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50X1

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- 50X1
1. The currency reform in June 1953 was, on the whole, a surprise to everyone; to the public, the Communist Party activists, Revolutionary Trade Union activists, as well as to some government officials, in spite of the many surmises and suppositions which preceded it. The first rumors about a possible currency reform were spread throughout Czechoslovakia after the currency reforms in Rumania and Poland. All such rumors were counteracted by the government which labeled them as Western propaganda and completely untrue. About the middle of 1952 official action was taken by the various enterprises to squelch these rumors. In December 1952, however, the population was seized by a "purchase fever"; they bought food and goods for immediate consumption as well as other goods. The people were apparently trying to use up their money for they believed that a currency reform would take place in January 1953. Again the régime counteracted these rumors in the same way. This feverish purchase of goods was advantageous to the régime because goods were purchased which otherwise would have remained in the stores indefinitely. Therefore there were rumors that this "purchase fever" was initiated by the government itself.
 2. The first of April 1953 had been assumed to be another possible date for a currency reform. This assumption was supported by information from banking circles that new paper currency was printed and being prepared for circulation to replace old currency which was politically outdated. (Money issued prior to the Communist coup was still being used.) There were other rumors which also helped to calm the situation, such as: the Czechoslovak currency would be re-evaluated by means other than a currency reform, i.e. lowering wages and salaries

~~SECRET~~

SECRET

50X1

- 2 -

- and systematizing employment in government offices along definite salary levels. Because the government actually took some steps with regard to salaries as well as uniform classification of government employees, they were successful in allaying the fears of the people.
3. A new "purchase fever" which was impossible to curb arose during the last 10 days of May. There were long queues in front of stores and practically everything was bought; the stores were in danger of being completely sold out. Therefore, in the last days of May some goods, such as the better textiles and shoes, were removed from the stores and many stores were closed; the reason given was the renovation of the stores. Banks and savings institutions were also closed to the public. On the last two days of May, Saturday and Sunday, all selling was officially stopped except for milk and bread. These two days were, under various pretexts, made into normal working days. The purpose of this was, I believe, to suppress the people, to reduce the possibility of their gathering, and to gain time to brief officials on how to handle the currency reform which was announced at this time to take place between 1 and 4 June. At Sunday afternoon meetings chief accounting officials from government offices and enterprises were briefed by representatives of the Ministry of Finance and the State Bank who instructed the officials on how to administer the exchange centers.
 4. An exchange center was established in every central government office, every finance institute, every government administration office, and every national enterprise. Each center was managed by a chief who was responsible for complying with instructions and for a smooth operating procedure. He was assigned the following officials:
 - a. An information clerk was to determine if applicants were entitled to the service at the particular center, and if they had the necessary papers, which included identity cards for all members of the family and a "family list" (kmennovy list) for procuring food ration tickets. He further checked to see that each person had properly completed a special form on which the amount in old currency which was to be exchanged for new was entered, together with the corresponding amount in the new currency which was calculated by the individual.
 - b. Two control officials were to check all the papers mentioned above and enter the names and identity card numbers of the applicants, as well as the amount of the exchange, on special lists. Every applicant was given an individual number on this list and this number was entered on his identity card and on identity cards for other persons in his family which he had. The number was placed on the inside of the back cover along with a rubber stamp and the number of the exchange center.
 - c. An accounting official was to check the calculations of the applicant and to hand the form, along with the applicant's papers, to a cashier.
 - d. The cashier was to receive old currency and coins from the applicant and give him the corresponding amount in new money together with the identity cards. The family list and the special form were attached to the control official's special list. In this way all the family lists were collected and the food-ration system was abolished. The people were to buy everything on the free market.
 - e. Every center was further assigned two members of the SNB and several members of the plants' militia to keep order. Plants' militia were on a 24-hour alert from 30 May to 4 June.

