

**APPLICATION OF FINANCIAL POLICY IN THE TURKESTAN ASSR IN THE EARLY YEARS OF SOVIET POWER**

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**Abstract**

In this article, the application of the financial and monetary policy implemented in the early years of the Soviet state in the Turkestan ASSR is analyzed based on historical literature. The article also describes Turkban coins issued in Turkestan and their distribution.

**Keywords:** Soviet government, finance, money, economy, Turkban, banking, income, expenditure, tax, reserve.

**Introduction**

In the history of Uzbekistan, the Soviet period is distinguished by its richness and complexity. In particular, after the political power of the Soviet government was established in the country in October 1917, it started trying to establish its own procedures in all areas. The activities of all spheres were mobilized to protect the interests of the Bolshevik Party, and the ideas of the Bolshevik spirit were relied upon in establishing and forming the political, economic, social and cultural life.

In the first years of the Soviet power, the political situation caused a financial and money circulation crisis, completely derailing the economic sphere. The fact that Russia became an active participant in the First World War, the coming to power of a state with a new political system, and as a result of the civil war, caused a serious economic crisis in the whole country.

After the October coup, the Soviet authorities first tried to seize the banks. At the end of December 1917, commercial banks were transferred to the state and it was declared that banking is a state monopoly. Banks transferred to the state were merged into the state bank and transformed into the People's Bank of the RSFSR. In the early years of Soviet power, there were those who demanded to completely abandon money based on the ideas of the regime.

Since Turkestan was one of the territories of the Soviet Russia, Soviet money was also distributed to the country. The process of establishing Soviet power in Turkestan required a lot of financial resources. For example, in the first three months of 1918, 64 million were allocated from the Turkestan budget for these purposes. It is planned to spend rubles<sup>1</sup>. A large part of the budget was used for this purpose. But the intended result was not achieved.

According to the information of the People's Commissariat of Finance of Turkestan, in 1918, 21,338,621 rubles of income was received in various areas of the economy. But these figures were given in name only, and the disorder in the system was extremely strong. The government of the Autonomous Republic of Turkestan tried to increase the financial resources as much as possible and took the way of increasing the funds in exchange for the nationalization of the property of private individuals. For this

<sup>1</sup> Народное хозяйство Туркестана за 1919 год. –№21.– С.1-2.

purpose, a number of decrees and decisions of the Council of People's Commissars of Turkestan on the nationalization of industrial enterprises and railways were announced. On February 25, 1918, "Vladimir Alekseyev" industrial and trading company, royal lands in Murgob, oil and coal industry enterprises on March 18, all typography and lithography in the country, and Fergana railway were transferred to the state by the Turkestan SSC on February 25, 1918.

Of course, this process caused strong opposition and discontent from different social classes. The government considered the best way to transfer private property to the state. With the nationalization of private enterprises and organizations, their funds also became state property. Private banks along with industrial enterprises and cotton reserves were transferred to the state, and their funds were transferred to the People's Bank of Turkestan, which was established in accordance with the decree of the Turkestan Autonomous Republic on May 8, 1918.

The Soviet state did not take any practical measures to improve money circulation. However, due to the unstable political situation and economic crisis in the country, the reduction of production, reduction of tax revenues and resources have disrupted money circulation. In order to eliminate the precarious situation in the financial sector, the Soviet government resorted to forced withdrawal of money from private banks.

The Soviet state fully demonstrated its predatory nature with such actions. In this way, the state could not solve its financial problems. Moreover, banks strongly opposed it. For example, the heads of the Kokan State Bank seriously opposed this process and sent a letter of protest to Petrograd. But their protest was also left unanswered, and this action was evaluated as an action against the Soviet authorities.

After the end of the old financial apparatus, it became necessary to create a new one. But the formation of a new system of administrative structures was accompanied by objective difficulties. The Soviet government considered banking and treasury institutions as remnants of the old government. The work of the employees who served in them was also viewed with disdain. Most of the new employees of the Soviet financial departments did not have the skills to control the implementation of instructions, regulations, decrees on cash, accounting and tax matters, and to prepare reports of income and expenditure documents. Moreover, in 1922, there was not a single person belonging to the local nationality among the tax officials of the Republic of Turkestan.

