

Mira Kolar-Dimitrijević

The History OF MONEY IN CROATIA

1527 – 1941



CROATIAN NATIONAL BANK

Mira Kolar-Dimitrijević

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Zagreb, 2018

Dedicated to the first Governor of the Croatian National Bank, Ante Čičin-Šain.

Acknowledgements

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The project will be finalised with the publication of a whole series of books presenting the full history of money and central banking in Croatia, with comments on the theory and practice of the country's monetary policy and contemporary central banking.

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Readers will notice that the book is lavishly illustrated. The illustrations aim to evoke the historical periods during which specific forms of Croatian and other money came into being or went out of use. Special acknowledgements for this are due to the daughter of the author, Mrs Elizabeta Wagner, who selected the illustrations, and the staff of the Croatian National Bank Publishing Department, Romana Sinković, MSc, director, Svjetlana Čolak, Vjekoslav Gjergja, MA, and Božidar Bengez, who searched for illustrations throughout Croatia, as well as to Sanda Uzun-Ikić, MA, who language-edited the Croatian version of the book. The Croatian National Bank, as the publisher, assumes full responsibility for all the illustrations and expresses gratitude to the employees of documentation centres, archives and museums from Croatia and abroad for their professional approach, cooperation and assistance in obtaining them.

If Ante Čičin-Šain were with us today, he would certainly appreciate the fact that the book has been published, but he would inquire about the plans for the next publication within the project. The answer to this is that the next book will be published as soon as circumstances allow, as well as the English translation of this and all other publications.

This is a promise to the general and interested public in Croatia and to the members of the family of Ante Čičin-Šain.

Relja Martić, Deputy Governor

Tomislav Presečan, MSc, Vicegovernor



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Preface

The history of money is extremely interesting. Money offers an abundance of information that compensates for the lack of knowledge about periods and people when written sources are non-existent or scarce. The creation of modern money is related to the establishment of nation states in the 19th century. For centuries, the Croats were partly incorporated in other states, which accounts for the complexity of the history of Croatian money: the currencies of large neighbouring states were in circulation in the Croatian territory. However, currency-related issues were also very complex in large European states so that the history of money is also the history of states that aspired to create their own currency. Money can be approached from the varied perspectives of numismatists, historians, art historians and economists. It also testifies to mythology, epigraphy, palaeography and chronology, as well as to the history of the church and heraldry, sigillography, metrology, national and global economies. Money often contributes important information to ancillary historical sciences and sheds additional light on history. As it usually crossed the borders of the country of minting, money was often used globally, depending on the composition of precious metals.

The history of money in Croatia in the modern age is therefore connected with the political history of countries in this territory. Merchants often traversed seemingly “uncrossable” borders with their goods and money and, as Croats travelled all over the world, foreign money flowed in. The history of Croatia, that is, of the Croatian lands, is one of the most complex in the world. This area is a meeting point between the East and the West, as well as between Central Europe and the Mediterranean countries. Its money should thus be observed in the context of the political and economic history of Europe.

The Croats started using money as late as in the 9th century, having used marten pelts as commodity money in the previous periods. The Byzantine currency was predominantly used in trade until the end of the 11th century and in the 12th century the Venetian currency also came into use, which contributed to the division of the Croatian territory into two cultural spheres: the East (Byzantine and later Turkish) and, in the coastal region, the Venetian. In the 13th century, the Crusades brought along to this territory the currency of German lands, which added to the variety of currencies used. However, the main form of trade was barter. Croatia was always a country on trade and army routes, as reflected in the variety of currencies in circulation before the election of Ferdinand I of Habsburg as king of Croatia in Cetin in 1527. The Habsburg dynasty was expected to bring some regulation to monetary circumstances, but merchants met with diverse currencies in the Croatian territories long after 1527.

Although it was not an independent state, Croatia was affected by all processes that were changing the European monetary system, which makes for a fascinating history of money due to the abundance and mutual influences of Eastern (Byzantine, Turkish and Serbian), Mediterranean (Venetian, Italian) and Central European (Hungarian and Austrian) currencies as well as of currencies from other territories. Croatia was not independent until 1991, hence the need to describe the banking systems of the countries to which the Croatian lands belonged over the course of history. The focus, then, is on money, coinage and banknotes, with the history of Croatian banking presented in brief.

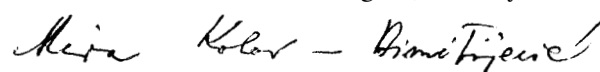
The monetary system was connected with the turbulent events that in Croatia were impacted by developments in Europe and elsewhere. This book presents a wide variety of currencies, but also speaks of their volatility, which led the population to regard money as an unstable commodity and turn to some other valuables, such as gold or real property. The financial system, therefore, had to be established and rehabilitated all over again as a weak inflow of information often put possessors of money on an unequal footing, enabling some people to gain a profit at the expense of others.

Numismatics in the sense of the creation of collections of coins and banknotes started to develop in Croatia in the 17th and 18th century. The wealth of numismatic collections as well as expert and scientific articles written by numismatists provide a rich source of information about the history of money in this territory, which is exceptionally rich and attracts the attention of experts from Europe and the world. A great deal has been written about the coinage in this territory in the Roman and Byzantine times, as well as about the medieval currency.

Every discovery of a hoard in the 19th and 20th centuries added to the knowledge about the money used in our territory, confirming the outstanding wealth that is today kept in the Numismatic Collection of the Archaeological Museum in Zagreb, in other museums in Croatia and in individual numismatic collections. The Numismatic Collection of the Archaeological Museum (formerly the National Museum) started to be assembled as soon as in 1828. The curators Šime Ljubić, Josip Brunšmid and Viktor Hoffiller turned it into a world-renowned collection. It was closed for about ten years in the aftermath of World War II, and Zdenka Dukat and Ivan Mirnik rearranged the collection and set it up as a separate department within the Archaeological Museum as it stands today.

In an effort to present a short history of money circulating in the Croatian territory in the modern age this book focuses on the most important characteristics and phenomena. While no single study has been devoted to the history of money and monetary affairs in Croatia, a number of renowned numismatists and historians have dealt with Croatian money. However, there are still many “blind spots” in the history of money and monetary affairs in Croatia.

Zagreb, 23 May 2013



Mira Kolar-Dimitrijević

Introduction

During the period of Greek colonisation, Greek cities opened mints in the Mediterranean. Heraclea's first coinage was minted in the 4th century B.C. Large-denomination coinage featured the head of Heracles in lion skin on the obverse and a bow and a bludgeon on the reverse, while the lowest-value coinage featured the head of Artemis, the protectress of sailors and shipbuilders, on the obverse and an image of a dolphin on the reverse. Heraclea's exact location is as yet unknown, but assumptions are that it was located on either Korčula or Hvar.¹

Coinage was struck in this territory as early as in the Roman period, due to gold and silver deposits found in copper mines. In Siscia (present-day Sisak), the capital of the Roman province Pannonia Superior, the Roman administration opened a mint in 262 during the reign of Emperor Gallienus (260–268).

Pannonia and Illyria, A. Ortelius, HPM/PMH 80850





Copper coin, Emperor Probus, the 3rd century, the Siscia mint, the Numismatic Collection, AMZ

The mint was still in operation during the reign of emperors Licinius (308–324), Diocletian (284–305) and Honorius (393–423) and in the later period under the Ostrogoths, between 494 and 504, in the time of King Theodoric (471–526). The mint was situated on a site today occupied by the course of the Kupa River.² The *procurator monetæ Siscianæ*, who was in charge of the quality of the coinage, was also headquartered in Siscia.³ Coinage was also minted during the reign of Emperor Gallienus in Sirmium (present-day Sremska Mitrovica) in 265, bearing the mark SP. This mint was reopened in 324 at the time of Emperor Constantine the Great (306–337). It ceased operating as early as 326 but opened once again in 351. The mint was probably closed in 365 during the reign of emperors Valentinian I (364–378) and Valens (364–375). In the same mint silver coinage was minted by the East Gothic kingdom in the name of Byzantine emperors Anastasius I (491–518) and Justin I (518–527). Silver coins with the monograms of the Ostrogothic kings Theodoric and Athalaric (526–534) were also minted. The mint was in operation until 530, when Sirmium was occupied by the Gepids, and was reopened around 560 for the production of the half-siliqua with the monogram of Cunimund.⁴

Croatia did not have a sovereign currency during the reigns of the national rulers, so that international payments were made in the Byzantine currency. The Croats started using money as late as in the 9th century, having used marten pelts as commodity money in the previous periods.⁵ In the Kingdom of Croatia the Byzantine and Venetian currencies were predominantly used in trade until the end of the 11th century and in the 12th century the Venetian currency also came into use, which contributed to the division of the Croatian territory into two cultural spheres: the East (Byzantine and later Turkish) and, in the coastal region, the Venetian. The Crusades brought to this territory the currency of the German lands, which added to the variety of currencies used. However, the main form of trade was barter.

Croatia was a kingdom divided into several counties until 1102, when, as tradition has it, the representatives of twelve Croatian tribes concluded the *Pacta Conventa* with the then king of Hungary, Coloman (1102–1116). By 1107, Coloman's influence had spread to Dalmatia, which finally accepted him as king. Coloman then assumed a new title: the king of Hungary, Croatia and Dalmatia. The Croatian territory remained undivided until Béla IV (1235–1270) divided it into two separate political and administrative units around 1260, the Kingdom of Croatia and Dalmatia and the Kingdom of Slavonia, which he tried to centralise as much as possible.⁶ The separation of Dalmatia from Croatia and Slavonia thus started in that period and remained a historical fact until 1848, or 1918. Despite the fact that Croatia, Slavonia and Dalmatia became successor states to the former Kingdom of Croatia, due to the gradual strengthening of the power of Venice and of Bosnia and Zachlunia in the south the Croatian nobility started to withdraw towards the north so that the geographical and political name of Croatia was transferred to the territories north of Gvozd, while the territories between the Sava and Drava Rivers, from the Sutla River to the Česma River, were in the second half of the 15th century no longer called Slavonia and became part of Croatia.⁷

Béla IV of the Árpád dynasty, the mid-18th century, HPM/PMH 8659





Stephan I of the Árpád dynasty, Budapest

The Árpád dynasty, which from 1102 to 1301 also ruled Croatia, was the first to mint coinage in the territory of Hungary. The Hungarian kings had minted their coins from the times of King Stephen I (1000–1038). However, these coins bore no comparison with the Byzantine coins, also termed *MONETA GRAECORUM*. This changed when the Crusades opened the routes to the east between the 11th and 13th century, making coin minting a profitable operation.

The denar, a one-gram silver coin, also started to be struck in Hungary during the Árpád reign. The Croatian (Slavonian) denar featured an image of the marten on the obverse and was minted with the authorisation of the Árpáds. The denar bore the inscription *MONETA REGIS PRO SCLAVONIA*, the currency in use in Slavonia (at the time, the name Slavonia referred to almost the whole of North Croatia). The Croatian-Hungarian kings confided the rule of Slavonia to their dukes and hence the names of the dukes were inscribed on the coins, which was continued under the bans. Shown on the reverse of the coin was a double cross, with a crescent moon positioned on the one side of its horizontal bar and the Morning Star on the other. Below were two crowned heads, with the first letter of the name of the person that ordered the coin to be minted above them. These coins, therefore, bore the marks of the Croatian lands that were to be found on the coinage in the later periods.⁸

Andrew II, who was first the duke and subsequently the king of Croatia and Hungary (1205–1235), granted Croatia the right to mint special coins. The coins minted between 1196 and 1204, while Andrew II was the duke, were modelled after the frizatik, which is considered to be the first Croatian coin, hence the name the Croatian frizatik.⁹

Andrew II of the Árpád dynasty, the mid-18th century, HPM/PMH 8658



Charter of Andrew II confirming the privileges of the Church of Zagreb, dated 1217; a transcript made by the Chapter of Stolni Biograd in 1272, the Archives of the Archdiocese of Zagreb



After 1205, the Croatian bans were granted the right to mint coinage by King Andrew II. The Charter of King Andrew II, issued in 1217, states that this was the first royal coinage minted in the territory of the kingdom, under the rule of a ban (governor) or duke.¹⁰



Croatian frizatik, Andrew II, the Numismatic Collection, AMZ

Always a separate financial area, Croatia enjoyed some privileges in the Middle Ages in terms of the royal tax, i.e. contribution. The Croatian Parliament independently decided on and levied this tax from the end of the 16th century.¹¹ Until 1733, the Parliament had the power to determine measures and weights. However, the old Croatian measuring system was revoked with the aim of facilitating trade from the Danube Region to the Adriatic, and Pressburg measures were introduced. They were replaced by the metric system in 1876. Croatia also had its own currency, *nummus croaticus* or *denarius croaticus*.¹² *Denarius croaticus* was the currency in circulation in Croatia.



