

Money of the Russian Revolution

Money of the Russian Revolution:
1917-1920

By

Mikhail V. Khodjakov

Editor: Alex Lane

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P U B L I S H I N G

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This book first published 2014

Cambridge Scholars Publishing

12 Back Chapman Street, Newcastle upon Tyne, NE6 2XX, UK

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

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ISBN (10): 1-4438-6681-4, ISBN (13): 978-1-4438-6681-1

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AUTHOR'S NOTE

The idea of writing this book first occurred to me in the mid-1990s, when I was giving a special course of lectures on the history of currency circulation in Russia to students of the Faculty of History at St. Petersburg State University. My trips to other towns and cities, where I delivered lectures to university students and lecturers of history and economics faculties, only convinced me further that this area of study, at the cusp of history and economics, merited both serious scientific research and active popularisation.

Unfortunately, course books available in Russia on Russian economic history, as well as the various popular science volumes dealing with the history of currency circulation in the 20th century, are responsible for propagating numerous fallacies serving only to reinforce established myths, and I frequently found myself feeling distracted by questions from my audience regarding the current literature relating to the period of the Russian Revolution and Civil War. Given the weight and breadth of earlier publications on financial political history from the 1920s and after, however, one cannot imagine the slightest difficulty arising as a result of insufficient sources in the literature. And yet, my audiences experienced persistent difficulty due to the lack of corresponding illustrative material. In other words, contemporary books were often bereft of any images of the monetary (payment) units of the period they described. In most cases where they do appear, they are, for technical reasons, poor quality reproductions. Thus, even professional historians often muddled, in their books, the names of the numerous monetary issues of the time. Catalogues of securities and special editions which give a good idea of the appearance of the monetary units are rare, and meant for specialists of the history of paper money (numismatists).

The purpose of this book is to provide a compendium of knowledge about the history of currency circulation in the period of the Russian Revolution and Civil War (gained also through research of a number of Russian archives) together with corresponding illustrative material showing banknotes, postage currency, treasury and payment units, subsidiary cheques, short-term bonds etc.

INTRODUCTION

The ancillary-historical branch of science which concerns the study of paper money no longer in circulation, as well as various loan obligations and securities, issued by a state treasury, municipalities, or firms, and used by their holders as a means of purchase and exchange, is known as *numismatics* (in Eastern European papers one can often find the term *bonistics*). Owing to the relatively large size of paper notes in comparison to stamps or coins, they often incorporate drawings of different kinds: coats of arms, monograms and facsimile reproductions of signatures of some prominent figure or another. The issue of a new note into circulation tends to lend itself, with the help of graphic art – emblems and symbols, mottos and slogans, wordings, patterns and ornaments, stamps and colours – to an expression of the ideology of the issuing party. Based on an examination of the attributes included by the issuers on a note, one can establish not only the time and place of issue and the geographical range of circulation of the notes, but also on their class and position in society of their issuers.

Paper money appeared as a result of exigency, in providing an alternative to the use of metal coins where and whenever the latter became impractical. Its soaring popularity as a means of exchange can be attributed to the haphazard diversity of metal money. Banks had to sort, weigh and check gold and silver coming from all parts of the world. At a certain stage of the historical process a bank's inscription on a piece of paper became recognised as a best form of money rather than a state stamp on a coin. Leather currency which was in use in China B.C.E. became the forerunner of paper money. Banknotes of the Ming Dynasty dating back to approximately 1368 are the earliest extant examples of paper money, and have certainly stood the test of time: paper used for their manufacture was made of strong bark, and they were consecrated before statues of Buddha. This money was 32.5x22.5 cm in size, and bore an inscription that they are "to circulate forever and ever under the heavens." The banknotes also featured a promise of a large reward for exposure of forgeries, which points to the existence of problems with counterfeiting as early as those times.¹

In European countries, paper money did not appear in circulation until the 16th–17th centuries. In Russia the issuance of paper money began

during the reign of Catherine II in 1769. Prior to that, so-called “fur money” – *vekshi* and *kouny* (skins of squirrels and martens) – foreign silver coins (Arab *dirhams*), ancient Kiev coins *srebreniks*, silver ingots of home manufacture (*grivna* of silver), and silver and copper coins were in use at different stages of Russian history. The minting of gold coinage, which started in 1701, was of a fairly small scale due to the chronic lack of gold in Russia.ⁱⁱ

The first attempts to switch to paper money circulation were made during the reign of Empress Elizaveta Petrovna. In 1760, to expedite Russian participation in the Seven Years' War the Procurator General of the Senate, Prince Ya.P. Shakhovskoy, suggested the introduction of paper money – “bank tickets” – which could subsequently be quickly redeemed. The Senate, however, rejected Prince Shakhovskoy's idea.

Nevertheless, a reorganisation of the circulation for a solution to the currency problem continued to be of vital importance to the state. Thus, on 25 May 1762 by an edict of Peter III the establishment of the state bank and an issue of bank notes to a total of 5 million roubles were declared. These bank notes were to have all characteristic features of paper money: they would be legal tender and circulated at parity with coins; accepted for all governmental payments; partly guaranteed for exchange.ⁱⁱⁱ However, this promising idea was doomed as a result of the short reign of the Emperor. Catherine II ascended the throne following a coup-d'état that did away not only with her husband, but also with most of his initiatives.

