Implementation of the Monetary Policy of the Soviet Government in the Economic Life of TASSR (1917-1924)

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Abstract
This article is based on the fact that the impact of the financial and monetary policy of the Soviet government in 1917-1924 on the economic sphere led to a crisis in the circulation of money. In the early years of Soviet power, the factors that led to the growing tendency of the dependent countries to pursue political independence and to issue their own money as a symbol of its economic independence due to the instability of political power.

Key-words: Russia, Turkestan, Soviet, Constitution, Finance, Money, Tax, Nationalization, Bank, Money, Ruble, Cost, Income, Economy, Crisis.

1. Introduction

When the Soviet government came to power in the fall of 1917, it began to try to establish its own order in all spheres. The activities of all spheres were directed to the protection of the interests of the Bolshevik Party, relying on “socialist” ideas in the organization and composition of political, economic, social and cultural life.

On November 1, 1917, Soviet power was established in Turkestan, and on November 15-21 of this year, at the III Congress of Turkestan Soviets, the Council of People's Commissars of the region was formed. The Autonomous Republic of Turkestan was established at the V Provincial Congress of Soviets on May 1, 1918, and in October 1918 the new government proclaimed its Constitution [1. 1-5]. The Constitution enshrined the right of the Republic of Turkestan to pursue an independent financial policy and set taxes [1. 6]. In fact, in Turkestan, the RSFSR continued the work of the
Russian Empire in all spheres, trying to keep the country in its hands as much as possible and not to allow it to act independently.

The political crises of the early years of Soviet rule led to a complete breakdown of the economic sphere and a decline in fiscal policy. 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, led to a civil war, which resulted in a serious economic crisis throughout the country.

The government of the Autonomous Republic of Turkestan sought to strengthen its financial position through the nationalization of private property. To this end, a number of decrees and resolutions of the Council of People’s Commissars of Turkestan on the confiscation of cotton reserves, the nationalization of industrial enterprises and railways were issued. On February 26, 1918, the decree of the Council of People’s Commissars of the Republic of Turkestan “On the confiscation of cotton in the country” was issued.

2. The Main Findings and Results

The process of establishing Soviet power in Turkestan required large financial resources. For example, in the first three months of 1918 it was planned to spend 64 million rubles from the Turkestan budget for these purposes. In general, 1085 million rubles were spent from the budget this year [2. 1-2].

The following funds were collected by the Government of the Autonomous Republic of Turkestan: 8,716,262 rubles from state banks and private banks, 11,789,788 rubles from free cash allocated to Sovnarkom, 1,452,346 rubles planned to be spent at the disposal of Turkestan region, 1,900,000 rubles at the disposal of the People’s University, 2,500,000 rubles at the branches of state banks, Sovnarkhoz 7,000,000 rubles in cash desks, 10,000,000 rubles in food departments, 2,000,000 rubles received in contribution from Bukhara, or a total of 45,538,496 rubles [3. 85-86].

On February 25, 1918, Turkestan Alekseev transferred to the state industrial and commercial company “Vladimir Alekseev”, on February 26 this year the royal lands in Murgab, on March 18 the enterprises of oil and coal industry, on March 31 all printing houses and lithographs in the country, on March 31 Fergana railway [4. 169-185]. In the first half of 1918, ginneries, oil mills, cotton stocks, printing houses, railways, banks, mines were nationalized and more than 330 industrial enterprises were nationalized [5].

The precarious political situation in the country, the economic crisis has led to a reduction in production, a reduction in tax revenues and sources. In order to overcome the precarious financial
situation, the Soviet government resorted to forcible withdrawal of money from private banks. For example, 8,222,223 rubles were withdrawn from the Kokand Bank, 97,156 rubles from the Russian-Asian Bank, 26,994 rubles from the Siberian Bank, 20,096 rubles from the Russian Foreign Trade Bank, 52,046 rubles from the Kokand Treasury, and 29,000 rubles from the Central Asian Trade and Industry Company [5].

The deterioration of the financial system was also strongly influenced by the deterioration of the tax system. The tax debt of private property owners in the country amounted to a very large amount. For example, the Potelyakhova firm in Kokand had a tax debt of one million rubles. To solve this problem, the Soviet government resorted to forcible collection of debts from private property owners. Because the Center was not able to provide any financial assistance to the country, Instructions from the center called for the forcible withdrawal of available funds from the wealthy, if possible [6].

The government of the Republic of Turkestan tried to cover a certain part of public expenditures through taxes. The tax legislation of the Republic of Turkestan was based on the principles of the tax system of the RSFSR. The taxation process was unplanned and unsatisfactory. Fixed taxes were often collected late, not on time. The amount of taxes collected was often uncertain and no firm documentation was kept. The amount of taxes and fees reported in the reports of tax officials did not correspond to the real situation. There was a lack of interaction and communication between the provincial and county finance departments [7].

On June 11, 1918, the Turkestan military-industrial complex adopted the “Regulations on the Food Administration”. According to the charter, the landowners pledged to allocate 4 pounds of grain from 1-4 tenths of arable land and 10 pounds of grain from 6 tenths of land at exact prices in favor of the state. Thus, 3430196 pounds of grain were produced in the Republic of Turkestan [8].

