

IMPACT OF ECONOMIC CURRENCY COUNTERFEITING IN GERMANY IN WORLD WAR II (1939-1945)

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Abstract

In World War II one of the German strategies was the counterfeiting of currency to be used to purchase goods or services. Therefore, it is important to understand the background and consequences of currency counterfeiting in World War II. As a strategy used to weaken a country's economy, as well as the consequences of counterfeiting the currency using several stages including the heuristic stage, namely the stage of collecting primary data sources in the form of archives, news, newspapers, and secondary data in the form of books, articles then verifying or historical criticism, efforts to assess compatibility with events during the period (1939-1945) then interpretation (interpretation) so that the writing is objective data taken from several countries involved in World War II, then writing is done as a whole and analyzing in time order. Some of the impacts arising from the counterfeiting of currency by Germany are as follows: Inflation and economic instability, Harm to civil society, Financial loss to other countries. Germany also received severe political and economic sanctions at the end of World War II for counterfeiting currency and engaging in economic practices that harmed other countries. Sanctions were imposed on Germany at that time. With historical research conducted by heuristics, verification of historical criticism, interpretation, and historiography, we can better understand the counterfeiting of currency in World War II and its relevance for the present.

Keywords: Counterfeiting, War, Currency, Germany.

INTRODUCTION

On 1 September 1939, World War II began when Germany attacked Poland in the Danzig region. The Soviet Union was also involved in the invasion of the eastern part of Poland, while Britain and France assisted Poland in dealing with the attack. The conflict involved many countries around the world and was fought between two opposing military

blocs, the Allies and the Axis. The Allied bloc consisted of Britain, France, the Soviet Union, and the United States, while the Axis bloc consisted of Germany, Italy, and Japan.

World War II was fundamentally linked to World War I, which took place from 1914 to 1918. The massive impact of World War I, including an extremely high death toll, as well as social, economic, and political crises, impacted the stability of the countries involved in the conflict. (Nadif, 2011)

In World War II, one of the methods used by Germany was the to counterfeit currency to be used to purchase goods or services without spending actual money. Therefore, it is important to understand the background and consequences of currency counterfeiting in WWII. In this article, we will discuss the counterfeiting of currency in WWII as a strategy to weaken a country's economy and the consequences of counterfeiting currency. (Boeykens, 2022)

The counterfeiting of money is a non-military threat that endangers the sovereignty and territorial integrity of the state and the safety of a nation with an economic dimension. provides an understanding of the counterfeiting of currency in the world war as a strategy to destroy the economy of a country, the consequences of counterfeiting currency, as well as the relevance of the findings for the present, and suggestions for further research on the negative impact that this action has on the economy of a country and its people.

RESEARCH METHODOLOGY

Including the heuristic stage of collecting primary data sources in the form of archives, news, newspapers, and secondary data in the form of books, articles then verification or historical criticism, efforts to assess compatibility with events during the period (1939-1945) then interpretation (interpretation) so that the writing is objective data is taken from several countries involved in World War II then Historiography (Writing) is carried out as a whole and analyses according to the time sequence. (Sumargono, 2021)

RESULTS AND DISCUSSION

Currency by Germany.

During World War II, one of Germany's ways to defeat Britain by attempting to attack its economy was through counterfeiting currency in the form of pounds sterling with Bernhard's operation producing notes of €5, €510, €20, and €50 denominations totaling 8,965.80 shards of pounds sterling banknotes with a value of £134,610,810 the money is considered the best counterfeit money that is difficult to distinguish. (Oktorino, 2014)

The money was used to fund its foreign intelligence operations .to damage the British economy and buy weapons and pay spies Counterfeiting as a weapon of war became widespread in the 19th century, and at the beginning of World War II. (Larry Allen, 2009)

During Operation Bernhard in 1942, a new team of people with banking experience, engravers, graphic composers, and master printers was assembled in Oranienburg, which had been a concentration camp in the early 1930s. All team members were Jewish and in August 1942 they all moved to the Sachsenhausen concentration camp north of Berlin. The operation was now led by Bernhard Krüger, whose first name distinguished the task. He was an SS major who had been head of the security provider operation that issued fake documents at the time of the "Andreas" counterfeit money intended to bring down the British.

The German counterfeiting of money was very neat and organized. They printed large amounts of counterfeit money and placed it throughout Europe as legitimate currency. The fake money was then used to finance the war and fulfill their domestic economic needs. (Boeykens, 2022).

The Bank of England was first alerted to the possibility that the German Government was continuing plans to counterfeit British banknotes through information from the Embassy in Paris in December 1939, which was passed on by the Treasury. The first forgeries classified as German forgeries appeared in September 1942 but it should be noted that the notes were initially carefully checked by Bank inspectors and deemed genuine. In 1943, the Chancellor of the Exchequer announced to the House of Commons that the Bank would no longer issue

notes of ten pounds or more. In this way, Bank of England notes circulating abroad could be isolated. Due to the lack of time to immediately produce a completely new five-pound note, the Bank of England decided to insert a metal thread into it, a security measure already used for lower denominations. It took more than ten years to change the black-and-white design of the five-pound note to a more colorful one. (Byatt, 1994)

At first, Germany printed counterfeit money to mimic the British pound. However, after the UK tightened the security of their currency, Germany turned to counterfeit US currency. Germany produced money that closely resembled the real thing, and was even able to replicate the security markings on the money. During World War II, Germany managed to print billions of US dollars worth of counterfeit money. In total, the Nazis (or rather, the prisoners at the Sachsenhausen concentration camp) produced fake sterling banknotes with a face value of £134 million, equivalent to ten percent of all sterling in circulation at the time.

