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**CONTROL OF THE RUSSIAN OCCUPATION AUTHORITY
OVER THE ACTIVITIES OF SALT FACTORIES IN HALYCHYNA
AND BUKOVYNA IN THE PERIOD OF THE FIRST WORLD WAR**

Summary. *The purpose of the research is the study of the process of organizing financial and economic control and management of activities of salt factories in the captured territories of Halychyna and Bukovyna by the Russian occupation authorities during the First World War. The research methodology is a complex of general scientific and special methods. Special historical methods peculiar to the field of social and economic history were widely used: diachronic (periodization) method, historical, comparative and retrospective methods, historical and typological, historical and systematic, historical and genetic methods, historical and economic analysis and economic methods. The scientific novelty of the study is the disclosure of the theoretical foundations and practical aspects of the analysis of the financial and economic policy of the Russian occupation regime in Halychyna and*

*Bukovyna during the First World War. The study has been carried out due to the absence of special works on this topic in the historiography. **Conclusions.** The economic policy of the Russian authority in the occupied territories of Halychyna and Bukovyna was aimed at maximizing the use of natural resources, manpower and industrial capacities. The arrangement of work of industrial enterprises in the captured region, in particular salt factories, was aimed at providing the Russian army with a vitally necessary product of first necessity which was salt. It was established that the state-owned salt factories transfer their profits to the Russian state treasury. It has been proved that the financial and economic activity of the Russian Empire (Russia) in the occupied Halychyna and Bukovyna showed the striking difference between the declared «liberation» slogans and the real policy that was clearly aggressive.*

Key words: Halychyna, Bukovyna, the World War I, the Russian Empire, Military General Governorate of Halychyna, Russian occupation, salt factories.

КОНТРОЛЬ РОСІЙСЬКОЇ ОКУПАЦІЙНОЇ ВЛАДИ ЗА ДІЯЛЬНІСТЮ СОЛЯНИХ ПІДПРИЄМСТВ У ГАЛИЧИНІ ТА БУКОВИНІ В ПЕРІОД ПЕРШОЇ СВІТОВОЇ ВІЙНИ

Анотація. *Метою статті є дослідження процесу організації фінансово-господарського контролю та управління російською окупаційною владою діяльністю соляних підприємств на захоплених територіях Галичини й Буковини в період Першої світової війни. **Методологічну основу** наукового пошуку становить сукупність загальнонаукових та спеціальних методів. Широко використано спеціальні історичні методи, характерні для галузі соціально-економічної історії: діахронний (періодизації), історико-порівняльний та ретроспективний, історико-типологічний, історико-системний, історико-генетичний, історико-економічного аналізу, а також економічні методи. **Наукова новизна** дослідження полягає у розкритті теоретичних засад і практичних аспектів проведення аналізу фінансово-економічної політики російського окупаційного режиму в Галичині та Буковині в період Першої світової війни, що зумовлено відсутністю в історіографії спеціальних праць з означеної тематики. **Висновки.** Економічна політика російської влади на окупованих територіях Галичини та Буковини була спрямована на максимальне використання на власну користь захоплених природних і трудових ресурсів та промислових потужностей. Налагодження роботи промислових підприємств захопленого регіону, зокрема соляних, мало на меті забезпечити російську армію життєво необхідним продуктом – сіллю. Встановлено, що казенні соляні підприємства перераховували отримані прибутки до російської державної казни. Доведено, що фінансово-господарча діяльність Російської імперії (Росії) в окупованих Галичині та Буковині стала свідченням різкої різниці між декларованими «визвольними» гаслами і реальною політикою, яка мала виразно загарбницький характер.*

Ключові слова: Галичина, Буковина, Перша світова війна, Російська імперія, Військове генерал-губернаторство Галичини, російська окупація, соляні підприємства.