Yet another Russo-Turkish War (1768–74), which followed soon after, demanded significant spending and the Empress' manifesto of 29 December 1768 announced the establishment of banks in Russia. The real reason for issuing paper money was hidden from the people. The manifesto indicated that the only purpose for issuing the new money, which was called “*ассигнация*” (“*assignatsiya*,” i.e., banknote), was to promote “the circulation of money upon which the happiness and prosperity of the people, and flourishing of trade, depended so much.” Besides, the document stated that “the heavy weight of a copper coin which speaks for its own value, at the same time makes its circulation more difficult.” The publication of the manifesto on February 1, 1769 marked an important milestone in the history of currency circulation in Russia.

Over time, mass paper money (*assignatsiya*) issues took place in Russia, changing life dramatically. By 1817 a paper *assignatsiya* rouble was worth only 25 kopecks in silver. For the purposes of economic recovery, and following the monetary reform of 1839–43 carried out under the initiative of the Minister of Finance Ye.F. Kankrin, the *assignatsiya*

was replaced with state bank notes. This was followed by a series of changes which resulted in the introduction of a system of currency circulation in which paper money was exchanged for silver and gold. According to articles 163 and 164 of the 1857 currency regulations, the silver rouble became the basic common unit of payment.^{iv}

Meanwhile, as early as the 1870s, the need to reinstate the exchange of paper money for metal and to transition from the silver to the gold standard became obvious. Preparation for the reform began in 1880s, when the post of the Minister of Finance was occupied by N. Kh. Bunge (1881–86) and then I.A. Vyshnegradsky (1887–92) who both carried out a policy of shoring up the state gold reserve. S. Yu. Witte, Minister of Finance (1892–1903), held to the same policy, becoming one of the main promulgators of Russia's transition to the gold coin system. An increase in world production of silver, and an unloading of stocks of silver ingots and coins by a number of countries, caused silver prices to drop and acted as a catalyst in the decision to undertake the reform.

By the turn of the 20th century, Russia's gold reserve was considered one of the largest in the world. The country had become a world leader in gold production. By 1897, the State Bank had succeeded in increasing its gold stock from 300 million roubles to 1,095 million roubles, and that amount almost corresponded to the total value of banknotes in circulation (1,121 million roubles).^v The 1895–97 monetary reform of S. Yu. Witte, comprising a series of government initiatives, resulted in 1899 in a new set of monetary regulations stating amongst other things: "The Russian monetary system is based on gold. The Russian state currency unit is the rouble containing 17.424 grains of pure gold". The "gold standard" had been introduced. According to an edict of 29 August 1897, paper banknotes issued by the State Bank – the country's chief issuing institution – were backed by the state gold reserve, and could be freely exchanged for gold. A series of gold coins was placed in circulation in denominations of 5 and 10 roubles, as well as 15 roubles (the "Imperial") and 7.5 roubles (the "half-Imperial"). Due to the inconvenience of counting such coins, the 15 and 7.5 rouble coins were withdrawn in 1899, and they quickly disappeared from circulation. The main monetary unit was the rouble, which was equal to 1/15 of an Imperial (the gold content in Imperials was 11.6135 grams of pure gold). Silver and copper money circulated alongside gold coins and paper banknotes. There were two types of silver coin: bank issue (with face values of 1 rouble, 50 kopecks, and 25 kopecks) and subsidiary coins (with face values of 20, 15, 10 and 5 kopecks).

Fundamental changes occurred in Russian currency circulation during the First World War and the ensuing Civil War. The national rouble zone was shattered. Central authority was incapable of providing funds to various regions of the vast country. All this resulted in the appearance of numerous issuing centres. According to varying estimates, between 1917 and the beginning of the 1920s, between five and twenty thousand varieties of paper monetary units were in circulation.^{vi} It is remarkable that, under these circumstances, tsar notes, which were also called “Romanov” or “Nikolai” notes, were legal tender abroad, and circulated throughout the former Russian Empire. Up until 1922, they were willingly accepted by the population, which considered them a “strong” currency, and were often kept for savings. Moreover, having its own purposes in mind, the Soviet government continued printing and issuing tsar notes for a number of years.

The history of money circulation in Russia, including paper money, has been studied by several generations of national historians. A literature dealing with these matters appeared as early as the 1920s^{vii}, and sparked a discussion in the 1960–70s regarding the commodity-value relationship model under socialism. Soviet historians of this period carefully examined the Russian financial policies of the World War and the early years of Soviet rule.^{viii} In recent years, catalogues and encyclopaedia-type editions have been published, along with scientific research papers on the economic history of Russia of the 20th century.^{ix} Works have appeared, being dedicated directly to the history of money, securities, governmental issues and local issues of non-compulsory circulation in various regions of the Russian Empire.^x

The present book cannot be regarded as an in-depth analysis of the financial situation in Russia during the period of the Revolution and Civil War. It covers several aspects, and these are arranged into three parts. The first part of the book describes the monetary units of the *nation-wide circulation*. The second part describes the characteristics of the most noteworthy money issues which were *compulsory for local circulation* (first and foremost printed by the governments and military authorities that controlled the vast territories of the country in 1918–20). Finally, the third part relates to the role of genuine and forged money in everyday life in different parts of Russia.

