harbin, just like TB Vladivostok further to the East, belonged to Siemens's Russian division. Yet, as Siemens also wanted to be able to do business with Chinese and Japanese customers in the region, TB Harbin had been instructed and structured to represent the Japanese and Chinese divisions vis à vis Japanese and Chinese customers in the area as well.[23] This is a strong indication of the strategic importance of Harbin for Siemens in East Asia.

The East Asian market was attractive for companies like Siemens, but also a competitive one, with other players in the electrical industry including British Marconi, Metropolitan Vickers, General Electric, and Westinghouse Electric & Manufacturing. Typically, different companies competed to establish monopolies in specific regions. Siemens had a strong belief in the potential of the Chinese market, and its expansion there seems to have been fueled by a desire to assert more control over the Chinese market and gain more knowledge about it.[24] Siemens's rather underdeveloped position on the Chinese market was in great contrast to its prominent position on the Russian market, where it had already developed into a dominant and well-connected actor. Siemens's experience of doing business in Russia might also be a reason why Harbin, with its large Russian population, played such an important role in the Siemens network in North and East Asia. TB Harbin's role, and to a lesser extent that of TB Vladivostok, as Siemens's key to East Asia was challenged as WWI broke out and communications with the rest of the Siemens-network were impeded.

The outbreak of WWI drastically weakened Siemens's position within the Russian and global electrical industry. While the German electrical industry had been the largest in the world at the outbreak of WWI, producing 35% of the total global output of electro-fabricates, the figures had decreased to 23% in 1925. By then, the USA dominated the sector with a production amounting to almost half of the total global output.[25] The companies in the German electrical industry were not prepared in any way when war broke out in 1914, and the shortage of raw materi-

[21] John J. Stephan, *The Russian Far East: A History* (Stanford: Stanford University Press, 1994), 109.
[22] Immanuel C.Y. Hsü, *The Rise of Modern China* (Oxford: Oxford University Press, 1995), 546.
[23] Sankt Petersburg to Harbin, December 15, 1913, SAA 68 La 498, 268–269.
[24] Mutz, "Der Sohn," 10.
[25] Wilfried Feldenkirchen, *Siemens 1918–1945* (München, Piper Verlag, 1995), 47, 118.

als proved particularly challenging. For Siemens, a limited but continued export of goods mainly to neutral countries and deliveries to the German military proved important during the war.[26] Nonetheless, Siemens and other companies with large investments in foreign countries had to denote great losses because of WWI.[27]

With the beginning of WWI Siemens's Russian division had to be reorganized into a Russian joint-stock company to continue business in Russia.[28] In October 1914, Harbin reported to *Siemensstadt* that: 'as you might know, all German companies in Russia have been closed down, their property confiscated and employees arrested.'[29] For TB Harbin and TB Vladivostok, this implied that their business could only continue after Siemens's Russian branch had been restructured into a Russian stock company. The need to prove itself as a Russian company was present both vis à vis the public authorities and the creditors, who required reassurance that the company was actually Russian in order to maintain the flow of capital.[30] Siemens agreed to put the majority of the Russian division's shares into the hands of known partners and employees with Russian citizenship, hoping that this would stop further interference from Russian authorities.[31] During WWI and the Russian Civil War, the technical bureaus in Harbin and Vladivostok were run on the accounts of their directors and employees. In sum, the outbreak of WWI marked the beginning of a difficult period for Siemens in East Asia, and its technical bureaus in Vladivostok and Harbin struggled to maintain contacts and allocate resources.

Siemens in between the 'Rise and Fall of Great Powers'[32] in East Asia 1914–1923: Trust Issues, Information Procurement, and Decision-making.

Restructuring to Siemens Japan

During the First World War, the Russian government restricted and monitored communications with its German adversary. In a letter from October 1914, TB Harbin explained to the Siemens headquarters in Berlin that all postal correspondence was being monitored by Russian authorities.[33] If Russian authorities were to find a letter addressed to Berlin, or sent by Berlin, TB Harbin would risk having its properties confiscated.[34] TB Harbin therefore requested Berlin not to send

[26] Feldenkirchen, *Siemens 1918–1945*, 47–49.
[27] Ibid., 386.
[28] Harbin to Siemensstadt, October 21, 1914, SAA 68 La 498, 238–239.
[29] Ibid., 237.
[30] Ibid., 237–238.
[31] Lutz, *Siemens im Sowjetgeschäft*, 90.
[32] The wording in the title is taken from: Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York, NY: Vintage Books, 2007).
[33] Harbin to Siemensstadt, October 21, 1914, SAA 68 La 498, 238.
[34] Ibid.

correspondence to Harbin directly, but via Tianjin in China. Furthermore, letters should be 'translated into English or French, everywhere the word "Berlin" should be replaced with "London,"' and in general the correspondence should be made to look as if it had originated in London, and not Berlin.[35] In the beginning of 1915, however, communications with Siemens in Germany were terminated entirely.