This year, a course for training tax officials was opened in Tashkent, and personnel who completed the training courses of the Moscow People's Commissariat of Finance were also hired. As a result of the measures taken, there was a slight revival in the field, in 1923, 6% of the employees of the tax apparatus, and in 1924, 11.6% were representatives of the local nationality<sup>3</sup>.

From April 1923, the tax apparatus of the Turkestan ASSR was transferred from the commissariat of food to the commissariat of finance. Special commissions were established in the provinces to carry out this task. However, various problematic situations were encountered during the transfer of the inventory and personnel of the tax apparatus from the food commissariat to the finance commissariat. The Finance Commissariat was given mostly inexperienced, young specialists of tax offices, and experienced employees who perfectly mastered tax work, deeply understood the activities of peasant

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<sup>2</sup> Победа Великой Октябрьской социалистической революции в Туркистане // Сборник документов. Тошкент.: Уз Гиз, 1947. – С.169-185.

<sup>3</sup> Туркестанская правда, 1924, 5 май.

farms, and were well aware of tax collection methods were not transferred to the Finance Commissariat<sup>4</sup>.

202 employees of the tax department of the food commissariat were sent to the financial commissariat. During this period, 1 auditor-instructor worked in the tax service of each region, 17 employees in the finance department of Syrdarya and Samarkand regions, and 16 employees in Fergana region. As it is clear from the analysis, the distribution of personnel by regions was not approached in the same way. On February 19, 1918, at a meeting of the Council of People's Commissars of Turkestan, it was decided to issue banknotes of 1, 3, 5, 10, 25 and 50 rubles<sup>5</sup>.

The government of the Autonomous Republic of Turkestan sent information to Petrograd about the difficult situation in the country's money market, and it was reported in the document that there was a severe shortage of money due to non-payment of taxes to banks and the inability to send cotton products, which are the main income of the country, to other regions due to the war. Therefore, the country's administration seriously asks Russia to issue local currency notes and send money from the state bank. The request of the government of the Republic of Turkestan was met and permission was given for the release of the Turkbans<sup>6</sup>.

Turkbans were issued from April 1918, and the legal basis of the new money was strengthened by the decree of the RSFSR Central Committee of September 3, 1918. Turkbans were put into circulation on April 6, 1918 by the decision of the Turkestan State Bank, and the document stated: "Temporary banknotes with a value of 50, 25, 10, 5, 3, 1 rubles issued by the Tashkent branch of the State Bank have free circulation in the territory of five provinces of Turkestan, along with state credit tickets, they are accepted by state and community institutions, as well as private firms and individuals. payment is mandatory"<sup>7</sup>.

In order to end the material difficulties of the Republic of Turkestan as much as possible, efforts were made to force the release of more Turkbans. This had a serious impact on the quality of issued money. Turkbans were made from zarchuba paint used in "pilaf" food on tea papers and paints used to paint the roofs of the house. Because the money was made of poor quality paper and paint, it quickly failed. For example, in 1919, in Turkestan, when "sovznak" money was exchanged for Turkbans, 13.5% of them were completely unusable. No matter how hard the government of the Republic of Turkestan tried, it was not able to end the money shortage in the country. Of course, worthless money indicated that a certain country was economically unstable.

But the issue of money in Turkestan was only in the hands of the Soviet authorities. Since 1918, the Turkestan branch of the People's Bank has been the main center of money issuance in the country. The released money was distributed not only to Turkestan, but also to the regions of Kaspiyorti, Samarkand, Yettisuv, as well as Bukhara and Khiva<sup>8</sup>.

In this way, the Soviet state tried to expand the scope of its power. On May 13, 1918, a financial and budget commission was established under the Executive Committee of the Republic of Turkestan by the decision of the Turkestan Central Committee<sup>9</sup>.

<sup>4</sup> Ўз МА, Р-17-фонд, 1-рўйхат, 1017-иш, 58-59-варақлар.

<sup>5</sup> Ўз МА, Р-25-фонд, 1-рўйхат, 2-иш, 35-варақ.

<sup>6</sup> Ўз МА, Р-25-фонд, 1-рўйхат, 20-иш, 210-варақ.

<sup>7</sup> Ўз МА, Р-25-фонд, 1-рўйхат, 20-иш, 507-варақ.