In view of the multitude and variety of local issues for *non-compulsory circulation* (issued in the given period by cooperatives, enterprises, trading firms, clubs, shops, cafes, canteens, and restaurants in more than 350 towns in Russia), the author considers an examination of these to be

unwarranted in the context of the present work, beyond the summary account given in the first part.

Notes

ⁱ For more details about the origins of paper money see: “Kolleksionirovanie bumazhnykh deneg i tsennykh bumag.” *Miniatury. Gazeta dlja kolleksionerov*. Iss. 22 (October 1994); Iss. 23 (December 1994); Iss. 27 (October 1995); Iss. 28 (January 1996), and other.

ⁱⁱ The formation of Russian money system was examined in the following works: I.G. Spassky, *Russkaja monetnaja sistema*. 4 izd. (Leningrad: Avror, 1970); A.S. Mel'nikova, *Tverdye den'gi*. 2 izd. (Moscow: Politizdat, 1973); M.P. Sotnikova, and I.G. Spassky, *Tysjacheletie drevnejshikh monet Rossii* (Leningrad: Iskusstvo, Len. otdelenie, 1983); A.S. Mel'nikova, *Russkie monety ot Ivana Groznogo do Petra Pervogo: Istorii russkoi denezhnoi sistemy s 1533 po 1682 g.* (Moscow: Finansy i statistika, 1989); A.S. Mel'nikova, and V.V. Uzdenikov, and I.S. Shikanova, *Istorii Rossii v monetakh* (Moscow: Menatep, 1994); A.I. Yuht, *Russkie den'gi ot Petra Velikogo do Aleksandra I* (Moscow: Finansy i statistika, 1994); M.P. Sotnikova, *Drevnejšie russkie monety X–XI vekov* (Moscow: Banki i birzhi, 1995); A.G. Veksler, and A.S. Mel'nikova, *Rossijskaja istoria v moskovskikh kladakh* (Moscow: Zhiraf, 1999); A.S. Mel'nikova, and V.V. Uzdenikov, and I.S. Shikanova, *Den'gi v Rossii. Istorii russkogo denezhnogo hozjaistva s drevnejshih vremen do 1917 g.* (Moscow: Izd-vo “Strelets”, 2000); V.L. Yanin, *Denezhno-vesovye sistemy domongol'skoj Rusi i ocherki istorii srednevekovogo Novgoroda* (Moscow: Jazyki slavjanskikh kul'tur, 2009), and other.

ⁱⁱⁱ *Vse o den'gakh Rossii*, pred. red. koll. S. Dubinin. Moscow: Izd-vo “Konkord-Press”, 1998. P. 44.

^{iv} *Ibid.* P. 55–65.

^v *Russkij rubl'. Dva veka istorii. XIX–XX vv.* Moscow: Izd-vo “Progress-Akademia”, 1994. P. 131.

^{vi} The amount of “about 5000 paper money items” is indicated in: *Bumazhnye denezhnye znaki Rossii i SSSR*, sost. A.I. Vasjukov, V.V. Gorshkov, V.I. Kolesnikov, M.M. Chistjakov. St. Petersburg: Politehnika, 1993. P. 5. – According to the well-known historian R.I. Thorzhevsky, there were “more than 20 000” obligatory and non-obligatory (local and private) paper money items issued at that time. – R.I. Thorzhevsky, “Bonistika.” *Voprosy istorii*, no. 6 (1985), 172.

^{vii} I.A. Trakhtenberg, *Bumazhnye den'gi: ocherk teorii deneg i denezhno obrashchenia* (Moscow: Moskovskij rabochij, 1922); *Denezhnoe obrashchenie v Rossii i za granitsej v gody voiny i revoljutsii (1914–1921)*, pod red. S.V. Voronina i K.F. Shmeleva (Moscow: 4 gos. tipografii, 1922); M.I. Bogolepov, *Bumazhnye den'gi* (Petrograd-Moscow: Koop. izd-vo, 1922); *Denezhnoe obrashchenie i kredit. Sb. Statei. Vol. 1* (Petrograd: 4-ia Gos. tip., 1922); Z.P. Evzlin, *Den'gi (Bumazhnye den'gi v teorii i zhizni)*. Part 2 (Leningrad: Nauka i shkola, 1924); L.N. Jurovsky,

Na putjakh k denezhnoj reforme (Moscow: Finansovaia gazeta, 1924); A.I. Pogrebetsky, *Denezhnoe obrashchenie i denezhnye znaki Dal'nego Vostoka za period vojny i revoljutsii (1914–1924)* (Kharbin: O-vo “Knizhnoe delo”, 1924); R.E. Vajsberg, *Den'gi i tseny (Podpol'nyj rynek v period «voennogo kommunizma»)* (Moscow: Izd-vo Gosplana SSSR, 1925); *Nashe denezhnoe obrashchenie: Sbornik materialov po istorii denezhnogo obrashcheniia v 1914–1925 gg.*, pod red. prof. L.N. Jurovskogo (Moscow: Fin. izd. NKFS SSSR, 1926), and other.

