

41st International Congress for the History of Pharmacy. Paris, september 10-14, 2013



EMERGENCY MONEY IN PHARMACY OF HUNGARY

Dr. Attila Szabó – Dr. Ildikó Bácskay – Dr. Miklós Vecsernyés

(Department of Pharmaceutical Technology, Faculty of Pharmacy University of Debrecen), e-mail: szabo64a@gmail.com

INTRODUCTION

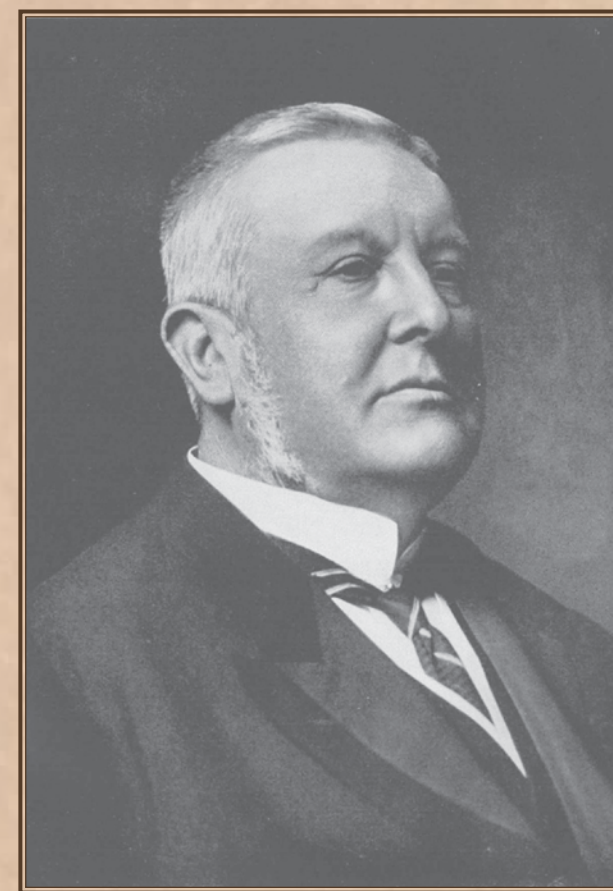
The goal of this study is to introduce a topic which is connected to pharmacy, but has also become curio in numismatists' collections. Data collecting was on mainly based national literature and on my own collection. During the 20th century in Hungary there were two periods associated with the emission of emergency money in which there were official and private issues. The first cause was the inflation that has occurred as

a result of the 1st World War I. during the spring of 1915. The second one was issued as a result of the fight against prince-increase made by the National Prince Monitoring Committee between 21 March and 31 July in the Hungarian Soviet Republic. In both cases – while breaking the laws of our Central Bank, happened on its silent approval – they were issued to substitute for the legal small change. In this study I am

presenting different forms of emergency money which used to be issued by towns, factories and private shop owners. Within private shop owners even pharmacists issued some emergency money. There were towns and factories, where the Association of Pharmacists issued them, for example in Szeged or the Chinoin Factory.

I. THE 19TH CENTURY

At the end of the 1860s the opening of the American silver mines – „Comstock-Mine” – shook the basis of the silver-based currency systems to the core all over the world including the Austro-Hungarian monarchy.



Picture 1 – Sándor Wekerle, the minister of finance

As a result, changes started. While one by one the European states were changing over to the gold-based currency system, the Monarchy was sticking to the old one. Therefore, silver from abroad was streaming into the country resulting in the economic weakening of the Monarchy. For this reason Sándor Wekerle, the minister of finance – (Picture 1) –, put forward a proposition to the Emperor suggesting a switch to the new currency system. However, this was received by the court of Vienna with some reservation, since the idea was of Hungarian origin.

Finally, as Franz Joseph, the Emperor and Hungarian King signed the Acts XVII. and XVIII on 11 August 1892, the gold-based currency system was adopted by the Monarchy. The new system was named after the monetary unit Korona (Krone) and called the Korona-system¹.

The monetary standard was defined on the basis of the average Vienna stock exchange trading prices of the Napoleon (III) gold in the period 1879-1891. As a result 3208 Korona could be minted from 1 kg of gold². (Picture 2)



Picture 2 – 10 Korona gold coin from 1892



Picture 4 – 250 Korona, 10 000 Korona Hungarian bank notes

II. THE BEGINNING OF THE 20TH CENTURY

The outbreak of the World War I. – (Picture 3) – caused panic in the financial world. Neither the governments nor the banks were prepared for the possibility of a war and they did not take the necessary measures. Thus a massive shortage of money took place when people started to withdraw their deposits from the banks.

In order to protect the noble metal reserves in this war situation, gold and silver coins were withdrawn from cash flow. Instead, printing of paper bank notes was ordered. In order to alleviate the disruption of the cash flow, Korona banknotes of 250, 2000 and 10,000 denomination were introduced on 27 September 1915, with printing of smaller denominations planned³. (Picture 4)



Picture 3 – 1st World War

III. EVENTS IN THE 20TH CENTURY

More and more states entered the war, which was getting more and more costly. Governments of the countries fighting in the war had to face the ever growing problem of shortage of small change. This situation was further aggravated by the fact that the chief secretary of the Austro-Hungarian Bank, Frigyes Schmid refused to provide Hungary with the appropriate amount of Vienna printed bank notes.

