

Currency Reform (June 20, 1948)

Abstract

Monetary reform was urgently needed to facilitate the introduction of the Marshall Plan, eliminate the black market, and create a more favorable ratio between available goods and the amount of money in circulation. The currency reform of June 20, 1948, introduced the Deutsche Mark (DM) in the Western occupation zones. As part of its launch, every resident was given start-up money in the amount of 40 DM. (A second installment of 20 DM was paid out later.) The photograph below shows the initial allotment being handed out at a disbursement site in a Catholic school in Munich.

Simultaneous with the introduction of the reform, Ludwig Erhard, director of economics in the Bizone, announced measures lifting price and production controls on many items. Products, often hidden away, appeared on shelves, and the black market disappeared virtually overnight. Two days after the Western reform took effect, the Soviets announced a currency reform of their own; it was to apply to their occupation zone and to all of Berlin. Western leaders were opposed to the inclusion of Berlin, however, and they introduced the DM in their sectors. On June 24, 1948, the Soviets responded by blockading the Western sectors of the city.

Source



Source: Payment of DM 40 “bounty” per person at a distribution point in the Carmelite School in Munich. Photo Hanns Hubmann.

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