^{viii} N.D. Mets, *Nash rubl'. Istoricheskij ocherk* (Moscow: Sotsegiz, 1960); A.L. Sidorov, *Finansovoe polozhenie Rossii v gody Pervoj mirovoj vojny (1914–1917)* (Moscow: Izd-vo Akad. nauk SSSR, 1960); Z.V. Atlas, *Sotsialisticheskaia denezhnaia sistema* (Moscow: Izd-vo “Finansy”, 1969); V.P. D'jachenko, *Istoriia finansov SSSR (1917–1950 gg.)* (Moscow: Nauka, 1978), and other.

^{ix} Earliest considerable catalogues, used by specialists for a long time, were: *Bumazhnye denezhnye znaki, vypushchennye na territorii byvshej Rossijskoj imperii za vremja s 1769 po 1924 gg.*, pod red. F.G. Chuchina (Moscow: Upolnomochennyi po filatelii i bonam v S.S.S.R., 1924); *Katalog bon i denznakov Rossii, RSFSR, SSSR, okrain i obrazovanij (1769–1927)*, pod red. F.G. Chuchina. 3 izd. (Moscow: Sovetskaia filatelist. assotsiatsiia, 1927); N. Kardakov, *Katalog denezhnykh znakov Rossii i Baltijskih stran 1769–1950* (Berlin: S.n., 1953) – They were followed by: Ju.B. Polynsky, *Katalog bumazhnykh denezhnykh znakov RSFSR 1917–1923 godov* (Leningrad: Gosudarstvennyi muzej Velikoj Oktjabr'skoj sotsialisticheskoy revoljutsii, 1990); P. Rjabchenko, *Polnyj katalog bumazhnykh denezhnykh znakov i bon Rossii i SSSR (1769–1990 gg.)*. 2 izd. (Kiev: Izd.-kul't. tsentr “Sofiiia” – “Lisbank”, 1995); *Bumazhnye den'gi, khodivshie na Ukraine (Katalog XX stoletiiia)*, sost. A.S. Badaev (Chernigov: Obl. upr. po pečhati, 1991); *Natsional'nye bumazhnye den'gi Ukrainy. 1918–1920*, sost. R. Thorzhevsky (Donetsk: “Aspekt”, 1992); *Katalog bumazhnykh denezhnykh znakov Rossii i stran SNG (1769–1993)* (Moscow: Izd-vo “Laventa”, 1996); L.Z. Kats, and V.P. Malyshev, *Entsiklopediia bumazhnykh denezhnykh znakov Rossii*. Vol. 1. Pravitel'stvennye emissii 1769–1995 (St. Petersburg: Izd-vo Razumovoi N.A., 1998); V.Ju. Kozlov, *Bony i ljudi: Denezhnoe obrashchenie Urala: 1840–1933: Opyt nestandartnogo kataloga* (Ekaterinburg: Bank kul'tur. inform., 2000); A.G. Baranov, V.V. Abrosimov, Ju.A. Artem'ev. *Otechestvennaia bonistika. Bibliograficheskij ukazatel' knig, statei i zakonodatel'nykh aktov (1699–2005 gg.)* Moscow: PAFSBRF, 2006, and other.

^x V.I. Tarankov, *Tsennye bumagi gosudarstva Rossijskogo* (Moscow-Tol'jatti: MIP “Inter-Volga”, 1992); *Bumazhnye denezhnye znaki Rossii i SSSR*, sost. A.I. Vasjukov, V.V. Gorshkov, V.I. Kolesnikov, M.M. Chistjakov (St. Petersburg: Politehnika, 1993); R. Nikolaev, *Den'gi belo j gvardii* (St. Petersburg: Izd-vo “Miniatjura”, 1993); M.M. Glejzer, *Sovetskij chervonets* (St. Petersburg: Izd-vo TOO “Real”, 1993); M.M. Glejzer, *Bonistika v Petrograde – Leningrade – Sankt-Peterburge* (St. Petersburg: Aleksandr PRINT, 1998); E.I. Ovsiankin, *Arhangel'skie den'gi*. 2-e izd. (Arkhangelsk: OAO IPP “Pravda Severa”, 2008); E.I. Ovsiankin, *Denezhnye znaki Severnoj Rossii. 1918–1923 gg.* (Arkhangelsk: “Arkhkonsalt”,

1995); I.S. Shikanova, "Russkie denezhnye znaki, otpechatannye v SSHA (1917–1920)." In *Novejshie issledovaniia v oblasti numizmatiki. Numizmaticheskij sbornik. Part XIII (Trudy Gosudarstvennogo Istoricheskogo muzeia. Iss. 98)*, 183–210 (Moscow: Izd-vo "Strelets", 1998); *Vse o den'gakh Rossii*, pred. red. koll. S. Dubinin (Moscow: Izd-vo "Konkord-Press", 1998); *Denezhnye reformy v Rossii. Istorii i sovremennost'. Sb. statej*, otv. red. E.A. Tjurina (Moscow: Drevlekhranilishche, 2004); O.V. Paramonov, «Dutovki." *Bony Orenburgskogo otdeleniia Gosudarstvennogo banka v 1917–1918 gg.* (Moscow: Numizmaticheskaia literatura, 2005); N.V. Prohorova, *Monety i banknoty Rossii* (Moscow: OOO "Dom Slavjanskoi knigi", 2007); *EZGB – FGUP "Goznak." Istorii v sobytiiakh, faktakh, sud'bah*, avt. i sost. A.V.Trachuk, N.M. Nikiforova (Moscow: Ima-press, 2008), and other.