Problem statement. In the second decade of the XX century Ukraine appeared in a difficult situation due to the hybrid war started by the Russian Federation (in 2014 the Crimea was annexed and part of Luhansk and Donetsk regions of Ukraine were occupied). Moscow authorities once again demonstrated their militaristic neo-imperial politics to the democratic world. The historical experience of the occupation of Halychyna and Bukovyna territories during the First World War shows that in the economic sphere, the then Russian authorities were guided by the invincible aggressive principles that are used today in the course of the hybrid war with Ukraine. After capturing Halychyna and Bukovyna together with the industrial potential and natural resources, the occupation authorities considered them as «the original property of Russia», and immediately proceeded to establish the mechanism for using the captured resources for their own benefit and to prepare the economic basis for the incorporation of the captured territories into the Romanovs' empire.

The analysis of sources and recent researches. The problems of the social and economic situation of the population in Halychyna and Bukovyna during the First World War are

quite relevant in contemporary Ukrainian historiography. However, the issue of organizing the control of the Russian occupation in Halychyna and Bukovyna over the activities of certain industries remains out of view among researchers or has not been considered in details. There are only few studies of the economic situation in the occupied region. In particular, I. Ilnytskyi (Ilnytskyi, 2014, pp. 297–304) and S. Orlyk (Orlyk, 2017a, pp. 44–55; Orlyk, 2018a, pp. 380–402) paid attention to the activities of the Russian occupation administration in Halychyna and senior government officials of the Russian Empire on the establishment of the oil and gas industry in the captured territories. The state of the distillery and tobacco branches of the processing industry and their taxation during the Russian occupation in Halychyna and Bukovyna during the First World War was considered in the articles of S. Orlyk (Orlyk, 2017b, pp. 171–182; Orlyk, 2018b, pp. 204–212). The situation which appeared in the monetary circulation and the banking system of this region during the Russian occupation was considered in the articles of S. Orlyk and A. Boyko-Gagarin (Orlyk, Boyko-Gagarin, 2017, pp. 143–164; Orlyk, 2018c, pp. 223–230). Valuable documentary materials of the expedition of the Russian engineer G. Markovskiy on the study of the state and technologies of the salt industry of Halychyna were published in the article by B. Lazorak (Lazorak, 2017, pp. 129–149). Based on the analysis of the documentary sources, the author convincingly proved that the restoration of salt factories of the captured region had a very important strategic significance for the Russian occupation authorities.

A small number of works on the problems of economic history of Ukraine is conditioned by the methodological complexity of conducting such studies. After all, scientific knowledge of the problems of economic history is not limited to describing the facts and events of the historical past, it «involves conceptual and theoretical understanding of them, which requires the use of many scientific methods of cognition» (Orlyk, 2011, p. 59).

The purpose of the article is to study the process of organization of financial and economic control and management of the Russian occupation authorities over the activity of salt factories in the captured territories of Halychyna and Bukovyna during the period of the First World War.

Statement of the basic material. During the occupation of Halychyna and Bukovyna by the Russian troops during World War I, the issue of managing the captured state property previously owned by the Austro-Hungarian government, as well as other property that was transferred to the hands of the Russian occupation authorities was a rather urgent matter. In the international legislative field, the problem of the transition of the state property of a defeated country to the ownership or use of the occupying country was regulated by the IV Hague Convention «On the laws and customs of the war on land», adopted on October 18, 1907 (the effect of the Convention is still valid – author). Article 55 of this Convention reads as follows: «The occupying State shall be regarded only as administrator and usufructuary¹ of public buildings, real estate, forests, and agricultural estates belonging to the hostile State, and situated in the occupied country. It must safeguard the capital of these properties, and administer them in accordance with the rules of usufruct» (Convention (IV), 1907). With regard to private property, it was protected by Article 46 of the Convention, which stated that «Private property cannot be confiscated» (Convention (IV), 1907). Although in practice, in the difficult conditions of occupation, the property of individuals and legal entities abandoned by the owners or little difficulties in documenting the ownership of the property by the Russian

¹ Usufructuary (from *jus utendi* (Latin) is the right to use property, *i jus fruendi* (Latin) is the right to receive income from the property) – the right to use the property of another with the right to detain the income but on the condition of caretaking of its consistency, value and economic purpose.

authorities, as well as the enterprises that had strategic interest for the occupation authorities were subject to confiscation and/or the sequestration was used as a complete prohibition or partial restriction for the owner to use or dispose any property. That was carried out according to the special orders of the Military General Governorate.

