



German History in Documents and Images

Volume 8. Occupation and the Emergence of Two States, 1945-1961

Extracts from the British Military Government Law No. 61: First Law for Monetary Reform
[Currency Law] (June 20, 1948)

The monetary reform agreed upon by the three Western powers for their zones in June 1948 is considered a milestone on the path to West Germany's economic recovery. Inflation triggered by the war had rendered the Reichsmark worthless, and it was now replaced by the Deutsche Mark (DM). Black marketeering and the barter economy quickly gave way to an orderly economic life with a substantially improved range of available goods. Since every West German, independent of his cash assets, was paid a maximum of 60 DM in two installments, the currency reform favored those who owned stocks and material assets (houses, businesses, valuable art, etc.) and depreciated monetary wealth.

The Military Governors and Commanders-in-Chief of the British, United States and French Zones of Occupation have agreed on the terms of legislation for the reform of currency in Land Niedersachsen, Land Nordrhein–Westfalen, Land Schleswig–Holstein, Hansestadt Hamburg, Land Bayern, Land Bremen, Land Wuerttemberg–Baden, Land Hessen, Land Rhein–Pfalz, Land Wuerttemberg–Hohenzollern, and Land Baden (hereinafter referred to as ‘the specified area’) in order to eliminate the consequences of the destruction of the currency caused by National Socialism.

The Military Governor and Commander-in-Chief of the United States Zone is promulgating Law No. 61 and the Military Governor and Commander-in-Chief of the French Zone is promulgating Ordinance No. 158 to give effect to this agreement.

The present Laws replace the Reichsmark currency by a new currency, require the surrender of the means of payment which are invalidated, and the reporting of Reichsmark accounts with financial institutions, and provide for the preliminary supply to the population, the economy and public authorities of new money.

Further legislation will provide for the conversion of Reichsmark holdings which exist in the specified area, including those belonging to persons outside that area, the reorganization in this connection of the balances of financial institutions, the question of public and private Reichsmark debts, and other questions arising out of the monetary reform, including the revision of taxation.

The task of equalising burdens is laid on the appropriate German legislative bodies as one of the greatest urgency to be accomplished by 31st December, 1948.

IT IS THEREFORE ORDERED AS FOLLOWS:—

PART ONE

Conversion of Currency

ARTICLE I

1. With effect from 21st June 1948 the Deutsche Mark is introduced as the legal currency. The Deutsche Mark, which is divided into one hundred Deutsche Pfennigs, shall constitute the unit of calculation.
2. The following shall be the only legal tender as from 21st June 1948:—
 - (i) Notes and coins, denominated in Deutsche Marks or Pfennigs, which are issued by the Bank deutscher Laender.
 - (ii) The following notes and coins, at one tenth of their previous face value:—
 - (a) Allied Military Mark notes put into circulation in Germany of 1 and ½ Mark denomination.
 - (b) Rentenbank notes of 1 Mark denomination.
 - (c) Coins of 50, 10, 5 and 1 Reichspfennig or Rentenpfennig. (The auxiliary notes issued by the Laender of the French Zone of 50, 10 and 5 Pfennig are also legal tender in the French Zone.)
3. Subject to their being called in earlier, the Allied Military Mark notes and the Rentenmark notes described in paragraph 2 (ii) above shall cease to be legal tender on 31st August, 1948.

ARTICLE II

Where in Laws, ordinances, acts of the administration or declarations relating to legal transactions the unit Reichsmark, Goldmark or Rentenmark is used, it shall, subject to special provisions for particular cases, be replaced by the unit Deutsche Mark.

ARTICLE III

Money debts may be contracted in a currency other than Deutsche Marks only with the permission of the competent foreign exchange control agency. The same rule applies to money debts the Deutsche Mark amount of which is to be fixed in terms of the exchange rate for some other currency, or by the price or quantity of fine gold or other goods or performances.

ARTICLE IV

A moratorium is granted for all Reichsmark obligations. The moratorium ends on the expiry of 26th June, 1948.

ARTICLE V

If the first due date for wages and salaries after 20th June 1948 is later than 29th June 1948 an additional payment in Deutsche Marks shall be made to the person entitled. This shall consist of seventy per cent. of that part of the Reichsmark amount received at the last due date after

deduction of taxes on wages and church taxes and contributions to social insurance which corresponds to the proportion of the period beginning on 30th June 1948 and ending on the next regular due date to the total pay period. The additional payment shall be due on 3rd July 1948 and shall not be subject to taxes on wages or church taxes or contributions to social insurances.

PART TWO

Quota per capita

ARTICLE VI

Every inhabitant of the specified area shall receive in cash Deutsche Marks, in exchange for old currency notes as defined in Article IX paragraph 1 (i) of the same nominal amount to a maximum of 60 Deutsche Marks (quota per capita), of which not more than 40 Deutsche Marks shall be paid immediately and the remainder within two months. Where the person entitled can claim amounts in Deutsche Marks as a result of the subsequent conversion of old currency as defined hereinafter (Altgeld), the quota per capita shall be charged against the amount thus due.

ARTICLE VII

The quota per capita shall be paid to the person entitled by the agencies responsible for issuing food ration cards to him. The quota per capita may be collected for the account of third parties, under the same conditions as those under which it is lawful to receive ration cards for the account of third parties.

[. . .]

ARTICLE XXVI

This law shall come into force on 20th June, 1948.

BY ORDER OF MILITARY GOVERNMENT.

Source: Extracts from the British Military Government Law No. 61: First Law for Monetary Reform (Currency Law) (June 20, 1948), *Military Government Gazette*, No. 25, p. 848; reprinted in Beata Ruhm von Oppen, ed., *Documents on Germany under Occupation, 1945-1954*. London and New York: Oxford University Press, 1955, pp. 292-94.