PART I:

GOVERNMENT-ISSUED CURRENCY 1917–20

CHAPTER ONE

MONEY CIRCULATION IN RUSSIA IN 1917

Notwithstanding the financial disaster caused by the Russo-Japanese War, which had made vast demands on the Imperial Treasury, the Russian state's monetary position was stable. The State Bank had 1,695.2 million roubles in gold reserves, 1,528 million of which was kept within the country and 167 million held abroad. That provided a 101.8 % gold guarantee for banknotes and allowed for a free (unused) note-issuing authority of 330.5 million roubles.¹

By law, the State Bank was allowed to issue 300 million roubles in paper notes above the amount backed by gold reserves. Therefore, the State Bank issue was even more constrained than the law permitted. As S.I. Timashev, Governor of the State Bank wrote, "our monetary emission law seems to be very stringent; it is significantly stricter than emission laws of most foreign states."²

By 1914, the total amount of currency units in circulation was 2,402.8 million roubles, including banknotes amounting to 1,664.7 million roubles and gold coins worth 494.2 million roubles. Banknotes were the most commonly used form of payment and were issued with face values of 1, 3, 5, 10, 25, 50, 100, and 500 roubles. Of these, the 5, 10, 25, and 100 rouble notes played the most important part in pre-war money circulation.

Silver and copper money circulated alongside gold coins and paper banknotes. The former were considered inferior as their face value was higher than the value of the metal they were made of. For example, one copper rouble contained copper worth only 20 kopecks.

Compulsory acceptance of silver and copper coins for payments was limited: for bank silver (1 rouble, 50 kopecks, and 25 kopecks) it could not exceed 25 roubles total per payment; for subsidiary silver and copper coins, 3 roubles.

Russian Monetary System in 1897–14 (million roubles, as of January 1)³

Years	Gold coins in circulation	Notes in circulation	Banknotes gold guarantee	Percentage of banknotes gold coverage	Percentage ratio of gold in circulation and notes
1897	30.0	1067.9	1095	102.6	3.4
1898	147.8	901.0	1164.2	129.2	16.4
1899	451.4	661.8	1005.4	151.9	86.2
1900	641.3	491.1	838.8	170.8	130.6
1901	683.1	555.0	732.5	132.0	122.9
1902	694.2	542.4	700.8	129.2	128.0
1903	731.9	553.8	765.8	138.3	132.2
1904	774.8	578.4	903.0	156.1	133.9
1905	683.6	853.7	1029.4	120.6	80.0
1906	837.8	1207.5	919.7	76.2	69.4
1907	641.9	1194.6	1190.5	99.7	53.7
1908	622.4	1154.7	1168.3	101.2	53.9
1909	561.1	1087.1	1220.0	112.2	51.2
1910	580.9	1173.8	1414.5	120.5	49.4
1911	641.7	1234.5	1450.3	117.4	52.8
1912	655.8	1326.5	1436.2	108.2	49.4
1913	628.7	1494.8	1555.4	104.1	41.3
1914	494.2	1664.7	1695.2	101.8	29.6



Specimen of the 1905 State banknote

The Ministry of Finance treasury offices accepted silver and copper money without restriction. Both copper and silver coins were minted by the State Treasury. According to 1899 currency regulations the Treasury was not allowed to issue silver coins worth in excess of 3 roubles per capita. This limit proved more than sufficient and was never completely exhausted. Indeed, silver per capita in circulation never amounted to even half the specified limit by the beginning of the First World War. There was no limit or rule set for issuing copper coins, therefore the Minister of Finance had to submit a separate request for each issue of copper coins.



Specimen of the 1909 State banknote

As of January 1, 1914 there were 494.3 million roubles of gold coins, 122.7 million roubles in bank silver, 103.1 million roubles of subsidiary money, and 18.1 million roubles in copper coins in circulation.⁴ At the beginning of 1914, P.L. Bark, the newly appointed Minister of Finance following the dismissal of his predecessor V.N. Kokovtsov, embarked on a new policy of allocating large quantities of funds for defence needs and “industrial projects in the economic sector.”⁵



Specimen of the 1909 State banknote

Russia's entry into World War I on July 19, 1914 sharply changed the financial situation in the country, with cash in huge demand as the population started panicking. Gold and silver coins began quickly disappearing from circulation. There was an acute shortage of banknotes of small denominations and subsidiary money in a number of border regions (Riga, Warsaw, Lodz, and the whole territory of Privislinsky Krai ("Vistula Land")). In that situation, decisive and immediate action from the Government was required. On July 23, on the advice of Minister of Finance P.L. Bark, the Council of Ministers adopted a decision, with reference to the exceptional circumstances of war-time and particular economic conditions, to suspend the gold standard for redeeming banknotes into gold coins. The very same day an "Imperial Edict" was signed, and on July 27, after discussion in the State Duma and the State Council, a law was passed extending the note-issuing authority of the State Bank. The latter was now authorized to issue 1.5 billion paper roubles not backed by gold reserves.⁶