Therefore, the property of the state-owned enterprises which belonged to the Austrian authority was transferred to the economic management of the Russian occupation authorities as booty of war (Orlyk, 2017c, p. 195). The new authority implemented the inventory of movable and immovable assets without wasting time (September – November 1914). Commissions were formed by the orders of governors, heads of districts and heads of military stations. The commissions included military officers and police officers. By the end of 1914 governors received relevant descriptions of such assets. The assets were transferred to the treasury as revenues (SACHR, f. 283, d. 1, c. 56, p. 2–22).

The Russian occupation authorities paid particular attention to the discoveries of available minerals in Halychyna and Bukovyna for the purpose of their use for their own benefit. According to the geological documentation and maps that indicated the location of oil, salt, coal, copper and other deposits, exploration works were carried out (CSHAUK, f. 377, d. 1, c. 64, p. 7, 10–13, 131). The Administration of Financial Affairs involved specialists, engineers, geologists, chemists for those works. Department of Hydro-technical Works and building organizations responsible for the reinforcement of the Army in the south-western front, reported about the deposits they had found (CSHAUK, f. 377, d. 1, c. 64, p. 6, 10). Chemical investigations of salt and oil fields were carried out and technical description of the possibilities of extraction of those minerals was studied (CSHAUK, f. 361, f. 1, c. 530, p. 10–130). Specialists from ministries and departments who were competent in mining were sent from the Russian Empire to the Halychynan Military General Governorate. They had to carry out a comprehensive study of the state of the mining industry in the captured region and to provide specific recommendations on the expediency of rebuilding the destroyed industrial sites.

In order to get total financial control over the activities of the state and sequestered enterprises, the property of enterprises and factories of tobacco and salt monopolies were transferred to the «economic regulation of the Administration of Financial Affairs» at the Military General Governorate of Halychyna (SACHR, f. 923, d. 1, c. 185, p. 46–49). The following sequestered enterprises were economically and financially controlled by the Administration of Financial Affairs: oil refining factory in Pechenizhyn, Bytkiv oilfields and state monopolies: Dzhuriv lignite mines, Kosiv and Kachyk salt factories. At other industrial enterprises, where strategic products were produced (oil, yeast, sugar, etc.), the Administration of Financial Affairs appointed authorized controllers who monitored the production process, the completeness of charging and paying excise duties and other payments to the budget.

During the Austrian rule salt extraction in Halychyna and Bukovyna was carried out at state-owned salt factories. During the pre-war year of 1912, 10 303 thousand puds of salt were mined in the sum of 6 337 thousand rubles. In this industry, more than 3,500 employees were employed (CSHAUK, f. 361, d. 1, c. 530, pp. 8). The salt state monopoly, which included not only mining, but also sale of salt, provided the Austrian treasury with about 18 million kronas of annual income (CSHAUK, f. 361, d. 1, c. 344, p. 14).

At the time of the first occupation of Halychyna and Bukovyna by the Russian authorities, there were territories where eight promising salt-mined factories were located in the towns of Drohobych, Stebnyk, Dolyna, Bolekhiv, Delyatyn, Lanchyn, Kalush and Kosiv (CSHAUK, f. 694, d. 1, c. 12, p. 1v, 11v–12). On September 21, 1914, the controller of Dnistrovskiyi

detachment of the Russian army reported to the military command that «he held physical inspection of the seized salt factory in Dolyna» where he revealed 153.8 thousand kilos of salt in the sum of 7 692 rubles and 45 kopecks. The salt was requisitioned and a large part of it was sold to the military units and local traders, another part was sold to the Magistrate to meet the needs of the residents in the town of Dolyna (SAIFR, f. 595, d. 1, c. 4, p. 2–5v, 33–41, 49, 52).

