

First law on currency reform (20 June 1948)

Caption: On 20 June 1948, the first law on currency reform in the US, British and French occupation zones specifies the conditions for the introduction of the new German currency, the Deutschmark.

Source: United States-Department of State. Documents on Germany 1944-1985. Washington: Department of State, [s.d.]. 1421 p. (Department of State Publication 9446). p. 147-148.

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Summary of the First Law of Currency Reform Promulgated by the Three Western Military Governors, Effective June 20, 1948

The first law of the reform of the German currency promulgated by the Military Governments of Great Britain, the United States, and France will go into effect on June 20. The old German currency is hereby invalidated. The new currency will be the deutsche mark which will be divided into 100 deutsche pfennig.

The old money, the reichsmark, the rentenmark and mark notes issued in Germany by the Allied Military authorities, will become invalid on June 21. The only exceptions are old mark notes and coins up to a denomination of one mark. In order to prevent a temporary shortage of small change, these small notes and coins will remain in use until further notice at one tenth their old or nominal value. Nobody, however, need accept more than 50 pieces of small change in payment of any kind. Postage stamps will also remain valid at one tenth their nominal value.

As a first measure, each inhabitant of the western zone will receive a certain sum in the new deutsche mark. This per capita sum amounts to 60 marks, to be paid against an equal sum of old bank notes. Forty marks will be paid out this Sunday, the remaining 20 one month later. For example, for a family of four, 240 marks of old money can be paid in, for which the family receives immediately 160 deutsche marks and an additional 80 marks one month later.

Other money held by the German public, as well as savings accounts in banks, savings banks, and postal-savings institutions will be converted into deutsche marks at a later date. The conversion rate, which will drastically reduce the total amount of money in circulation, as well as other details concerning the exchange of these amounts of money, will be published shortly in further laws. During this later conversion operation, the per capita quota already received will be deducted from the deutsche mark funds then converted or credited to the individual. Thus, if a person has an account with a bank which, through this later conversion, is reduced to 200 deutsche marks, he will still have deducted from this the sixty marks which he already received as his per capita quota in the new currency.

The per capita quota will be paid this coming Sunday by the same offices issuing food rationing stamps. In order to receive the new money, all persons must observe the following instructions:

Individuals must show their food ration and identity cards and hand in 60 marks in old money. As far as families are concerned, the per capita quota for the whole family will be delivered to the head of the family after he has produced the food ration and identity cards for each family member and has handed in 60 marks for each person. Persons who are physically incapable of appearing themselves may send a representative who, however, must be authorized by a letter stating the reason for non-appearance of the person concerned. If the head of a family is incapacitated, by sickness or otherwise, from appearing, another member of the family can pick up the per capita quota, again submitting an authorization. Special regulations will apply to travelers; they will find them at the nearest food-ration office.

Wages and salaries must be paid in the new currency as of Sunday. Wage and salary recipients who are paid on a bi-monthly or monthly basis in advance will get a reimbursement of 70 percent, in new money, for the days between the tenth day after currency reform and their next pay day (for which they were paid in advance in old currency).

There will be a moratorium of one week for all money obligations in reichsmarks. That is to say, during this week (ending June 26) no debts should be paid.

Prices will not be affected by the currency reform. In all laws, administrative regulations, contracts, etc., the new currency will simply replace the old.

Business enterprises will, upon application, receive advances to tide them over. This aid in new deutsche mark will depend on the number of employees and the size of their holdings in old money. In principle, they will receive 80 marks per employee, the total aid not to exceed their holding in old currency.

In preparation for the exchange of old money in circulation and bank accounts, the old money now in the western zones must be turned in or registered by June 26. All money not turned in or registered by that date will become worthless.

In order to guarantee a full utilization of all property, the German legislative authorities will be charged with working out a law for the equalization of financial burdens within six months (*Lastenausgleichsgesetz*). A tax reform, too, will follow the currency reform as speedily as possible.

To turn in or register their holdings of old money, all individuals must fill out a schedule, a form which they will be given at the same time that they receive their per capita quota. Business enterprises will use a schedule B which is obtainable at the banks. Instructions for filling out these schedules will be broadcast over the radio and published in the press.

The old money must be turned in or registered by June 26 at the banks or savings banks as well as certain auxiliary exchange places which will be set up by the land central banks. The latter will be set up within governmental offices or business enterprises with a large number of employees in order to facilitate exchange operations. Old money cannot be turned in at post offices or postal savings institutions. Of particular importance is the fact that each individual and each business enterprise may, as a matter of principle, only turn in or register old money once.

It is forbidden to import old money into the western zones or export it from this area. It is, of course, permissible to destroy one's holdings of old money instead of turning them in.

Violations of this law will be punishable by jail sentence up to 5 years and by fines up to 50,000 deutsche marks, or both.

For DPs living in camps, regulations paralleling this law will be announced through the camp governments. DPs will be affected by the currency reform just like the German population. For members of the occupation forces, separate instructions will be issued.

The currency reform will not, for the time being, apply to Berlin because Berlin is under four-power rule. The three Military Governments will, however, take all measures in order to maintain and strengthen Berlin's economic ties with the west which are vital to the welfare of the city. Berlin, too, is to share the benefits of the European Recovery Plan, which stands behind the new currency. Food deliveries into Berlin will be continued by the western occupying powers and sold for the currency there in use.