

Beginning in November 1917, the State Bank of Russia entirely halted its issue of banknotes in the Central Caucasus. In order to overcome the shortage of cash, the government of the Central Caucasus decided to put temporary banknotes—bonds—into circulation.

Transcaucasian Commissariat Bonds (1918–1919)

On 29 January, 1918, the Provisional Government of the Central Caucasian countries—the Transcaucasian Commissariat—made a decision to issue its own banknotes. Banknotes worth 1, 3, 5, 10, 50, 100, and 250 rubles were put into circulation. The text on the Transcaucasian Commissariat bonds was mainly in Russian in order to be understood by all the nationalities of the Central Caucasus. In addition to Russian, the bonds also had Georgian, Azerbaijani, and Armenian inscriptions. The bonds issued by the Transcaucasian Commissariat were designed by Tbilisi architect Gavriil Ter-Mikelov.

In terms of design, the Transcaucasian Commissariat bonds were very original. In form and content, however, they were generic, bore general Transcaucasian features, and so related equally to both Georgian and to Azerbaijani and Armenian bonistics. Nevertheless, the Georgian national element was more evident on the bonds. For example, they featured specific Georgian decorative elements—a vine bearing ripe bunches of grapes, *borjgali* (one of the very popular Georgian symbols of prosperity), and so on.

All the bonds of the Transcaucasian Commissariat, apart from the one- and three-ruble notes, used the emblem of peace—a branch with doves perched on either end. The drawings and inscriptions on the bonds of the Transcaucasian Commissariat were distinct and could be clearly read. It can be said that the typesetting quality of the Transcaucasian Commissariat bonds was rather high.

The bonds of the Transcaucasian Commissariat were printed in Tbilisi at the banknote printing dispatch center located in the building of the former district headquarters of the Caucasian army. The bonds continued to be printed in the same form during the existence of the independent Transcaucasian Federative Republic (9 April—26 May, 1918).³

On 26 May, 1918, the Seim adopted its last resolution on the disintegration of the Transcaucasian federative state and its self-disbandment.⁴ Georgia declared its independence the same day and Armenia and Azerbaijan followed suit on 28 May.

It should be noted that Noe Zhordaniia, chairman of the National Council of Georgia and leader of the Georgian Social-Democrats (chairman of the government of the Georgian Democratic Republic from 24 June), gave instructions on 25 May, 1918 to work on five issues to be examined and approved by the Council on 26 May. The second issue was that of the financial system. It was presumed that until a national financial system was created, the old system would temporarily remain in place and during this time there would be Azerbaijani and Armenian representatives in Georgia's financial institutions.⁵

On 26 May, the National Council of Georgia unanimously adopted a decision to retain the unified financial system in the Central Caucasus.

The Georgian government, which was headed by democrat Noe Ramishvili from 26 May until 24 June, 1918, began talks with the governments of Armenia and Azerbaijan the second day after they declared their independence on temporarily retaining the unified financial system.⁶

³ See: N. Javakhishvili, op. cit., pp. 12-17.

⁴ See: *Documents and Materials on the Foreign Policy of the Transcaucasus and Georgia*, Tiflis, 1919, p. 330.

⁵ Central State Historical Archive of Georgia, rec. gr. 1836, inv. 1, f. 49, sheet 3 (in Georgian).

⁶ See: Central State Historical Archive of Georgia, rec. gr. 1836, inv. 1, f. 12, sheets 127-128 (in Georgian).

It should be noted that many members of the National Council of Georgia resisted the idea of retaining a unified monetary system, believing that Georgia should create its own financial system.⁷ In the end, the National Council of Georgia adopted a law on 23 July, 1918 on accountability for printing Transcaucasian Commissariat bonds totaling 300 million rubles and a new issue of bonds totaling 200 million rubles."⁸

According to this law, the Transcaucasian Commissariat bonds for a total of 300 million rubles issued between 29 January and 26 May, 1918 were regarded as the debt of all three Central Caucasian republics. But Georgia and Armenia were also to be accountable for the bonds totaling 200 million rubles until the specific share of each was determined under a special agreement. In addition, more bonds totaling 200 million rubles were printed, 120 million of which Georgia accounted for and 80 million Armenia.⁹

At the end of July 1918, representatives of the governments of all three Central Caucasian republics agreed that until their own monetary unit was introduced the unified bonds of the Transcaucasus would remain in circulation and they would be guided by the following financial and economic provisions:

1. To strictly regulate the systematic and targeted issue of Transcaucasian Commissariat bonds and the import of luxury items from abroad;
2. To not permit drainage of capital abroad;
3. To limit the circulation of Russian credit notes in the Transcaucasus and carry out measures to gradually withdraw them from circulation;
4. To establish either reciprocal import or transfer hard currency to the government accrued from exported commodities on the basis of export of goods from the Transcaucasus;
5. To ensure that only state institutions have the prerogative of carrying out buy-sell transactions of foreign currency, and its exchange rate with respect to Transcaucasian bonds should be set in accordance with an agreement among the three republics.¹⁰

There were many reasons for keeping the Transcaucasian Commissariat bonds in circulation and continuing to print them when the Transcaucasus no longer existed as a single state. This phenomenon had both positive and negative aspects. Compared with the individual monetary units of each republic, the Transcaucasian bonds had many advantages, in particular:

1. The Transcaucasian bonds were used in a much larger area than the monetary units of the individual republics;
2. People were accustomed to them being freely circulated throughout the Transcaucasus and frequently beyond its borders (mainly in Batumi, which was occupied at that time by Turkey, and in the Northern Caucasus), which significantly extended the area of their circulation;
3. The Transcaucasian bonds helped to expand economic trade contacts with foreign countries. For example, for foreigners arriving for trade purposes and interested in purchasing raw material (mainly Georgian manganese, Azerbaijani oil, Armenian salt, and so on), it was much more convenient to settle accounts using a single Transcaucasian currency than to do this using the different currencies of the three countries.¹¹

So there was a particular need for temporarily retaining the unified financial system—the bonds were to perform the unusual function of transition money for the three countries.

⁷ See: *Ertoba* (Unity), 21 July, 1918 (in Georgian).

⁸ *Sakartvelos respublika*, 26 July, 1918 (in Georgian).

⁹ See: *Ibidem*.

¹⁰ See: N. Javakhishvili, *op. cit.*, p. 23.

¹¹ See: K. Kandelaki, *National Economy of Georgia*, Book Two, Paris, 1960, pp. 64-67 (in Georgian).

It should be noted that approximately the same situation existed at that time in Poland, Lithuania, Latvia, Estonia, and other countries, which, after the restoration of independence until the creation of their own monetary system, did not have national currency or local money in circulation for quite a long time.

The Transcaucasian Commissariat bonds were issued on the basis of special agreements among the competent institutions of the three republics, which were ratified by their governments. Sometimes there was an agreement between two republics, for example, between Georgia and Azerbaijan, or between Georgia and Armenia, which was later joined by the third country.¹²

Between July 1918 and July 1919, five issues of bonds of the Transcaucasian Commissariat were carried out under inter-republican agreements. On 20 July, 1918, an agreement was reached on the issue of bonds of 280 million rubles, on 15 November of 160 million rubles, on 12 February, 1919 of 320 million rubles, on 7 May, 1919 of 200 million, and on 4 June of 100 million rubles.¹³

The total number of bonds issued by the Transcaucasian Commissariat amounted to 1 billion 60 million rubles. If we add to this the bonds totaling 300 million rubles (100 million rubles-worth of which were issued by the Transcaucasian Commissariat and 200 million-worth by the independent Transcaucasian Federative Republic), we obtain a figure of 1 billion 360 million rubles, 540 million rubles of which were transferred to Georgia, and 820 million rubles to Armenia and Azerbaijan.¹⁴

It should be noted that whereas the first issue was carried out with mutual understanding among the republics, the situation later changed. In particular, beginning in October 1918, the government of the Azerbaijani Democratic Republic began to print its own money. Over time, the question of retaining the unified monetary system in the Central Caucasus became all the more urgent.

So despite the certain amount of benefit derived from the existence of the unified financial system, it restricted the independence of the sovereign republics in the monetary sphere and so could no longer be retained. Due to this, the number of people in the National Council of Georgia (after 8 October, 1918 it began being called the parliament) in favor of printing the country's own money, even in the form of bonds, grew with each passing day.¹⁵

At the beginning of December 1918, in the hope of obtaining help from their allies, the government circles of Armenia decided to wage war on Georgia. The Armenian government also counted on help from General Anton Denikin volunteer army in resolving the territorial dispute with its neighboring state. On 7 December, 1918, at 4.00 in the morning, Armenian troops entered Georgia without warning. By the end of December, Georgian troops had launched a general assault along the entire front and defeated the enemy. The Georgian troops continued the attack, but at this time Great Britain, as Armenia's ally, presented the Georgian leadership with an ultimatum demanding an immediate halt to the hostilities.