The stocks of salt mined by the Austrian monopoly before the Russian occupation quickly expired and, therefore, there were signs of «salt famine». Local salt factories stopped or shortened their work, and it was very costly to supply salt from the Russian Empire. The Russian occupation authorities explored in detail the organization of the salt industry under the Austrian authorities to take over the experience and to resume the work of this branch in order to establish supplies for the needs of the Russian army. By mid-October 1914, the mining engineer G. Markovskiy had presented «The Statement on the Salt Industry in Halychyna» (CSHAUL, f. 694, d. 1, c. 12, p. 1–25; Lazarak, 2017, p. 129–149) to the Military General Governorate of Halychyna. In the statement he provided a detailed description of the industry in the captured region and made proposals for its restoration. As a result, the Russian occupation authorities decided to continue the practice of monopoly on salt production. In fact, they recommenced the work of three salt factories in Bolekhiv, Drohobych and Stebnyk. The general management of Drohobych salt factory was initially carried out by the Russian military authorities, and eventually the directors were appointed. Later the enterprise came under control of the temporary Administration of Financial Affairs of Halychyna and Bukovyna and the civilian administration of the district head. All other salt factories were assigned to government controllers from the Russian authorities. Total revenues to the Russian state budget from the salt monopoly of Halychyna during the first occupation of 1914–1915 amounted to 167.8 thousand rubles and 31 kopecks (CSHAUK, f. 377, d. 1, c. 96a, p. 14–16).

During the second occupation of Halychyna and Bukovyna four state-owned salt-making factories were found in Delyatyn, Lanchyn of Ternopil province, Kosiv and Kachyk (now in Romania) of Chernivtsi province on the seized territory.

The All-Russian Zemskiy Union got interested in the salt sources in the village of Kn-yazhdvir of Kolomyia district in Chernivtsi province. The management of the factory had intention of starting the evaporation of salt. After studying the sources, it turned out that the percentage of salt was not sufficient to ensure the necessary profitability of production, so this issue had no further development (CSHAUK, f. 377, d. 1, c. 52, p. 4v–5).

The factories in Lanchyn and Delyatyn were too close to the front line and had significant damages, so there was no recommence of mass production. Despite the lack of salt in the region, the occupation authorities did not consider it necessary to invest in fairly destroyed production, therefore, some of them let out for lease. In June 1917 salt-based industries in Lanchyn were leased to the British national, a mining engineer L. I. Hamilton on his application (CSHAUK, f. 377, d. 1, c. 63, p. 1–3v, 8–10v, 14). He began the restoration of the salt factory at his own expense.

The factories in Kosiv and Kachyk were in a relatively working condition; therefore, a corresponding decision was made on their restoration and production of salt. Those factories were transferred to the full economic control of the Administration of Financial Affairs: the factory in Kosiv on October 20, 1916, and the factory in Kachyk on February 2, 1917. The factories were staffed with local workers, only managers, mechanical engineers and accountants came from the Russian Empire, from the Department of the State Wine Monopoly. The

administration took all necessary measures to adjust the equipment and supply of fuel (firewood). Thus, in December, salt factory in Kosiv began its production activity, evaporating 21–22 thousand puds of salt per month. By June 1917, the production increased and salt volumes increased to 39 thousand puds per month. From the second half of 1917 it was planned to increase the capacity of salt production by another 40–45%, but due to the evacuation, those plans were not realized (CSHAUK, f. 377, d. 1, c. 96a, p. 18–12, 14).

The total amount of salt for the period from October 20, 1916 to the day of evacuation (July 12, 1917), the salt factory in Kosiv produced 197,500 puds of salt. During this period, the gross income of this factory amounted to 223.6 thousand rubles 46 kopecks, and the net profit amounted to 131.0 thousand rubles and 90 kopecks (CSHAUK, f. 377, d. 1, c. 96a, p. 8–12).

Kachyk salt factory produced 141,300 puds of salt in the period from February 2, 1917 till the day of evacuation (July 16, 1917). If in February 1917 only 24.6 thousand puds of salt were evaporated at this factory, then in April 1917 – 32.4 thousand puds, in May 1917 – 43.5 thousand puds, in June – 40.8 thousand puds (CSHAUK, f. 377, d. 1, c. 41, p. 40v, 43, 54v, 67, 81, 82v, 139, 140v, 156, 157v). The fluctuations in monthly parameters of salt evaporation occurred due to the repair of fryers (CSHAUK, f. 377, d. 1, c. 96a, p. 49). Plans to increase production in the second half of the year were not reached due to the evacuation of the Russian occupation authorities. Thus, in July 1917 only about 2.0 thousand puds of salt were evaporated (CSHAUK, f. 377, d. 1, c. 41, p. 183v). The gross income of Kachyk salt factory amounted to 222.9 thousand rubles 85 kopecks, and the net profit was 159,3 thousand rubles and 34 kopecks (CSHAUK, f. 377, d. 1, c. 96a, p. 14).

