Excerpt from the Currency Reform Resolution Passed by the Central Committee of the SED (June 22, 1948)

Abstract

Like the Western occupation zones, the Soviet zone also needed to pass a currency reform to eliminate the excess of paper money left over from the Nazi period. On account of some previous fiscal measures, however, reform was less urgent there. The East German currency reform took place in June 1948, a few days after the currency reform in the Western zones, the nature of which was sharply criticized by the SED. In fact, the East German currency reform offered more favorable exchange rates and its repercussions for those holding capital were less harsh. But since economic life continued to be controlled, the Soviet zone did not benefit from a boost in the supply of consumer goods comparable to that experienced in the Western zones.

Source

Currency reform in West Germany was *dictated by the lords of Wall Street* in conjunction with their German accomplices, Pünder, Pferdmenges, Dahrendorf, and cohorts. The reactionary measures of the de facto government in Frankfurt will trigger a wave of price increases while simultaneously keeping wages low and worsening unemployment. Under the slogan of "self-management," monopolistic business associations have been given control of the economy – those very associations that supported the fascist war economy. *This separate currency reform is meant to salvage the rotting, crisis-ridden capitalist economy, and leaders from the bourgeois parties and the Social Democrats are providing active support.* This separate currency reform is part of the new offensive that big business is mounting against the working population in West Germany. It will intensify the battle against the working class and must be met with increased resistance.

In the Soviet occupation zone in Germany, the necessary countermeasures will be taken under fundamentally different conditions. The bank and company bosses, the war criminals, and the large landowners have been dispossessed. The working people are in control of the state administration. Through audits of old accounts with balances of more than 3,000 Reichsmark –carried out in accordance with the resolutions of the German Economic Commission – currency reform will completely eliminate all existing war profits. Through audits of all new accounts with balances of more than 5,000 Reichsmark, money acquired from black-market dealings and speculation will be confiscated. These measures are intended to create healthy monetary conditions at the expense of smugglers and war profiteers, and they will assist in building a democracy and serving the peacetime economy.

Catastrophic financial management under Hitler's regime led to a sea of paper money. This problem has not yet been rectified, but it must be addressed if a healthy democratic peacetime economy is to emerge. Nonetheless, in contrast to West Germany, the implementation of currency reform in the Eastern zone will take social factors into consideration.

Anyone who has 200 Reichsmark in his new savings account will keep 120 Reichsmark, or 60%. Anyone with 300 Reichsmark will keep 140 Reichsmark. Of 500 Reichsmark, 180 will remain; and of 1,000 Reichsmark, 280 will remain. The per capita quota of 70 Reichsmark *will not be deducted* from these recognized amounts; this is an additional advantage over the regulations in West Germany. The holders of old savings account will also be taken into consideration.

Those people who, after the collapse, placed their trust in the new democratic order by purchasing the federal states' reconstruction bonds will not see their invested money depreciate in any way.

What is especially important is that, in the Soviet occupation zone, there will be no depreciation of the money held by nationally-owned enterprises and communal enterprises and the budgetary funds of the state administration. The loans issued to new farmers will be reduced to one fifth of the amount owed. This will strengthen the new farming economy that has been created by land reform. The social insurance system, whose assets will be converted on a 2:1 basis, is among the organizations receiving preferential treatment.

Source: Excerpt from the Currency Reform Resolution Passed by the Central Committee of the Socialist Unity Party (June 22, 1948), in *Dokumente der Sozialistischen Einheitspartei Deutschlands,* vol. II. Berlin, 1951, p. 16ff, reprinted in Ernst Deuerlein, ed., *DDR*. Munich, 1966, pp. 71–72.

Translation: Adam Blauhut

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