When communication was reopened in February 1920, after five years without any contact, Mr. Heimann,[36] who was unknown to *Siemensstadt*, claimed to be in charge of TB Harbin. He argued that the war had prevented communication, but that the managers and employees had managed to keep the technical bureau running by relying on imported goods from particularly Japanese and American firms. TB Harbin wanted to re-establish connections with the Siemens network and operate as a branch once more. In order to do so, TB Harbin requested goods and assured *Siemensstadt* that the market was viable for Siemens since the Japanese products were of lesser quality. Furthermore, the Russians and Chinese boycotted Japanese products due to Japan's intention to expand into Siberia.[37] In a later letter, TB Harbin reminded Siemens in Berlin that the competition with the Japanese was fierce, and that it required goods in order to successfully compete against them.[38]

However, as Siemens in Berlin did not know whether the Bolsheviks exercised any control over the technical bureaus, it questioned its trustworthiness. Moreover, *Siemensstadt* also needed to form an opinion on the economic viability of doing business in the region. The Bolsheviks initially had relatively little power in the workers councils that were formed in the Russian Far East after the February Revolution of 1917.[39] Despite seizing control in several towns and cities, over the Trans-Siberian Railway, and proclaiming the entire Russian Far East under Bolshevik control, it was the Socialist Revolutionary Party, and not the Bolsheviks, who enjoyed the strongest popular support in the rural areas of the Russian Far East in 1917 and 1918.[40]

At the Second All-Russian Soviet Congress in November 1917, a decree was ratified that abolished private property and established "worker control" in the industrial sector.[41] In June 1918, Siemens's Russian division was nationalized by the Bolsheviks, which started a lengthy conflict with Siemens over its subsidiary companies in the Soviet Union.[42] Simultaneously, the brief Bolshevik rule in Vladivostok and its surroundings following the October Revolution fell as the

[35] Harbin to Siemensstadt, October 21, 1914, SAA 68 La 498, 238.
[36] The Siemens employees are only referred to as Mr. + surname in Siemens's internal correspondence.
[37] Harbin to Siemensstadt, February 10, 1920, SAA 68 La 498, 220–222.
[38] Harbin to Siemensstadt, March 23, 1920, SAA 68 La 498, 217.
[39] Geoffrey Hosking, *A History of The Soviet Union, 1917–1991* (London: Fontana Press, 1992), 46.
[40] Stephan, *Russian Far East*, 114–115, 118.
[41] Lutz, *Siemens im Sowjetgeschäft*, 93.
[42] Lutz, *Siemens im Sowjetgeschäft*, 18.

region was filled up with expeditionary forces of the various interventionists.[43] As the city of Harbin did not come under Bolshevik control, none of the two technical bureaus were immediately affected by the nationalization of the Russian Siemens division. Nevertheless, in the face of leftist rallies and still persistent Bolshevik ambitions, Siemens must have been cautious of everything that pointed toward Bolshevik involvement.[44]

A sought-after opportunity to look into the situation in Harbin and Vladivostok presented itself when Mr. Seuffert, a German army captain, offered to report to Siemens on the situation on the ground during a travel to Siberia.[45] Despite working on shipping goods to Harbin, CVU expressed in a memorandum to the board at Siemens that caution was required. CVU in Berlin also found it suspicious that TB Harbin had changed its company name from German to English. Later it was explained that this had been done to build relations with British and American suppliers. Besides Mr. Seuffert, Siemens would send its own investigator Mr. Ehrhardt in an attempt to answer the unanswered questions.[46] Until the trust issue was settled, Siemens decided to treat TB Harbin as a customer rather than fully integrate it into the Siemens structure.[47] Yet, a degree of trust was restored after Mr. Ehrhardt wrote to the CVU in October 1920 that Mr. Heimann had made a solid impression.[48] After this, Siemens could start considering more seriously the future role of TB Harbin and supplying it with the needed materials and manufactured products.

After the issue of trust came the issue of information procurement. Siemens needed to get a clear picture of how the technical bureaus in Harbin and Vladivostok actually operated within the Siemens structures, and how the conditions were on the ground in Manchuria and Southeast Russia. Until WWI, TB Harbin had nominally been part of Siemens's Russian division, but had been directly supplied and accounted for by Siemens in Berlin. TB Vladivostok, on the other hand, had been fully part of Russian *Siemens-Schuckert Werke*, headquartered in Sankt Petersburg.[49] The Russian Civil War, however, had cut TB Vladivostok off from Siemens in Sankt Petersburg and when communications were reopened, it was temporarily being directed through Siemens's overseas department in Germany.[50]