On 31 December, 1918 the hostilities ceased and on 1 January British troops occupied part of the territory of the Lori and Borchaly districts and declared this strip of Georgian territory "neutral."¹⁶ Despite the fact that the Georgian government could have monopolized the issue of Transcaucasian Commissariat bonds, it did not take advantage of this opportunity and did not print money to cover its own military expenses.

The Georgian government tried to withdraw the large amount of cash that had accumulated in the population by issuing state credit notes. On 24 December, 1918 the Georgian parliament adopted

¹² See: N. Javakhishvili, *op. cit.*, p. 27.

¹³ See: K. Kandelaki, *op. cit.*, p. 67.

¹⁴ See: N. Javakhishvili, *op. cit.*, p. 28.

¹⁵ See: *Ertoba*, 17 November, 1918.

¹⁶ See: G. Markhuliia, *Armano-gruzinskaia mirnaia konferentsiia 1919 goda i sozdanie Loriiskoi neutralnoi zony*, Tbilisi, 2005, pp. 5-6.

a law on issuing short-term 5% state credit notes. But due to the passivity of the Georgian population in purchasing the notes it was unable to withdraw the cash.¹⁷

On 9-17 January, 1919, a conference was held in Tbilisi of the authorized representatives of the Georgian and Armenian governments, in which representatives of the allied command took part. Colonel of the British Army R.N. Stuart chaired the conference. The main objective of the conference was to examine the controversial issues between Georgia and Armenia and elucidate future relations. One of the points of the resolution adopted by the conference said:

“Financial Issue.

- “1. Armenia is receiving bonds for 80 million, which is equal to the sum received by Georgia and Azerbaijan separately under an agreement between them of 15 November, 1918.
- “2. The fourth series of Transcaucasian bonds is being issued, the amount of which was established by mutual consent, of which the mission of allies was informed. This series will be printed along with the bonds for Armenia.”¹⁸

In 1919, the number of those in the Georgian parliament in favor of a transfer to Georgian bonds grew, although there were many reasons the government preferred to refrain from this step until the summer of 1919.

At the 34th session of the Georgian Constituent Assembly on 8 July, 1919, a member of the Social-Democrat faction, David Oniashvili, tried to justify the need to issue Georgian bonds. This was followed by an article entitled “Georgian Bonds” in the official newspaper of the Georgian Social-Democrats. It described the critical situation that made it increasingly urgent to issue Georgian bonds.¹⁹ On 11 July, 1919, the 35th session of the Constituent Assembly adopted Decree No. 101 On the Issue of Bonds of the Republic of Georgia.²⁰ This ended the first stage of the existence of the unified financial system in the Transcaucasus.

So the unified monetary system existed in the Transcaucasus from 29 January, 1918 to 11 July, 1919. A common monetary unit was issued from 29 January to 26 May, 1918 by the Transcaucasian Commissariat and Transcaucasian Federative Republic, and from 26 May to 11 July, 1919 bonds were printed on the basis of a financial agreement among the Transcaucasian republics. This agreement mainly played a positive role in the life of these republics.

Bonds of the Transcaucasian Soviet Federative Socialist Republic (1923-1924)

Four years later a second attempt was made to unify the monetary system of the Central Caucasus. Those in favor of introducing a unified federal currency believed that this step would have a beneficial effect on economic revival in Azerbaijan, Georgia, and Armenia and would help to raise the standard of living.²¹ On 10 January, 1923, the Union Council of the Transcaucasian Soviet Federative Socialist Republic adopted a decree On the Issue of Transcaucasian Unified Monetary Units.²²

¹⁷ See: N. Javakhishvili, op. cit., pp. 31-32.

¹⁸ *Sakartvelos respublika*, 28 January, 1919.

¹⁹ See: *Ertoba*, 10 July, 1919.

²⁰ See: *Collection of Legal Acts of the Democratic Republic of Georgia (1918-1921)*, Tbilisi, 1990, p. 290 (in Georgian).

²¹ See: *Komunisti*, 17 December, 1922 (in Georgian).

²² See: *Tribuna*, 11 January, 1923 (in Georgian).

In 1923-1924, 18 different denominations of bond banknotes were issued, beginning with 1,000 rubles and going up to 10 billion rubles. In particular, in 1923, bonds were issued in denominations of 1,000, 5,000, 10,000, 25,000, 50,000, 100,000, 250,000, 500,000, 1,000,000, 5,000,000, and 10,000,000 rubles, to which 25-, 50-, 75-, 100-, and 250-million banknotes were added in 1924, as well as banknotes worth 1 and 10 billion rubles.

