

Financial Policy in Bukhara and Khorezm Republics and its Consequences

Tukhtaeva R.

PhD., KarSU

ABSTRACT

This article summarizes information about the financial policy and its consequences in the Bukhara and Khorezm People's Republics, in particular about tax revenues, money circulation. The article also reveals the impact of fiscal policy on socio-economic life in the BNSR (National soviet republic of Bukhara) and the KhNSR (National Soviet republic of Khorezm).

KEYWORDS *Bukhara, Khorezm, financial policy, economy, budget, cost, money, coins, silver coins, turbans, kerenke, nikolai, chervonets, fulus.*

The Republics of Bukhara and Khorezm, which lived in 1920-1924, have a special place in the history of Uzbekistan. In 1920, in Bukhara and Khorezm, the power of the Amir and Akhan was overthrown and the Soviet power was established. The military coups in Bukhara and Khiva were carried out in the Center and in Tashkent on the basis of a prearranged plan, using artificial force against the existing regime.

Although 14 types of currency were used in Bukhara before the establishment of Soviet rule, two types of coins were mainly used in circulation¹. The first was a high-probability "gold" and the second was a silver "coin." "Coins" were especially popular among the masses². 1 coin was equal to 15 kopecks. In November 1918, the head of the Bukhara branch of the State Bank of Turkestan sent a notice to the Turkestan HKS stating that the Bukhara government had banned the use of Turkestan bonds in the markets, and that the Bukhara bank had issued a bond approved by its partner.

There were seven branches of the State Bank of Turkestan in the Bukhara region, which controlled all trade and industrial production in the emirate. These units were able to organize the free movement of Turkbans in the markets of Bukhara. But the bank branches did not want to submit to the State Bank and tried to issue their own bonds. These attempts took place not only in Bukhara and Charjou, but also in city bank branches such as Termez and Kerki.

In the markets of Bukhara, turkbons were ten times cheaper than kerenke and nikolai coins. 100 rubles kerenka was equal to 1200 rubles turkbons. In the 1920s, the exchange rate of the Turkbons rose to 1,000 rubles and the kerenks to 7,300 rubles.

In the territory of the Emirate of Bukhara, the Turkbans were not valued enough. This is because the sovznaks and Turkbons were not officially allowed to trade freely in the markets of the Bukhara emirate. The Emir of Bukhara even issued a decree banning the use of temporary credit tickets in the markets of Turkestan region. Turkestan was interested in establishing economic ties with Bukhara at a time when the Autonomous Republic was losing all ties with the center.

After the overthrow of the Emirate of Bukhara and the formation of the Bukhara People's Soviet Republic, the Central Revolutionary Committee (CRC) of the USSR adopted a number of laws

¹ Ўз МА, 37-фонд, 1-рўйхат, 233-йиғма жилд, 1-7 варақлар.

² Ўз МА, 9-фонд, 1-рўйхат, 3219-йиғма жилд, 10- варақ.

related to paper money and their application in the territory of the republic³.

These laws stipulate that paper money minted by the Emir of Bukhara in 1918, paper money called "coins", Turkestan paper money and Soviet money minted in 1919 were in circulation in the territory of the Republic of Bukhara. In Bukhara, money circulation was controlled by financial departments. The Financial Control Department has issued a special order on paper money, stating that unsealed banknotes from the Bukhara Emirate will be brought to financial control as soon as possible, and anyone who uses these counterfeit banknotes for trade will be punished. The reason for such a measure was the inability of the new government of the Republic of Bukhara to establish a mint and mint money. Therefore, the seal of the Emir of Bukhara on paper money was removed and the seal of the new government was printed.

On January 1, 1922, the government of the Republic of Bukhara issued paper money in the form of printing, which was also called "tange". Although their price was set at 270,000 chervonets, the coin exchange rate rose to 500,000 chervonets in April and 850,000 chervonets in November due to the intensification of the devaluation process. From December 1922 in Bukhara 1000, 2500, 5000 soums banknotes were issued and they were called "soums"⁴.

