

Financial Policy in the Turkestan ASSR and its Essence in the Early Years of Soviet Government

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Annotation: This article reveals the political and economic crisis of the first years of Soviet government in the Turkestan Republic, the state budget, financial policy, the state of money circulation, government measures to prevent the depreciation of money and their results based on initial sources.

Keywords: Financial policy, Economic crisis, national currency, foreign currencies, Turkestan, Soviet Russia, budget, economic councils, nationalization, crisis, money issue, currency devaluation.

In the first years of Soviet power in Turkestan, political crises completely undermined the economic sphere and caused a crisis of financial policy. The fact, that Russia became an active participant in the First World War, the coming to government of the state of a new political system, as a result of which a civil war broke out, a serious economic crisis arose throughout the country. Taking into consideration, that the difficult situation, an attempt was also made to seize banks in Turkestan. With the coming to government of the new political system, there was a need for monetary reform. Each country will have its own specific factors and reasons for monetary reform.

Firstly, caused by the economic crisis, the failure of the financial monetary system, the inability to trust the national currency, the usage of foreign currencies in combination with certain public money, etc.; secondly, there are political reasons, such as the coming of a state with a new political system to the government. Monetary reform requires specific political and economic conditions, the existence of a financial and banking system.

For the first time, the idea of monetary reform in the Soviet state was expressed at the first congress of Russian financiers in May 1918.

However, due to the outbreak of the civil war in Russia, the monetary reform did not take place. The Soviet state, instead of the “kerenka” banknotes issued by the provisional government of Tsar Nicholay, issued new Soviet banknotes. Although it was not possible to completely replace them due to the war, Soviet money, “sovznaks” along with “kerenki”, were used equally throughout the country. The first Soviet paper money was issued in March of the same year in accordance with the decree of the RSFSR of February 4, 1919, they amounted to 1, 2 and 3 rubles.

They received the name “sovznaki”, that is, the Soviet monetary unit. In sovznaks, a sword, a hammer and sunlight are given as a background. On December 15 of this year, coins were issued in money denominations of 30 and 60 rubles¹. However, the population, in some regions, having low estimated the value of "sovznaks" in comparison with old money, did not want to trade with them². Even workers and employees demanded that their wages be issued in the old monetary unit. Since Turkestan was one of the territories of the Soviet Russian state, Soviet money was also distributed throughout the country. The process of establishing Soviet power in Turkestan required large

¹ Щелоков А.А. Монеты СССР, М.: Финансы и статистика, 1989, С.10.

² ЎзР МДА, 37-фонд, 1-рўйхат, 233-йиғма жилд, 55-56 варақ.

financial resources. For example, in the first three months of 1918, it was planned to spend 64 million rubles from the budget of Turkestan for these purposes. In general, 1085 million rubles have been spent from the budget this year³.

The following funds were collected in the hands of the Government of the Turkestan Autonomous Republic: this is 8,716,262 rubles withdrawn from the former state bank and private banks, 11.789.788 rubles of available cash allocated to the Soviet People 's Committee, It was planned to spend 1,452,346 rubles at the disposal of the Turkestan region, 1,900,000 rubles at the disposal of the People's University, 2,500,000 rubles at the branches of state banks, 7,000,000 rubles at the cash desks of the State Farm, 10,000,000 rubles in food departments, 2,000,000 rubles taken from Bukhara for a contribution or 45,538,496 rubles⁴.

In 1918, according to the information of the People's Financial Commissariat of Turkestan, 21,338,621 rubles were received in various spheres, which averaged 1,778,218 rubles per month⁵.

The Government of the Autonomous Republic of Turkestan has tried to increase funds in exchange for the nationalization of private property.

For this purpose, the Council of People's Commissars of Turkestan published a number of decrees and resolutions on the nationalization of industrial enterprises and railways. On February 25, 1918, the industrial and commercial partnership "Vladimir Alekseev", on February 26 of the same year, the tsar's lands in Murgob, on March 18, the enterprises of the oil and coal industry, on March 31, all printing and lithographs of the region, on March 31, the Ferghana Railway of the Turkestan territory were transferred to the state⁶. In the first half of 1918, cotton and creameries, cotton mills, printing workshops, railways, banks, mines were nationalized, in total more than 330 industrial enterprises.⁷

During the nationalization of various enterprises and organizations, in turn, their funds became the property of the state. Along with industrial enterprises and cotton stocks, private banks were transferred to the state, and their funds were transferred to the People's Bank of the Republic of Turkestan, established by the decree of the Turkestan ASSR of May 8, 1918. These processes were accompanied by serious resistance. Although an employee of the Tashkent branch of the State Bank under the Finance Committee was granted huge rights, they could not carry out large-scale activities due to a financial deficit.⁸ At the disposal of the department was only 20 thousand rubles, which was not enough to meet large needs.⁹ In 1918, on January 30, the Tashkent branch of the State Bank sent a telegram to Petrograd asking for permission to issue money.¹⁰ As a result of the turbulent political situation, the economic crisis, the reduction of production, the reduction of tax revenues and sources, the money turnover has failed.