[43] Stephan, *Russian Far East*, 126, 129, 132.
[44] Ibid., 126.
[45] München to Siemensstadt, April 8, 1920, SAA 68 La 498, 216; Siemensstadt to Hamburg, April 22, 1920, SAA 68 La 498, 210–211.
[46] Aktennotiz, Siemensstadt (Central-Verwaltung Übersee), May 17, 1920, SAA 68 La 498, 195–198.
[47] Siemensstadt to Tokyo, Shanghai, September 14, 1920, SAA 68 La 498, 169.
[48] Shanghai to Siemensstadt (CVU), October 11, 1920, SAA 68 La 498, 163–164.
[49] Sankt Petersburg was renamed Petrograd after the outbreak of WWI in 1914 and then again Leningrad after Lenin's death in 1924 . For the sake of convenience, we use the name Sankt Petersburg in this paper.
[50] Abteilung Ost to Abteilung Übersee, May 8, 1920, SAA 68 La 498, 203–204.

The unsettled situation still made information gathering and well-founded decisions very difficult. CVU in Berlin sent a letter to Siemens China in May 1920, requesting information about the political ambitions of the Japanese regarding Manchuria and whether Harbin was under Bolshevik or Japanese influence.[51] CVU once again asked for advice in a memorandum from June 1920, this time sent to Siemens Tokyo, Shanghai, and Beijing. The prognosis was that Japan would create a Siberian buffer state between Soviet Russia and East Asia and bring whole Manchuria under its control.

The unpredictable geopolitical situation—especially the increased Japanese influence at the expense of Russian influence—gave rise to the question as to how Siemens should restructure its organization. Siemens welcomed the establishment of the Far Eastern Republic, which it considered a buffer state between Soviet Russia and East Asia. Yet, due to the strengthened Japanese influence in the area, it was proposed to transfer the control of the technical bureaus in Harbin and Vladivostok to Siemens Tokyo:

> Without doubt it is only a question of time before Vladivostok and the whole Primorye area lay under Japanese influence and share destiny with Korea (annexed in 1910).[52]

Siemensstadt's perception of the strengthened Japanese influence was not unfounded, as Japan increased its political power in China and the Russian Far East during WWI and the Russian Civil War. The European great powers' preoccupation with Europe during WWI opened up possibilities for Japan to expand in China. That Japan attempted to utilize these possibilities for increased influence in China became particularly evident with the Twenty-One Demands of 1915. Furthermore, Japan's measures to enforce its will on China and acquire rights in the Shantung province and Manchuria also included provoking general unrest in China and the establishment of an independence movement in Manchuria.[53]

The 1917 revolutions in Russia and the subsequent Russian Civil War made it evident to Japan that Russia would not be able to challenge its ambitions in Manchuria in the nearest future. In fact, Japan saw possibilities for territorial gain in Russia and was ready to make the Bolshevik struggle for power in the Russian Far East a long and difficult one.[54] Chances for territorial gain in the Russian Far East and fear that WWI would spread to East Asia led Japan to contribute with the largest expeditionary force in the Allied Intervention in the Russian Civil War.[55]

[51] Siemensstadt (CVU) to Shanghai, May 18, 1920, SAA 68 La 498, 190–191.
[52] Siemensstadt (CVU) to Tokyo, June 3, 1920, SAA 68 La 498, 187.
[53] Yoshihisa Tak Matsusaka, *The Making of Japanese Manchuria*, 1904–1932 (Cambridge: Harvard University Press, 2001), 197.
[54] Matsusaka, *The Making of Japanese Manchuria, 1904–1932*, 186, 229.
[55] Matsusaka, *Japanese Manchuria*, 200.

One of the engineers of Siemens Vladivostok, Mr. Milgard, had told Siemens Tokyo that the situation in Vladivostok was still very uncertain, but that it was only thanks to the Japanese occupation that the Bolsheviks were not rampaging through the streets and that peace and order were maintained.[56]

Due to their great investment in the Allied Intervention and the importance of Harbin as the main railroad junction in the region, the Japanese were not expected to leave the region anytime soon. Siemens Tokyo estimated the sum of Japan's expenses to be around 1 billion yen (about 500 million US-dollar in 1920).[57] On the one hand, Siemens appreciated that Japan temporarily functioned as a guarantee for private property and order in the face of the perceived Bolshevik threat. On the other hand, however, Japanese expansionism and changing power constellations in the region were a great challenge for Siemens's business.

