

Evolution of The Monetary Policy in The Khiva Khanate (Mid-19th Century to Early 20th Century as An Example)

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Received: 28 February 2025; **Accepted:** 29 March 2025; **Published:** 30 April 2025

Abstract: This article explores the consequences of the Russian empire's economic colonial policies in the Khiva khanate during the second half of the 19th century and the early 20th century, focusing on the participation of financial institutions in monetary relations, changes in the monetary system, and the reforms carried out by the local government. The analysis is based on national sources and documents from the National Archive of Uzbekistan.

Keywords: Economy, colonialism, coin, ruble, kerinka, sovznak, Turkbon, penzenka.

Introduction: The economy is considered one of the key components of both state and societal life, and the study of its issues holds significant importance. Specifically, conducting a comprehensive scientific analysis of the economic history of the late 19th and early 20th centuries is one of the pressing tasks. This article provides a thorough examination of the financial policies implemented in the Turkestan region during the Russian empire's colonial period, including the Turkestan general governorship (prior to the establishment of the Turkestan ASSR on April 30, 1918), the Emirate of Bukhara, and the Khiva khanate (until 1920). It highlights the effects, results, and consequences of these policies on the region's economy, based on both Russian and local sources.

During the period of the Russian empire's colonial rule, numerous sources shed light on the financial system of the Turkestan region and its condition. However, the majority of the opinions and considerations put forth in historical (A. Gurtovenko, 1955), economic (A. Aminov, 1959), and legal studies (T. Krasilnikova, 2001), which have introduced these sources into academic discourse, interpret the economic life and changes in the financial and banking system in ways that suggest these developments served as a driving force for the region's growth. They also argue that new forms of trade relations were established, creating

conveniences for the population and, consequently, fostering the emergence of traders and industrialists. It is difficult to fully agree with many of these viewpoints. For example, Russian researcher R. Yu. Pochekaev, in his studies analyzing the legal aspects of relations between the Russian empire and Central Asian states from the early 18th century to 1917, concludes the following regarding the financial measures and monetary relations employed by the imperial government in the emirate of Bukhara and the Khiva khanate: "The conquest of the financially powerful Khanates of Bukhara and Khiva in Central Asia and the strengthening of control through the customs system is a historical result. However, these two states had to completely abandon their own national coins, with the ruble becoming the main currency in circulation. The reason why these reforms were not fully implemented by 1917 is not due to the imperial government's failure to consider the national and regional characteristics of these territories. Rather, as emphasized by R. Yu. Pochekaev (2020), it was because the imperial government was reluctant to take more active steps in reforming monetary relations, taking into account the stance of the authorities in Bukhara and Khiva on this issue".

METHODS

This article analyzes the emergence of commercial

issues from the perspective of modernist thought at the close of the 19th century and the dawn of the 20th century, employing a comparative historical approach.

The economic issues of the period under investigation, along with the deficiencies encountered in various spheres of social and cultural life, were critically examined in national press publications. These discussions addressed matters related to economic and social development. In particular, the newspapers of the progressive intellectuals of Turkestan, including *Uluğ Turkiston*, *Sadoyi Turkiston*, *Sadoyi Fergana*, *Tarjimon*, and *Kengash*, as well as the journal *Oyina*, alongside official Russian publications such as *Turkestarskie Vedomosti*, *Turkiston Viloyati Gazeti*, and *Tujjor*, highlighted the factors contributing to the financial ruin of the population. These sources also delved into issues such as economic illiteracy, banking practices, the pawnshop system, and the consequences of small-scale credit offered by Russian commercial societies.

In the works of Soviet-era scholars such as N. Paskutsky, L. Yurovsky, M. Tursunov, A. Melnikov, V. Vekselman, M. Vyatkin, Z. Hakimov, and B. Iskandarov, the monetary policies implemented by the Soviet government in the Turkestan region, as well as the analysis of monetary relations in the Bukhara and Khiva khanates over the years, are systematically examined. These studies address the impact of the Russian ruble on both coinage and paper currency. However, these research efforts often present a one-dimensional perspective, suggesting that the influx of foreign capital into the region accelerated economic development, led to the formation of new entrepreneurs influenced by the practices of Russian merchants and firms, and facilitated the establishment of factories and banks, thereby fostering the expansion of economic activities.

RESULTS AND DISCUSSION

The national monetary system in Turkestan existed from ancient times until the first quarter of the 20th century, specifically in the Turkestan general governorship until 1890, and in the tmirate of Bukhara and the Khiva khanate until 1920. Over the course of many centuries, the development of commodity-money relations in these regions led to the emergence of a complex form of trimetalism.