In March 1921, the X Congress of the RCP (b) set out a new economic policy path, and the Soviet government adopted a new approach to building its own society. In accordance with this policy, food distribution was replaced by a food tax, for some time private entrepreneurship in industry and trade, handicrafts were allowed, and restrictions on hired labor were abolished. But these measures contradicted the original ideological ideas of the Communist Party.

The new economic policy in Turkestan was established in August 1921 in accordance with the decision of the VI Congress of the Communist Party of Turkestan. Based on the new economic policy, for the economic development of the national economy, first of all, the restoration of irrigated lands, development of cotton, repair of existing irrigation networks, restoration of silkworm breeding
and animal husbandry, support of small handicraft workshops, launching and equipping large industrial enterprises. Measures had to be taken.

During the new economic policy, all tax legislation of the RSFSR was applied in the territory of Turkestan. However, due to the geographical location of the country and other factors, new types of taxes were introduced in Turkestan, unlike in the RSFSR. For example, in 1923, the tax on irrigation systems was introduced in the Republic of Turkestan [9].

The Decree of the Central Committee of the Turkestan Soviets of June 1, 1923 “On the General Agricultural Tax” [10] was published, according to which all types of taxes were merged, part of which was allowed to be paid in cash and instructions on the transition to a single tax system were developed. The instruction was published in 11,000 copies, including 3,500 in Russian, 3,175 in Kyrgyz, 3,900 in Uzbek and 620 in Turkmen, and distributed to all regions and districts. Also, on May 21, 1923, the People’s Commissariat of Finance, chaired by Goldberg, held a regional meeting on the subject, at which the reports of Goldberg, Zaslavsky, Goldstein were heard [11].

Advocacy for the transition to a single tax system for agriculture has intensified in the Turkestan press. Leaflets on the single tax system were also distributed among farmers. At the expense of the Turkestan Commissariat of Finance, 10,000 leaflets were printed, including 4,000 in Uzbek, 2,000 in Russian, 3,000 in Kyrgyz, and 1,000 in Turkmen. In addition, in order to raise awareness of the single tax system in agriculture, rallies were held in the villages and a tax information bureau was established. The processes were covered in the village posters [12].

The food tax, as a tax in kind, became the main source of government revenue. On August 3, 1923, at a meeting of the Turkestan People’s Commissariat of Food, the following tasks were announced as “combat” tasks: first, to explain to the population the importance of the nature tax; secondly, the involvement of local party and Soviet organizations in this issue; third, the armament of the food authorities, the involvement of the police and some military units to strengthen the executive apparatus in this area; and fourth, improving the conditions of food reception points.

According to the Turkestan IFC decree, farmers were required to pay 56 percent of their dried fruit to the state as taxes. 1 pound of raisins equated to 3 pounds of apricots. Because the juice of raisins was several times higher than that of apricots, Resolution No. 130 of the Turkestan IFC sets the yield of one tenth of the land in the districts of Fergana region as follows:

- In Margilan district, 50 pounds of grain.
- In Andijon district 55 pounds of grain.
- In Kokand district 45 pounds of grain.
- In Namangan district 50 pounds of grain.
In Osh district 35 pounds of grain

It is also planned to harvest up to 300 pounds of dried fruit from 1 tenth of the land in these districts. Farmers of Fergana region will transfer 50% of grain, 15% of groats 65% of apricots and raisins 100% of meat to the state [13]. The measures taken have paid off, and Turkestan’s budget has been formed mainly at the expense of the food tax. For example, in the 1922-1923 economic year, 8,500,000 pounds of grain were collected as a tax, which accounted for 85% of the state budget [14].

The Turkestan government has also focused on reviving the collection of other taxes and levies, along with agricultural taxes. From October 1 to November 1, 1922 in Turkestan were collected 8376782 rubles from patent fees, 40231426 rubles from national tax, 265223 rubles from office fees, 3537496 rubles from stamp duty or state duty, 9855 rubles from customs duties, total 53252755 rubles. Also, 28515255 rubles were collected from indirect taxes, 37332898 rubles from local taxes and levies. From October 1 to November 1, 1922, Turkestan received 119,100,908 rubles in taxes and fees [15].

State budget revenues were increased due to exports. In the first half of 1922, exports amounted to 10 million rubles, while in the same quarter of 1923 it amounted to 34 million rubles [16]. In the budget year 1923-1924, the Republic of Turkestan exported goods worth 34 million rubles and bought goods worth 39 million rubles from abroad [17].

The Ministry of Finance of the Republic of Turkestan purchased gold and other precious stones, gold and silver coins from the free market for a total of 36 billion 500 million (paper) rubles in 11 months of 1922. 35860 Khiva silver coins, 175 Persian cranies, 425 old Khiva gold coins, 16 gold watches, 9 diamond eye rings, 15 gold medals, 22 different women's jewelry, 3 silver medals, etc. [18].

3. Conclusion

Thus, the financial and monetary policy of the Soviet government in 1917-1924 led to the derailment of the economic sector and the crisis of money circulation. The lack of money from the Center due to the civil war in the country forced the Turkestan government to issue money.

In the early years of Soviet rule, the instability of political power led to a growing tendency of the dependent countries to pursue political independence and to circulate their own money as a symbol of its economic independence.
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