Japan's strengthened economic power in China and the Russian Far East during the course of WWI and the Russian Civil War cemented the country's position as an Asian great power. In fact, its total share of inter-Asian trade rose from 23% to 30% between 1913 and 1928.[58] What makes this newly won economic dominance even more notable is that it developed at a time when several Asian countries experienced considerable economic growth. China, for example, experienced a similar upsurge despite its unstable political situation.[59] WWI had caused a withdrawal from East Asia by western governments and companies, and in their absence Japan succeeded in securing long-term rights to lease land and extraterritorial rights in China.[60] In addition, WWI sparked an increase in demand for war-related goods that gave an economic upsurge in the short run and sparked further industrialization in the long run.[61] For Siemens, this became particularly evident when Mitsubishi became its greatest local competitor.[62] But Siemens not only established the fact of increased Japanese economic and political influence in the region, it conveyed that it also had clear preferences about who controlled Manchuria:

> Unfortunately, we cannot hope that the Russian influence will be replaced by Chinese influence (because) Japan has managed to get (…) economic and possibly also political control over Northern Manchuria.[63]

[56] Tokyo to Siemensstadt, July 1, 1920, SAA 68 La 498, 178.
[57] Tokyo to Siemensstadt, July 15, 1920, SAA 68 La 498, 175.
[58] Kaoru Sugihara, "Japan as the Engine of the Asian International Economy, 1880–1936," in *The Economic Development of Modern Japan, 1865–1945.* vol. I, ed. Steven Tollidy (Cheltenham: Edward Elgar Publishing, 2001), 151.
[59] Hsü, *The Rise of Modern China*, 496.
[60] Sugihara, "Japan as the Engine," 155; Matsusaka, *Japanese Manchuria*, 197.
[61] Sugihara, "Japan as the Engine," 155.
[62] Siemensstadt (CVU) to Tokyo, June 3, 1920, SAA 68 La 498, 184.
[63] Siemensstadt (CVU) to Tokyo, June 3, 1920, SAA 68 La 498, 187. Our translation from German.

This preference for Chinese over Japanese influence was most likely due to Siemens's fear that the stronger the Japanese influence was, the more dominant Japanese companies would become. By then, TB Harbin had already reported on how demanding the increased Japanese competition was in a letter asking for new investments to successfully compete with Japanese companies.[64]

The worries expressed by Siemens were not unfounded. As WWI drew out in length, it became evident for Japan that modern wars could last significantly longer than it had hitherto believed.[65] In consequent Japanese economic planning, China, and Manchuria in particular, received a special role to reach the goal of economic self-sufficiency for the resource-poor country.[66] In the absence of a strong Russia and with Germany, France, and Britain fully preoccupied with WWI, only a hostile Chinese-American coalition could hinder Japan's imperialist plans in China. The Japanese government's solution was to attempt to make the government in Peking friendly towards and dependent on itself. Hence, Japan provided loans and aid and bought rights for exploitation of natural resources from China as an alternative to the use of military power, which would provoke the Americans.[67] For the Japanese government, only full control over important Chinese raw materials and land sufficed to secure the country in a long war. In order for true autarky to be reached, non-Japanese foreign influence in China also had to end.[68]

Restructuring to Siemens China

Whereas crucial actors in Japan aimed at autarky for their country, German business actors were convinced that the end of WWI would also imply a return to a global economic system based on free markets.[69] This belief was shaken as it became evident that the Entente Powers would introduce tariffs and other measures to limit the amount of German goods on their markets in an attempt to control the economic development and strength of Germany.[70] Despite this and the challenge from the American electrical industry, Siemens and other firms in the German electrical industry did not consider adapting to a less prominent position abroad. Siemens believed in and planned for a future as a global player even if most markets in Western Europe at the time were closed to products from Germany, making markets elsewhere—including in East Asia—all the more important.[71]

[64] Harbin to Siemensstadt, March 23, 1920, SAA 68 La 498, 217.
[65] Matsusaka, *Japanese Manchuria*, 214.
[66] Ibid., 219–220.
[67] Ibid., 206–208.
[68] Ibid., 219–220.
[69] Peter Wulf, "Die Vorstellungen der deutschen Industrie zur Neuordnung der Wirtschaft nach dem 1. Weltkrieg," in *Zeitschrift für Unternehmensgeschichte/Journal of Business History* 32, no. 1 (1987): 23.
[70] Ibid., 26; Schröter, "The German Question, the Unification of Europe, and the European Market Strategies," 382.
[71] Schröter, "The German Question, the Unification of Europe, and the European Market Strategies," 382.

After a visit to TB Harbin in October 1920, Mr. Ehrhardt proposed a new solution to the restructuring question: to re-allocate the technical bureaus in Harbin and Vladivostok to Siemens China. Ehrhardt also elaborated on the political situation in the region, providing Siemens with long desired information in order to plot its course of action. The city of Harbin, he reported, was under control of the Chinese military governor Chang Tso Ling, who ensured order in Manchuria.[72] Chang Tso Ling had tightened his grip on power in Northeastern China by 1916, but needed Japanese aid and represented an opening for the Japanese to secure their influence in Manchuria without having to turn to military force.[73] The Russian consulate in Harbin, Ehrhardt explained, had been closed down and the city was subordinated to Chinese law.[74] The Russian ruble, moreover, had collapsed and the Japanese yen was the main currency in the city, pointing to the strengthened Japanese influence in the region.[75] During the time of war, the bureaus had been forced to purchase materials from China, Japan, the United States, England, and others.[76] But the changing list of clients brought by the rapidly changing circumstances was also a potential difficulty. An important source of income for TB Harbin had come from the commission for the Chinese Eastern Railway (CER), but now a possible French takeover of the CER could exclude TB Harbin in favor of French companies.[77]