Pakrac, a master's certificate, A. Schmidt, Vienna, 1826, HPM/PMH 3643

Zagreb also had its measure for wheat in the 13th century. A dry goods measure, found in 1992 on Medvedgrad, was in the form of a stone basin with a capacity of 20.42 litres. Its double capacity equalled one Viennese pail, which suggests that our measures were adjusted with Central European measures and that attention was paid to developments in Europe.¹³ In any case, there was a lot of focus on quality and measures.

The first known mint under the reign of a ban was the one in Pakrac. This mint was in operation from 1256 to 1260 and then it was moved to Zagreb. The Slavonian denar (*denarius banalis*, *moneta banalis*) was struck in this mint. Despite the number of variants and numerous coin dies, the Slavonian denar was a valuable currency. The ban's coinage bore the inscription *MONETA REGIS PRO SCLAVONIA* and the ducal coinage had the inscription *MONETA DUCIS PRO SCLAVONIA*. The Slavonian denar remained unchanged in terms of type and size, suggesting a degree of monetary stability, which would be lacking in the later periods. Coins were also minted in the region of Sirmia and, probably, in Virovitica.¹⁴

The ban coin, *denarius banalis*, featured on the obverse an image of a running marten positioned between two six pointed stars. The reverse showed a crescent moon opposite a six pointed star – the symbols of the ancient Croatian coat of arms. Although the star and crescent moon system has disappeared, it had been met with since ancient times. The symbol of Hungary is the Cross of Lorraine.

The coin minted in the Zagreb mint was termed the Zagreb denar and the ban denar (*banovac*).¹⁵ The mint generated significant revenues for the duke or ban in power. The types of the coin included the denar, the obol (half-denar) and the bagatin, the latter being the smallest coin. The coins were minted from silver and copper. Two hundred denars made up one mark, while one fourth of a mark was called a ferto (hence the expression *frtalj* for one quarter in the Kajkavian dialect), one fifth a pensa and one eighth a libra. The mark was a weight measure for the currency, and the weight and structure of these coins varied. Although the



Slavonian denar, Stjepan Herceg, the Numismatic Collection, AMZ



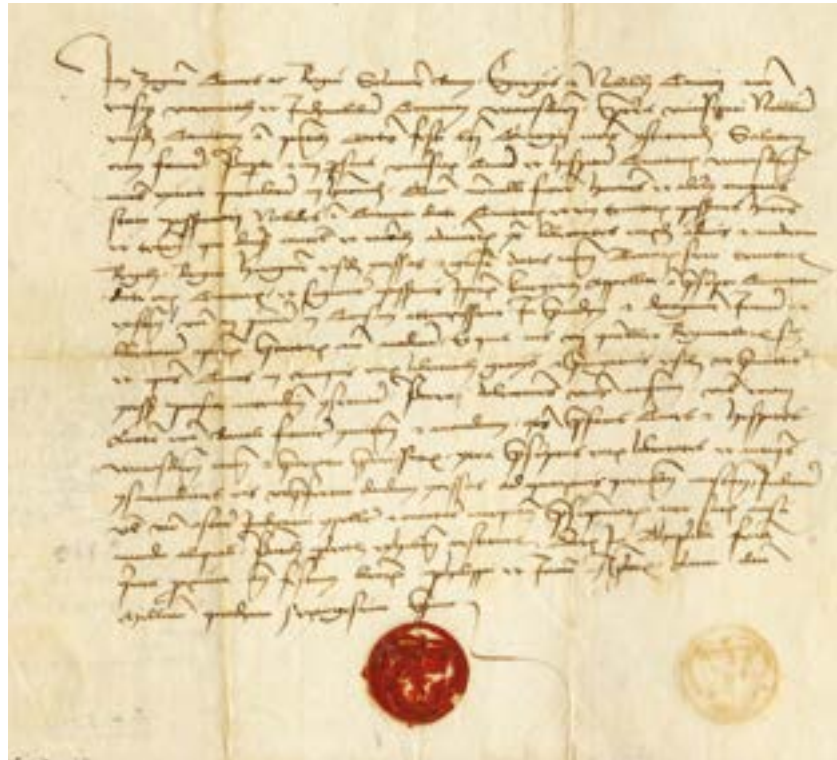
Denar of Radoslav Babonić, the Numismatic Collection, AMZ



First known map of Zagreb, M. Marković, *Croatian Towns on Old Plans and Panoramic Views*, Zagreb, 2001



Kreuzer of Ban Ivan Vitovec, 1459, the Numismatic Collection, AMZ



Document issued by Ban Ivan Vitovec, HR-DAVŽ

Zagreb mint was in operation until 1384, in 1364 King Louis I banned the minting of the ban denar, preferring the royal currency. However, there are indications that this coin was secretly minted in the Zagreb mint until the beginning of the 15th century.

In the mid-13th century, the Commune of Split minted silver coinage modelled after Hungarian coins, e.g. the bagatin, and in the 14th century the same coinage was minted bearing an image of Saint Domnius. Under the Venetian rule, copper coinage was minted for Split, Šibenik, Zadar, Hvar and Trogir.

Charles I of Anjou, in an effort to reform the currency by strengthening the centralised power of the state, issued a charter on 5 January 1323, ordering that the new denar be similar to the quality currency from the reign of Béla IV. This almost incited a riot in Croatia, where several mints were jeopardised by this monopolistic attitude. In 1443, the German emperor, Frederick III granted the right to mint coins to Stjepan II Frankopan and his successors.¹⁶ The Counts of Celje also enjoyed that right from 1443 to 1453. The basic unit of currency was a silver coin. Ivan Vitovec, Count of Celje, Croatian ban, Count and Prefect of Zagorje County, having been granted the privilege by the emperor, started to mint his coin on 10 November 1459, the silver kreuzer. The obverse of the kreuzer displayed the emperor's name, the coat of arms with the double-headed eagle and the inscriptions I (n) – K (rapina). The reverse featured the inscription *MONETA IN KRAPINA* and a four-square escutcheon with a horizontal band and a panther rampant to the right.¹⁷

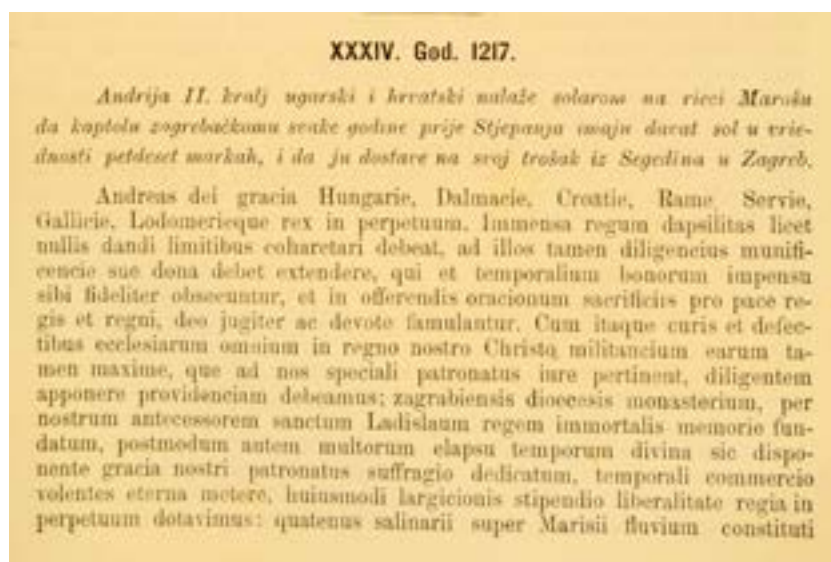
Silver Hungarian coins circulated in the Triune Kingdom for several centuries.¹⁸ The Hungarian king, Louis I the Great of Anjou (1342–1382) tried to solve the issue of currency by ordering the use of the Hungarian denar in Croatia. His daughter Maria (1382–1395), whose husband was Sigismund of Luxemburg (1387–1437), decided

Coats of arms of Dalmatia, Croatia and Slavonia, I. Bojčinić, *Der Adel von Kroatien und Slavonien, J. Siebmacher's grosses und allgemeines Wappenbuch*, Nürnberg, 1899



in 1384 to put the Hungarian and Croatian denar on an equal footing so that as of that year the same denar was used in both territories.¹⁹ This coinage was originally termed “new currency”, “currency”, *penez*, *pjenez* or *pinez*, and some other names can also be found. Minted as the royal coinage in the Zagreb mint, it brought profits to the ban’s treasury. The coinage bore the emblems of the state. The Croatian coat of arms (checkerboard) is first to be found as late as in the second half of the 15th century in some paintings and in 1525 on a necklace worn by King Louis II Jagiellon (1516–1526). The coat of arms of Dalmatia, consisting of three leopard heads, first appears on a seal dating from 1406, which the historian Ferdo Šišić attributes to Sigismund’s era.²⁰ The denar was a small-denomination silver coin, referred to as “the good old denar”, and it was in circulation for a long time. Denar coins of poorer quality started to be minted in Hungary in 1616, with five of these coins equalling one groat (previously four). Small-denomination coins, usually minted from copper, included the obol, worth half a denar, and the bagatin, twelve of which constituted one denar. The obol and the bagatin are not to be found after 1346, having been replaced by a small-denomination copper coin called the *beč*, first mentioned in 1438. This coin is sometimes referred to as the Vienna denar (*denarius viennensis*), which has to be differentiated from the Hungarian denar (*denarius hungaricalis*). The old Hungarian denar was the basic unit of the whole Croatian monetary system.²¹ In the territory of Croatia, large-denomination currencies were the Hungarian forint, consisting of one hundred old denars, and the Rhine thaler, which was smaller and consisted of eighty old denars. The Croatian people called this thaler the Rhine forint or *rajnški* in order to differentiate it from the Hungarian forint. As stated in a promissory note issued by the Zrinski family in 1618, one ducat equalled one hundred denars of *monetae Croaticae*, that is, one hundred denars of the Croatian money.