Therefore, according to the results of the work of the two salt factories, the Russian state budget had to receive 290.4 thousand rubles 24 kopecks of net profit. In fact, the Russian budget received 246.6 thousand rubles and 60 kopecks (Table 1). The unpaid balance in the amount of 43.8 thousand rubles 64 kopecks appeared for the reason that the sale of salt to the troops was carried out on a loan that was not paid due to the lack of funding of the Russian army (CSHAUK, f. 377, d. 1, c. 96a, p. 14).

Table 1

Financial results of state-owned salt factories for the period from June 1916 till July 1917

№	Factory name	Overall production, puds	Gross profit, rubles and kopecks	Net profit / net loss, rubles and kopecks	Paid to the budget, rubles and kopecks	Unpaid balance, rubles and kopecks
1.	Salt factory in Kosiv	197 490	223 580,46	131 004,90	246 569,60	43 863,64
2.	Salt factory in Kachyk	141 327	222 926,85	159 428,34		
	Total, (rubles and kopecks)	X	X	290 433,24	246 569,60	43 863,64

Source: formed by the author (CSHAUK, f. 377, d. 1, c. 96a, p. 12–14, 18, 28–29, 31, 63–63v).

The controllers from the Administration of Financial Affairs constantly observed the economic and financial affairs of the sequestered salt factories. They strictly checked the production and technical processes, the level of wages of all employees and their quantity, so that the cost of the produced salt provided the necessary return on the finished products (SAIFR, f. 615, d. 1, c. 1, p. 9–10v, 98–99). The situation with the salary at Kosiv salt factory reached the point that even the Russian commissar of Kosiv District could not stand and wrote the

letter to the manager of Kosiv factory concerning the extremely low wages at the factory: the workers of the factory «receive so small fee that, at the present cost of all items of the first need, they are not only able to support their households, left to women, but the salaries are not enough for food and shoes. As a result, I ask you to increase wages as it is possible, taking into account that in Russia, for the same work, there are incomparably higher rates» (SAIFR, f. 615, d. 1, c. 5, p. 137). However, the controller from the Administration of Financial Affairs reminded the manager of the salt factory in Kosiv that «the workers' salary should be calculated either on volume (not more than 8 kopecks for a pud of salt), or daily, at the prices set on workers' hands in a given area» (SAIFR, f. 615, d. 1, c. 1, p. 10–10). He informed that the monthly salaries at Kosiv salt factory are: manager – 250 rubles; senior supervisor – from 65 to 70 rubles; engineer, junior supervisor – up to 70 rubles; mechanic, office clerk – 150 rubles; locksmith – from 65 to 70 rubles; a blacksmith, a carpenter, a book keeper – from 50 to 60 rubles; assistant blacksmith – up to 25 rubles; stoker, court supervisor – up to 50 rubles; guard – up to 40 rubles; a worker – not more than 8 kopecks for a pud of salt that had been extracted or at least for the prices set at the workers' hands in the area (SAIFR, f. 615, d. 1, c. 1, p. 10–10v).

After the Russian occupation of Halychyna and Bukovyna, pensioners of the salt factories were left without money for survival. For a long time, neither the factory administration nor the occupation authorities paid attention to them, and only at the end of the occupation the Administration of Financial Affairs decided to start paying pensions to former employees of Kosiv salt factory who had previously received pensions at the expense of the Austrian Government from May 1, 1917 (SAIFR, f. 615, d. 1, c. 1, p. 110–110v).