The history of the monetary system in the Turkestan region during the period of Russian imperial colonial rule can be studied in three phases. The first phase lasted from the beginning of the Russian invasion until the 1890s, covering the period when the monetary systems of three independent states existed and adapted to the new political reality. This period is characterized by the competition between the coins of

Kokand, Bukhara, and Khiva and the Russian ruble. In Bukhara and Khiva, the monetary system was officially based on gold, silver, and copper coins, while in the Kokand Khanate, silver and copper coins were predominantly in circulation for daily use (such as for trade and various collections). In major commercial transactions, such as land sales and large-scale commodity exchanges, silver and gold coins were used. With the dissolution of the Kokand khanate, the Russian ruble began to dominate in the Fergana valley.

The second phase of the monetary system's development in Turkestan was marked by Russia's policy of consolidating control through the unification of the monetary system. This period represents a crucial stage in the history of the interactions between the monetary systems of Bukhara, Khorezm, and Russia. From the early 1890s until 1917, the Russian imperial government pursued a policy aimed at abolishing the local currencies of Bukhara and Khiva, while introducing Russian currency, including credit notes, into circulation (N. Paskutsky, pp. 87-107).

The third phase, spanning from 1917 to 1922, was marked by the introduction of various monetary systems, beginning with the circulation of independent paper currency (1917-1920). In the early years of Soviet rule, which was forcibly established by the Bolsheviks, there was no unified monetary system between Russia's central regions and the Turkestan region until 1920. During this period, a variety of currencies were in circulation across the country. Simultaneously, Russian monetary units such as the Nikolay, Kerensky, Sovznak, Turkestan ruble, and Turkbon, Penzonka were also circulating (M. Tursunov, p. 104). Despite the introduction of the first paper money issued by the Amir's government into Bukhara's monetary circulation in 1918, both local coins and Russian banknotes from the imperial era, including the Nikolay and Kerensky notes, continued to be used in the market.

It is appropriate to examine the monetary relations in Turkestan separately, starting from the second half of the 19th century. The monetary reform in the region was carried out in different stages across various territories. In the markets of the khanates, gold (*tilla*), silver (*tanga*), and copper (*pul*) coins were predominantly in circulation. One of the difficulties in Turkestan's foreign trade was the need to conduct transactions with neighboring states using their respective currencies. Specifically, it is noted that trade with Iran was conducted using *krans*, with the Bukhara and Khiva khanates using their coins, and with Afghanistan, trade was carried out using Iranian, Afghan, and Bukhara currencies, while trade with Kashgar was conducted using Chinese copper coins (F.

Amonova, p. 1051).

During this period, the exchange rates were as follows: the Kokand tilla was valued at 18 tangas, the Bukhara tilla at 24-28 tangas, the small Khiva tilla at 8 tangas, and the large Khiva tilla at 18 tangas (Yuzhin Skayler, p. 156).

In 1917, state credit notes of Kerensky, with denominations of 250 and 1,000 rubles, were introduced into circulation (A. Melnikova, p. 6). In 1919, an effort was made to unify the currencies of the RSFSR and Turkestan. In this process, 10 rubles of Turkestan were equated to 1 ruble of the RSFSR. However, this unification process did not occur in Bukhara and Khiva (MA, p. 10).

During this period, the value of the Khiva silver coin was higher than the Russian ruble, amounting to 17.28 kopecks. The silver content of the Khiva coin was 993 parts per thousand. The purity of Bukhara silver coins was 959.5 parts per thousand (R. Pochekaev, p. 198).

In 1895, the Samarkand branch of the State Bank, along with its branches and cash offices in the Bukhara Emirate and the Amu Darya region, set a fixed exchange rate for Khiva silver coins, accepting one Bukhara or Khiva coin at a rate of 12 kopecks. This policy resulted in the devaluation of currency in Bukhara and Khiva, causing a sharp decline in the economy. As a consequence, the living standards of the population significantly worsened (F. Amonova, p. 11).

In the Khiva Khanate, as in the Bukhara Emirate, gold, silver, and copper coins were in circulation. The gold coins were of two types: the "small tilla" (equivalent to 1 ruble and 80 kopecks) and the "large tilla" (equivalent to 3 rubles and 60 kopecks). The silver coin was known as the white tanga (valued at 20 kopecks), while the copper coin was referred to as the "black tanga" (which had a value of one-sixth of the "white tanga"). In addition, the Khanate used smaller units of currency, such as the "shoyi", "abbas shoyi" and "half shoyi" with values ranging from 10 to 40 kopecks (M. Matkarimov, S. Matkarimova, U. Bekmuhammad, p. 50).

