

## Special exhibit

### “When gold and silver go on holiday...” Rye money and rye loans during the Weimar Republic

By November 1923, the Weimar Republic had already undergone numerous periods of emergency money and inflation. The gravest period culminated in the hyperinflation of autumn 1923, which effectively made the wages and currency of every individual worthless. The nominal value of German Mark banknotes went past one million, going up into the trillions.

There were various approaches to stabilising the value of money, the common denominator being the establishment of a stable unit of currency. Alongside the establishment of the *Rentenbank*, whose currency, the *Rentenmark*, was covered by stable-value mortgages on farms, industrial production capital, trade and manufacturing enterprises, the *Papiermark* (paper mark) was fixed on the basis of the market value of one US dollar in gold prior to the First World War. One paper mark was thus worth 4.2 US dollars.

In a decree on emergency money on 23 October 1923, the government of the German Reich permitted the issuance of stable-value emergency money, which had to be covered by the imperial gold bond of 14 August 1923 and was to be denominated at 4.20 Goldmark or less. Parts of this bond, such as interim certificates and fractional denominations, were circulated as payment instruments, but these did nothing to ease the situation. Parts of the imperial gold bond were often deposited to create emergency money. Emergency money that was covered in this way also deemed to be legal tender. Besides the imperial gold bond, a further 600 issuers distributed such bonds in the German Reich. These bonds were taken up by a considerable number of firms, cities, towns and communities.



Reichsbank interim certificate of the German Reich treasury bonds of 23 October 1923 (left) and 5%-value loans, debt securities of the city of Würzburg of 1 December 1923 (right)

A further alternative to the creation of stable real assets had already emerged the year before. In autumn 1922, some farmers were not prepared to hand over their harvest in return for paper money that was already becoming worthless. Payment for the release of corn was therefore made through debt securities which, in this instance, were denominated in rye. The first “rye loan” was issued in Oldenburg and was disbursed by the Roggenrentenbank AG in Berlin. The Free State of Mecklenburg-Schwerin was the first to make use of this capital market instrument and issued the first interim certificates of rye-valued loans in late autumn.

The idea of issuing loans based on real assets, which were not subject to the plummeting value of money, spread quickly. Rye was not the only real asset to be used as a basis for loans – products from other manufacturers were also used: butter, sugar, flour, wheat, potatoes, lard, beer, fat, kilowatt-hours of electricity, cubic metres of water, light, gas, coal, wood, tar, bricks, flax, matches. Due to the intrinsic value of these certificates, they changed hands less frequently than other comparable emergency money.



Further reading (in German)  
 Niklot Klüßendorf, Die Roggenwertanleihe des Freistaats Mecklenburg-Schwerin von 1922/23 in Kasten, Bernd (ed), Leder ist Brot: Beiträge zur norddeutschen Landes- und Archivgeschichte; Festschrift für Andreas Röpcke. Schwerin: Helms, 2011. 502 pages.