The situation in the city of Vladivostok was more critical, Ehrhardt reported. The Entente Powers had retreated, and a 'very red' government had installed itself in the city. According to him, the policies of that government severely undermined business in the region, but he hoped that an East-Siberian buffer state under a different political leadership soon would be established.[78] The East-Siberian buffer state that Ehrhardt hoped for did see the light of day, but this Far Eastern Republic was not much more than an intermediary step for the Bolsheviks to gain a lasting foothold in the region and encourage the Japanese government to pull out their troops by calming its fears of Bolshevik expansion.[79] The establishment of a buffer state worked to a certain degree, as a mixture of wishful thinking and the fact that Japan had control over parts of the Russian Far East led some in the White Movement—and also Siemens—to underestimate the Bolshevik influence on the Far Eastern Republic.[80]

Siemens decided to follow up on Ehrhardt's suggestion to investigate the possibilities of reallocating the technical bureaus in Harbin and Vladivostok to Sie-

[72] Shanghai to Siemensstadt (CVU), October 11, 1920, SAA 68 La 498, 125.
[73] Matsusaka, *Japanese Manchuria*, 228–229.
[74] Shanghai to Siemensstadt (CVU), October 11, 1920, SAA 68 La 498, 125.
[75] Ibid., 130.
[76] Ibid.
[77] Ibid., 130–131.
[78] Ibid., 131.
[79] Dunscomb, *Japan's Siberian Intervention*, 120–21; Stephan, *Russian Far East*, 141.
[80] Stephan, *Russian Far East*, 146–47.

mens China.[81] Hence, despite the strong Japanese influence in Vladivostok and Harbin, both Ehrhardt and *Siemensstadt* must have believed that at least Harbin would remain *de jure* Chinese and that Siemens's technical bureau there should be part of Siemens China. At face value, it appears harder to explain the wish to reallocate TB Vladivostok to Siemens China. Yet, we might find an indication by considering the nature of Siemens's dealings with TB Vladivostok and TB Harbin since lines of communication were reopened in 1920. The focus had been at acquiring a sufficient amount of trust and knowledge of the situation on the ground. We might term the focus on such factors a conservative entrepreneurial ideology. We have seen how there was a struggle between Russia and Japan for influence on Chinese soil, and how Manchuria received a particularly important role in this struggle. By affiliating its technical bureau in Vladivostok with Siemens China, Siemens would choose what it believed to be the least damaging solution for business opportunities in the long run. In doing so, Siemens aimed at resuming business as usual without risking disadvantages after the territorial questions had been resolved in the future. For the restructuring to happen, Siemens decided that a liquidation of both technical bureaus was required, a juridical move that would separate both bureaus from Siemens Russia and impede possible future Soviet property claims. Yet, the uncertain political situation in Vladivostok prompted Siemens to have second thoughts about reallocating TB Vladivostok to Siemens China, and the matter was put on hold again. Instead, it was decided that TB Vladivostok was to be treated as a regular customer instead of an official Siemens branch.[82]

In a lengthy memorandum to *Siemensstadt* from December 1920, Siemens China explained that it conceived an affiliation of TB Harbin with Siemens China to be the best solution for now. The majority of the personnel at TB Harbin was made up of Russians who did not want anything to do with the Soviet government and expected a non-Bolshevik government to return to Russia soon.[83] Hence, their loyalty would not be an issue. Siemens China objected, however, to the annexation of TB Vladivostok. Siemens China regarded Vladivostok to be too far away from its base of operations and its connections with the Chinese market to be insufficient. In reality, Siemens China's reason for rejecting to take on responsibility for TB Vladivostok was much likely closer to its own statement referring to messages that business was as good as dead in the region because of the difficult political situation.[84] There was some merit to this position, and also the Japanese doubted the current viability of the region.[85] TB Vladivostok, on the other hand,

[81] Shanghai to Vladivostok, October 13, 1920, SAA 68 La 498, 143–144; Shanghai to Harbin October 23, 1920, SAA 68 La 498, 140.
[82] Siemensstadt to Shanghai, November 4, 1920, SAA 68 La 498, 153.
[83] Shanghai to Siemensstadt (CVU), December 10, 1920, SAA 68 La 498, 107.
[84] Shanghai to Siemensstadt (CVU), December 10, 1920, SAA 68 La 498, 110.
[85] Dunscomb, *Japan's Siberian Intervention*, 165.

reported that it expected a rapid return of business activity to the city because it was the only harbor city in the area. In the same letter, however, it was confessed that 'no good description can be given' of the political development.[86] Siemens in Berlin recognized the dismal economic situation in the region, referring to the German trading firm Kunst & Albers for their information. That TB Vladivostok provided such rosy prognosis of business opportunities despite being unable to describe the political development was possibly an attempt to be brought back into the fold and receive needed investments and goods. Due to the strong Japanese influence in the area, Siemens China even suggested to TB Vladivostok that it should be reallocated to Siemens Japan instead.[87] Yet, Siemens China did not present this idea to Siemens in Berlin or follow it up in other ways.