In the Khiva khanate, local craftsmen minted silver coins worth one million soms each year until the end of the 19th century. Silver "tanga" coins were commonly used in circulation throughout the Khanate. The use of silver coins was more practical than gold or copper coins, which contributed to their widespread adoption.

Following the conquest of the Khiva khanate by the Russian empire, reforms were introduced to the currency system. A system was established through sarrofs to exchange gold, silver, and copper coins for Russian paper currency, and vice versa. Beginning in 1880, Russian gold, silver, and copper coins began to

circulate in the markets of Khiva.

At the request of Russian merchants, the Russian Ministry of Finance issued an order in 1893, stipulating that the minting of coins in Khiva could only be carried out with the approval of the imperial government ("Tarjimon" newspaper, 1893).

In 1897, Colonel A.S. Galkin, head of the Amu Darya military administration, recommended setting the value of the Khiva silver tanga between 14.3 and 14.8 kopecks. To facilitate this, it was planned to establish new branches of the state bank in Chimboy and Khiva. However, as there were no state bank branches in the Khanate, it was proposed that the Amu Darya branch provide the necessary quantity of Russian silver coins for exchange (R. Pochekaev, p. 203). Starting in april 1898, the bank branches began accepting the Khiva silver tanga at a rate of 14 kopecks per coin. By 1900, the minting of coins within the Khanate was entirely prohibited (Uzbekistan National Archives, pp. 24-25).

In July 1908, the Khan of khiva submitted a petition to the Governor-general of Turkestan, requesting permission to mint coins. The local population of Khiva faced difficulties in conducting trade with Russian coins, as prices were high and the value of the silver tanga was low. This situation resulted in significant economic losses for merchants, artisans, and peasants. However, the imperial government did not grant the Khan's request. As a result, the Khan began secretly minting silver coins. The Amu Darya branch of the State Bank also encountered challenges in regulating currency circulation (R. Pochekaev, pp. 207-208). Even Russian merchants resorted to conducting trade with peasants and artisans using the locally minted coins. By 1914, Russian currency became the exclusive medium of exchange in both domestic and foreign trade (F. Amonova, p. 151).

In the period from 1918 to 1920, due to the political situation in the Khiva Khanate, the official exchange rate for bonds and notes from 1918 set the value of 1 Khiva tanga at 14 rubles, while the unofficial exchange rate placed the value of 1 Khiva tanga at 25 rubles (M. Tursunov, p. 95). During this time of political instability and economic crisis, certain individuals in the Khiva Khanate also minted their own coins.

During the period of resistance against the Soviet regime in Turkestan, local leaders (qorboshi) pursued an independent monetary policy. According to the historian K. Razhabov, insurgents printed paper money using special presses and circulated it (K. Razhabov, pp. 304-305). For instance, Musa Turkistaniy, a direct witness to the events, later described how Parpi qorboshi issued coins in his own name in early 1919 in Kokand. To do this, he used a Soviet coin-printing press

that had been brought to the Fergana Valley by K. Osipov, the former military commissar of the Turkestan Republic (Muhammad Musa Turkistaniy, p. 160).

Between 1918 and 1920, during the reign of Junayd Khan, coins in five denominations - 1, 2.5, 5, and 15 tanga (made of copper) and silver khon-som - were issued in Badirkent. The coins were inscribed with the year of minting according to the Hijri calendar, along with the word Khorezm, and featured Junayd Khan's emblem, which included a crescent moon surrounded by sun rays (2001, pp. 76-79).

These copper and silver coins became the main medium of exchange in the Khiva Khanate and continued to circulate in the Khorezm region during the early Soviet period in 1920 and later. The local population referred to these coins as "Junayd Khan" coins.

CONCLUSION

In conclusion, the severe currency shortage that emerged in mid-1918 was caused by several key factors. First, the industrial enterprises in the Turkestan region, which were mainly focused on raw material processing, were nationalized by the Bolsheviks under the guise of nationalization. As a result, these industries were unable to meet the increasing material needs of the Turkestan ASSR. Second, the formation of red Army fronts in Orenburg, Turkestan, Transcaspian, and Semirechye disrupted economic ties between the region and the central parts of the RSFSR. This led to a sharp decline in cotton exports from Turkestan and resulted in significant stockpiles of unsold cotton, especially in cotton-cleaning factories. At the same time, the supply of grain (primarily wheat) and industrial goods from the central RSFSR to Turkestan virtually stopped, causing a dramatic rise in prices.

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