



## **FISCAL POLICY IN THE KHOREZM REPUBLIC AND ITS IMPACT ON SOCIO-ECONOMIC LIFE**

***Tukhtaeva R. N.***

*PhD, KarSU*

**Summary:** *This article, through scientific sources and historical literature, highlights the financial policy of the Khorezm People's Republic, in particular tax revenues, money circulation and its impact on the socio-economic life of the population.*

**Key words:** *finance, money, economy, taxes, expenses, income, public life, peasants, Central Asia, Khorezm.*

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

Russia, as in Turkestan, interfered in the internal affairs of the Khorezm Republic and tried to take control of its economic sphere, in particular its markets.

At the I All-Khorezm Congress of People's Deputies held in Khiva on April 27-30, 1920, the Khorezm Khanate was proclaimed and the Khorezm People's Republic was established<sup>1</sup>. Also, on September 13, 1920, the Khorezm Republic signed an Union Treaty and an economic agreement with the RSFSR<sup>2</sup>.

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 proclaimed at the first conference of the Central Asian republics, and it was stressed that the rapid transition to a single monetary system and the use of mainly Soviet paper money in circulation<sup>3</sup>.

During the first years of Soviet rule in Khorezm, copper coins called "gold", "fine gold", silver coins, "money", "fulus" and Russian credit cards 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 rubles<sup>4</sup>.

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 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

<sup>1</sup> Ўзбекистоннинг янги тарихи. Иккинчи китоб. Ўзбекистон совет мустамлакачилиги даврида. Т.: Шарк. 2000. 121-бет.

<sup>2</sup> Образование СССР. // Сб. док. (1917-1924 г.г.) М-Л. 1949. С.251-255.

<sup>3</sup> Бюллетень. Первой экономической конференции Средне-Азиатских Республик. (Туркестанской, Бухарской и Хоразмской). Т., 1923, №5, с. 15.

<sup>4</sup> ЎЗМА, 9-фонд, 1-рўйхат, 3219-йиғма жилд, 11- варақ.



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 farmers<sup>5</sup>.

The Republic of Khorezm also faced a number of difficulties due to the lack of experience in tax matters under the new system, as well as various other factors. In the Republic of Khorezm, the food tax was introduced by the decree of the Khorezm MIC of June 21, 1921. Red Army servicemen who owned up to 1.5 acres of land were exempted from the tax. Farmers with 20 tanob husbands had to pay tax at the rate of 3 pounds of produce for each tanob. Farmers with 5 tanob husbands pay up to 10 rubles in taxes depending on productivity, but homeless farmers received 85,000 pounds of produce instead of the planned 500,000 pounds due to irregularities in tax collection<sup>6</sup>. In general, a farmer pays 9-10 percent of his income in taxes<sup>7</sup>.

Farms have played an important role in government revenue, but production has finally declined due to political tensions and the economic crisis. For example, in Khorezm and Bukhara, before the war, the average income per hectare was up to 600 rubles, but in 1923-1924 it fell to 200 rubles<sup>8</sup>.

The state budget plays an important role in setting the policy of the financial system in a particular country. 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 owners<sup>9</sup>. 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 times<sup>10</sup>. By December 1921, 250,000 pounds of corn, 250,000 pounds of wheat, and 3 million bushels of alfalfa were to be collected as food tax, and in practice 65,000 pounds of corn, 20,000 pounds of wheat, and 2 million bushels of alfalfa were to be collected. A representative of the Soviet government and village elders were responsible for tax collection. In general, in the Khorezm Republic, by December 1921, a food tax of 552,000 rubles was to be collected. In practice, it was 146,000 rubles<sup>11</sup>.

Until May 25, 1923, 125,000 pounds of grain, 125,000 pounds of oats, and 3,000,000 garden clovers were collected from private landowners in the Khorezm Republic as a tax<sup>12</sup>. The price of 1 pound of grain was 50 kopecks, 1 pound of oats was 30 kopecks, 1 bale of clover was 5 kopecks, and the total amount was 250 gold rubles. 20 bales (pounds) of grain, 20 bales of oats, and 20 bales of clover were collected from one hectare of land as a tax. However, the government of the Khorezm Republic collected 2 pounds and 30 packs of wheat as a tax from a single hectare of wheat field<sup>13</sup>.

Thus, the Ministry of Land Affairs of the Republic carried out its activities without any regulations, calculations, plans.

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

<sup>6</sup> ЎзМА, 71-фонд, 1-рўйхат, 45-иш, 85-100-варақлар.

<sup>7</sup> Петлин В. Налоги в Хорезме при хане и теперь. // Народное Хозяйство Средней Азии. 1924, август. №1. С.21-23.

<sup>8</sup> Туркестанская правда. 1924, 4 май. №97.

<sup>9</sup> Ўша жойда.

<sup>10</sup> Бюллетень. Первой экономической конференции Средне-Азиатских Республик. (Туркестанской, Бухарской и Хоразмской). Т., 7 март, 1923, №3-4, с. 19.

<sup>11</sup> ЎзМА, 20-фонд, 1-рўйхат, 564-иш, 31-33-варақлар.

<sup>12</sup> Хоразм вилояти Давлат архиви, 590-фонд, 1-рўйхат, 1-иш, 153-159-варақлар.

<sup>13</sup> Хоразм вилояти Давлат архиви, 590-фонд, 1-рўйхат, 1-иш, 153-159-варақлар.



On June 10, 1924, the Khorezm Republic by the decision of the Council of Ministers of the USSR introduced a single "salgut" tax in agriculture. The tax was to be paid from October 1 to December 1 of the year. A tax of 2 rubles 50 kopecks was collected from 1 ton of arable land, 2 rubles from average arable land and 1 ruble 50 kopecks from low-yielding land. More than 10 local farms were taxed at 3 rubles per hectare<sup>14</sup>.

The Khorezm Republic also had tax-exempt lands, which was similar to the rules in the Bukhara Republic. In 1924, private lands in the Khorezm Republic amounted to 114,489 tanobs<sup>15</sup>.

In the Khorezm and Bukhara republics, in addition to the agricultural tax, attempts were made to cover public expenditures through other taxes and fees.

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.

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<sup>14</sup> ЎзМА, 93-фонд, 1-рўйхат, 329-иш, 61-65-варақлар.

<sup>15</sup> ЎзМА, 93-фонд, 1-рўйхат, 329-иш, 61-65-варақлар.