The main unit of currency in the Holy Roman Empire of the German Nation was the mark. One mark was made up of two hundred denars. A reference to the mark is found in a document issued by Andrew II in 1217, stating that the canons of the Zagreb cathedral are to be delivered an amount of salt worth fifty marks each year before the



Document issued by Andrew II, I. K. Tkalčić, *Historical Monuments of the Zagreb Archdiocese in the XII and XIII Century*, Zagreb, 1873, the Archives of the Archdiocese of Zagreb



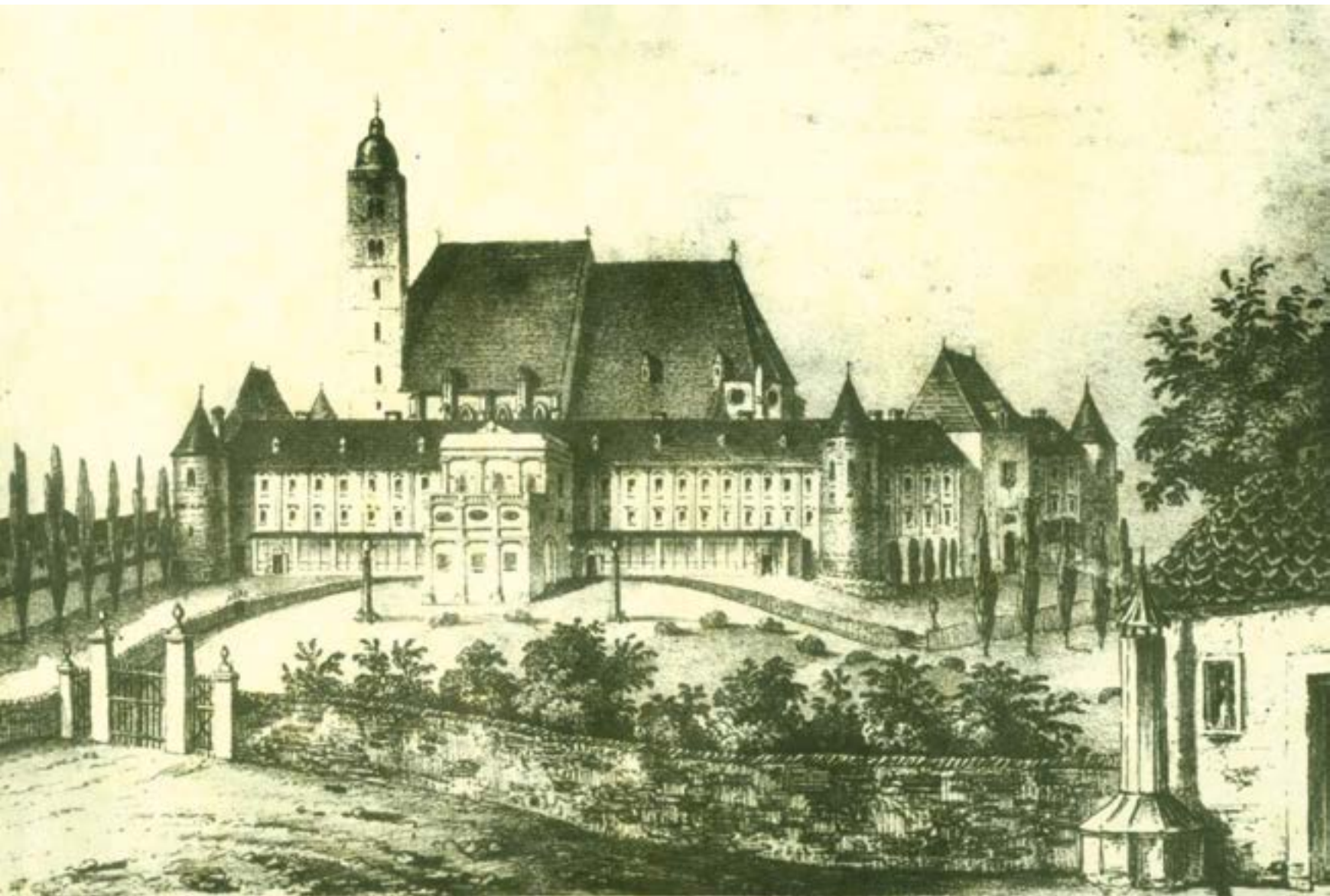
Venetian ducat by Antonio Veniero (1382 – 1400), the Numismatic Collection, AMZ

feast of St. Stephen.²² The already mentioned *ferto*, money of account, was worth one quarter of the mark; in Croatia it is found in documents dating from the 14th century. Another type of nominal money was the *pensa*. Making up one fifth of the mark and worth only forty denars, the *pensa* has its first mention in the Golden Bull, issued by Béla IV in 1242 to declare Zagreb a free royal city. The last mention of the *pensa* coin was in 1438.²³ The word *pensa* has remained part of the word signifying money in the Kajkavian dialect – *penezi*.

The Venetian coinage predominated in the south of Croatia, but it also penetrated deep into the north of the country through trade channels, as confirmed by coin hoards found in Kruškovača, Sveti Rok and the surroundings of Karlovac.²⁴

The gold florin (*forint*), whose name indirectly derives from the name of the City of Florence, was introduced in the 14th century.²⁵ The florin is first referred to in a document of the Chapter of Zagreb dating from 1315.²⁶ The florin started to be struck in the Kingdom of Hungary after Charles I of Anjou had come to power. The gold florin was in the Republic of Venice termed the *ducat*, with the name coming from the Latin inscription featured by Venetian gold coins between

View of Zagreb Cathedral, M. Marković, *Croatian Towns on Old Plans and Panoramic Views*, Zagreb, 2001



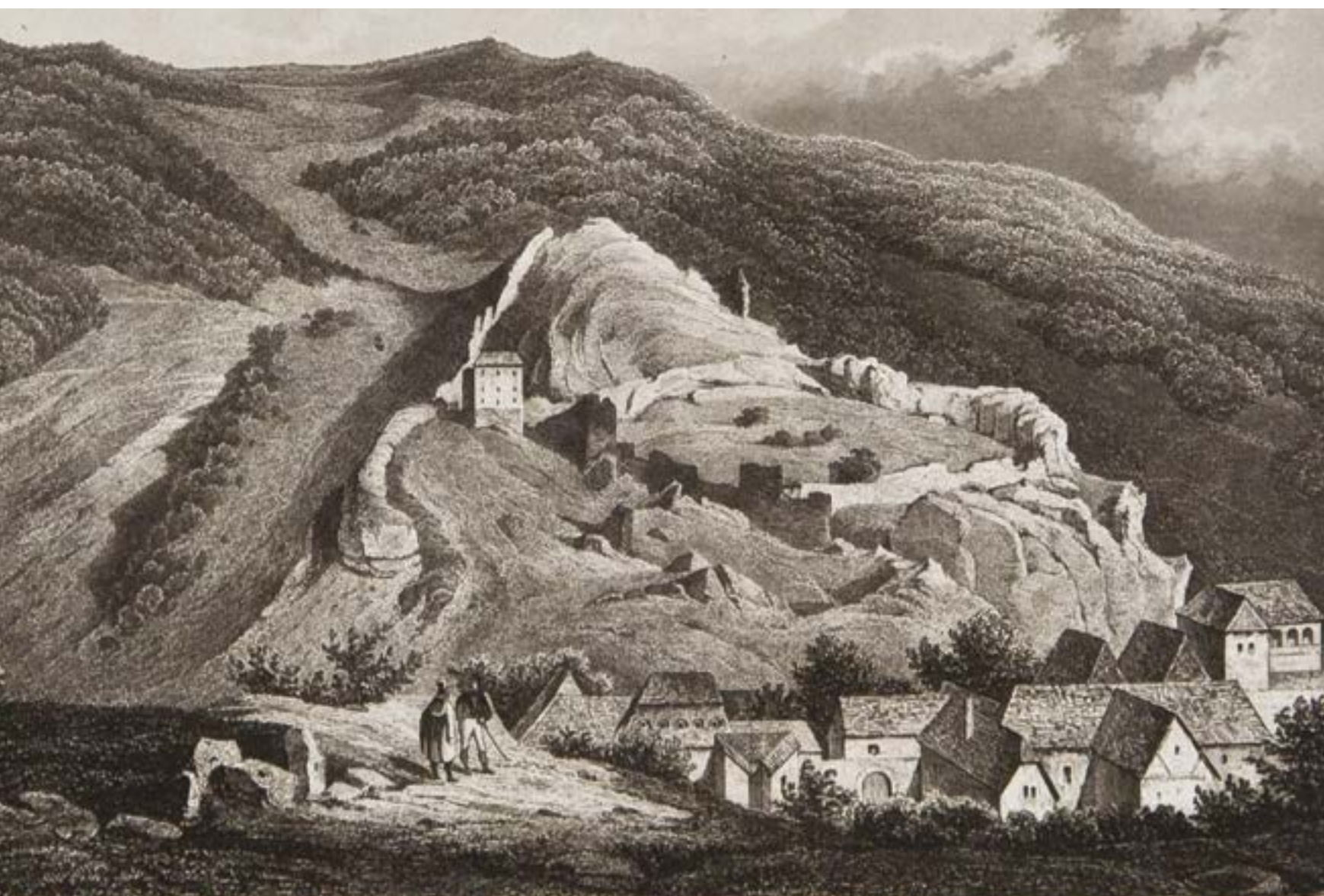
the 13th and 18th century: *SIT TIBI, CHRISTE, DATUS, QUEM TU REGIS, ISTE DUCATUS*.²⁷ A promissory note issued by the Chapter of Zagreb to the Parish Church of St John in Nova Ves shows that the florin and the ducat are the same currency.²⁸ In our territory, this coin was termed both the ducat and the florin, whereas in the Republic of Venice the gold coin was also called the sequin.

The gold florin was often denoted as the forint and its value depended on the price of gold. As the price of gold in Europe increased, so did the value of this coin.²⁹ At the Diet in Pressburg in 1430, the Croatian-Hungarian king, Sigismund, declared that one gold forint was worth one hundred large-denomination denars or four hundred small-denomination denars (the quarter coin – *kvartin*). This ratio was kept, but the gold forint was soon afterwards withdrawn from circulation; in 1581 four hundred gold forints equalled six hundred Hungarian forints, with one Hungarian forint comprising one hundred silver Hungarian denars.³⁰ Therefore, one gold forint was worth one hundred and fifty silver Hungarian denars, which means that the original ratio was disturbed at the expense of silver. Gold coins were sent to the East to pay for silk and porcelain that were in high demand



Ducat scale, Western Europe, the 18th century, HPM/PMH 1276

Krapina, K. Swoboda, around 1850, HPM/PMH 3620





Map Illyricum, I. Lucić, HPM/PMH 3849

in Europe. The currency ratio was legalised by the Croatian Parliament on 5 April 1571 under the order of the king. This was repeated at the Croatian Parliament session on 2 June 1572.³¹

As the Austrian coinage had entered Croatia even before 1527, the Croatian currency can be analysed within that system until 1918. This primarily refers to the small silver coin – the kreuzer. The kreuzer was slightly larger than the Hungarian denar and therefore had a higher value. Three kreuzers were worth four denars. However, the silver groat, which was larger than both the kreuzer and the denar, was most in circulation. It was minted in Vienna and Graz and people in Croatia loved it.³²

The large variety of the coinage, especially of silver coins, made safe trade difficult. Merchants had to be very skilful, fortunate and experienced to return enriched and alive from their journeys. The diversity of the coinage in circulation shows that trade and military routes have always crossed Croatia. Krapina, for example, was during the reign of the Counts of Celje an important market town on the route from Ptuj via Varaždin to Zagreb, and that was only one of many north-south and west-east routes.

The Holy Roman Empire of the German Nation

The Holy Roman Empire of the German Nation is a name sometimes given to those states of West and East Europe under the leadership of Catholic rulers who were elected emperors with the approval of seven electors. The Empire had a turbulent history and its currency was also the main currency in our territory.

House of Habsburg

The Habsburgs come from the canton of Aargau, the German-speaking part of what is now Switzerland, where as early as the 10th century they held the estate of Habichtsburg, after which they were named.³³ Through marriages with members of the aristocracy and ruling dynasties, as well as by wars, they obtained lands in Alsace, South Germany and in today's Switzerland. In 1273, Rudolph I the Founder (1273–1291) was elected German emperor, which firmly established this dynasty as the rulers of the Holy Roman Empire of the German Nation until Charles VI died in 1740, without leaving a male heir. Although he ensured the legal right of succession to the Habsburg's female line by the Pragmatic Sanction with Croatia in 1712 and with Hungary in 1723, Maria Theresa had to fight the war for succession and for the throne of the Holy Roman Empire of the German Nation, which was succeeded by her husband Francis I Stephen of Lorraine.³⁴ After his death in 1756, the throne was succeeded by their son Joseph II, who became coregent with Maria Theresa and ascended the throne after her death (1780). Following the death of Joseph II, the imperial crown was inherited by his brother Leopold II, who reigned for only two years.