An internal discussion arose after Siemens in Berlin proposed that all communication from Harbin should henceforth go through Siemens China in Shanghai instead of directly to Berlin. A logical move if TB Harbin was to be reallocated to Siemens China. Yet, as can be read in a dispatch from January 1921, Mr. Mühlhardt, who directed TB Harbin, disagreed and proposed to maintain direct contact with Berlin because this would save valuable time.[88] More interestingly, Mühlhardt also complained that the commodity prices offered by Siemens China were always "much higher" than those offered by *Siemensstadt* and that Siemens China did not reply to requests as fast as *Siemensstadt*, if at all.[89] In sum, Siemens China's indecisiveness on the restructuring issue caused increasing frustration at TB Harbin.

The uncertainty regarding the restructuring issue hampered business for TB Harbin. Due to this uncertainty, TB Harbin could not make long-term promises to its British and American business relations, which caused an impasse.[90] A week later, it seemed that Siemens China had finally made up its mind and sent a circular letter in which it explained that it intended TB Harbin to be part of Siemens China retrospectively from January and onward, but that TB Harbin would be allowed to maintain direct communications with Berlin.[91] Later in February, Siemens in Berlin followed up on TB Harbin's complaint by reminding Siemens China that it had meant "mainly financial control" over TB Harbin after the restructuring, but that Siemens China would also be allowed to interfere in other dispositions of the bureau if deemed necessary.[92] The re-structuring issue appeared to be settled, but no legal documents were signed yet, therefore nothing was set in stone. This became apparent when a constant worry resurfaced; the Bolsheviks. In February 1921, Siemens Berlin expressed its concerns that technically, the former Siemens

[86] Vladivostok to Shanghai, November 15, 1920, SAA 68 La 498, 123–124.
[87] Shanghai to Vladivostok, February 3, 1921, SAA 68 La 498, 103.
[88] Harbin to Shanghai & Siemensstadt, January 11, 1921, SAA 68 La 498, 105.
[89] Ibid.
[90] Harbin to Shanghai, January 15, 1921, SAA 68 La 498, 99–100.
[91] Rundschreiben, Shanghai, January 22, 1921, SAA 68 La 498, 97.
[92] Siemensstadt to Shanghai, February 24, 1921, SAA 68 La 498, 75–76.

Russia could still lay juridical claims to TB Harbin and Vladivostok.[93] The main issue was who the legal successor to the *Russian Siemens-Schuckert Werke* was. Siemens Berlin was not going to recognize the Bolshevik government as long as it was not forced to do so. Instead, Berlin left matters in the hands of Siemens China and stated that it would be convenient if TB Harbin was further reallocated to one of the Chinese branches that resided under Siemens China, in case the Bolsheviks laid claim to TB Harbin.[94]

Serious fear arose when Siemens China received a telegram from TB Vladivostok, which explained that a Bolshevik representative named Mr. Jost would be travelling to Harbin and possibly Vladivostok. His alleged intent was to buy electro-fabricates.[95] Siemens China sent a message to TB Harbin, with a copy to Berlin, which outlined the extent of the deals TB Harbin was allowed to make with Mr. Jost and that it would like to be informed on his position regarding the reallocation of TB Harbin to Siemens China.[96] Doing business with the Bolsheviks was fine in principal, but the possibility of a tug-of-war over ownership of TB Harbin was enough for Siemens China to back down before negotiations had even begun. Either way, this instance put the restructuring on hold once again. TB Harbin attempted to clarify the situation by explaining that Mr. Jost was in fact not a representative of the Bolshevik government at all. According to TB Harbin, the Chinese government would not recognize the Bolshevik Government as long as the Far Eastern Republic existed. Hence, there was no way the Bolshevik government would be able to claim rights of ownership of TB Harbin.[97] TB Harbin interpreted the discussion that arose as an attempt to once again delay the restructuring that had been floating in the air for about six months by then and argued that a further delay would cause damage to the Siemens brand name.[98]

