



Berlin District Currencies in 1946 and Occupation currencies of a defeated country

by Tony James

VICTORY in war brings responsibilities and occupying the defeated nation reveals as many if not more problems in peace as there are during combat.

The Allied forces crossed the River Rhine on March 25 1945 and marched into Germany from the west. A month later they met the Russian forces advancing from the east at the River Elbe. The Russians took Berlin on April 30 and on May 4 British Field Marshal Montgomery accepted the unconditional military surrender of all German forces “in Holland, in north west Germany including the Friesian Islands and Heligoland and all other islands, in Schleswig-Holstein, and in Denmark including all naval ships in these areas.” The surrender by Admiral Dönitz occurred at Luneberg Heath; an area between the cities of Hamburg, Hanover and Bremen, and signalled that the European war was over.

At 02:41 on the morning of May 7 1945, at the Supreme Headquarters Allied Expeditionary Force (SHAEP) in the French town of Rheims, the Chief-of-Staff of the German Armed Forces High Command, General Alfred Jodl signed the unconditional surrender to the Allies of all German Forces.

It included the phrase “All forces under German control to cease active operations at 2301 hours Central European time on May 8 1945.”

The next day, General Wilhelm Keitel and other German OKW (German Forces High Command) representatives travelled to Berlin, and shortly before midnight signed a similar document, explicitly surrendering to Soviet forces, in the presence of Marshal Georgi Zhukov. The ceremony took place in a villa in an eastern suburb of Berlin, in the town of Karlshorst.

Allied Military Currency (AMC)

In 1945 the US had over 3 million troops in Europe, and half of them were in Germany. These were the majority of the

Allied forces who had to adapt from being in a combat role to an occupation force. These troops carried with them Allied Military Currency (AMC) in marks that had been prepared in 1944 when the invasion of Germany was still in the planning stage. At that time the Soviets had asked the US to provide AMC specimens to them, and had insisted that as they were to participate in the occupation of Germany they should be allowed to print some of the notes.



AMC 20 mark note SCWP 195
showing the American 9 digit serial number

The AMC mark notes issued to non-Russian troops were printed from September 1944 to June 1948 by Forbes Printing in the USA and were issued in the following denominations: half mark, 1 mark, 5, 10, 20, 50, 100 and 1000 mark denominations. As the Soviets were able to print their own AMC marks, they were also able to issue them without any attention to the quantity issued by other allies. The Soviet troops were indiscriminately given large quantities of the currency which when spent in Germany fuelled inflation. After all, they had to take their pay in whatever form they could and spend it before they might be transferred out of the country.

A U.S. Strategic Services Unit (SSU) intelligence report in early 1946 quoted an American officer in Berlin saying that he could sell the following items to Soviet soldiers in



Allhierte Militarbehorde 100 Hundert Mark
Russian printing indicated by the serial number -50012864

exchange for US dollars: - a carton of American cigarettes for \$200, an army wrist watch for \$1,000, a pair of army boots brought \$200 and even a 5 cent chocolate bar sold for \$5. Liquor was welcome at a price of \$150 for a bottle of whisky and low grade French cognac cost \$80.

The "Directive to the Commander-in Chief of United States Forces of Occupation Regarding the Military Government of Germany April 1945" stipulated that "US forces and other Allied forces will use Allied Military marks and Reichsmark currency or coins in their possession. AM marks and Reichsmark currency and coin now in circulation will be legal tender without distinction and be interchangeable at a rate of one AM mark for one Reichsmark. German military currency and Reichskreditkassenscheine will not be legal tender in Germany."

This opened the floodgates for the occupation forces as they could trade on the black market. The Allied forces got vast amounts of German marks in exchange for what were often basic commodities, which they then exchanged for AM marks, cashed those in at the very favourable rate of 10 AM marks to the US dollar and thus sent large sums of money home. This situation became significantly worse when the value of the Reichsmark on the black market dropped to 200 to the dollar. By April 1945 Post Offices and PXs were ordered to stop accepting Reichmarks, which relieved the Army of the embarrassing situation of legitimising illegally acquired and probably worthless currency.

By June, however, the Allied Command had relaxed controls and allowed troops to convert and send home savings and gambling profits as well as their monthly pay. Never had there been such an army of successful gamblers with odds at twenty to one in their favour! But within a month when the troops had drawn a million dollars in pay and sent four million dollars home, the Berlin District stopped selling postal money orders and war bonds. The control system seesawed during the autumn, restrictions were partially successful in balancing the books of the USFET Headquarters Command, until Currency control books were introduced on November 10. It was then that they gave each officer and enlisted man a book in which to enter his cash and bank deposits held in the theatre, their net cash pay for the previous three months and the amounts sent home during the same period. Later all pay and allowances and other legally acquired funds would have to be entered and any amounts sent home were deducted.

There was just one problem with this system. Plain white paper and initials could easily be counterfeited and entries altered. While flowers became the means of using marks

and florists delivered not flowers but money, the amount of currency converted dropped dramatically from a high of 17 million dollars in the month the new plan was introduced, and over the next two months the troops converted 2 million dollars less than they drew in pay. The flood had been stopped and while unlikely to balance, the military accounts might just reflect a more even situation.