The Minister of Finance, while not hiding his dismaying outlook from the Council of Ministers, "strictly adhered to his course to prompt neither excessive optimism nor poor-spirited pessimism. Even during secret government sessions he would not allow himself 'any hint of panic.'⁷



Specimen of the 1899 State banknote



Specimen of the 1910 State banknote

Gradually though, the reality of the situation made itself felt in the mood of the Minister of Finance. In June 1915, he declared that “it is time to ready ourselves for a collapse of the monetary system.” Issuing banknotes was becoming one of the main sources for financing the war. Russia was switching to paper money circulation. As a result, in 1915 it became necessary to abandon the previous sequential six-digit numbering system for banknotes and introduce a so-called series numbering system. The first banknotes to exhibit this innovation were the 1898 one-ruble paper notes. The same sequential numbers (with a reduced number of

digits) were repeated within each two letter series, each series consisting of one million banknotes.⁸



Specimen of the 1912 State banknote

This issue of new banknotes, however, could not alleviate the shortage of money with a face value of less than 1 rouble. Notwithstanding the fact that the State Bank issued about 30 million roubles of subsidiary silver coins (which exceeded by 10 times the size of the annual pre-war mint) they still continued to disappear from circulation in the period from the beginning of the War to August 1, 1915, causing circulation to consist virtually entirely of paper.⁹ An attempt at minting nickel coins by placing an order in Japan, in 1916, ended in complete failure. All this led to a subsidiary money circulation crisis in the economy.¹⁰

To satisfy the demand for subsidiary money the Treasury began issuing postage currency with face values of 1, 2, 3, 10, 15, and 20 kopecks. They were printed on sheets measuring 24×30 mm, with perforations. Emission of subsidiary postage currency began per a Council of Ministers decree of September 22, 1915. The appearance of this currency was based on pre-Revolutionary commemorative stamps of the so-called 'tsars series', which consisted of 17 postal stamps.



Specimen of the postage stamp currency emission

This series was printed in 1913 to mark the 300th anniversary of the reigning dynasty. The stamps were designed by famous artists I.Ya. Bilibin, R.G. Zariñsh, and Ye.Ye. Lansere. Of the 17 stamp images, 14 featured portraits of various Emperors and Empresses; the three other images depicted architectural motifs. Nicholas II was very fond of these stamps of the ‘Romanov issue’. An album with trial proof prints and the stamp series was presented to him becoming a most precious family relic, and they kept it with them until their tragic death in 1918.¹¹ As for postal usage, these stamps proved, like many commemorative stamps, to be rather inconvenient. A number of people considered them to be too big. As a result, the Department of State Currency Production (DSCP) curtailed their issue in 1914. The World War, though, had caused these stamps to be remembered, and led to their reissue as monetary units. For circulation convenience the postage currency was printed on heavy paper and, unlike

ordinary postal stamps, they had an explanatory note on the reverse “in circulation at parity with a silver coin” (or “in circulation at parity with a copper coin,” for postage currency with a face value between 1 and 3 kopecks). As one-kopeck stamps were very similar in colour to the 15-kopeck stamp (and the two-kopeck stamp, to 20-kopeck stamp), it was decided to overprint the numbers “1” and “2”, respectively, in black ink on their front sides.¹²



Specimen of the Treasury small change banknotes

A total of 48.7 million roubles of postage currency was issued in September 1915. Officially it was withdrawn from circulation under decrees dated September 8 and 28, 1922, issued by the Sovnarkom (the Council of People’s Commissars) but their actual distribution within the country had already ceased in 1919 and they virtually disappeared from circulation, having lost their purchasing power. By that time, the total amount of postage currency in circulation had reached 480.3 million roubles.¹³

Next to follow the subsidiary stamps were new subsidiary treasury units issued under a Government decree of December 6, 1915. These were paper rectangles with face values varying from 1 to 50 kopecks and they were bigger in size than the stamps. The assumption was that they would

be more convenient to use than postage currency money and would gradually supersede the latter in circulation. For some unexplained reason, 10, 15 and 20 kopeck units were never issued and in 1918 they were mostly consumed in the furnaces of Moscow and Nizhny Novgorod power plants.¹⁴ By the time of their effective disappearance in the summer of 1919, the total issue of subsidiary treasury units had amounted to 231.6 million roubles.¹⁵

Huge war expenses forced the Government to extend the note-issuing authority of the State Bank several times. From an initial 1.5 billion roubles it had grown to 6.5 billion roubles by December 1916. The total value of banknotes in circulation rose above 9 billion roubles at the beginning of 1917 and kept increasing rapidly.

The Provisional Government, which came to power in March 1917, continued issuing initially 'tsarist' and later its own money, actually surpassing the overthrown regime in this respect. The State Bank note-issuing authority was extended 5 times under the new regime, reaching 16.5 billion roubles in October 1917. A total of 9.5 billion roubles of paper money was issued within 8 months, which doubled country's money stock.¹⁶

The Department of State Currency Production in Petrograd (its building was situated on the Fontanka embankment), which dealt with issuing paper money, was forced to undertake a series of steps of a purely technical character. At the beginning of May 1917, a decision was made to issue the 1909 state 5-rouble banknotes with a simplified design, to provide the State Bank with a sufficient amount of paper money. "The numbering on the front side of each note" was abandoned in order to speed up printing. New 5-rouble notes of the Provisional Government bore a series number consisting of two letters and three digits while notes of imperial times had a letter series designation with a six-digit number.

