

# FRENCH GOLD IN WWI

*French replacement of gold coins by paper money during WWI* by Tony James



*Pour la France / VERSEZ VOTRE OR / L'Or Combat Pour La Victoire. Image: Library of Congress Call number: POS - Fr. F35, no. 4 Reproduction number: LC-USZC2-3865*

**T**HE picture says it all: a large gold French coin, dated 1915, crushing a German soldier. While researching various topics, I came across this poster which says “Pour la France, Versez Votre Or, L’Or Combat Pour La Victoire” which translated, means “Deposit your gold for France” and “Gold fights for victory.” The poster, a lithograph created by artist Abel Faivre (1867-1945) is one of a large number of war posters created for propaganda purposes by both sides, promoting enlistment, support of the military forces, restricted

use of materials and conservation of resources.

The advertising obviously works visually as it caught my attention; I just don’t have any gold coins to hand into the French authorities, beside which it’s nearly a hundred years too late. However, it did attract attention in France and I have the documentary proof. Over the years I have collected four receipts for gold deposits made by patriotic French people and these form the basis of this article.

As soon as financial uncertainty sets

in, people look for security. The search for safe investments becomes all consuming and for thousands of years, gold has been a popular haven. Naturally this search for a safe investment also extends to governments and in 1914 the French government was no exception.

Before the First World War commenced, the Bank of France had printed notes for the equivalent of 1.5 billion French francs to cover initial war expenses and also increased its gold reserves. Another law rendered the currency notes of the Bank of France inconvertible, to prevent the stampede by depositors to their banks and claiming the gold that backed their banknotes that were issued by the Bank of France.

Mademoiselle Marguerite Thibary had managed to acquire some 30 francs in gold coins by early July 1915 and she felt it was her patriotic duty to take the coins to the Bank of France and exchange them for banknotes. She received a rather plain insignificant receipt for her efforts, plus of course her 30 francs in banknotes

The poster of the gold coin crushing the German soldier shows what the Bank of France wanted was to issue a 10 franc banknote similar to the one opposite and withdraw the 10 franc gold coin. Interestingly the gold coin is dated 1915, however none with this design were minted after 1914.

To illustrate the comparative value of the franc in 1914 to today; in 1914 there were 5 francs to the US dollar and one dollar had the buying power of \$20 today. Female wages might have reached 35-40 francs per week if they were lucky (\$7-\$8 today-\$140-\$160). The monetary situation in France was not just about gold coins; after all, by the time rent, food and living costs were added up, the average person didn’t see a gold coin



*10 Franc gold coin dated 1907*



from one year to the next. The subsidiary coinage in bronze and silver suffered the same fate. It too, was hoarded, the silver was now above face value and the centimes were headed for the smelter to become cartridges and bullets. Thus was created the “bon”

- small change paper and card notes which were issued by towns, companies and communes or villages.

These notes were issued in denominations from 1 centime to 50 or 100 francs. Most importantly, any of these “bon” issues had to be backed by depos-

iting the same amount of Bank of France notes or securities with the national bank or similar authority.

At the same time the prisoner of war population grew with large numbers of captured troops ending up in camps on both sides of the trenches. The established camps were often equipped with canteens to provide extra food and personal items and soldiers who worked were able to earn funds to purchase goods.

The French government soon had another problem on its hands. Warfare incurs huge costs for countries involved, with their armies particularly being a huge expense to clothe, feed and equip.

We must remember that the Western Front, which existed from early 1915 to the end of the war in 1918, covered all of northern France and Belgium. Before the war this was the main manufacturing area of France so supplies had to be obtained from other sources and much of this was from overseas. This meant that France had to pay for these needs and a country that is in the middle of a war doesn't have a good credit rating, so more gold was required.

The translation of the text of the poster on the following page, “Chaque pièce d'or apportée a la banque avance d'une heure la victoire finale”- “each piece of gold brought to the bank brings victory an hour closer” as requested by the poilus – (generic name for all French soldiers) appeals to the population who have little time to fulfil the call to help the country.

The 20 franc coin was last minted in 1914 and was quickly replaced by the 20 franc note during those early years of the war. This banknote design was in circulation from mid 1916- until the end of the war.