<sup>8</sup> Ўз МА, Р-9-фонд, 1-рўйхат, 3219-иш, 10-варақ.

<sup>9</sup> Ўз МА, Р-37-фонд, 1-рўйхат, 145-иш, 8-варақ.

This commission was entrusted with tasks such as reviewing the budgets and allocation of funds of various enterprises and organizations. However, in the republic, two state bodies for the distribution of funds, i.e. the Finance Commissioner and the Finance-Budget Commission, operated. Therefore, in order to systematize the activities of the sector, on April 7, 1919, by the decision of the Republic of Turkestan State Committee for Finance, an inter-enterprise council was established under the Finance Commissariat, and this organization was assigned the task of allocating funds to different commissariats based on their needs. The inter-enterprise council has studied the requests for funds from various enterprises and organizations and allocated money to the most needy organizations. But such measures did not improve the situation.

Along with other regions of the Soviet state, the budget deficit was increasing in Turkestan. For example, in 1919, the budget deficit was 10,683 million. amounted to rubles. In 1920, budget revenues were far behind expenditures. The government tried to compensate for the shortfall by issuing additional paper money.

In Turkestan, an attempt was made to meet state expenses by increasing money emission. 1400 million by March 1, 1919. 7 billion rubles were issued in the first half of this year, 96 billion by the end of 1920. "Turkbons" were released. But although the release of the Turkbans partially alleviated the situation, it was not a reliable and clear solution to the problems. It was not possible to end the economic crisis by issuing money. But some people considered Turkestan bonds as the main source of state income. For example, M. Markovich writes in his article "Nashe Turkestanskiye bone" ("Our Turkestan bond"): "It was necessary to "feed" Turkestan, and it supported itself by issuing bonds at the expense of the state treasury"<sup>10</sup>. But the situation was complicated by the lack of goods in the market despite the fact that money was worthless.

In order to prevent the diversity of money, the Turkestan government issued an order on April 2, 1919 in Tashkent that all people coming from abroad must exchange their money for Turkbans at the People's Bank<sup>11</sup>.

In the provinces of Turkestan, the local authorities also tried to use the political turmoil to issue their own currency in order to get out of the economic crisis. For example, in April 1919, Andijan took a similar action and issued its own currency. Also, the executive committee of Fergana region asked the Turkestan SSC for permission to issue money<sup>12</sup>.

The desire of each region to issue money showed the division of power. One of the most serious problems in the stabilization of the financial sector in Turkestan was the issue of personnel. In the republic's financial institutions, mostly people with no experience worked. In general, about 200 specialists were required to improve the field work during this period. In addition, "Turkbons" were printed on low-quality paper. The appeal of the Republic of Turkestan to the Russian government asking them to send 12,000 pounds of high-quality paper and a money-making machine for the production of 1920 money was left unanswered. The Russian government was not able to solve the financial problems in Turkestan.

A special commission on the currency system was established under the Turkestan Economic Council. This commission proposed to come to an agreement with the representatives of the former bourgeoisie and to allow them to freely buy and store gold in order to create a solid currency policy, to get out of

<sup>10</sup> Народное хозяйство Туркестана за 1919 год. – №32. – С.1-2.

<sup>11</sup> Наша газета, 4 апреля, 1919 г.

<sup>12</sup> Народное хозяйство Туркестана за 1919 год. – №36.

the precarious situation. This commission even suggested introducing the currencies of neighboring Afghanistan and Iran into the internal market of Turkestan. But the government of Turkestan rejects these proposals. Because if the currencies of Afghanistan and Iran are introduced into Turkestan, the possibility of British expansion also entering the country has increased.

Thus, in the early years of the Soviet rule, the economic crisis was caused by the collapse of the economic sphere. Due to the civil war in Russia, the cessation of sending money from the center forced the government of Turkestan to increase the emission of money. The weakness of the Soviet power led to an increase in the tendency of dependent countries to strive for political independence and issue their own money as a symbol of it. In addition, the increase in currency devaluation and the increase in the need for money opened the way for the circulation of various currency units and an irregular financial and monetary system. The Republic of Turkestan also put into circulation its own currency, i.e. "turkbons". The quality of "Turkbons" is very low, and ordinary paper and paints were used in their preparation.