The Provisional Government even saw fit to "reinvent the wheel" by reintroducing postage currency. The 1915 issue, dedicated to the 300th anniversary of the Romanov dynasty, was printed again, the only difference being an absence of the Russian Imperial coat of arms on the reverse side of the new postage currency denominated at 1, 2, and 3 kopecks (stamps of 10, 15, and 20 kopecks were never issued). Plates of the 1915 stamps of the same denominations were used for printing. A total of 95.8 million roubles of this money was issued between March and October 1917.



Specimen of the 1917 State banknote



Specimen of the 1917 postage stamp currency emission

At the same time as the Provisional Government was involved in issuing “old” money, it also took steps to draft designs for new banknotes. Representatives of the “creative intelligentsia” were at the fore in this matter. By the beginning of March 1917, a meeting of representatives from various branches of the creative arts had been organised on M. Gorky’s initiative in his apartment on Kronverksky Prospect in Petrograd. More than 50 people were present, among which were artists A.N. Benua, I.Ya. Bilibin, M.V. Dobuzhinsky, G.I. Narbut, and N.K. Roerich; architects N.Ye. Lansere and I.A. Fomin; and actors I.V. Yershov and F. I.

Chaliapin.¹⁷ The meeting elected a ‘Committee for the Arts’ that was instructed to negotiate with the Provisional Government about all art matters, including the conservation of existing sites of national heritage. Soon afterwards a “Special Art Council” was organized under the Provisional Government commissar for matters concerning the former Ministry of the Imperial Court. On March 13, 1917 it was merged with a similar commission of the Executive Committee (Ispolkom) of the Petrograd Soviet of Workers’ and Soldiers’ Deputies. A group of famous artists joined this new organisation to discuss a new state coat of arms. I.Ya. Bilibin, a member of the Commission, suggested a provisional design for a new Russian coat of arms based on a drawing of a two-headed eagle that had appeared on Ivan III’s seal. The eagle, however, was deprived of the imperial symbols of crown, sceptre, and orb.¹⁸

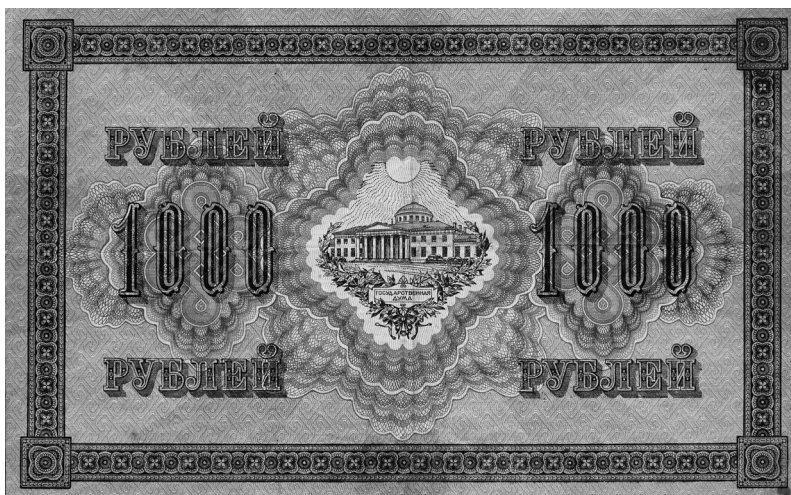
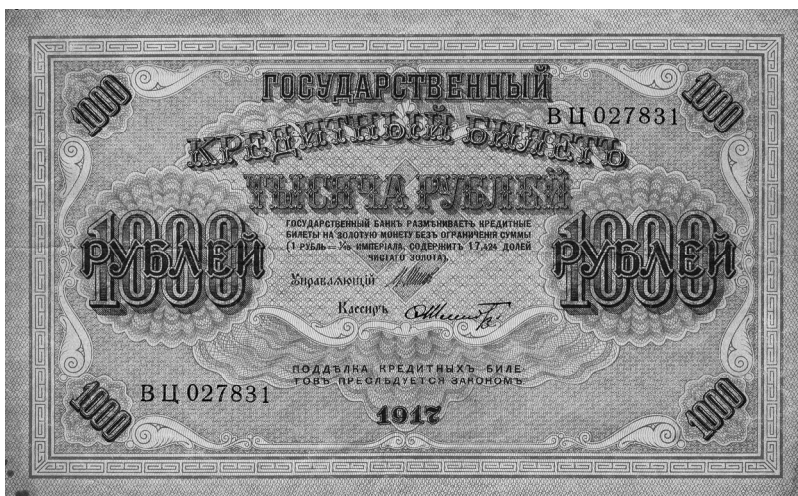
It was then that the artists came up with the suggestion of issuing new stamps, and started work on new monetary units of Russia, the so-called “Republic credit.” And on March 16, 1917 the men of art came forward with an initiative for creating “new banknote designs,” to be drawn by famous artists. In his April 20 letter to the chairman of the Committee for Arts established under the Executive Committee of the Petrograd Soviet of Workers’ and Soldiers’ Deputies, Minister of Finance M.I. Tereshchenko expressed “sincere and profound gratitude for this kind proposal.”¹⁹ His advice to the artists was to familiarise themselves “especially closely with the relevant particularities of this matter” while creating drawings of monetary units corresponding with the new regime in Russia and to contact the head of the Department of State Currency Production for any further explanations. In addition the minister stated that if “presented drawings satisfy technical requirements, the services of the artists concerned might be remunerated as soon as presented drawings are approved and ratified.”