The fight of the Habsburg family for the Croatian-Hungarian throne started following the death of Sigismund of Luxemburg, who was succeeded by Albert the Magnanimous (1437–1439). Albert was succeeded by his newly born son Ladislaus Posthumus. The fight escalated again after the death of Matthias Corvinus (1458–1490). The claimants to the throne were the king of Bohemia Vladislas II of the Jagiellon dynasty (1490–1516), his younger brother, the king of Poland, John I Albert (1492–1501), and German King Maximilian I (1508–1519), son of Frederick III (1452–1493). Croatian and Hungarian noblemen, being against the rulers from the House of



Crown of the Holy Roman Empire of the German Nation, the second half of the 10th century (the cross was added in the 11th century), KHM, Vienna

Organisational structure of the Holy Roman Empire of the German Nation, H. Schredel, the Nuremberg Chronicle, 1493, Morse Library, Beloit College



Habsburg, opted for Vladislas II.

Maximilian I realised that he would not be able to gain the Croatian-Hungarian throne. Vladislas II, aware of the danger of waging a war with Maximilian I while there was the Ottoman threat from the south, arranged by the Treaty of Pressburg (7 November 1491) that the succession to the Croatian-Hungarian throne would pass to the Habsburgs if he left no male heir. The Croatian-Hungarian nobility opposed the Habsburg's family succession to the Croatian-Hungarian throne and at the Diet of Rákos (1505) passed a resolution stating that anyone proposing a foreigner for the accession to the Croatian-Hungarian throne should be declared a traitor. The issue of the succession to the Croatian-Hungarian throne continued to be of topical interest so that Vladislas II, on 22 July 1515, in Pressburg and Vienna guaranteed the House of Habsburg, that is, Maximilian I, the succession to the Croatian-Hungarian throne should his son

Francis I Stephen of Lorraine, MGKc, Maria Theresa, MGKc, Joseph II, 1789, the Artworks Collection, ZMSG, Županja



Louis II (1516–1526) die heirless. He also arranged an engagement between Louis II and Maria of Austria, Maximilian's granddaughter and Ferdinand's sister. Vladislas's daughter Anna was the betrothed of Ferdinand of Habsburg. After Louis's death in the Battle of Mohács in 1526, struggles for the Croatian-Hungarian throne started. Ferdinand I of Habsburg (1526–1564), the king of Bohemia and archduke of Austria, was first elected king of Hungary on 17 December 1526 in Pressburg and then king of Croatia on 1 January 1527 in Cetin. Ferdinand I took the coronation oath swearing to defend the Kingdom of Croatia by military force, take care of the Croatian cities and fortresses and respect all the privileges, rights, freedoms and laws granted to the Kingdom of Croatia by previous rulers.³⁵

Thaler – the Currency of the Empire

Changes on the Croatian and Hungarian throne, as well as on the emperor's throne, were depicted on the thaler³⁶, the most important large coin, which was in circulation all until the second half of the 19th century.³⁷ In this area, the thaler was circulated from the 16th century until the reign of King Franz Joseph I (1848–1916) and it was a very important coin, although it was mostly not minted in Croatia, except for the thalers minted by Nikola III and Nikola IV Zrinski³⁸ and trial strikes of coins of thaler size in the Dubrovnik Republic.³⁹

Upon discovery of a rich vein of silver in Joachimstal in Bohemia in the early 16th century, Count Stefan Schlick started to mint silver thalers that were soon named the imperial coinage (the thaler *imperialis*, *joachimicus*, *vallensis* or *uncialis*) and were the official currency in the vast Holy Roman Empire of the German Nation.⁴⁰ Due to the links between the Empire and the Habsburg lands, this coinage entered the Habsburg territory.

Acting on the proposal of Ferdinand I, the Croatian-Hungarian Parliament decided in 1553 that half of the silver earmarked for the



Maximilian I, MGKc



Maximilian I visiting a mint, Hans Burghmair the Elder, 1517, ÖNB

minting of coinage was to be used for Hungarian denars and fillers and half for thalers and half-thalers, prescribing also that Hungarian thalers had to have the same weight and composition as Vienna thalers, but had to feature an image of the Virgin Mary as they were used in Catholic lands. The thaler was originally worth 100 denars or 75 kreuzers, the same as the Hungarian forint. Due to complex political relations, the Holy Roman Empire of the German Nation struck the three-emperor coins, which were also found in this territory. These were thaler and half thaler coins, minted from 1558. The coins bore images of busts of three emperors, Maximilian I, Charles V and Ferdinand I, on the obverse. Shown on the reverse was the imperial eagle with the Austrian and Castilian coat of arms on the chest.

However, pursuant to a decision of the Croatian Parliament of 4 January 1570, the Rhenish thaler (gulden), which was in circulation in the second half of the 16th century, was worth only 80 denars.⁴¹ Although this thaler was subsequently withdrawn from circulation, the coin retained its nominal value and was used in the 17th and 18th century for the calculation of the value of goods. In the 17th and 18th century, one Rhenish thaler was valued at 20 groats, that is, 60 kreuzers or 80 denars. One Hungarian forint was valued at 25 groat coins, that is, 75 kreuzers or 100 denars.⁴²

In the early 17th century, Germany started to mint new thalers, valued at 120 denars. This coinage was also found in Varaždin in 1625: the head of the butchers' guild, Andrija Maksijan, made calculation in thalers. The Croatian Parliament paid for the travel expenses and per diems of its delegates attending common parliamentary sessions in new groats and German thalers. Due to strong connections with the Queen of the Adriatic, Venice, still at the height of its power at the time, Venetian scudi were also in circulation in Croatia. On 4 June 1636, the Croatian Parliament assessed the value of the scudo at 110 kreuzers, and ten years later at 120 kreuzers or 160 denars. In the 17th century, the scudo started to drive the thaler out of circulation.⁴³

As Croatia was in the state union with Hungary it used Hungarian ducats – gold forints, which were highly valued in other parts of Europe. The coins, some weighing 23.75 carats, were minted from pure gold in the famous Kremnica mint. In German territory, they were in circulation between the mid-16th and mid-19th century. The German gold gulden introduced in Croatia and Hungary in the same period, was equivalent to two Rhenish thalers or 160 denars, as confirmed by various certificates of Varaždin merchants and craftsmen who used this coinage. Problems arose soon after the introduction of gulden as their edges were sometimes clipped, thus reducing their value. The Croatian Parliament in 1527 complained to Ferdinand I about this coinage, requiring that mercenaries be paid in Hungarian ducats, groats, kreuzers and Hungarian denars. However, the issue of damaged coins was not resolved. The Croatian Parliament on 17 July 1578 complained to King Rudolf II, and demanded that damaged gold forints and thalers be converted in the same ratio to denars in the Austrian states and in Croatia. Another problem was that the coinage minted in Hungary was less valued by merchants from Styria, Carniola and Carinthia. In 1609, King Matthias II accepted



Hungarian forint of Matthias Corvinus,
the Numismatic Collection, AMZ

the request of the Croatian Parliament to equalize the value of the Hungarian coinage in all states, and there was no more mention of this request. As Croatian merchants at times refused to accept German coins, the Croatian Parliament in 1621 enacted a decision to introduce to Croatia all the German coinage used in the neighbouring countries, threatening merchants with having their goods ceased if they did not accept it. Some people refused to accept coins minted by King Ferdinand II (1619–1637) in Vienna and therefore the king in 1628 ordered the Croatian Parliament to implement his decision and oblige the Croatian people to use this currency for trading and payments. The Parliament threatened to levy fines and seize goods if its decisions were not complied with. However, the Parliament had to reiterate this several times, because there were similar problems with Gradec groats, Venetian scudi and old groats.⁴⁴

The thaler minted in Bohemian mints during the reign of King Ferdinand I bore the inscription *Dalmatiae – Croatiae, Sclavoniae*,⁴⁵ which emphasised the king's rule over Croatian states. This has led some historians to conclude that Croatian states were equal to other parts of the Holy Roman Empire of the German Nation.⁴⁶

A byword for high quality money, the thaler took a long time to be replaced by marks and kronen. In 1566, Emperor Maximilian II issued the Currency Decree, legally prescribing the weight and precious metal content of coins, with Saxon thalers serving as a basis for new



Commemorative thaler of Ferdinand I, 1541, the Numismatic Collection, AMZ



Commemorative thaler of Ferdinand I, 1541, the Numismatic Collection, AMZ



One half of a 60 kreuzer "kipper coin" of Ferdinand II, 1621, Joachimstal, OeNB



Strongbox, the 16th century, SCM

Croatian cavalry officer from the period of the Thirty Years' War, T. Aralica and V. Aralica, *Croatian Warriors through Centuries*, Zagreb, 1996



thalers. The thaler was thus equalized with the gulden,⁴⁷ which was in circulation in the Empire at the time. The thaler was acquired by other German dukes and became known as the imperial thaler. As guldens were no longer minted around 1600, the imperial thaler became the Empire's leading currency.⁴⁸

During the Thirty Years' War (1618–1648) some families extended their business over a wider area, but many trading companies from Upper Germany went bankrupt and new traders from Italy and the Netherlands became established. The long war resulted in currency depreciation, leading to the emergence of the less valuable “kipper coins” in Austria. During these turbulent times, some 87% of the currency's value was lost and substantial efforts were required for it to regain its stability. This was achieved with *moneta nova*, which bore the inscription: *Nach altem Schrot und Korn*.⁴⁹ In addition to the imperial currency, many German dukes minted their own coinage, without inscribing the emperor's name. Among them were supporters of Gustav II Adolf, the king of Sweden (1611–1632), e.g., the cities of Erfurt, Augsburg, Würzburg, Nürnberg and Osnabrück.

The expansion of the long-lasting war brought various coinages to the afflicted territories. Thalers from the Habsburg Netherlands, Swiss cantons, Poland and France were the coins that most often entered the German territory. Since coins were not equal in value merchants used various conversion tables. The book by Wilibald Hoffman *Alter und Neuer Münz-Schlüssel* (Nürnberg, 1692) also served this purpose. In 1730, the second edition of Michael Lilienthal's book *Auserlesenes Thaler-Cabinet: Darinn die meisten und vornehmsten Silber-Müntzen, welche unter dem Rahmen der Reichs-Thaler bekannt sind* was published in Königsberg. The value of a thaler depended on the political power of the person who had it minted.

The old good-quality imperial thaler was driven out of use in the mid-17th century.⁵⁰ The new thaler had a lower silver content than the old one. Old thalers, deteriorating in quality, were remelted into new smaller-denomination thalers. Many thalers were restruck into other lower-value coins, which was also due to an increase in the value of silver.⁵¹ In the 1660s, one mark of fine silver (234 grams) equalled nine and a half imperial thalers. Regulations allowed for only nine thalers to be minted from one mark of fine silver. The minting of thalers thus resulted in losses and the coins became very rare. There were two solutions for this problem: to increase the nominal value of the thaler or to reduce its silver content. However, no solution was found at the Diet of Regensburg.