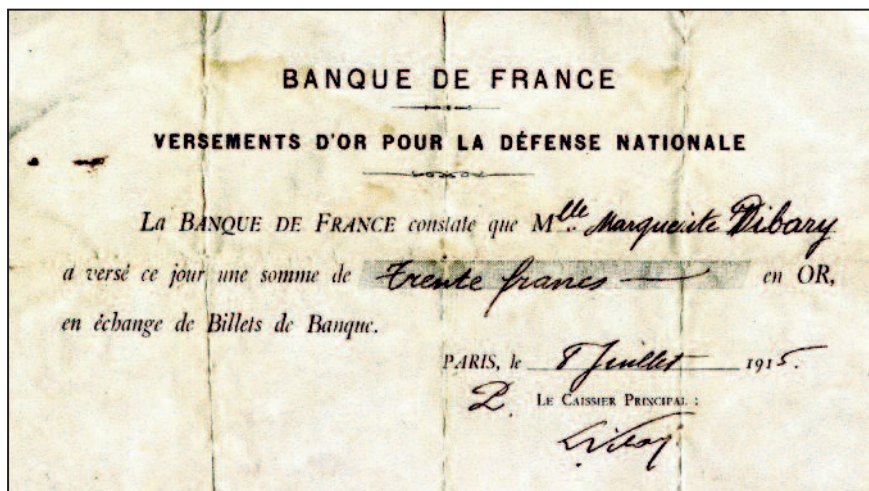
Monsieur Jean Barralis was inspired to surrender his hoard of 400 francs in gold during 1915. His certificate was different to that issued on 8<sup>th</sup> July to Marguerite Thibary. This much more ornate design used in October had the initials of the Banque de France in each corner, a printed signature on the right and rubber stamp signature in confirmation.

While the civilian population was adjusting its thinking and getting used to the absence of gold and silver coinage, the military were printing their own Army Treasury paper currency in 1917. Small change was also scarce in the barracks and so 50 centime and one and two franc paper notes were introduced, with an additional issue in 1919. This substitute paper currency was just one of many in use in camps, military messes and, as mentioned, POW camps.

Any research of this period will soon



10 Franc Banque de France note dated 1916



Banque de France, Versements d'Or pour la Defense Nationale, This receipt acknowledged receipt of 30 francs in gold coin on 8 July 1915



10 Franc “Bon” issued by Chambre de Commerce de Cambrai 15 Septembre 1914



show that France, like most other countries involved in the war, was busy raising loans to assist the government balance the books. There is a beautiful poster of a soldier with shovels leading the march of coinage, including what little gold may be left, into the French and Italian Bank to subscribe to the Government Loan that the bank was assisting in underwriting. The coins themselves are waving flags made up of banknotes.

By 1916, a Monsieur Leon Cauhapé had also agreed to surrender his hoarded 400 francs in gold. We don't know if these funds were invested in the National Defence Bonds that were on sale at the Bank of France, but the branch had not received certificates for the new year when he went to the bank.

The newly-designed receipt, that was unavailable for Monsieur Cauhapé was already out of date when his cousin/brother/son named Hippolyte surrendered his hard earned 20 francs to the



5 centime note for use in POW camps in the 15th Military Region for German prisoners.

bank in 1917. The ornate design begins to look like the pre-war style of Bank of France notes and documents. The

allegorical figures on each side of the uniface document and elaborate engraving of the borders would indicate that the bank was much more organised and the Bond investment program was in full force.

Foreign Banks were also joining the French Bond program. This is indicated by a poster (not illustrated) issued by the Industrial Bank of China (which had obviously been involved in several of the previous loans), with bags of gold coins of the 1<sup>st</sup> 2<sup>nd</sup> and 3<sup>rd</sup> Loans and with a German soldier about to be



"Each piece of gold brought to the bank brings victory an hour closer". Image: Library of Congress. Reproduction Number: LC-USZC2-3916