Lack of appropriate amounts of small change led to the practice well-known throughout history; the 2 Korona bank note issued on 05 August 1914, was simply sliced⁴. (Picture 5)

Although breaking the rights of the Austro-Hungarian Bank, and yet with its tacit approval, various substitutes for small change were issued by authorities or even private firms. Compared to Western European countries 'emergency money' of private origin was emitted in fewer numbers. Their use spread mostly in areas where the enemies threatened to attack, or in the staging area of the army.

In Hungary the war emergency money was issued in the spring of 1915. (Picture 11)



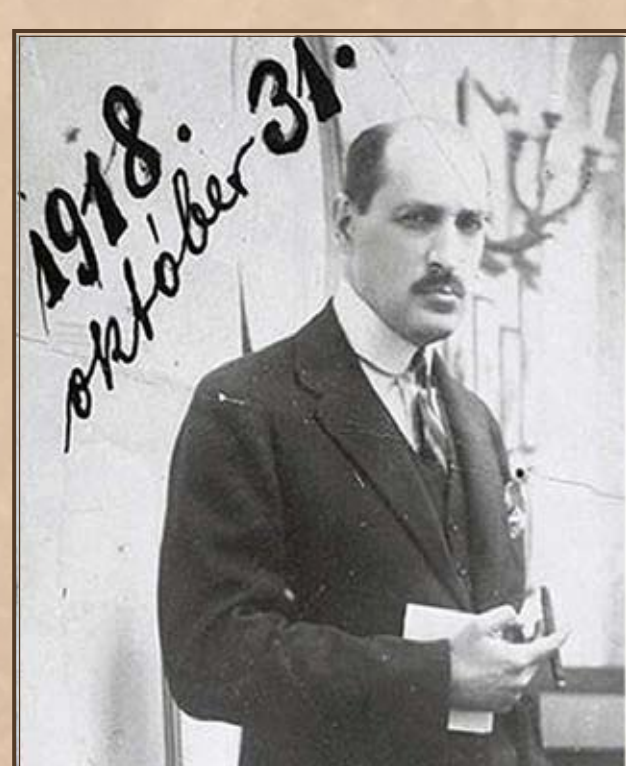
Picture 11 – Issued by private pharmacists in 1915



Picture 5 – The 2 Korona bank note issued on 05 August 1914, was simply sliced

IV. AT THE END OF THE 1ST WORLD WAR

On 28 September 1918 lieutenant colonel Hundendorff announced to the German Emperor Wilhelm that there was no hope of a successfully ending the war; World War I. did end on 02 November 1918.



Picture 6 – Mihály Károlyi, President of the Republic of Hungary



Picture 7 – Hungary's soldiers fall of 1918



Picture 8 – The Hungarian Soviet Republic Revolutionary Governing Council

In our country, the monarchical states were substituted with the Republic of Hungary in which Mihály Károlyi – (Picture 6 and 7) – was the president then it was replaced by the Hungarian Soviet Republic led by Béla Kun.

The Hungarian Soviet Republic (21 March 1919-31 July 1919) – (Picture 8) – led by Béla Kun nationalized the banks; the role of the Central Bank was taken over by the Hungarian Post Office Savings Bank under the leadership of Gyula Lengyel, state commissioner.



Picture 9 – Miklós Horthy, Regent of the Hungarian Kingdom



Picture 10 – At the Trianon decision after the Hungarian land allocation. Hungary lost 72% of its territory and 64% of its population

The National Price Control Commission ordered the restaurant owners and everybody else (including pharmacies) to accept only the correct price for their services

from the customers and not more or otherwise they commit illegal price raising which was to be punishable. Due to it emission of new emergency money of private origin turned up. The bank notes were certified by serial numbers, signatures and mainly by stamps put on the notes while being used^{5,6}. The Hungarian Kingdom under the governance of Miklós Horthy – (Picture 9) –, the Governor, signed the Treaty of Trianon on 20 June 1920. (Picture 10) Hungary lost 72% of its territory and 64% of its population. The mint was first moved from Csepel to the Kőbánya machine factory, and finally to the building transformed from the previous Prince József Cavalry Stables in Üllői street, where it is still in operation.

The Austro-Hungarian Bank was dissolved in 1922 and in its stead a new bank, the Hungarian Central Bank started its operation on 24 June, 1924. Hungary's first independent currency, the Pengő – (Picture 15) – was also backed up by gold, but this is another story.



Picture 15 – In the Hungary Pengő, between 1927-1946 was money.

V. FORMS OF EMERGENCY MONEY IN HUNGARY

Issued by factories (Picture 12)

Issued by Association of Pharmacists in a Hungarian town (Picture 13)

Issued by private pharmacists in (Picture 11) and in 1919 (Picture 14)



Picture 12 – Issued by factories (Factory Chinoin) in 1919.



Picture 14 – Issued by Association of Pharmacists in a Hungarian town (Szeged) in 1919.



Picture 14 – Issued by private pharmacists in 1919.