In 1659, Emperor Leopold I established a mint and defined a rule for all mints (*Privilegium des Quintels*)⁵² requiring them to produce identical thalers. In the Zinna Monastery near Luckenwald, in 1667, an agreement was concluded on the transition period required to create a single imperial thaler. Although most dukes accepted the agreement, they continued to mint their own thalers, minting imperial thalers in limited quantities until as late as the mid-18th century. In the period between 1721 and 1750, the imperial thaler ceased to be minted in Brandenburg and Prussia, as a sign of resistance to Charles VI of Habsburg, who had no male heir, which eventually resulted in the Wars



Leopold I, HPM/PMH 8702



Seal of Leopold I, HPM/PMH 26065

of the Austrian Succession. Some mints in Northern Germany failed in their attempt to reintroduce the imperial thaler into circulation in 1790s due to high minting costs. The Duchy of Bremen minted about one thousand such thalers, but then it stopped. Since then onwards, for most classes the imperial thaler existed only as a representative coin or a gift coin.⁵³

It became obvious that, due to the changed economic relations in the mid-18th century, the thaler's monopoly could not be maintained, and the agreement between the Austrian and the Prussian ruler was also no longer valid. The new concept of the variety of currencies in Europe originated in Prussia. On the proposal of Johann Philipp Grauman (1690–1762), general director of the Berlin Mint from 1750 to 1762, the king of Prussia, Frederick II the Great (1740–1786) in 1750 ordered the introduction of a new thaler, valued at 24 groats. This currency formed the basis of the monetary system until the introduction of the German mark. The coinage bore the name of the mint. In 1765, the Royal Giro and Loan Bank was established in Berlin, with the aim of minting 100,000 Prussian thalers bearing an image of Frederick II the Great. However, the Bank failed, and thalers were remelted, with

Austria and Germany, the 18th century,
T. C. Lotter, HPM/PMH 4974



only a small number remaining in circulation as souvenir coins.⁵⁴

The imperial thaler was increasingly replaced by the two-third thaler, by the one-third thaler in South Germany and by new guldens, termed half-guldens. The agreement concluded in the Zinna Monastery was therefore invalidated and in 1690 a new agreement was entered into in Leipzig, on the initiative of Brandenburg and Saxony. The name imperial thaler thus acquired a double meaning. Each genuine thaler coin received a prefix *in specie* (Lat. in coin), hence the name *Speciesthaler*. It was valid in the area where calculations were carried out in groats (from 1667 one such thaler comprised 28 groats and from 1690 it comprised 32 groats). There was also the imperial thaler marked as *Reichsthaler courant*, worth 24 groats. This thaler was also a smaller-value coin in the territories of the Holy Roman Empire of the German Nation where other calculation systems were in effect. In South Germany, the imperial thaler was after 1662 valued at 90 kreuzers or one and a half gulden. After long-term adjustments, its value was set at 32 groats. After 1693, the value of this thaler rose to 120 kreuzers and this coinage, minted in large numbers, started to drive out guldens and half-guldens. Around this period warnings started to be issued about the counterfeiting of currency. The City of Nuremberg, on 14 June 1701, issued a special decree warning of counterfeit coins in circulation.⁵⁵ The counterfeiting of banknotes and coins has remained a problem until the present day. Counterfeit currency, sometimes of high quality and difficult to spot,⁵⁶ could be found in all countries and periods. As fake currency was a threat to economies, counterfeiting was considered treason. Still, fake coins were in some areas minted from precious metals (gold or silver) and their composition gave it a certain value.

In the 18th century silver was exported in large quantities to East Asia. In Germany, the value of silver started to exceed the value of gold so that silver coinage was bought to pay for tea in East Asia through the Netherlands. Due to a significant shortage of large silver coins French thalers were imported into Germany and became almost the only type of large coins. This coinage was accepted in Frankfurt at the express request of merchants. However, some regulation was necessary, as dependence on foreign currency was undesirable. At the Diet of Regensburg, the Leipzig Money Convention was proclaimed a royal agreement, but it was not universally obeyed. The lack of common monetary policy was increasingly detrimental for the money market, with the result that large parts of the Empire again resorted to pursuing their own policies.⁵⁷

Discounting banks and giro transfer banks in Amsterdam and Hamburg, established in the period between 1609 and 1619, accepted as deposit only a specific type of thaler. The name banco-thaler became customary for this currency. The imperial thaler was in Hamburg considered as the banco-thaler, whereas in Amsterdam this name was also given to the albertusthaler, that is, the kreuzthaler or the burgunderthaler. The first to mint this coinage were the regents of the Habsburg Netherlands – Albert VII (1598–1621) and his wife Isabella Clara Eugenia of Spain (in 1612).⁵⁸ As the imperial thaler was more and more withdrawn from circulation in the second half



Nuremberg thaler, 1768, the Numismatic Collection, AMZ



Brass coin weights, the 18th century (?), HPM/PMH 947, 948, 949, 950

Ducat scale, Western Europe, the 18th century, HPM/PMH 1425



of the 17th century, there was a need in Germany for a thaler that would be equivalent to the Albertine thaler. On the proposal of Leipzig merchants, a thaler bearing the mark *Wechselthaler* on the reverse started to be minted in 1670.⁵⁹

There was one more attempt to reintroduce the bank thaler, at the Hamburg Monetary Conference in 1695, at the initiative of North American countries, but no agreement was reached as the emperor's aides were of the opinion that the thaler did not comply with regulations. In 1698, the Dutch-Westphalian circle put forward a proposal that the Dutch thaler should be the basis for the European currency, but this was accepted only by the City of Cologne. This thaler contained a slightly smaller quantity of silver (13 lots 14 grams) and bore the mark *burgundischer Fuss*. Due to the smaller silver quantity, it soon went out of circulation.⁶⁰

During the reign of the House of Habsburg-Lorraine in the Holy Roman Empire of the German Nation, coins were for a long period measured in relation to the Rhenish gulden⁶¹, a valuable coin dating from the times of the Hanseatic League, a merchant organisation that dominated commercial activity in Northern Europe. The Empire's monetary system was governed by the Court Chamber. However, the monetary system was not unified. In everyday life, the currency value was expressed in pounds or in Frankish librae. Until 1857, the measure for currency was the Cologne mark⁶², which was divided into ferton and pensa coins. The expression "pensa" derives from the 13th century and has remained part of the word "penezi", which means "money" in the Kajkavian dialect.⁶³

The variety of currencies made commerce extremely difficult and risky. The market needed sound currency; a number of regulations controlling the minting and circulation of currency was enacted in the 18th century.

Half-thaler of Frederick II of Prussia, 1750,
the Numismatic Collection, AMZ



Efforts towards Creating a High-Quality Currency

The rise of Prussia under the rule of Frederick II marked the beginning of long-lasting battles between the Habsburg and Hohenzollern dynasties for supremacy in the Holy Roman Empire of the German Nation, which had a destabilising effect on the currency. Due to the War of the Austrian Succession and the Seven Years' War (1756–1763), Maria Theresa had to initiate many money reforms that were not fully implemented.

Because of commerce operations in the area between the Danube and the Adriatic, which had been initiated by Charles VI, the opening of navigation on the Sava, the proclamation of Rijeka and Trieste free ports and the building of the Karolina Road (1726–1728) the promotion of good quality currency became a necessity. Maria Theresa, as the queen and empress (as the wife of Emperor Francis I), had to reform the monetary system because the existing one was no longer suitable for business operations in the successor states.

The costs of the War of the Austrian Succession and the preparations for the Seven Years' War nearly depleted the imperial treasury. In 1753, Empress Maria Theresa, in agreement with the prince-elector of Bavaria (pursuant to the Monetary Convention concluded between Bavaria and Austria) released into circulation the Convention standard coinage (the Convention standard thaler), which was minted from silver and therefore depended on silver reserves. This agreement was based on the Cologne mark (*marcia colloniensis*), which was worth 10 Austrian thalers or 20 forints. The new Convention standard thaler, often referred to as the double gulden, was made of fine silver and was worth 120 kreuzers. One half of the Convention standard thaler equalled the old gulden, which circulated in South Germany and was worth 60 kreuzers. Although initially faced with opposition, the monetary reform was generally accepted, with the exception of Prussia, the Hanseatic cities and the Duchy of Mecklenburg. However, in contrast to Austria, Bavaria could not maintain the 120 kreuzer exchange rate so that it increased the nominal value of the Convention standard thaler to 144 kreuzers and that of the old gulden to 72 kreuzers to prevent the use of this coinage as small-denomination coins in the neighbouring countries. This calculation method disturbed the monetary system in other South German states, with the result that a uniform conversion method was again not established. The Convention standard thaler was called the Rhine thaler in South Germany.⁶⁴

The thaler, which was forbidden to be scraped, had to contain two lots of silver. The gulden had to contain one lot of silver and the half gulden had to contain 1/2 lot of silver. These thalers were worth 2 florins and 45 kreuzers, and there were also half thalers and quarter thalers. Three wars with Prussia were detrimental for the Austrian currency, despite all the efforts to maintain its value, at least the value of the silver coinage, as the paper currency that started to be printed to pay the soldiers was very unreliable. In 1754, one mark already equalled 24 forints. One Austrian thaler was worth two forints and one forint was worth 60 kreuzers, 80 denars or 20 groats. The coinage



Commemorative obelisk on the Karolina Road, Karlovac

Charles VI, MGKc





Maria Theresa thaler, 1775, the Numismatic Collection, AMZ

was minted in various Austrian mints, and featured the image of Maria Theresa. Already in the second half of the 18th century, these thalers were used in the Middle East as commodity due to their silver component. As these thalers were well accepted, the Günzburg mint continued to mint the coins with the image of Maria Theresa after her death so that these coins were produced in enormous quantities. The Maria Theresa thaler was the major currency in Arabia, the Levant and part of Africa, especially in Ethiopia, and it remained in these territories until the Second World War.⁶⁵ The Maria Theresa thaler retained a certain value a number of years after Maria Theresa's death due to the silver it was struck from. This currency was also used in the territory of the Military Frontier. The Vienna Mint has continued to mint these coins as souvenir coins.

In South Germany, the situation was completely different from that in the Habsburg states: the value of the coinage was low despite the high quality of silver. The silver thaler, also called the crown thaler, came into use after 1755 in the Habsburg Netherlands and started to crowd out the Convention standard coinage. The obverse of these coins carried a representation of Saint Andrew's cross with three crowns. The crown thaler became widespread in the first decades of the 19th century in numerous cities in South Germany, accompanied by small-denomination coins, bearing the mark "local currency"

Minting press, the Encyclopaedia of Diderot & d'Alembert (1751–1772), OeNB



(*cassengeld*).⁶⁶

After Napoleon had announced the creation of the Confederation of the Rhine and sixteen states of the former Holy Roman Empire of the German Nation declared their secession from the Empire and pledge of military service to France, Emperor Francis II dissolved the Empire on 6 August 1806. This period marked the end of money of account that was in effect in whole Central Europe. The states created by Napoleon, such as the Kingdom of Westphalia and large German principalities, although existing only briefly, gave precedence to the French coinage so that France marked a new era with its regulations.

Although thalers continued to be minted, their number in the market declined and they were gradually replaced by paper money, which was easier to carry, but also easy to counterfeit and fragile.