All personnel affairs of those factories were also coordinated by the Administration of Financial Affairs. The appointed inspectors supervised all areas of financial and economic activity of the state-owned salt factories: keeping records of production and selling of salt, correctness and reliability of accounting and statistical reporting, control over settlement operations for the sold salt, timeliness of payments for materials and firewood, availability and timely delivery of materials (especially wood) to ensure a continuous production process (salt evaporation), compliance with the economy, control over timeliness and completeness of giving revenues to the Chernivtsi field treasury, inventories of materials and finished products (SAIFR, f. 615, d. 1, c. 1, p. 98–99, 130–130v, 131–131v, 155–156v). All violations revealed during the inspections of salt factories were drawn up by controllers in the form of audit acts and delivered to the Administration of Financial Affairs, for consideration by the management (SAIFR, f. 615, d. 1, c. 1, p. 134–134v, 135–135v).

The distribution of the salt extracted was carried out under the guidance and control of the Administration of Financial Affairs and its appointed controllers at the factories. Thus, a third of the total monthly production of salt was supplied to the quarterly units for the needs of the troops, the residual amount of salt was distributed among the city and municipal administrations for sale to the local population. The distribution of salt produced for the population on a residual principle meant the lack of salt production, which caused the acute shortage of this product. So, the Administration of Financial Affairs set the limits for the sale of salt to the population in the context of each province. In order to prevent speculation, private traders did not sell salt at all (CSHAUK, f. 377, d. 1, c. 96a, p. 14). Thus, in November 1916, for Ternopil province, the limit amount of salt was 1,000 puds per month, which was distributed by Ternopil governor among 16 districts at 50–70 puds and 35 additional puds were allocated to Ternopil police chief (SAIFR, f. 615, d. 1, c. 1, p. 16–16v). In order to evenly distribute the

necessities of goods among locals, magistrates and state administrations opened city stores for the sale of salt, kerosene, soap, bakery products, etc., at discounted prices. Product cards were also introduced. In some regions, the deficit of this product reached a critical level. Thus, on June 13, 1917, the commissioner of Kosiv district informed the director of Kosiv salt factory that Borshchiv district of Ternopil province, Kitsman and Snyatyn districts of Chernivtsi province «had a complete absence of salt» and the urgent need of the local population in it, and asked to help in solving those problems (SAIFR, f. 615, d. 1, c. 5, p. 138–138v).

Fixed prices for salt were set by the order of the Military Governor-General in the following amounts: 1 ruble 20 kopecks for a pud of evaporated salt; 1 ruble for a pud of rock salt of the highest quality and 80 kopecks for a pud of rock and evaporated salt of the 1st grade; 40 kopecks for a pud of rock and evaporated salt of the 2nd grade (CSHAUK, f. 377, d. 1, c. 41, p. 40v, 43, 54v, 139, 140v, 156, 157v). Salt was sold to military units on credit, if there was a need.

During the evacuation of the Russian troops from Halychyna and Bukovyna, the salt factories were destroyed: main parts of equipment and aggregates, as well as copper fittings were dismantled and delivered to Russia (CSHAUK, f. 377, d. 1, c. 96a, p. 15).

Conclusions. Therefore, the economic policy of the Russian authorities in the occupied territories of Halychyna and Bukovyna was aimed at maximizing the use of natural and manpower resources and industrial capacities in its own right. Setting up the industrial enterprises of the captured region, in particular salt factories, was aimed at meeting the needs of the Russian army with a vitally necessary product of first necessity, which was salt. Restoration of state and seized enterprises was carried out on terms of self-financing and self-sufficiency on the condition of austerity. At the same time, no funds were provided for the restoration or maintenance of production from the imperial treasury, even at the initial stages.

The austerity of material resources and the exploitation of the local population and prisoners of the war at these enterprises made it possible to reduce costs for the production of finished goods. As a result, the state-owned salt factories profits were transferred to the Russian state treasury.

So, the captured industrial enterprises of Halychyna and Bukovyna became one of the significant sources of income for the Russian treasury. In general, the financial and economic activities of the Russian Empire (Russia) in the occupied Halychyna and Bukovyna showed a striking difference between the declared «liberation» slogans and a real policy that was clearly aggressive.

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