In order to resolve the tense situation in the financial sphere, the Soviet government moved to forcibly withdraw money from private banks. For example, it was confiscated 8.222.223 rubles from the Kokand Bank, the Russian-Asian Bank - 97.156 Russian rubles, the Siberian Bank - 26.994 rubles, the Russian Foreign Trade Bank - 20.096 rubles, the Kokand Treasury - 52.046 rubles, the Central Asian Commercial and Industrial Company - 29,000 rubles.¹¹

³ Народное хозяйство Туркестана за 1919 год. №21, стр.1-2.

⁴ Наша газета 27-28 января, 1918 г., № 85 и 86.

⁵ Народное хозяйство Туркестана за 1919 год. №21, стр.1-2.

⁶ Победа Великой Октябрьской социалистической революции в Туркистане // Сборник документов. Тошкент, Уз Гиз, 1947, 169-185 бетлар.

⁷ ЎзР МДА, 17-фонд, 1-руйхат, 375-йиғма жилд, 33-варак.

⁸ ЎзР МДА, 17-фонд, 1-руйхат, 22-йиғма жилд, 6- варак.

⁹ Наша газета 18 января, 1918 г., № 14.

¹⁰ ЎзР МДА, 25-фонд, 1-руйхат, 20-йиғма жилд, 187- варак.

¹¹ Ўша жойда.

The heads of the Kokand State Bank seriously resisted this process and sent a letter of protest to Petrograd. Their actions were regarded as opposition to the Soviet government. The deviation of the tax system also had a strong impact on the strengthening of the financial deficit. In the province, the tax arrears of private owners amounted to a very large amount. For example, Potelyakhov's firm in Kokand owed a million rubles in taxes.¹²

To get out of the situation, the Soviet government switched to compulsory debt collection from private property owners. because the center did not provide any financial assistance to the country at all. It wasn't even possible. In the instructions sent from the center, it was said about the forced withdrawal of funds from the rich people as much as possible.¹³

If 632.0 million rubles were received from the center to the banks of Turkestan in 1917, 320 million rubles for 1918, 100 million rubles in January-March 1919, then not a ruble was allocated from April to September.¹⁴

The government of Turkestan was forced to issue a monetary issue due to the difficult political situation, the decline in economic life, the outflow of the monetary system, the termination of sending money from the center.

Sovznaks and turkbons were used simultaneously in the markets of Turkestan. The circulation of money "sovznak" of Soviet Russia for 1918 was legalized in Turkestan by the order of the Central Executive Committee of Turkestan dated November 17, 1919.¹⁵

There were two state bodies for the distribution of funds in the Republic - the financial commissariat and the financial and budgetary commission. Therefore, in order to systematize the activities of the industry, on April 7, 1919, an interdepartmental council was established under the Financial Commissariat by the decree of the Supreme Council of the Turkestan Republic, which was instructed to allocate funds based on the needs of various commissariats.¹⁶ The Interdepartmental Council, having studied applications for funds from various enterprises and organizations, allocated money to the most needy organizations. An important place in increasing the amount of money coming into the state treasury is occupied by savings banks. In October 1919, at the first regional congress of the Sovnarkhoz, it was noted that the savings banks could not raise the necessary funds. In total, 22 million rubles were collected in the savings banks of the republic during this period. At this meeting, the activities of the People's Bank of Turkestan were also assessed unsatisfactorily and in October 1919 the bank's debt amounted to 4,232,383,594 rubles.¹⁷

As in other territories of the Soviet state, the budget deficit has increased in Turkestan. So, in 1919, budget expenditures amounted to 10,875 million rubles, and income amounted to 192 million rubles. So, the budget deficit amounted to 10683 million rubles. Budget revenues in 1920 amounted to 891 million rubles, expenses 91.842054 million rubles. The budget deficit amounted to 91841163 million rubles. The government tried to cover significant funds by additional development of paper money. Based on the conditions, funds were allocated for expenses that were considered the most necessary. For example, in 1919, the financial needs of the People's commissariats in various spheres of the Turkestan Republic were met by only 60 percent. In particular, the order of the People's Commissariat of Labor is 59320000 million rubles, 39.000000 rubles have actually been allocated. The situation was especially difficult in the commissariats for land affairs and public education. For example, if this year the Commissariat of Public Education

¹² ЎзР МДА, 25-фонд, 1-рўйхат, 20-йиғма жилд, 23-25-варақ.