First Paper Money

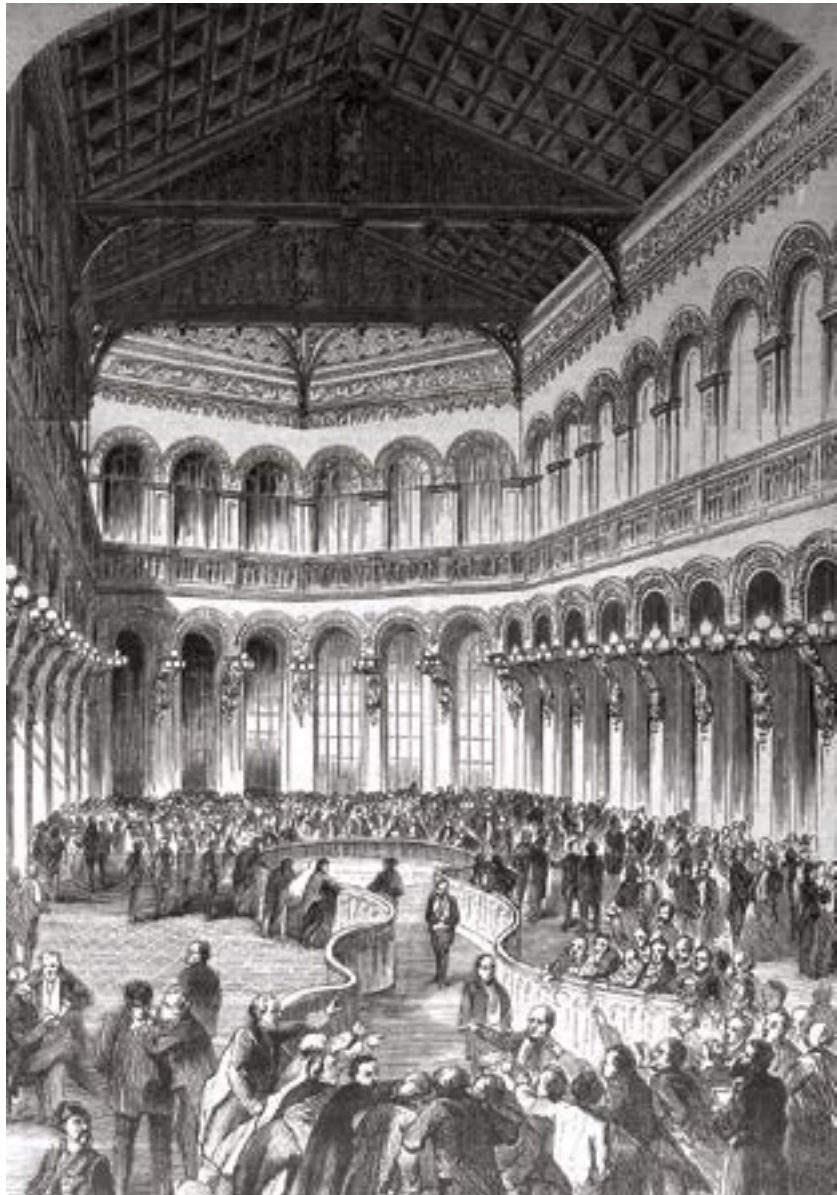
The first paper money, used only as deposit money, was printed by the Chinese during the Tang Dynasty in the 7th century. The first paper money in circulation was printed in China during the Sung Dynasty (980–1279). The adventurer and travel writer Marco Polo referred to the Chinese paper money in circulation during the Ming Dynasty

Charter issued by Maria Theresa on 15 June 1762 on the occasion of issue of paper money (cover page), OeNB

10 gulden banknote of the City of Vienna, 1771, OeNB



Palais Ferstel, Börsensäle – Stock Exchange Room, 1873, ÖNB, Vienna



in the 14th century as a means to stimulate trade. In Europe, paper money emerged as a letter of credit of certain value. It was first found in the 13th century in Italy, where, much later, paper notes appeared that could be exchanged for valid coins during a specified period. The first paper money in Europe was issued in 1661 by the Swedish bank founded by Johann Palmstuch (1611 – 1671) in Stockholm. The Habsburgs were impressed by Swedish reforms in finances. The costs of the Seven Years' War had a deeply destabilising effect on the money market in the Habsburg Monarchy. As the lack of money could not be compensated by the minting of valuable silver thalers, paper money started to be printed. Paper money started to be used on a larger scale during the French Revolution due to *assignats* issued as pledge after the confiscation of church properties.⁶⁷

Paper money was fiat (surrogate) money; however, if it was backed by government guarantees it was generally accepted as real money. The Habsburg Monarchy started to issue securities in 1761. Until 1763, the government issued securities worth a total of 34,890,000 guildens.⁶⁸ Of this amount, 8,000,000 guildens was in



promissory notes (*Darlehungsobligationen*) in large denominations of 250, 500 and 1000 guildens, and the remaining amount in payment bonds (*Zahlungsobligationen*), coupons of much lower values (in the denominations of 15, 25, 30, 60, 100 and 120 guildens). These bonds were increased at a rate of 5–6%, which was reduced to 4% after the end of the Seven Years' War. Government treasuries were required to receive these bonds as a means of payment. The use of foreign currencies, such as Prussian coins or the Dubrovnik thaler, was forbidden, and paper money was also used to pay the army.⁶⁹

In 1762, the Habsburg Monarchy decided to issue banknotes (*Banco-Zettel*) as non-interest bearing bonds. The first paper banknotes of the Monarchy, they were printed in the denominations of 5, 10, 25, 50 and 100 guildens.⁷⁰ Banknotes were issued by the Vienna City Bank (*Wiener Stadtbank*) and had a coverage in government revenues. To increase credibility, half of the debts owed to the government could be paid in banknotes. There was no forced exchange rate for banknotes and they could be exchanged for bank bonds at an interest rate of 5% as all other securities issued by the City Bank. As the major

Salt trolley, the Museum of Salt Making in Pag
Stone measure, *star*, Bakar



Assignat of the City of Pag, 1778, a private collection

portion of the government debt was repaid until 1766, the authorities decided to exchange the remaining portion for non-interest bearing banknotes. Due to this possibility, banknotes became very popular. Up to 1771, Empress Maria Theresa issued paper money (*assignats*) in the amount of 12,000,000 guildens.⁷¹ Paper money led to a revival in the Habsburg Monarchy, especially when the empress in 1771 opened a stock exchange for commodities, bonds and drafts. This was the only stock exchange in the whole Monarchy. The opening of other stock exchanges was strictly forbidden, as the general opinion was that one state could have only one stock exchange and one national bank. This was an idea that remained unchanged until the 20th century. Stock exchange operations were supervised by a special commissioner, a financial expert for monetary issues.

Worth mentioning is that the City of Pag, responding to a shortage of small-denomination coins in 1778, issued its own paper money with hand written denomination value. This was the prototype of Croatian paper money, which has attracted the attention of numismatists from all over the world.

The *assignat* of the City of Pag was until the appearance of the Zadar “siege” money in 1809 the oldest Croatian banknote. It featured the coat of arms of the City of Pag with an image of Saint George on a cartouche that was topped by a Venetian lion, for Pag was part of the Republic of Venice. Pag was a byword for salt, which was used as a means of measurement and a means of payment, so that wages were also paid out in salt. As it was difficult to transport large quantities of salt, the judges from Pag ordered certificates from Venice and signed them in the name of the Pag Commune. In this way they were giving orders to the treasury to pay out the money to persons in whose names the *assignats* were issued.⁷² An *assignat* dated 20 May 1778, made out to a doctor from Pag, Anastazio Mangini, bears the signatures of the judges Zuane Conte Mircovich and Tomaso Ivan Conte Billinich, who in that way granted the payment of his monthly salary.

Pursuing his war policy and aiding Empress Catherine II of Russia in the Russo-Turkish war, Joseph II generated a deficit of one million guildens in the period from 1780 to 1783. In the following two years, the state treasury’s deficit increased to four million guildens. When the debt reached 20 million guildens, the emperor withdrew old banknotes from circulation (13 million guildens in 1785) and exchanged them for new paper banknotes worth a total of 20 million guildens in denominations of 5, 10, 25, 50, 100, 500 and 1000 guildens. And the Monarchy’s adverse monetary policy continued. Despite severe austerity measures, government finances were unsustainable and the son of the empress, Joseph II, had to abandon many of his reforms. Despite the 28 million guildens worth of banknotes in circulation in 1790, at the time of death of Joseph II, the government debt amounted to 363 million guildens. Leopold II, the successor to Joseph II, managed to reduce the amount of banknotes to the value of 26.7 million guildens, but the government debt rose to 390.13 million guildens.⁷³ However, this being the war period, the finances could not be rehabilitated. Manipulation of the money continued, and some wrong moves were taken, completely devaluing the paper money.

Croatia from Coming under the Rule of the Habsburgs until the End of the 18th Century

In the early modern period, the name of Croatia began to be taken northwards. As the Croatian political territory, that is, the old medieval territory between Gvozd and the Adriatic, contracted under pressure from the Turks and Venetians, the areas over the Kupa River started to be called Croatia.⁷⁴ In other words, the Zagreb area and Gradec, a free royal city, i.e. “*metropolis istorum regnorum sue maiestatis*”, became central to the Croats.⁷⁵ As a result of the Ottoman advances, the name

Panorama of Zagreb, M. Marković, *Croatian Towns on Old Plans and Panoramic Views*, Zagreb, 2001





Ferdinand I., HPM/PMH 8691

Croatia came to refer to the core of the “remains” of former Croatia; this diversity had an impact on the names.

The proclamation of Ferdinand I as king of Croatia was an important decision for Croatia as the state was in this way brought under the protection of the Habsburgs, staying with them until the end of 1918. Ferdinand’s brother, Charles V (1519–1558) retained the crown of the Holy Roman Empire of the German Nation, which extended from Bohemia to Spain. He thus became king of Croatia, Slavonia and Dalmatia and remained king until 1564. During his reign, he tried to palliate the struggles for power in this area. The coming of the House of Habsburg to the Croatian-Hungarian throne left its mark on Croatian history until the breakup of the Austro-Hungarian Monarchy. The Habsburg rulers never acknowledged the integrity of the Triune Kingdom, although they made very good use of the area in the realisation of their interests, even in the wars in Central Europe.

Having assumed the obligation of defence against the Turks, the Habsburgs set up the Military Frontier, which until 1881 served as a great barracks from which to wage war. The number of casualties among Military Frontier inhabitants was very high.⁷⁶ The Cetin election enabled the continuity of the Croatian and Hungarian alliance, existing since the beginning of the 13th century, that is, since the signing of the Pacta Conventa in 1102. Due to its transit position on the route to the sea and its role of guardian of the Habsburg Monarchy’s border against Ottoman conquests, this area was one of the least stable in Europe, with no periods of peace. It was frequented by soldiers from other parts of the Holy Roman Empire of the German Nation, who brought along their money.

The Kingdom of Hungary was divided into about ten financial directorates, whose main task was to ensure the regular collection of taxes and other levies belonging to the ruler. These directorates were also in charge of securing sufficient quantities of currency in circulation in their areas. There was at least one mint in each area.

Vlach village, the 17th century, J. Kranjec and J. Pfeifer, *Die Ehre des Herzogthums Krain*, Novo Mesto, 1877





The Kingdom of Croatia had its financial directorate in Slavonia, with the headquarters and the ban's or duke's mint in Zagreb. In the 14th, 15th and 16th century, the Zagreb mint, with some breaks in the operation, minted mostly small-denomination coins, denars. There are also written documents on the Zagreb mint's operation, as well as some denars attributed to it.⁷⁷

The coinage minted in these turbulent times was mostly of poor quality and it was generally not counterfeited. However, the 1525 Ilok Statute contains a provision on the counterfeiting of state currency and the requirement that the perpetrators be executed.⁷⁸

The relationship between money and price poses a separate problem. The relevant data can be found only in documents – wills and other records. A wealth of information is provided by the price list *Limitatio rerum vendibilium per regnicolas regni Slauoniae facta 1528*, compiled by the commission consisting of Ivan Svetački, Pavao Kerečen, Stjepan Praškovec, Andrija Budor, Ivan Vukoslavić and the Zagreb suffragan bishop, who set the maximum prices for specific commodities and banned the use of Turkish aspers.⁷⁹

The Habsburgs as Rulers of Croatia, Slavonia and Dalmatia

Ottoman invasions introduced major changes to the Croatian territory. After the Ottoman Army's victory at Kosovo Field in 1389, the Turks continued with their conquests until 1459, when they conquered the capital Smederevo and started to establish the Ottoman authority in the whole of the Serbian Despotate, which became a Turkish province. The Ottoman Army soon after that launched an attack on Bosnia and conquered it in 1463. The Ottoman Army continued military actions against the neighbouring territories, defeating the Croatian Army in the Battle of Krbava on 9 September 1493, when most of the Croatian nobility perished. The attempts of the Croatian-Hungarian rulers Vladislaus II and Louis II Jagiellon to halt Ottoman attacks failed.