However, Germany's counterfeiting of money also had serious consequences. Counterfeiting led to inflation and economic instability, as well as harming citizens who were not involved in the war. After the war ended, many counterfeit bills were found throughout Europe and the United States. The United States government conducted a massive operation to confiscate counterfeit money and tighten security on their money. (Whitehead, 2012)

The consequences of German counterfeiting of currency

The counterfeiting of currency by Germany during World War II had serious consequences for economic stability and global security at the time. Some of the consequences of German currency counterfeiting are as follows:

Inflation and economic instability: German counterfeiting of currency led to inflation and economic instability across Europe. As the amount of counterfeit money in circulation was huge, the value of legitimate money decreased drastically. This caused the prices of goods

and services to rise significantly and resulted in economic instability to the detriment of society. (BIS, 2022)

Harming civilians: Counterfeiting also harms civilians who are not involved in the war. As the value of legitimate money decreases, civilians find it difficult to fulfill their basic needs such as food and clothing. (Whitehead, 2012)

Financial loss to other countries: The counterfeiting of money by Germany causes other countries that receive counterfeit money to suffer huge financial losses. In addition, it also caused distrust in the global monetary system and disrupted international financial stability. (Hamada, 2004)

Long-term impact: After the war ended, many counterfeit notes were still in circulation throughout Europe and the United States. This caused financial losses for those countries and exacerbated the economic instability that occurred.

During World War II, the global economy faced the threat of inflation against a backdrop of heightened financial vulnerabilities and historically high levels of debt both private and public, and war-induced increases in commodity prices with prominent increases in food and energy. (BIS, 2022)

In the present context, the practice of currency counterfeiting still occurs and has serious consequences for economic stability and global security. Therefore, efforts to prevent and control currency counterfeiting are crucial to maintaining economic stability and global security.

Diplomatic and Legal Consequences of Counterfeiting Currency

Currency counterfeiting not only has economic repercussions but can also impact diplomatic and legal relations between the countries involved. This was especially true during the Second World War when the countries involved attempted to counterfeit each other's currencies.

The diplomatic impact of currency counterfeiting can be in the form of tension and conflict between the countries involved. During the Second World War, counterfeiting currency became a form of economic warfare waged by warring nations. This act is not only considered economically detrimental but can also be a form of violation of international law and is considered a criminal act.

Germany received severe political and economic sanctions at the end of World War II for counterfeiting currency and engaging in economic practices that harmed other countries. Here are some of the sanctions imposed on Germany during that time:

Discontinuation of production and use of German Reichsmark notes: Allied countries such as the United Kingdom and the United States stopped the use and production of German Reichsmark notes after the war ended in 1945. This was done to prevent the circulation of counterfeit notes and ensure post-war economic stability. (Feldman, 1999)

Economic restrictions: The Allied powers also imposed strict economic restrictions on post-war Germany, including import and export restrictions, and reductions in industrial production capacity. (Feldman, 1999)

Asset confiscation: Allied countries also confiscated German assets around the world as part of economic sanctions, including industrial equipment, jewelry, weapons, and others. (Mason, T. W., & Overy, 2000)

The Nuremberg Trials: After the war ended, Nazi Germany's leaders were tried at the Nuremberg Trials for war crimes and crimes against humanity, including counterfeiting currency. The court executed several German officials and demanded that the German state pay damages to the victimized countries. (Marrus, 2005)

The political and economic sanctions imposed on Germany after World War II can be seen as an attempt to deter other countries from committing similar acts and ensure global economic security and stability.

CONCLUSIONS

World War II began in 1939 when Germany invaded Poland and involved many countries around the world, including Britain, France, the Soviet Union, the United States, Germany, Italy, and Japan. One of the strategies Germany used to weaken the British economy was to counterfeit currency, namely the pound sterling, using Operation Bernhard. The resulting counterfeit money was difficult to distinguish from the real thing and was used to fund German intelligence operations and military activities. Counterfeiting currency as a weapon of war dates back to the 19th century and continued to grow until the beginning of World War II. Counterfeiting is a non-military threat that endangers the sovereignty and territorial integrity of the state and the safety of a nation with an economic dimension. The consequences of counterfeiting currency include economic loss and loss of credibility, as well as long-term negative impacts on a country's economy and society. With historical research conducted through heuristics, verification of historical criticism, interpretation, and historiography, we can better understand the counterfeiting of currency in World War II and its relevance for the present. Therefore, further research is needed to identify and address the negative impact of currency counterfeiting on the economy and society.

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