

**Theses of a PHD Dissertation by**

PÉTER MOLNÁR

**The Introduction and Solidification of the Crown Monetary System with Special  
Regard to Hungary (1892 – 1914)**

BUDAPEST  
2009

## **I. The Object of The Research, its Frame of Interpretation**

One of the most remarkable events of modern Hungarian and Austrian monetary history was the introduction of the Crown-Filler monetary system in the territory of Austria-Hungary in 1892. This was the year when, thanks to the compromise between the 2 parts of the Monarchy, the first acts were ratified regarding the new monetary system, which became the bases of the currency arrangement. In the following years the reform of the currency continued by ratifying additional acts, insuring their realizations by regulations. In consequence the monetary system of the Monarchy was set on gold standard instead of silver. The arrangement can be esteemed as basically successful, although in two aspects it was never completed. First of all the monetary administration failed to announce by decree that on the demand of the presenter the Austro-Hungarian Bank (the only bank having the right of issuing money) is under the obligation of exchanging the banknotes for gold. (However, after the introduction of the crown banknotes the complying with the decree was a daily practice.) Secondly, the administration failed to withdraw from circulation the 1 forint silver coin, and what is even more interesting, it remained as a legal currency during the existence of the Monarchy and even later, until 1926.

Thus in the case of the Monarchy it can be said that what they had was a so called lame gold currency system, since the silver coins were just as accepted legal currencies as the gold coins. However, Austria-Hungary became member of the so called Gold Standard Club along with several European countries. The currency reforms of the European states had great impact on the Monarchy, which had already been considering for decades the idea of changing for the gold currency.

The Crown, after a few years of interval, in 1900 became the sole calculating standard, namely instead of the previous Forint-Kreutzer system the authorities from then on were obliged to define their incomes and expenditures according to the Crown-Filler system. By the beginning of the 20<sup>th</sup> century the old steel coins and banknotes were gradually replaced by the new ones. The crown currency was soon stabilized and in practice until 1914 was esteemed as solid money. During World war I its prestige gradually fell off, due to the outcome of the ongoing war. After the disintegration of the Monarchy Hungary, as one of the countries on the losing side, soon was tangled in a financial crisis, its economy was hit by an inflation getting higher and higher.

In 1925 another currency reform was implemented that proved to be successful and put an end to the financial crisis. As a result the Pengő-Filler system replaced the Crown-

Filler system. In January 1, 1927 the standard of calculation became the Pengő and the rein of the Crown ended.

## **II. The Goals, Methods and Sources of the Research**

In my PHd dissertation I would like to present the antecedents and circumstances of the introduction and solidification of the Crown-Filler monetary system, finally, I would like to give an account of its decline – as indicated in the title – with special regard to Hungary. During the last one hundred years numerous volumes were published by Austrian and Hungarian researchers (by economists, numismatic researchers, economic historians) on various points of the subject. Most of these publications present the era from economical or numismatical viewpoints. This fact was the core of my intention in writing my dissertation: its main goal on the one hand is to gather the different types of approaches, thus completing a not purely numismatical work but making a little more eclectic one, which includes knowledge of economy and economical history. On the other hand my intention is to focus on certain points of the subject, which have not been touched yet as thoroughly as should have been. For the fulfillment of the said intention I would like to utilize the results of my archival researches and my own conclusions. During my work I regarded the archival and library sources the most important in forming my conclusions. Of all the sources examined the materials of the Hungarian Parliament and those of the currency conference proved especially important. It is most interesting, even astonishing that the best and most thorough publications on the subject were completed during the era of the Monarchy. Of these publications the works of *Frigyes Fellner* and *Alexander Spitzmüller* exceed all the others. *Fellner*'s and *Spitzmüller*'s methods of using their sources, their outlook on history proved fundamental to me.

## **III. The Summary and Results of the Research**

The currency reform and the introduction of the gold currency in 1892 proved to be indispensable economically in avoiding the commercial isolation of the Monarchy and helped Austria-Hungary to make treaties with other countries under more favorable conditions. The gold and silver mines uncovered around the middle of the 19<sup>th</sup> century made possible on the one hand, and desirable on the other for the European countries – and for the Monarchy as well – the change for the gold standard. The rate difference between the 2 precious metals

lead to the great international conferences and the idea of an international currency, although the latter never came to be realized.

The currency reform through Sándor Wekerle was basically a Hungarian initiation and if we consider what happened about the decree concerning the exchanging the banknotes for gold, its incompleteness was the result of the reluctance of the Austrian side, although its potential negative impact did not effect the Monarchy in any way.

The list of so called hack writers is a very interesting find; they were financially awarded twice by the Hungarian state for their role in the field of currency arrangement, amongst them well-known and less well-known names both can be found. From the point of numismatics it is also interesting how the rarity rate and value of the Hungarian and Austrian coins are esteemed today according to modern commercial circulation and market values.

The subject of money forgery has not yet been comprehensively covered and it is therefore an interesting and challenging task; I hope this dissertation will be able to give some relevant pieces of information in this aspect as well. The question of the technology of making steel coins and banknotes, the problems of designing have not been covered in numismatics, the dealing with these topics can lead to the overture of disciplines. Naturally, I am aware of the fact that my researches concerning the above mentioned subjects must be carried on. Nevertheless, in my dissertation I intended to point out that although several publications were completed, there are still numerous uncovered problems in the field of the Crown-Filler currency system

#### **IV. Publikation list**

1. Magyarország fém- és papírpénzei 1892–1900 között a magyar törvények és rendeletek tükrében. 1-5. rész. In: *Éremtani Lapok*, 81. sz. 2003. október 10-21. o.; 82. sz. 2003. december 10-18. o.; 83. sz. 2004. február 3-12. o.; 84. sz. 2004. április 9-14. o.; 85. sz. 2004. június 3-10. o.
2. A KORONA BUKÁSA. Magyarország forgalmi pénzei 1920–1927. In: *FONS* (*Forráskutatás és Történeti Segédtudományok*), 2003. 3. sz. 329-358. o.
3. A koronaérték megállapítása 1892-ben. A valutareform háttere és kezdeti lépései. In: Halmos Károly – Klement Judit – Pogány Ágnes – Tomka Béla (szerk.): *A felhalmozás mítve. Történeti tanulmányok Kövér György tiszteletére*. Budapest, Századvég Kiadó, 2009. 371-381. o.

4. Magyarország forgalmi pénzei 1900–1914. (Megjelenés alatt. Várható megjelenés: *Honismeret*, 2010. 1. sz. (február).