On April 27-30, 1920, at the I All-Khorezm Congress of People's Deputies in Khiva, the Khorezm Khanate was proclaimed and the Khorezm People's Republic was established⁵. On October 6, 1920, at the I All-Bukhara Congress, the Bukhara People's Soviet Republic was proclaimed. Also, on September 13, 1920, the Republic of Khorezm and on March 4, 1921, the Republic of Bukhara signed the Treaty of Alliance and the Economic Agreement with the RSFSR⁶.

In order to establish the economic sphere in the Republics of Bukhara and Khorezm, first of all, the government had to develop such issues as finance and the state budget. However, during this period, the financial life of these young republics was completely disrupted, and no accurate calculations of government revenues and expenditures were made. This hindered the development of the state budget. Therefore, the focus was on the development and implementation of legislation on the tax system, which was initially the main source of government revenue. The young people of Bukhara tried to create a new society in Bukhara, in which they sought to reorganize the work of the financial and tax system, to bring it into line with the interests of the state and the people. However, in the USSR and the USSR, tax policy was carried out not on the basis of the Jadid program, but on the basis of the requirements of the Soviet government. On November 26, 1921, the Presidium of the All-Bukhara MIC passed the law on state taxes. The old type of tax was abolished, and from January 1, 1922, 1/10 tithe, zakat on livestock every 40 heads, handicrafts on 1/40 of the capital, water on every tanap of irrigated land, 1/40 of property shared utility taxes were introduced⁷. In the USSR, tax collection was approached very strictly. The government tried to cover the expenses of the state apparatus, schools, hospitals and other institutions mainly from the tithes and zakat taxes. The Bukhara Economic Council has issued strict instructions on tax collection. It called for the timely collection of tithes and zakat taxes by local authorities, the prompt elimination of any objections, and the cruel punishment of taxpayers for bribery⁸. As a result of the measures taken, there has been a revival in tax policy. For example, in 1921, 1843336 pounds of products (wheat, raisins, cotton, mosh, etc.) were collected from the food tax in the amount of 1450626 gold coins from the food tax,

³ Бухоро ахбори, 1920, 21 ноябрь. №8.

⁴ Ўша жойда.

⁵ Ўзбекистоннинг янги тарихи. Иккинчи китоб. Ўзбекистон совет мустамлакачилиги даврида. Т.: Шарқ. 2000. 121-бет.

⁶ Образование СССР. // Сб. док. (1917-1924 г.г.) М-Л. 1949. С.251-255.

⁷ Ўз МА, 48-фонд, 1-рўйхат, 165-иш, 5-15-варақлар.

⁸ Ўз МА, 49-фонд, 1-рўйхат, 1-иш, 11-варақ.

of which 12430 head of cattle worth 153478 gold coins were collected from the population as taxes. The following year, the amount of these taxes increased, and in 1922, 1855,048 pounds of products worth 1,490,338 soums were collected as taxes in the USSR⁹.

In the republics of Bukhara and Khorezm, as in the Republic of Turkestan, food distribution was introduced, and the products of farmers were ruthlessly confiscated. For example, in 1921, more than 1.5 million pounds of grain were confiscated from East Bukhara under the pretext of food distribution.

The stability and economic development of the political life of all states in history have been closely linked to its fiscal policy and money circulation. Each country has a specific fiscal policy. In particular, the republics of Bukhara and Khorezm have a unique history of financial policy and money circulation.

Russia, as in Turkestan, interfered in the internal affairs of the republics of Bukhara and Khorezm and tried to take control of its economic sphere, in particular, its markets. For example, the RSFSR tried to constantly interfere in the trade relations of the Republic of Bukhara with Afghanistan. Representative of Russia on Foreign Trade I. Lavrov said at the first conference of the Central Asian republics on economic issues: "The interests of the RSFSR on the Bukhara-Afghan border outweigh the interests of the USSR. The share of the USSR in the 9,940,000 gold ruble trade on the Bukhara-Afghan border is less than 1 million. I. Lavrov teaches the need to establish a department on the Bukhara-Afghan border with the participation of a representative of the People's Commissariat for Foreign Trade of the RSFSR for the export and import of goods in Central Asia¹⁰. Russia's intervention in the economic life of the Republic of Bukhara had a significant impact on the activities of the financial sector. In particular, the foreign trade turnover of Bukhara decreased. For example, in 1914, Bukhara exported 900,000 pieces of black leather, in 1919, 30,000 pieces, and in 1920, 50,000 pieces of black leather. Fifty percent of the exported black lake skins were sent to Afghanistan and Iran. This is also the case when analyzing the amount of raw cotton exported over the years¹¹. For example, Bukhara exported 2 million pounds of cotton in 1914, 200,000 pounds in 1918, and 800,000 pounds in 1922.