¹³ ЎзР МДА, 25-фонд, 1-рўйхат, 20-йиғма жилд, 208- варақ.

¹⁴ Наше денежное обращение. (Сборник материалов по истории денежного обращения в 1914-1925 гг) Москва, Финиздат, 1926, стр 210-213.

¹⁵ ЎзР МДА, 37-фонд, 1-рўйхат, 158-йиғма жилд, 8- варақ.

¹⁶ ЎзР МДА, 37-фонд, 1-рўйхат, 31-йиғма жилд, 15- варақ.

¹⁷ Народное хозяйство Туркестана за 1919 год. №23, стр,11-12.

ordered 199.000000 rubles, then they actually allocated only 50.000000 rubles and satisfied the demand for 36%¹⁸. However, the growth of the budget of the Republic of Turkestan was several times higher than in the Russian Federation. For example, the budget of the Russian Federation has increased 285 times compared to the peace period, and the budget of the Autonomous Republic of Turkestan has increased 4,000 times¹⁹.

In general, in Russia in 1914-1920, money in circulation increased from 1.630 million rubles to 120,000 million rubles, the amount of money increased by about 70 times. In Turkestan, money in circulation in 1918-1920 increased from 360 million rubles to 6.439 million rubles. Thus, the increase in the production of money naturally led to the devaluation of money in circulation and a radical disruption of economic life. Thus, it is natural that the increase in the production of money led to the depreciation of money in circulation and disruption of economic life.

The Commissar of Finance of the republic Sergey Izmailov even acknowledged these disturbances taking place in the economic life of Turkestan in his speeches: “The financial and economic sphere of the Turkestan Autonomous Republic is in a deplorable state ... Our financial science has not seen such a financial system”²⁰.

No matter how much Soviet money was produced, its value was estimated extremely low. In Russia, including in Turkestan, representatives of the independence movement, as well as anti-Soviet forces seriously hindered the circulation of Soviet money. Nature (trade turnover) was the leader in trade. Salaries were also paid in kind, and workers and employees were practically not paid wages.

Many social problems included in the state plan of the Republic of Turkestan have not found their solution due to lack of funds²¹.

In 1920-1921, the Soviet government signed a number of decrees on the provision of free meals to workers and employees, cashless implementation of mutual treatment of enterprises, payment of wages in kind²². In turn, these measures contributed to the weakening of monetary circulation.

Well, since the Turkestan Republic was the main constituent part of the Russian state, Soviet money was also widely used in the country. This description of members of the public artistic circle, preserved in the archives, compared to members of the local art club. is said. One of the aspects that determine the participation of local people in cultural and educational institutions in the 20-30s of the 20th century is the involvement of the local population in the circles organized here²³. Due to the ongoing civil war in the country, the import of money from the center to this territory slowed down, and then stopped altogether. The heads of the Government of the Republic of Turkestan tried to nationalize (transfer to the disposal of the state) private enterprises, railways and banks in order to find as much money as possible for public spending. If there are weak authorities in any state, then in that region the tendencies towards disintegration, anarchy, the desire for political independence are increasing and the tendency to put their own money into circulation as its symbol is increasing. In particular, the inexperience of the Soviet government in Turkestan, the weakness of state bodies, the increasing devaluation of money, the growing requirement for money led to the introduction of various currencies, opened a wide path to a disorderly financial and monetary system.

¹⁸ Народное хозяйство Туркестана за 1919 год. №36, стр.10-11.

¹⁹ Финансовая реформа в Туркестане. (Тезисы ЦК. КП б. Г.). 1921. стр 2-3.

²⁰ ЎзР МДА, 37-фонд, 1-рўйхат, 175-йигма жилд, 1-4 варақлар.

²¹ Андреевич П. Финансы Туркестана. // Народное хозяйство Туркестана. 1920, 1 август, с 23.

²² Кўрсатилган асар, 35 бет.

²³ Narmanov F.A. Activities of circuits in cultural and educational institutions in the 20-30-30 of XX century //ACADEMICIA: An International Multidisciplinary Research Journal. – 2019. – Т. 9. – №. 7. – С. 89-93.

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