On April 21, 1917 the Special Credit Office informed M. K. Lemke, who was the head of the Department of State Currency Production from March 1917 to August 1918, that “The artists were given all necessary data and explanations...for creating draft drawings for banknotes.”²⁰ As a result, at its session on April 26, 1917, the Provisional Government ratified a draft of a new state 1000 rouble banknote. This note was to be issued “in addition to the denominations in circulation.” Because the notes of the new issue bore an illustration of the Tauride (Tavrishesky) Palace in Petrograd, where the State Duma sat, they became known under the general name of “Duma money” or “*dumki*.”²¹



Mikhail Tereshchenko, Minister of Finance

Printing of the notes was undertaken very quickly. On June 3, the State Bank was sent a draft of the new banknote by the head of the DSCP.²²The increased issue of money, however, did not improve the financial situation. Subsequently, at a session attended by the Minister of Finance, his deputies, the director of the Special Credit Office, and the heads of the DSCP and the State Bank, a decision was adopted to “urgently recommend, to the Provisional Government, that an issue of treasury units with face values of 20 and 40 roubles be placed in circulation.” Another matter under consideration at the same time was an issue of 250 roubles notes and the expedited “preparation of banknotes of a simplified design” with denominations of 25 and 50 roubles.²³On July 6, 1917 the Governor of the State Bank informed the Ministry of Finance that “there are heavily increasing demands from everywhere for banknotes of small denominations, the replenishment of which is significantly more difficult than it is for large denominations. With the issuance of 1,000 rouble banknotes, the Department started delivering a total of 50–55 million roubles of notes to the Bank daily, which are numbered and signed the next day, and are sent to bank branches the following day... Only 1,000 rouble notes remain in bank branch cash offices, and these are unpopular with clients who demand notes of medium denomination, i.e., 10, 25 and 100 rouble notes.”²⁴



Specimen of the 1917 State banknote (“dumki”)



Specimen of the 1917 State banknotes

Preparations for the issue of new 25, 50 and 250 rouble banknotes were completed in summer of 1917. However, notes of the two lowest denominations were never printed. Meantime, modifications made in their detailed draft design are of significant interest. According to information from V. Marshal, the Director of the Special Credit Office and head of the 1st Department, the Assistant Minister of Finance ordered the words “Russian Republic” on 25 rouble banknotes to be replaced with the word “State.” I.P. Shipov, the Governor of the State, Bank made the following remark regarding the 50 rouble banknote draft design: “there are no objections, apart from the positioning of the two numbers on the front side; they are located on the very fold of the banknote in one line; thus I suggest it is advisable to move the lower one to the right and the upper one to the left, accordingly, as indicated in pencil on the specimen.”²⁵

At the August 22 session of the Provisional Government, the Minister of Finance's recommendation regarding the issue of 250 rouble banknotes was considered. On August 28, 1917, M.V. Bernatsky, Assistant Minister of Finance, approved a proposed 250 rouble banknote specimen but with the added text “counterfeit of banknotes is subject to prosecution by law.”

At the same time he gave directions to “start printing the specified banknotes immediately without waiting for the resolution on them to be published.”²⁶ Such haste in this matter appears to have been wholly unnecessary. As early as May of 1917, I.P. Shipov admitted the gravity of the situation concerning banknotes. In a communication to the Ministry of Finance he wrote “A catastrophe appears to be approaching. One must wonder how we have managed to this point.”²⁷



Specimen of the 1917 State banknote

Banknotes denominated at 250 and 1,000 roubles now featured an unusual symbol for Russia, most often called a swastika today. The official description of the banknotes said: “at the centre of each large rosette lies a geometric pattern, which is made of crossed wide stripes bent at right angles, to the right at one end, and to the left at the other. The stripes are covered with a set of horizontal lines and are edged with a thin outline at a small distance.”²⁸

The appearance of swastikas on “dumki” notes can probably be traced to the fact that I.Ya. Bilibin, creator of the original drawings for banknotes, turned at a certain stage of his creation to styled Russian folk ornaments, *lubok* (woodcut prints), and icons. Those who knew the artist closely recollected that he had a collection of domestic implements used by Russian peasants, including *spinning wheels*, *lubok* pictures, wooden sculptures, clothes, and sets of embroidery patterns representing a history of Russian ornamental crafts. Russian embroideries were a living language for him. Looking at them he would guess where that lion or peacock, or the cabalistic symbol of Sun or Man came from... He would decipher these patterns like ancient writings." Bilibin also had a keen sense of