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## LOANS OF MUNICIPAL PUBLIC BANKS OF THE NOVGOROD PROVINCE TO CITY GOVERNMENT BODIES

The article deals with the provincial credit institutions of pre-revolutionary Russia. The activity of the city public banks of the Novgorod province from 1863 to 1914 is characterized as an important part of the city budget. Loans from city public banks to local government bodies are considered.

**Keywords:** credit institutions, city public banks, local self-government bodies, city dumas, city councils, loans

City public banks emerged in Russia based on the City Regulations of 1785 [1] at the end of the 18th — first half of the 19th century as financial institutions established by city communities using their own funds, and the main purpose of them was to help the city community to pay imposts and taxes without the need to repay later, to help the poorest townspeople and provide commercial loans to local merchants and townspeople on favorable terms. In this regard, their leadership, which was elected, as a rule, from local merchants, did not seek only to extract banking profits. Most of these incomes were transferred not to capital, but to city needs and charity, which was not typical for commercial banks. In this article, only loans to city government bodies will be considered; charitable activities of city public banks are outside the scope of this study.

In the Novgorod province, by 1914, city public banks were established in 7 out of 11 district centers: in Tikhvin and Staraya Russa (since 1863), Cherepovets (since 1864), Novgorod (in 1866), Belozersk (since 1870), Borovichi (since 1873), Kirillov (since 1881).

City public banks provided loans to municipal governments and city communities for specific purposes and for specific periods. Such financial assistance has been widely used on a variety of issues of public life. So, for example, the Cherepovets city public bank immediately after its formation in 1865 made a loan to a merchant and bourgeois community in the amount of 1,300 rubles. In 1895, the loan to the city community consisted of 37 thousand rubles issued by the bank, and in 1911 — 40 thousand rubles [2].

The Staraya Russa Community Bank lent to the town's community: in 1894 — 25 thousand rubles; in 1899 — 45 thousand rubles; in 1904 — 35 thousand rubles; in 1913 — 35 thousand rubles. This brought the bank quite a lot of money in interest, for example, in 1894 — 2 thousand rubles [3].

Loans were issued, as a rule, directly to the city government, for example, in 1881 the Belozersk city government received a loan from the local public bank for the construction of a gymnasium for girls and the purchase of bread for the townspeople (3 thousand rubles) [4].

As a rule, such loans were requested only for serious purposes, since city governments, like the provincial cities themselves, could hardly find money even to pay interest on these loans. For example, in 1879 the Tikhvin bank issued a loan of 11 thousand rubles for the purchase of flour for the townspeople, in 1892 the Belozersk and Tikhvin public banks issued loans to their cities of 4 thousand and 2 thousand rubles accordingly, to fight the cholera epidemic [5].

Quite a lot of loans were issued for construction purposes. For example, the Belozersk City Bank issued three loans for the construction of a city slaughterhouse and a three-year school for a total of 10.5 thousand rubles [6].

The Tikhvin City Bank issued a loan in 1875, of 8.5 thousand rubles for the construction of Gostiny Dvor, in 1892 — for the construction of barracks (jointly and for overcoming the cholera epidemic) — 2 thousand rubles, in 1894 — 5 thousand rubles for the arrangement of a forest yard, in 1912 — for the purchase of Chamaev's house — 10 thousand rubles [6].

In 1908, the Borovichi City Public Bank issued a loan for strengthening the coast in the amount of 3 thousand 580 rubles, for parish schools — 4 thousand 702 rubles, for other purposes — 10 thousand 850 rubles [7].

With the establishment of municipal credit institutions of a purely charitable nature — urban pawnshops, which had very small capital and issued medium-sized loans to the townsfolk, city communities began to massively request funds for the development of their turnover. So, the Novgorod City Public Bank issued in 1905, 1907, 1909 of such loans for 22 thousand rubles from 7% per annum. The Tikhvin City Public Chaplin Bank issued a loan to strengthen the funds of the local pawnshop in 1892 1 thousand rubles, in 1894 — 1.5 thousand rubles, etc. [6].

Thus, it can be seen that city communities have found through the person of local public banks a reliable source for obtaining funds for urgent needs. However, an excessive enthusiasm for loans of this kind, given the rather precarious financial situation of the small provincial towns themselves, often led to an excessive accumulation of such loans, which could not but cause alarm of the officials concerned. For example, the Belozersk City Duma petitioned the Ministry of Internal Affairs in 1903 for a loan of 1,200 rubles from a local public bank for the improvement of a plot of leased arable and hay land. However, the city's previous loans by this time were already quite large unpaid amounts (see the Table).

Table

## Loans of the Belozersk city community (in rubles) [5]

Loans	Loan date	Loan amount	Paid by 1903	Debt left
From the city public bank				
1. For preventing the cholera epidemic	1892	4,000	1,800	2,200
2. For building a slaughterhouse	1895	3,500	1,116	2,384
3. For renovation for city institutions buildings	1896	3,000	800	2,200
4. For the construction of a city school	1899	4,000	333	3,666
Total:		14,500	4,050	10,450
From the Ministry of Education and the Ministry of Internal Affairs:				
1. For the construction of a city school	1896	9,000	-	9,000
2. For the local firefighting community	1901	3,000	300	2,700
TOTAL:		26,500	4,350	22,150

Having considered this issue, the Governor of the State Bank gave the following conclusion on it: "...taking into account both the general condition of the bank and the fact that the repayment of loans previously made by the city public administration in the named bank is not done with sufficient accuracy, I have the honor to notify ... that I, for my part, would recognize the aforementioned petition of the Belozersk City Duma not deserving of satisfaction" [5].

A similar situation developed in Tikhvin, where the city council applied for a loan of 1,000 rubles to strengthen the working capital of the local city pawnshop. However, in 1903, due to direct abuse of some of its employees, the bank's affairs were in disorder, which was confirmed by an audit carried out in February 1904. Therefore, taking into account "...the unsatisfactory position of the Tikhvin Bank in general ... and the inaccurate repayment of the city previously received from the bank loans in particular... for the above mentioned amount at a local public bank" [8].

Such loans were issued, as a rule, against the pledge of property belonging to the city society or some other property, for example, zemstvo property. So, in 1913, the Belozersk City Bank issued the zemstvo on the security of land 30 thousand rubles [9]. The Novgorod provincial government was credited at the expense of its inviolable capital pledged in the local public bank in the amount of 46 thousand 515 rubles received for the land transferred to the treasury. Loans could be of a very different nature, for example, in 1875 — 11 thousand rubles were transferred to the Tairovskoe charitable institution, in 1877 — for the "needs of the Russian army" — 5 thousand rubles, in 1878 — 3 thousand rubles to prepare a meeting and reception of the Life Guards of the Dragoon Regiment [10].

Thus, in addition to their main activity — providing loans to local merchants, artisans and bourgeois — city public banks provided financial assistance to city communities: they transferred net profit to the city budget, made loans and borrowings for various purposes, and also sent significant sums to charitable purposes. This became a distinctive feature in the activities of these credit institutions and brought many benefits to the economic life of pre-revolutionary cities.

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**Васильев Я.А. Займы и ссуды городских общественных банков Новгородской губернии органам городского управления.** Рассматриваются губернские кредитные учреждения дореволюционной России. Деятельность городских общественных банков Новгородской губернии с 1863 по 1914 г. характеризуется как важная часть городского бюджета. Рассматриваются займы и ссуды городских общественных банков органам местного управления.

**Ключевые слова:** кредитные учреждения, городские общественные банки, органы местного самоуправления, городские думы, городские управы, займы, ссуды.

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