The Transcaucasian federal ruble was based on the exchange rate of the Georgian ruble, since at that time the Georgian ruble was equal to 100 Azerbaijani and 150 Armenian rubles.²³ Georgian artist Dmitri Shevardnadze designed the bonds of the Transcaucasian Soviet Federative Socialist Republic.

The federal currency was printed in Tbilisi at the banknote printing dispatch center located in the building of the former district headquarters of the Caucasian army. The bonds of the T.S.F.S.R. used four languages. They bore Russian, Georgian, Azerbaijani, and Armenian signatures. Facsimiles of the signatures of the representatives of the Presidium of the Union Council of the T.S.F.S.R.—Budu Mdivani (a Georgian), Nariman Narimanov (an Azerbaijani), and Alexander Miasnikov (an Armenian)—were printed on the obverse of the bonds issued in 1923.

Apart from some slight changes, most of the T.S.F.S.R. bonds were identical in design to the 5,000-ruble banknote of the Georgian Democratic Republic issued in 1921, which was designed by Dmitri Shevardnadze mentioned above. It featured the T.S.F.S.R. Government Palace (now the Youth Palace located in the center of Tbilisi on Shota Rustaveli Avenue).

The 75- and 250-million, as well as the one- and ten-billion, banknotes differ significantly from the other T.S.F.S.R. bonds. Some denominations of the federal bonds were printed in Moscow. They have watermarks in the form of stars and on some of them the Georgian words are written incorrectly. On the obverse of the bonds issued in 1924 are facsimiles of the signatures of the chairman of the T.S.F.S.R. Council of People's Commissars Mamiia Orakhelashvili (a Georgian) and People's Commissar of Finances Mirza Davud Guseinov (an Azerbaijani).

Financial unification was unable to significantly influence economic revival in the countries of the Federation. Moreover; the financial crisis began to gain momentum, inflation grew into hyperinflation, and prices began to chaotically rise.²⁴

For example, on 31 March, 1923, the ten-ruble gold coin of the czarist mint cost 6 million 400 thousand T.S.F.S.R. rubles on the Tbilisi currency exchange, one British pound sterling cost 3 million 800 thousand rubles, one U.S. dollar—820,000 rubles, and one Turkish lira—650,000 rubles.²⁵ On 17 April, the following prices were established on the Tbilisi currency exchange: 10 gold rubles—11 million T.S.F.S.R. rubles, one pound sterling—5 million 800 thousand rubles, one U.S. dollar—1 million 350 thousand rubles, and one Turkish lira—1 million 55 thousand rubles.²⁶

At the end of 1923, the drop in the exchange rate of the federal Transcaucasian currency assumed catastrophic proportions and led to hyperinflation. For example, whereas on 2 January, 1924, one *chervonets* [a gold-backed currency introduced by the Soviet government in 1922 as part of the New Economic Policy (NEP); the *chervonets* banknote was the equivalent of the pre-revolutionary ten-ruble gold coin.—*Transl.*] cost 465,000 Transcaucasian rubles, by 14 April it cost 125 billion rubles.²⁷

It should be noted that at this time the same situation was occurring in many countries. Germany is a case in point, where inflation broke all records. In conditions where a *chervonets* being a hard currency was in circulation Union-wide it was inexpedient to have a separate Transcaucasian financial sys-

²³ See: Central State Archive of Georgia's Latest History, rec. gr. 612, inv. 1, f. 142, sheet 2.

²⁴ See: N. Javakhishvili, op. cit., pp. 104-106.

²⁵ See: *Komunisti*, 1 April, 1923.

²⁶ See: *Komunisti*, 18 April, 1923.

²⁷ See: N. Javakhishvili, op. cit., p. 107.

tem, particularly when there was hyperinflation. So, on Moscow's recommendation, on 18 February, 1924, the T.S.F.S.R. Council of People's Commissars adopted a resolution On Mandatory Circulation of U.S.S.R. State Treasury Bills in the T.S.F.S.R.²⁸

In keeping with this resolution, the federal Transcaucasian government launched an active propaganda campaign of financial reform in the press.²⁹ For example, in an article entitled On Monetary Reform published in three issues of the *Komunisti* newspaper, the authorities explained to the population that financial reform was pursuing the goal of replacing the devaluated money of the Transcaucasian Federation with hard U.S.S.R. currency.³⁰