Barter units 1947

The defeated Germans suffered immensely during the first months of the Allied occupation. The reichsmark had little value and while the occupying forces were well supplied with the necessities and some luxuries of life, the local population were severely restricted by regulations.

In May 1946 Mrs Lucius Clay, the wife of the commanding general of US Forces Berlin, suggested a plan so that Americans and German citizens could exchange goods of equal value. A store based on a prewar practice known as "tausch Ringen" (barter stores) was established and opened on June 20 1946. The way in which it worked was that people took goods to the store and exchanged them for store money or "barter units" which they could then use to purchase other store items.

There were several series of American barter units issued in 1, 5, 10, 25, 50 and 100 unit denominations. Berlin issued a



50 Barter Units Series 1947A for Frankfurt AM Mainz

series that was used from 1946 until 1948, for which 1 and 5 unit denominations have been reported, although the higher denominations are known to have been printed. The Frankfurt store had four series printed, three of which were used there from 1946 until the store closed on May 21 1948. When the Frankfurt store accounts were finalised an accumulated profit of \$32,500 of military payment certificates and 40,000 marks was found and it was given to the German Youth Association, thus making Germany the ultimate beneficiary of the store's success.

Berlin currency

The currency that the local population used was either AMC marks or an emergency reissue, such as those used in the Reichsbank offices in Graz, Linz and Salzburg. They used photo-mechanically produced notes of the war time circulating issue, all with the same serial number for the particular denomination.



*Allied Occupation Currency
Allierte Militarbehörde 1/2, 1, 5 and 10 mark notes SCWP 191 to 194*

There was also the Sudetenland and Lower Silesia, Kassenschein emergency issue of a 20 Reichsmark dated 28.4.1945 (Pick 187) which was a separate issue. The coinage was reissued by the German mints without the swastika and wreath. The lowest denomination of notes was the half mark of the AMC.

Berlin Chit currency

A multitude of semi official and unofficial chits were produced and one such series that has just come to light is an issue for Berlin that was "good in all U.S. Army Sponsered Installations in Berlin."

The booklet cover indicates that it was issued to a member of the Headquarter Troop of the 16th Constabulary, was issued on 29 August 1946 and was valid for one year from the date of sale.

The booklet originally had 10 of the Two mark coupons, 10 of the One mark coupons and 20 of the Half mark coupons in two sheets, making a total of 40 marks' worth of chits. All chits carry the words in red "Berlin District Mark" and the phrase "Good in all U. S. Army Sponsered (sic) Installations in Berlin." Regarding the spelling of "sponsored," I found, upon inquiry, that it was not uncommon to have misspelt words. The chits were printed in Germany by Germans working at German printers; English was not used



Berlin District Coupon Book No. 10361 USFET Currency Control Record. The booklet shows the three denominations of 1/2, 1 and 2 mark chits and the three Greek symbols on the right of each chit.

extensively and was a difficult language to learn, so errors were easily made. This has also been picked up on the cover of the booklet where it possibly appears that the abbreviation for headquarters has been read as Hg instead of Hq.

There is a Greek letter to the centre right on each chit, η or eta on the 1/2 mark, ψ or psi on the 1 mark and φ or phi on the 2 mark chit. It has been suggested that these symbols may have been adopted as a security device, being in a font that would be unusual for the time and unavailable to possible forgers.

United States Constabulary

On May 1 1946 the 16th US Constabulary Squadron (Separate) was created from the remaining units of the 78th Infantry Division Provisional Squadron and received draftees who commenced duty in late 1945 and early 1946. The unit was initially commanded by Lieutenant Colonel BG Samuel McClure Goodwin who had been with the 6th Cavalry Squadron during the war years. The unit was assigned a former German Luftwaffe anti-aircraft and repair barracks called Emerick in the Tempelhof district of Berlin. The Kaserne (barracks), which had no utilities, was named Patton Barracks and later renamed Oliver Barracks, in honour of LTC Francis McD. Oliver, a distinguished Cavalry Reconnaissance Squadron commander killed in action in France in 1944. In 1948 the Squadron moved to a more modern complex named McNair barracks that had previously been a factory of Telefunken, one of Germany's largest electrical firms.

The mission of the force was to patrol all main streets of the American sector thus reinforcing the presence and strength of the US occupation in Berlin, and patrol 110 miles (176km) of the Berlin-Helmstedt autobahn from the end of the Soviet zone to the beginning of the British Occupation zone. The force also had to support the newly activated Berlin police

force and organise the German Civilian Guard Detachment that was assigned to the static security of certain US installations in Berlin. It was also to maintain a continuous 15 minute alert, able to send a force of a mechanised platoon to respond to any emergency in Berlin.

British Armed Forces Special Vouchers (BAFSV)

The British Armed Forces Special Vouchers first series were issued on 1 August 1946 in Europe and on 6 May 1947 in Japan. Significantly there is no series designation on the notes. While the notes were printed on unwatermarked paper, the 10/- and £1 notes were printed on paper with a security thread. There were also round brown laminated plastic tokens in half and one penny denominations. The notes issued in 3d, 6d 1/- 2/6, 5/- as well as the 10/- and £1 denominations mentioned before were used in the NAAFI (Navy, Army, Air Force Institute) stores and facilities in the British occupation zone in Berlin as well as other British facilities in Germany and Austria. The notes were printed by Thomas De La Rue and are the first of a large number of military voucher series that were issued from 1946 until 1979 when the sixth and last series was withdrawn.