Ottoman assaults continued after the Battle of Krbava, leading to the military and economic weakening of Croatia. The consequences

Statute of the City of Ilok, 1525, MGI

Croatian horseman in the Battle of Krbava, T. Aralica and V. Aralica, *Croatian Warriors through Centuries*, Zagreb, 1996





Seal of Vladislaus II Jagiellon, HPM/PMH 26003

of the attacks were felt most intensely in Lika, a ravaged area whose population was enslaved, perished in the attacks or fled from the Ottomans. At the sessions of the Croatian Parliament (1504, 1511, 1512, 1514, 1515, 1523 and 1525) the Croatian nobility made efforts to set up an efficient system of defence against these onslaughts and also started to seek aid from the neighbouring countries of the Habsburg Monarchy.

A new wave of Ottoman conquests began with the fall of Belgrade in 1521 and the victory of the Ottoman Army in the Battle of Mohács in 1526. King Louis II Jagiellon died in the Battle of Mohács leaving no male heir so that the Croatian-Hungarian throne was vacated. The defeat of the Croato-Hungarian Army opened a route to Central Europe for the Ottoman Army. On the 11th November 1526, at the Diet of Székesfehérvár, John Zápolya was elected king of Hungary by some Hungarian noblemen, who based their decision on the resolution enacted at the Diet of Rákos in 1505, prohibiting the election of a foreign prince to the Hungarian throne. Other Hungarian noblemen, in Pressburg, on the 16th December 1526, elected Ferdinand I of Habsburg king of Hungary. The Croatian noblemen, aware that they were unable to offer resistance to the Ottoman Army on their own, decided to support Ferdinand I. At an assembly in Cetin (the 31st December 1526 – the 1st January 1527) they elected Ferdinand I as

Battle of Mohács 1526, Bildarchiv, ÖNB



their king, invoking the right of inheritance of Ferdinand's wife, Ana. Ferdinand's envoys promised to finance one thousand horsemen, two hundred infantrymen and a strong army in neighbouring Carniola for Croatia's defence. At the election, the Croatian nobility stated "its rights and the rights of the Kingdom of Croatia" and Ferdinand's envoys promised to honour these rights.⁸⁰ But the Slavonian nobility, headed by Krsto Frankopan and the bishop of Zagreb, Šimun Erdödy, assembled on the 6th January 1527 in the bishop's town of Dubrava, electing Zápolya as king of Croatia.⁸¹

The long-lasting civil war that ensued weakened Croatia's defence, enabling the Ottoman army to conquer some parts of its territory. Exploiting the discord among the Croatian nobility and the poor organisation of the Croatian defence, the Ottoman army occupied Obrovac and Udbina in 1527, Jajce and Banja Luka in 1528, Klis and Požega in 1537 and Budim in 1541; the whole of South Croatia was defeated and the route to the Danube Region was opened for the Ottoman army. At the session of Parliament in Križevci, on the 6th of January 1538, Ferdinand attempted to organise the defence against the Ottomans. Due to the civil war in Croatia and the Ottoman attacks, the population moved to safer areas (to the Croatian counties, West Hungary, Moravia, Austria, Slovene states and elsewhere).⁸² The conflicts between the bishop of Zagreb, Šimun Erdödy, a supporter of



John Zápolya, K. Jakobey, Budapest, 1866, HPM/PMH 2551



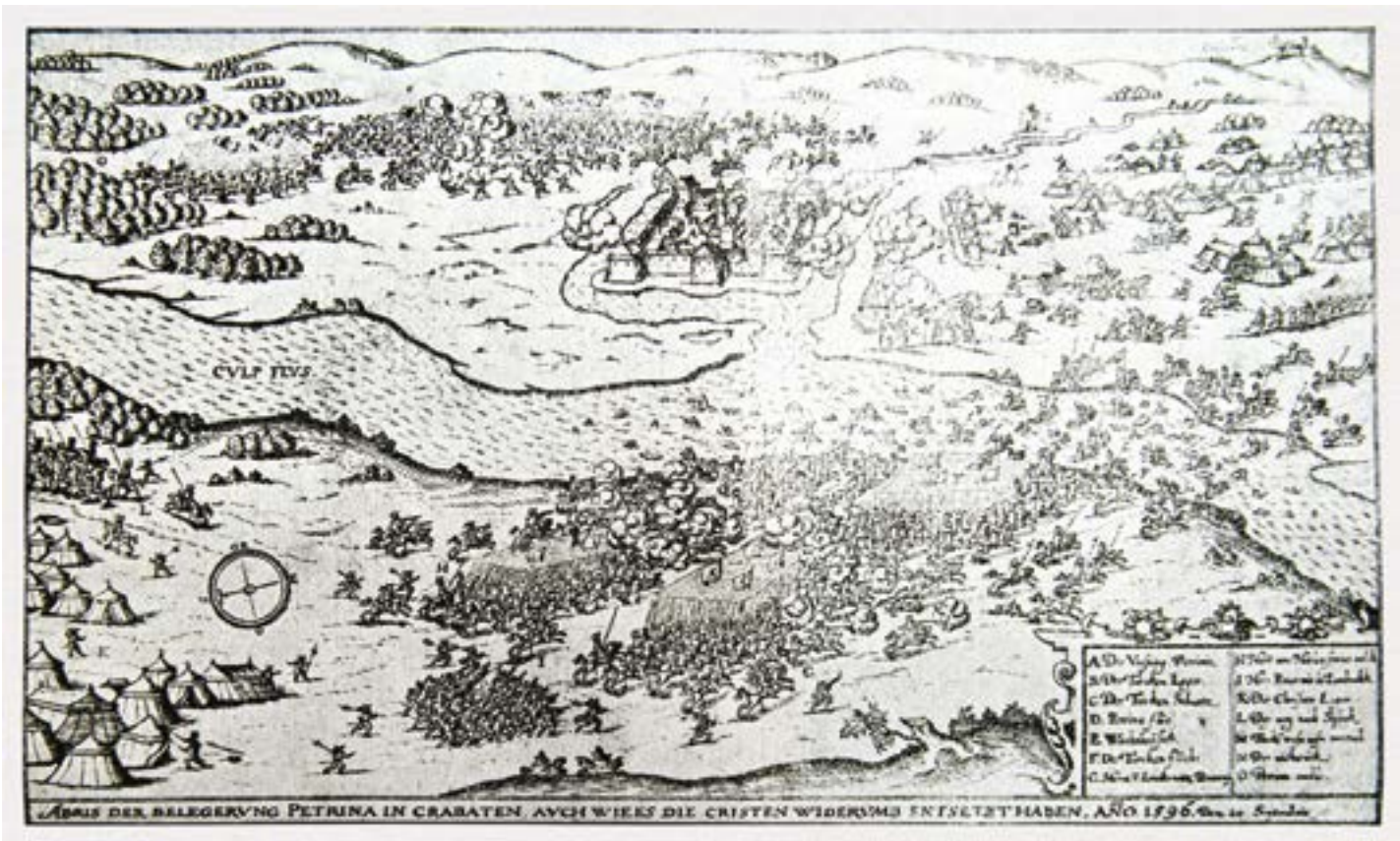
Depiction of the Battle of Mohács in 1526 on a medal, the Numismatic Collection, AMZ

Fran Krsto Frankopan, MGKc



Victory over the Turks near Sisak in 1593, MGKc

Petrinja military garrison and its defence, the 20th September 1596, V. Klaić, *History of the Croats...*, Zagreb, 1988



Zápolya, and Nikola III Zrinski and other supporters of Ferdinand I, weakened the defence of the Croatian border, with the result that the Ottoman army occupied Čazma and Virovitica (1552), but failed in its attempt to conquer Đurđevac.⁸³

Soon after the fall of Čazma, the Ottoman army reached Varaždin, but did not conquer it. This was followed by a short-lived truce, and in 1553 the Ottoman Empire started a war against Persia.⁸⁴

The Ottoman army's invasion forced the Court of Vienna to set up a defence system. Fortresses were established in the 16th century in the Military Frontier, organised in two general commands (Karlovac and Varaždin).⁸⁵ One of the more important forts was the one in Koprivnica, which housed a large garrison that had to be paid in good quality currency. The frequent invasions of the Ottoman army and attacks on the fortresses of the Croatian and Slavonian Military Frontiers made military service demanding and soldiers required pay rises. Funding for this was sought even from Rome.⁸⁶

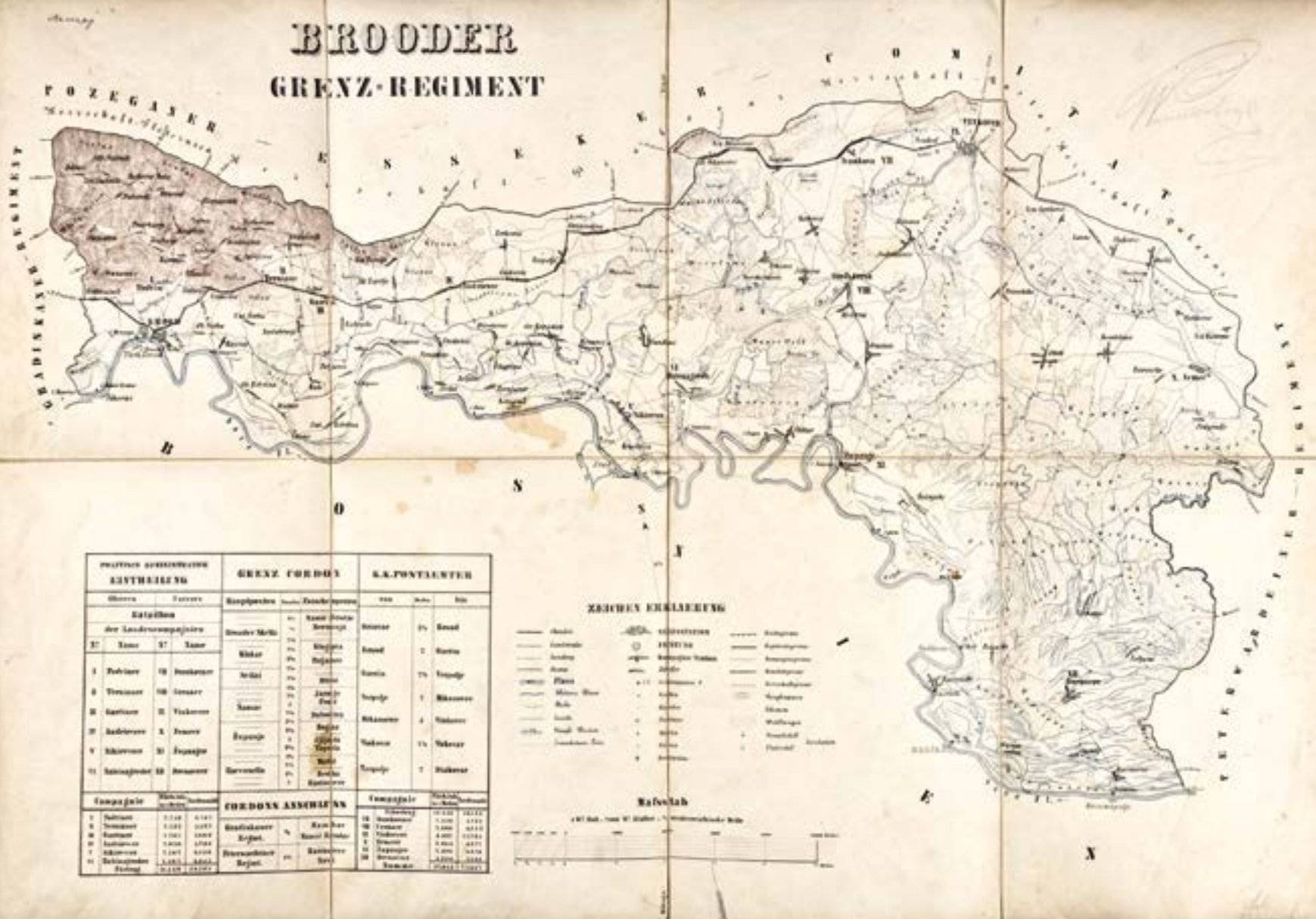
The Parliament of the Kingdom of Croatia, Slavonia and Dalmatia issued many regulations on money until the times of Maria Theresa.⁸⁷ Money was required for modern trade and kings also had to obtain some funds from the Parliament to wage their wars in Europe. At the time, Croatia no longer minted its own currency, but it was often indicated on the royal currency that the rulers were kings of Croatia, Slavonia and Dalmatia. The main currency in the Military Frontier was the thaler and the Convention standard mark. The Military Frontier Revenue Fund (*Gränz-Proventen-Fond*), established in 1748, which had the characteristics of a budget, was in charge of currency and other financial operations in the Military Frontier. The funds were procured