With the decree of 4 April, 1924, the Transcaucasian government began monetary reform on the instructions of the union government. On 14 April, it stopped printing local money. One chervonets was worth one hundred and twenty-five billion Transcaucasian rubles. There was a total of 16 183 952 656 345 000 rubles-worth of T.S.F.S.R. federal bonds in circulation. On 15 June, 1924, a decision was made to halt circulation of Transcaucasian rubles, and on 30 June another decision was made to stop their exchange. Subsequently the first date was changed to 30 June, and the second to 31 July. Local money equivalent to 1,216,188 union rubles was removed from circulation. Georgia accounted for 66.7% of this amount, Azerbaijan for 28.8%, and Armenia for 4.5%.³¹

Beginning on 1 July, 1924, the only money in circulation in the Central Caucasus was Soviet rubles, which were replaced in Azerbaijan in 1992 and in Georgia and Armenia in 1993.

C o n c l u s i o n

So a unified financial system of the Central Caucasus functioned twice between 1918 and 1924: in 1918-1919 and in 1923-1924.

The first stage of the unified financial system of the Central Caucasus continued from 29 January, 1918 to 11 July, 1919. There were many reasons for keeping the Transcaucasian Commissariat bonds in circulation and continuing to print them after the Transcaucasus no longer existed as a single state. This phenomenon had both positive and negative aspects. The Transcaucasian bonds had many advantages over the individual monetary units of each republic. Over time, despite the certain amount of benefit derived from retaining financial unity in the Transcaucasus, this situation restricted the independence of the sovereign republics in the monetary sphere and so could no longer be retained. A common monetary unit was issued by the Transcaucasian Commissariat and the Transcaucasian Federative Republic from 29 January to 26 May, 1918, and from 26 May, 1918 to 11 July, 1919 bonds were printed on the basis of a financial agreement among the Transcaucasian republics.

A second attempt was made to unify the monetary system of the Central Caucasus four years later. Those in favor of introducing a single federal currency believed that this step would have a beneficial effect on economic revival in Azerbaijan, Georgia, and Armenia and would help to raise the standard of living. On 10 January, 1923, the Union Council of the Transcaucasian S.F.S.R. adopted a decree on the issue of common monetary units.

Financial unification was unable to have a significant influence on economic revival in the countries of the Federation. Moreover, the financial crisis began to gain momentum, inflation grew

²⁸ See: *Komunisti*, 20 February, 1924.

²⁹ See: *Komunisti*, 5 April, 1924.

³⁰ See: *Komunisti*, 6-9 April, 1924.

³¹ See: A. Vasiukov, V. Gorshkov, V. Kolesnikov, M. Chistiakov, *Bumazhnye denezhnye znaki Rossii i SSSR*, St. Petersburg, 1993, pp. 52-55.

into hyperinflation, and prices began to chaotically rise. But the main reason for the ultimate abolishment of the unified financial system in the Central Caucasus, along with the devaluation of the federal currency of the T.S.F.S.R., was the position of the local authorities dictated from Moscow.

With the decree of 4 April, 1924, the Transcaucasian government began monetary reform on the instructions of the Soviet government. On 14 April, it stopped printing local money. Federal currency was exchanged for Soviet rubles. The unified financial system of the Central Caucasus played a mainly positive role in the life of Azerbaijan, Armenia, and Georgia.

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DISSIDENCE AND OPPOSITION IN THE CAUCASUS: CRITICS OF THE SOVIET REGIME IN GEORGIA AND AZERBAIJAN IN THE 1970S-EARLY 1980S

Abstract

This article is devoted to depicting and analyzing the intellectual resistance to the Communist occupant regimes in Georgia and Azerbaijan with special emphasis on dissident activities in the 1970s and early 1980s. The critics of Soviet Commu-

nism, its socialist rhetoric, and so-called internationalism are the main topics of the research. The article does not focus on how the protest was organized, but traces the development of an alternative ideology by the Georgian and Azerbaijani intellectuals.

Introduction

The political changes within the Soviet Empire since 1985 caused further liberalization of the political regimes in Eastern Europe and in the European republics of the Soviet Union. How were the societies that accepted Communism as an "imported article" able to get rid of it so easily? German political scientist Jerzy Maćków explains this phenomenon by the particular role of nationalism. It was nationalism and not civil society that actually destroyed Communist ideology in those countries.¹

¹ Jerzy Maćków obtained those results by comparing the democratic development in the Czech Republic, Ukraine, and Belarus (see: J. Maćków, "Voraussetzungen der Demokratie in der postkommunistischen Systemtransformation: Ts-