As the restructuring case was still not settled in April 1921, TB Harbin presented an ultimatum. After having repeated its request for clarification 'for the tenth time,' it stated that it had to re-establish connections with American and Japanese suppliers to be able to facilitate customers.[99] Siemens in Berlin was surprised at this as it clearly thought the restructuring had already been completed. It asked for clarification for the delays and once again pressed Siemens China to fully take on responsibility for TB Harbin.[100] The attitude of TB Harbin is easy to understand, seeking stability and predictability to plan its business activities as thoroughly as possible. This wish for stability and predictability regarding its position within the Siemens network must have been especially important as the political and

[93] Siemensstadt (CVU) to Shanghai, February 4, 1921, SAA 68 La 498, 90.
[94] Ibid., 90–91.
[95] Vladivostok to Shanghai, March 5, 1921, SAA 68 La 498, 37.
[96] Shanghai to Harbin, Berlin, March 21, 1921, SAA 69 La 498, 34.
[97] Harbin to Shanghai, March 28, 1921, SAA 68 La 498, 30–31.
[98] Harbin to Shanghai, April 1921 (exact date unknown), SAA 68 La 498, 20.
[99] Harbin to Shanghai, Berlin, Tokyo, April 14, 1921, SAA 68 La 498, 28.
[100] Siemensstadt (CVU) to Shanghai, April 20, 1921, SAA 68 La 498, 25–26.

economic conditions were so unclear. The most pressing political question was who would secure the power in the city of Harbin itself and Manchuria in general in the long run.

The pressure from *Siemensstadt* to finally complete the restructuring of TB Harbin to Siemens China was probably not only due to sympathy with TB Harbin. From a business perspective, the logical choice was to allocate TB Harbin to the division with the most knowledge about China, Siemens China. Arguably, the ability to understand the situation on the ground is even more relevant under transformative circumstances like those in East Asia in the 1920s. As *Siemensstadt* had a hard time understanding and keeping up with the rapidly changing political situation in East Asia, it was all the more important to reallocate TB Harbin to Siemens China.[101]

However, Siemens China claimed that it would require technical control in addition to financial control to make business prosperous in Harbin. Siemens China hoped to have completed the re-structuration soon, "under the condition that Mr. Heimann (the director of TB Harbin) quit his stubbornness and try to fit into the organization of Siemens China."[102] Later, Siemens China wrote that the delays were Mr. Heimann's own fault, because he tried to gain too much on behalf of himself and his staff.[103] Siemens China being able to respond with such self-confidence despite clear messages from Berlin that TB Harbin should become a part of its organization suggests a large degree of autonomy in their decision-making, and that Siemens China wanted to take on responsibility for the technical bureaus in Harbin and Vladivostok only if it could do so on its own terms. This attitude is likely a relic from the First World War, when Siemens China—just like the technical bureaus in Vladivostok and Harbin—had to operate on its own and make ends meet by using foreign machines and fabricates.[104] Hence, WWI had decentralized the structure of Siemens in East Asia and especially its branches in China and Japan had managed to become successful without counseling from Berlin. When Siemens in Berlin wanted to re-exercise influence and control, it was met with some distrust, frustration, and demands on the side of Siemens China.

Siemens Japan also got into the fray when its director, Mr. Kessler, wrote to Siemens China that the delay in the restructuring issue was due the uncertain future of Siemens's Russian division. He explained that it was certain that the region east of Lake Baikal no longer acknowledged the Soviet government and was now part of the Far Eastern Republic. What is interesting with this remark is the underestimation or lack of knowledge of the Bolshevik influence in the Far Eastern Republic. For Kessler, another practical argument was that Siemens Japan or China was best suited to oversee the company's operations in East Asia. There-

[101] Siemensstadt (CVU) to Shanghai, Peking, and Tokyo, June 3, 1920, SAA 68 La 498, 187.
[102] Shanghai to Siemensstadt (CVU), April 27, 1921, SAA 68 La 498, 22–23.
[103] Shanghai to Tokyo, May 2, 1921, SAA 68 La 498, 4–6.
[104] Mutz, "Der Sohn," 12.

fore, the restructuring should be completed immediately, and Kessler wanted it to be definitive from June and onwards.[105]

Around this time, it was evident that Japan was planning to withdraw its troops from the region. Therefore, reallocating the technical bureaus in Vladivostok and Harbin to Siemens Tokyo was no longer an option. The restructuring issues were temporarily settled with a circular letter to all Siemens branches from October 1921. Siemens explained that East-Siberia and Manchuria would be covered by the technical bureaus in Harbin and Vladivostok, as had been the case up until then. All traffic designated for the region should be addressed to Shanghai, which also settled the 'lines of communication'-question.[106] Siemens was still careful, however, not to involve itself too much with the bureaus, as the Russian Civil War was still ongoing and the political conditions in the area were still uncertain.