BAFSV First issue 1/-, 2/6 and 10/- notes printed by Thomas de La Rue

Denmark's Danish Brigade

The Danish Brigade (*Den Danske Brigade*) served in Germany in the British sector from 1947 to 1958 as a post war occupation force of approximately 4,000 troops. They were stationed in Oldenburg in Lower Saxony near Bremen in 1947, and later moved to Itzehoe in Schleswig- Holstein in 1949 where they numbered about 2,000 men. The force was eventually renamed *Den Danske Kommando I Tyskland* (The Danish Command in Germany) and by 1958 the force had been recalled to Denmark. While under British command, many of the Brigade's costs, such as accommodation, training



Den Danske Brigade 25 Øre (1947-1958)

grounds, utilities, German civilian labour, transport and communications were arranged or met by the British under an agreement signed at Copenhagen on April 22 1947 and registered at the United Nations on September 24 1947. As a result the force used a series of currency within the Brigade. The currency was issued in 5, 10, and 25 Øre and 1, 5 and 10 kronor denominations and lists in the SCWPM under Denmark PM7- 12. The notes state that the issue is "for use only as means of payment in the military establishments of the Danish brigade in accordance with given regulation".

Military Payment Certificates (MPC)

The extremely large number of American servicemen serving overseas during the period after the end of World War II was the predominant reason for the issue of another system of military payments. The introduction of MPCs as a means of paying servicemen, US government civilian employees

and US citizens working for US firms in the country, meant that they were prohibited from holding US currency or other dollar instruments. If a US citizen worked for a company of the host country then they were paid in local currency, and the local population were prohibited from holding MPCs. As MPCs were denominated in US dollars they could only be used in US facilities. A soldier who wanted to purchase in the civilian community then had to convert his MPCs to local currency and could not exchange it back again for either MPC or US dollars. This put a distinct dampener on black market activities!

As in most countries where more than one currency circulates, and where MPCs were used by military personnel, the notes found their way into the local community and brought about what became known as “C” days or conversion days when military camps were closed without notice and only authorised users permitted to convert their holdings of MPC to the new series that was introduced. The old series became worthless and unauthorised holders were left with nothing.

These certificates were used in Germany, including Berlin, from the introduction of the first MPC series 461 on 16 September 1946 through to Series 541, which was withdrawn in 1961. The notes of series 461,471,472 and 541 were printed by Tudor Press Inc. of Boston Massachusetts and series 481 and 521 were printed by Forbes Lithograph Corp. also of Boston Massachusetts. All series were numbered and separated by the Bureau of Engraving and Printing. Limited convertibility of the currency brought about an immediate halt to the conversion of black market profits into dollar credits.

Allied Occupation US Army Command

In February 1948 the US, British and French authorities were ready to conduct a currency reform in their respective occupation zones of Germany. The Allied Military Currency then in circulation was to be converted to a “special army currency series” that had been prepared in the US. The series



Military Payment Certificates from the 461,471,472,481 and 521 series that were all used in Germany (Series 541 also used)



U.S. Army Command First issue 1948 5 and 10 Mark notes without the 'B' overprint for Berlin SCWPM 4 and 5 Germany Federal Republic

was denominated in deutschmarks but did not include any issuing authority on the notes. It was printed on planchette paper by Forbes Lithograph Manufacturing Corporation, Tudor Press and the American Bank Note Company, and the production was supervised by the Bureau of Engraving and Printing. It was issued in 1/2, 1, 2, 5, 10, 20, 50 and 100 deutschmark denominations. The series had some of each denomination printed with a B in a circle or had a B perforated or both, for issue in Berlin. This was so that checks could be made on the currency circulating in West Berlin. The Soviets refused to accept this proposed new currency even in Berlin, as they wished to keep Germany weak and thus continue the German recession. The Allies, however had already smuggled 250 million of the new deutschmarks into the city and it quickly became the standard currency in the western zones.

The Soviets responded on 12 June 1948 by declaring that the autobahn leading to Berlin from West Germany was “closed for repairs.” Three days later road traffic between the sectors was halted and on 21 June all barge traffic into the city was also stopped. Finally on 24 June the Soviets announced that due to technical difficulties there would be no more rail traffic to and from Berlin. The next day they advised that they would not supply food to the Western zones of Berlin. The famous Berlin Airlift ensued and the blockade was finally lifted on 12 May 1949 after two million tons of supplies had been airlifted into the beleaguered city.

Multiple currencies

The introduction of the deutschmark brought some sanity to the currency situation in Germany. The occupying forces continued to use their own military currency in their own institutions as can be seen by the dates that MPCs and BAFSVs were withdrawn.

Chits, continued in use in the servicemen’s messes and bars, facilitating accounting and control of businesses where black market activities might still persist.

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