20 Franc gold coin, obverse and reverse dated 1910



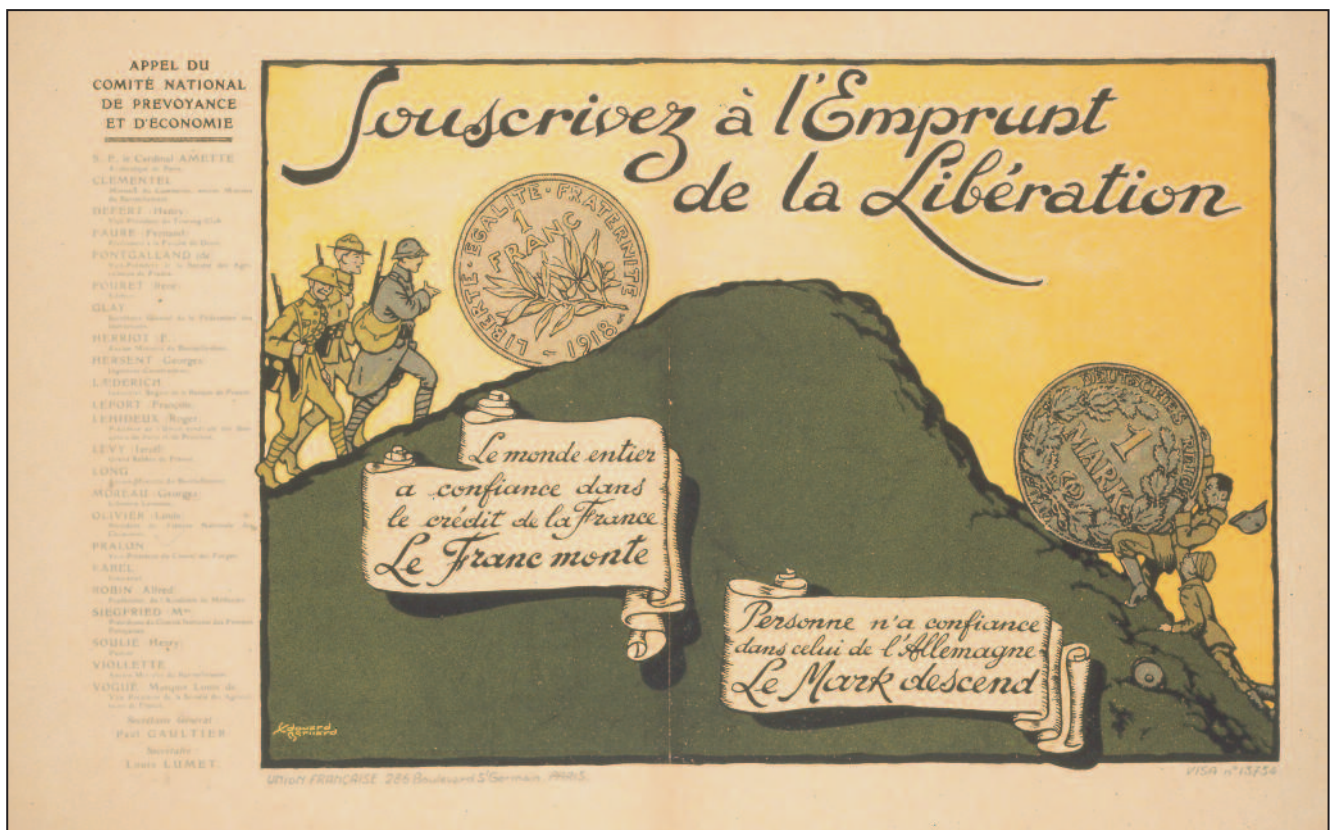


*Underwrite the Issue – leading the army of coinage to the bond issue. Image: Library of Congress. Reproduction number LC-USZC2-3896*

buried under the flood of subscriptions to the 4<sup>th</sup> Loan.

This article is aimed at the issue of certificates and the replacement of gold coinage in circulation by banknotes, so I am not pursuing a description of the government Bond Issue program. However, we can see there were many beautiful posters that encouraged the civilian population to continue supporting the army with contributions of gold and cash subscriptions to national loans.

This poster below shows the results of public support for the French government-



*Subscribe to the Loan of the Liberation. The franc and the mark pushed uphill by Allied and German soldiers, respectively. Image: Library of Congress. Reproduction Number LC-USZC2-3837*





Certificate for 400 francs issued to Barralis Jean in October 1915

ment financial policy, with the British and French soldiers pushing the French franc uphill easily with the caption "The entire world has confidence in the credit of France and the franc climbs the

mountain." On the other side German soldiers are shown failing to push the German mark up the hill, with the caption reading "Nobody has confidence in Germany" and "The mark goes down."

At the end of the war, France emerged, just as, if not more, scarred than most other countries, as most of the fighting had been on French soil. The country's entire northeast quadrant was virtually





One of the military series of small change notes signed by the Paymaster General of the Army



Leon Cauhapé certificate for 400 francs of gold surrendered in 1916

annihilated, more than one thousand miles of canals, seven million acres of land, 50 percent of roads in the region, three thousand miles of railroads, and an estimated 220,000 houses destroyed. This was in addition to an estimated 7 percent of the entire population dead or incapacitated.

However, the French financial policies were such that, while the country suffered severe post war inflation, like other countries, it refused to follow the rules of the game when it came to the gold standard. Together with its neighbour, Belgium, the country kept interest rates low, protecting the nation's money supply from fluctuation by buying and selling domestic securities. In this way the Bank of France prevented any inflow of gold from increasing the nation's money supply. It would sell securities for gold, thus reducing the amount of gold circulating. It should be noted that France had a 35 percent gold backing for its issued paper currency, a rate far higher than most other European currencies as well as the US. Thus we can see the relevance of the certificates that were issued upon the surrender of gold coin.

#### References

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Library of Congress Picture reference section

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Hippolyte Cauhapé's certificate for 20 francs the most ornate certificate for the lowest amount dated 13 May 1917