The Central Asian republics, especially Bukhara and Khorezm, could not remain silent on the outflow of gold coins to Afghanistan and Iran. This issue was openly announced at the first conference of the Central Asian republics, and it was stressed that the transition to a single monetary system should be speeded up, and that mainly Soviet paper money should be used in circulation¹².

During the first years of Soviet rule in Khorezm, copper coins called "gold", "fine gold", silver coins, "money", "fulus" and Russian credit tickets and silver were minted in the Khiva khan's mint. Russia's interim government's "kerenki" money has also become widespread. Since 1919, new copper coins, silk and paper coins were issued in Khiva, and the value of silk coins was issued this year at 250 rubles, in 1920 at 1,000 rubles, and in 1921 at 2,000 rubles¹³.

In 1920, Bukhara coins, Turkestan bonds and Soviet sovznaks entered Khorezm. From 1922, only paper money was issued in Khiva. However, the Khorezm money issue was mainly to cover public

⁹ Сабиров Х.Р. Государственный бюджеты Туркестанской АССР. (1918-1924). Т., Изд-во Министерства просвещения, 1949. 113-бет.

¹⁰ Бюллетень. Первой экономической конференции Средне-Азиатских Республик. (Туркестанской, Бухарской и Хоразмской). Т., 7 март, 1923, № 3-4, с.20.

¹¹ Бюллетень. Первой экономической конференции Средне-Азиатских Республик. (Туркестанской, Бухарской и Хоразмской). Т., 6 март, 1923, №2, с.2-3.

¹² Бюллетень. Первой экономической конференции Средне-Азиатских Республик. (Туркестанской, Бухарской и Хоразмской). Т., 1923, №5, с. 15.

¹³ Ўз МА, 9-фонд, 1-рўйхат, 3219-йиғма жилд, 11- варақ.

expenditures. Ninety-five percent of the money spent was spent on government spending, government revenue was only 5 percent, and government spending was mainly spent on the maintenance of the Soviet apparatus. During this period, about 100,000 farms in Khorezm needed loans, but the credit system was not developed. The tax system was generally out of whack, with falling taxes largely at the expense of farmers¹⁴.

In a given country, the state budget plays an important role in setting up monetary policy. In particular, the budget fund of the Republic of Bukhara was accumulated in 1921 and began to be formed mainly at the expense of the Emir's treasury and private property owners¹⁵. However, in Bukhara and Khiva during this period, economic life has deteriorated sharply, and there has been a decline in various areas of production. For example, in 1921, cotton production in Bukhara was only 5% compared to 1914, black lake - 11.7%, wool - 18%. The situation was similar in Turkestan. During these years, livestock production in Turkestan decreased by 40%, cotton from 218,000 desiatins to 75,000 desiatins, wool production by 4 times, silk production by 6 times¹⁶.

Thus, the analysis shows that due to the aggravation of financial problems in Khorezm among the Central Asian republics, the current state budget, the economic crisis, the money supply was completely disrupted, and no money was spent on the establishment of industries. The money was spent mainly for the needs of the Soviet apparatus and did not take into account the interests of the people. On the contrary, economic stability in the economic life of the Republic of Bukhara had a positive impact on the strengthening of money supply. Bukhara's silver and gold coins were highly valued not only in the markets of the Central Asian republics, but also in the markets of neighboring countries such as Iran and Afghanistan.

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¹⁴ Бюллетень. Первой экономической конференции Средне-Азиатских Республик. (Туркестанской, Бухарской и Хоразмской). Т., 6 март, 1923, №2, с. 5-6.

¹⁵ Ўша жойда.

¹⁶ Бюллетень. Первой экономической конференции Средне-Азиатских Республик. (Туркестанской, Бухарской и Хоразмской). Т., 7 март, 1923, №3-4, с. 19.