1 The General Situation of Industrialised Cities and Regions in Latvia

1.1 Historical Development

Although the earliest industrial ventures in Latvia appeared in the Duchy of Courland in the sixteenth century, major industrial development really began in the nineteenth century, when Latvia was a province of the Russian Empire. The location of industries was dictated by the large domestic market of Russia; Latvia was in a favourable position regarding transportation and geography. When Russia increased the volume of exported goods passing through Riga, Liepaja, Ventspils (see map) and other port cities, industrial sectors were also stimulated. Another factor driving Latvia’s economy was the construction of railroad lines from the 1870s. The country became an important centre for the production of machinery, rubber, chemicals, textiles and wood. Companies specialised in mechanical engineering were also prominent, manufacturing ships, railcars, motors, steam engines, boilers, and various kinds of machine tools. In the early twentieth century the main industries in Latvia were metallurgy, machine building, the production of electrical equipment, the chemicals industry, the textile industry and the wood-processing industry. A relatively small number of large companies (about 30 % of enterprises), often employing more than 100 people, provided work for 80 % of the country’s industrial employees, representing approximately 79 % of industrial output. Almost three-quarters of industrial companies were located in Riga, with about 12 % in Liepaja (Aizsilnieks 1968). Before World War I Riga was a leading industrial centre in the Russian Empire, alongside St. Petersburg, Moscow, and Warsaw. The industry concentrated in Riga produced approximately two-thirds of Latvia’s industrial output (Jankevics et al. 1975).