Towards the end of 1922, it became evident that the Whites could no longer sustain their effort to fight the Bolsheviks. Hence, their last troops left Eastern Siberia at the end of October that year, around the same time as the last Japanese forces withdrew from the region.[107] On November 14th, 1922, the government of the Far Eastern Republic issued an act in which it transferred its authority to a popular assembly that again transferred its power to the Bolshevik government on that very same day.[108] Consequently, the city of Vladivostok had come under Soviet control, leaving only TB Harbin to be rebranded as part of Siemens China.

The going back-and-forth with the allocation-question was caused by Siemens's conservative entrepreneurship, according to which a strong basis of trust and information was needed to make decisions. For Siemens in East Asia, the unanswered questions were: Who would dominate Manchuria, and by whom would Russia—in particular the Russian Far East—be governed? Before those questions had been answered, Siemens in Berlin adopted a wait-and-see attitude and refrained from taking a firm stand in the allocation-question. The commitment to business in the region, however, was never called into question. By 1923, a rebranded TB Harbin residing under Siemens China was reopened, the Bolsheviks had established themselves throughout Siberia and the former Russian Far East had been turned into a Soviet Far East without Japanese presence.[109]

Simultaneously, the Treaty of Rapallo (April 1922) turned Weimar Germany and Soviet Russia into partners and Lenin's project to speed up the electrification of the country turned the Bolshevik Government and Siemens into partners. After the territorial questions had been settled and the Russian Civil War had ended, Siemens China reestablished a full-fledged branch in Harbin. This was in

[105] Tokyo to Shanghai, April 22, 1921, SAA 68 La 498, 12.
[106] Rundschreiben nr. 6, Siemensstadt (CVU), October 7, 1921, SAA 68 La 498, 3.
[107] Canfield Smith, *Vladivostok under Red and White Rule: Revolution and Counterrevolution in the Russian Far East, 1920–1922* (Seattle: University of Washington Press, 1975), 164.
[108] Smith, *Vladivostok under Red and White Rule*, 165.
[109] Nachtrag 9 zur Mitteilung nr. 115 C.T.B., Siemensstadt, October 8, 1923, 2.

accordance with the conservative entrepreneurship that Siemens pursued in East Asia. When political and economic conditions had become more predictable and enough information could be provided, well-founded decisions could be made.

Conclusion

The radio silence and uncertainty that followed World War I and the Russian Civil War had profound consequences for Siemens's business in Vladivostok and Harbin and East Asia in general. With its conservative entrepreneurial ideology as a basis, Siemens was dependent on trust and well-founded information to make decisions. The fundament for such thought-through decisions was shattered when Siemens's fine-meshed network of branches, divisions, and the corporate headquarter was thrown into disorder and the internal lines of communication were impeded following the outbreak of World War I in 1914. Siemens's first step after its network was reconnected around 1920 was to restore a level of trust in its own bureaus in Vladivostok and Harbin, as trust was crucial to secure the credibility of information and decide on the extent to which very limited monetary resources should be allocated to these technical bureaus. Although a steadily growing basis of trust was laid, the unsettled situation in Manchuria and the Russian Far East in this period as well as different experiences during the time of radio silence hindered the Siemens-network from running smoothly until regional power relations had been reconfigured and territorial questions settled. As long as the local and regional situation remained unclarified and unpredictable, tactical and strategic decisions were hardly possible to make and the self-interests of divisions and branches were allowed to temporarily paralyze decision-making. For Siemens, however, being precautious and conservative was more important than making fast decisions.

The temporarily reduced trade relations could give the impression that deglobalization in fact occurred. Yet, such a conclusion is premature because a definition of globalization must include not only trade numbers, but also the level of commitment to global networks in which organizations, institutions, and people interact. Although the level of trust within the Siemens network decreased and fresh investments were put on hold and replaced by a wait-and-see attitude and precaution during the period of crisis, Siemens's long-term commitment to business in the region did not decrease. The regional divisions, the coordinating apparatus in Germany, and regional branches operated as usual and Siemens actively tried to gather information in order to understand the new geopolitical situation in the area. Siemens's internal correspondence suggests that the difficult period for the company in East Asia was characterized by analysis of and adjustments to the decreased Russian and increased Japanese influence. Much of the correspondence between Siemens's branches in East Asia and Germany dealt with how to handle

the increased competition from Japanese companies. Siemens, both in East Asia and in Germany, conveyed that it was always a question of how—and not if—this strengthened position of Japanese companies in the region should be accommodated.

The persisting commitment to business in the region was all the more important as Siemens had ambitions of becoming an important world player again whilst at the same time suffering from restricted access to many of its most important markets in the West in the aftermath of World War I. As the commitment to human and material capital and business in general was still in place, business activities could be normalized as soon as trustworthy partners and a safer and more predictable business environment was again in place. Preparing itself for a free world market to reappear under more stable political conditions and at the same time striving to regain its position as a world player in such a free market, this was not a period of deglobalization for Siemens in East Asia.