SECRET

SECRET

50X1

- 3 -

- f. A member of the StB was also assigned to each center. His task was to ascertain the reactions of the people and to check whether any person applying at the center was wanted by the police. For this purpose he had a list containing the names of all persons wanted for arrest. He also checked to see if the identity cards were unusually damaged, glued together, or if the text had been altered. He checked to see that the amounts of money brought in by people were not too high. (Persons who had 100,000 crowns or so were questioned or arrested, and their apartments were searched.) How thoroughly the documents were checked depended on the StB man.
- g. In addition to the officials mentioned above there were several aides working in each center.
5. The exchange centers were open day and night during the four days. As far as Prague was concerned, the work went slowly in centers located in the District National Committees which handled most of the elderly and the sick who needed detailed explanations in order to complete the form. Many people brought all their money in coins because they believed that the currency reform would affect only paper money. Each person was entitled to exchange the first 300 crowns at a rate of one to five. The remainder was exchanged at the rate of 1 to 50. Some people did not even have 300 crowns; some of those who had large amounts of money asked their friends to exchange part because they were afraid to bring in large amounts. During the period 1 to 4 June old currency was still legal tender but at the ratio of 1 to 50, if not officially stated otherwise.
6. The morale of the people during the days of this exchange was very low. The currency reform hit the workers and Party functionaries most strongly because they had the largest incomes and therefore they had accumulated savings. The currency reform deprived them of almost all of their savings.
7. Even Communist Party functionaries considered the currency reform a contradiction of all the official statements that the standard of living was rising and that the economic situation was improving. The Communist Party, to counteract this feeling, attempted to justify the currency reform by convincing the people of the advantages. This action failed completely. The confidence of the Party members who had believed in the government was shattered. A few days before the currency reform there were high-ranking Party officials who denied that there would be a currency reform, for instance, NEPOMUCKY, at that time the Minister of Agriculture, and KLIMENT, then President of the Revolutionary Trade Union Council. The consensus was that the currency reform was prepared in a secret meeting (no one was sure who attended the meeting) and followed the instructions of a Soviet expert. There were rumors in banking circles that a Soviet expert administered the currency reform. It was known that the decree initiating the currency reform bore the traces of a translation from Russian. In spite of all the government did to avoid disclosing that a currency reform was forthcoming, rumors arose and during the last days of May even families of government officials were among the frantic buyers. This was told to me by an StB member who said that this was the reason for further inquiries.
8. The dissatisfaction and bitterness of the population was revealed in various forms which often showed the great courage of the people concerned. Loud criticisms and comments were made by people waiting in the exchange centers; the SNB members and militia did not interfere but silently agreed. Riots took place in Prague, Pilsen, and Ostrava, as well as in other places in Slovakia and Moravia. I heard that in the days following the currency reform there were strikes

SECRET

SECRET

- 4 -

at the CKD and Praga Plants in Prague. The workers in these two plants wanted to join forces but the police and factory militia prevented this by locking the factory gates. About 20 workers were reported to have been arrested in the CKD Plant. The riots not only showed the spirit of resistance among the workers and others but also showed that some of the militia, police, and army units, as well as Communist Party functionaries, were not reliable. The lack of money was serious and the decrease in prices which followed the currency reform did not improve the situation because prices were lowered only for non-essential goods, and goods that the average person could not afford anyway.

9. The government issued a secret decree ordering all chiefs in government offices and all leading Party functionaries to report on the reaction to the currency reform in their offices. They were ordered to charge those who gave voice to their disapproval of the currency reform with sabotage and violation of state discipline. The Communist activists, however, seemed reluctant to carry out this program.
10. The currency reform was advantageous to the government in that the government finally liquidated its indebtedness incurred by blocking all savings and securities in 1945. All these savings became worthless as well as all insurance premiums paid before 1945. By this action the national debt was considerably lowered. Further, the ratio of exchange employed in the currency reform penalized all those who had accumulated savings after 1945. This in turn decreased the liability of guaranty of the state toward the depositors. Further, the currency reform reduced the amount of currency in circulation and resulted in a complicated process of adjustment of wages, salaries, and prices. The currency reform enabled the government to save on government administration and national enterprises. As the result of the initial uniform classification and other measures the number of personnel in government administration decreased by five per cent.

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