Karlovac Star, N. Albaneže, B. Kovačević, M. Kruhek, M. Marinović, D. Polović, Z. Švegar, Karlovac, 1998

Panorama of Varaždin, 1780, M. Marković, *Croatian Towns on Old Plans and Panoramic Views*, Zagreb, 2001





Brooder Grenz Regiment, HPM/PMH 9965

from the revenues of the Military Frontier, the contributions of the Court War Council and the lump sum payments made by the Court Chamber, intended for the clergy and construction activities. After 1818, the Court Chamber ceased to make lump sum payments.⁸⁸

The Zrinski Family and the Minting of Coins

Matthias Corvinus, the mid-18th century, HPM/PMH 8671



The Zrinski family established its own estate within the Habsburg state and sought to increase its independence, as confirmed by their minting of their own coins. The Zrinski and Frankopan estates stretched from South Hungary to the Croatian littoral. The transport of their commodities was therefore not in compliance with the regulations of the Vienna Court Chamber and it was carried out outside the arranged export routes via Rijeka and Trieste, which was a source of frustration for the Habsburg family as it lost significant revenues in the process. The Zrinski family provided several bans, or governors, who figured prominently in Croatian and Hungarian history as great warriors, tradesmen and writers. This family's history and its tragic end has been of great interest to Croatian and Hungarian historians.⁸⁹ This family's dominant position was a source of great irritation to the Habsburgs. When the Zrinskis started to criticise the politics of Emperor Leopold I, which was detrimental to Croatia, seeking protection from France and the Ottoman Empire, the Court of Vienna used this opportunity to remove them from the political scene and, eventually, to deprive them

of their lives, subsequently not allowing the Croatian nobility to gain such power and authority.

Croatia was at the time under the threat from Turkish conquests. The territorial losses forced the Croato-Hungarian kings to make concessions to the Zrinski family, which then began to mint its own coinage. The Zrinski family, owning silver and copper mines, had minted its own coins even before the Habsburgs came to the Croatian throne.

The special position enjoyed by the Zrinski family was strengthened further when Nikola III Zrinski (around 1488–1534) started to strike silver thalers, which was continued by Nikola IV Zrinski (1508–1566). Ferdinand I of Habsburg made a decisive move by granting Nikola III the privilege of minting denars (pfennigs) and coins of other denominations that were not specified in the privilege document, so that the Zrinskis also minted thalers, large groats, groats, etc.⁹⁰ The portrait of Nikola III, featured on groats, is the only portrait of a Croatian nobleman shown on coins and also his only portrait. Nikola III had already struck silver coins (denars) during the reign of King Louis II, modelled after the Hungarian silver denar, probably pursuant to a privilege granted by the king, which has not been preserved.⁹¹ He continued minting denars until as late as 1530, with the name of King Ferdinand I inscribed on them in addition to his own name. Thalers originating from 1533, large groats and groats, as well as their thicker variants (*debeljaci*)



Seal of King Matthias Corvinus, MGKc

Gvozdansko Castle, Lj. Krmptić, *Reports on Determination of Croatian Kingdom Borders in 16–18 Century*, Hannover, Karlobag, Čakovec, 1997

Gvozdansko





Silver groat of Nikola III Zrinski, the Numismatic Collection, AMZ



Thaler of Nikola III Zrinski, the Numismatic Collection, AMZ

featured only the name of Nikola III. The weight of these coins varied so that they had to be weighed, which hampered trade.⁹² Petar Zrinski (1435–1493), immediately after the fall of Bosnia in 1463, required from Matthias Corvinus the granting of a mining privilege on the estate acquired by his ancestor George III of Bribir on the slopes of Trgovska (Petrova) Mountain in exchange for the Ostrovica Fortress near Bribir, a strategically important location for the fight with the Ottoman army. On the 3rd March 1463, the king granted the privilege to him and his ancestors, allowing them to mine the ore and enjoy the benefits and revenues belonging to the king.⁹³ Petar Zrinski also opened and started to exploit the mines in Majdan and Ljeskovac, located to the south and north of Gvozdansko Castle, which he built between 1464 and 1488 for defence against the Ottomans, but there is no proof that he minted coinage. The mines produced quite a lot of silver and generated a significant income. Nikola Zrinski minted his coinage in the mint located in Gvozdansko Castle. The mint's operation and organisation, the coins minted, their fineness, number and other characteristics were prescribed in the king's documents. The mint was in operation until Nikola's death in 1534 and the mines continued to be exploited for some time. The only known coins of Nikola III that were not minted in Gvozdansko, but in Graz (1527) were single-sided pfennigs.⁹⁴

In 1546, owing to the threat from the Turks, the Zrinski family moved to their estate in Međimurje, bestowed on Nikola IV by Ferdinand I for his chivalric deeds and as compensation for their remaining military expenses.⁹⁵ In addition to the coinage of Nikola III Zrinski, there is also a thaler minted near the end of the rule of Ban Nikola IV Zrinski of Siget (1542–1556), bearing the new Zrinski coat of arms, granted by Ferdinand I in 1554. This is probably the last coin minted in the Gvozdansko mint. Gvozdansko was on the 13th January 1578 occupied by the Turks, who destroyed the works and filled in the mines.⁹⁶

Currency of the Mediterranean Circle

Before the Napoleonic Wars, Croatia was divided into several territories: the territory within the Dubrovnik Republic, the territory ruled by the Venetian Republic, the territory governed by the Ottoman Empire and the territory under the supreme rule of the Court of Vienna. Given that the currency of domiciliary countries was in circulation in the first three territories, this publication presents only part of the great variety of currencies circulating in the money market.



Dies for the half-scudo and libertine, DUM

Currency of the Dubrovnik Republic

The Dubrovnik Republic was a unique state, which often had to pay a price for its freedom, but did manage to preserve its political independence. The Republic issued many beautiful coins; its mint was almost constantly in operation between 1337 and 1803, striking coins usable in the Christian and Muslim worlds, as Dubrovnik maintained trade links between the two.⁹⁷ The people of Dubrovnik to some extent contributed to the strengthening of the power of the Ottoman Empire, which interfered very little with the operations of the Republic, granting it the fullest possible freedom to do business with other states. Dubrovnik had been an independent and free republic for centuries primarily due to trade and to its high-value and extremely prized currency. The Bosnian rulers' coinage was modelled after Dubrovnik coins and the Serbian rulers allowed the free circulation of the Dubrovnik currency in their territory (at the nominal value). These coins bore no designation of the Republic of Venice and no imprint of the Venetian lion. In the 18th century, a lot of Dubrovnik currency circulated in North Croatia, where the small dinar (*dinarić*) was called *denarius croaticus*.⁹⁸

Only in 1808 did Dubrovnik lose its freedom when it was occupied by the French. The Republic could neither pay one million francs to the French nor grind corn in its mills and was left without running water because the Montenegrins cut off the supply. Dubrovnik surrendered to General Auguste Viesse de Marmont, who abolished the Dubrovnik Republic.⁹⁹ However, the finances in Dubrovnik were well regulated and a lot of attention was devoted to this issue. Varied coins and units were used during the independence period, testifying to Dubrovnik's political alliances with foreign governments and rulers as well as to

Portrait of Auguste F. L. V. de Marmont, the Photograph Collection, ZKZD





Dubrovnik denar, (1337 – 1432), the Numismatic Collection, AMZ

the excellent skills of its diplomats. Dubrovnik had enjoyed some kind of independence since the reign of Louis I (1358). In the 17th century, Dubrovnik had a larger degree of freedom, but a devastating earthquake in 1667 forced it to engage in diplomatic manoeuvring that lasted until the dissolution of the Republic.

The first currency of the Dubrovnik Republic is not known.¹⁰⁰ *Capucia*, small-denomination copper coins, which Dubrovnik merchants minted abroad, were in circulation even before 1294. This was not the official currency of Dubrovnik. Copper coinage was minted as early as the 13th century and silver coins started to be minted around 1337. There were three types of copper coins and 15 types of silver coins. Dubrovnik merchants obtained or extracted silver in Bosnian and Serbian territory so that the Republic could strike its own silver coins. The value of these coins was indicated by denomination numerals and was thus more stable than that of the constantly fluctuating Central European currency. The stability of the Dubrovnik currency enabled the development of trade, manufacture and seafaring.

There is a variety of Dubrovnik coins.¹⁰¹ The basic silver coin was

Panorama of Dubrovnik, the 17th century, DUM



the dinar or the small dinar (*dinarić*). A small-denomination copper coin, *minca* was the basic copper coin, with 30 copper mincas worth one silver dinar. These coins were minted from the end of the 13th century to the mid-17th century. There was also the half-dinar that was minted from 1370 to the mid-17th century and equalled 15 mincas. The small dinar had the same value as the dinar, and it was minted between 1626 and 1761. Larger coins included the perper, divided into 12 small dinars or 72 soldi; the scudo, which was worth three perpers or 36 small dinars; the ducat, worth 40 small dinars, and the thaler, which was worth five perpers or 60 small dinars. Dubrovnik's currency almost always carried an image of Saint Blaise and the inscription *CIVITAS RAGUSII, MONETA RAGUSII, S. BLASIUS RAGUSII, PROT.REIP. RHAGVSINAE...* The Republic minted more valuable silver coins when it wanted to draw attention to itself, including the artiluc (1627–1701), the scudo and the half-scudo (1708–1750) as well as the thalers called *bradan* (1725–1743) and *vižlin* (1743–1779).¹⁰²

The coinage was minted under orders from the Minor Council, the Great Council and the Senate. The Dubrovnik noblemen managed the mint, which did not have a statute, on a rotation basis until 1681. The mint changed locations until 1520, when it was finally set up in the Sponza Palace. In 1521, the Customs House controlled the quality and quantity of minted coins through a special commission consisting of Senate members who were accountable to the Republic for their work (minters had previously done this). The Dubrovnik mint was in operation for a full 500 years. Minting dies were cut by Dubrovnik goldsmiths or craftsmen invited from Italy. The ore for the minting of coins was obtained from Bosnian and Serbian mines and some of the coinage was produced from Western coins that were restruck. The Dubrovnik silver coinage was of excellent quality and highly valued until the 15th century.

The Dubrovnik silver coinage was relatively good; however its value weakened due to a decrease in the value of silver relative to gold, which started to be imported to Europe after the discovery of America. In addition, the Republic encountered difficulties with procuring silver for the minting of coinage, especially following the Ottomans' siege of Serbia and Bosnia. It had to purchase old silver coins from other countries and restruck them.¹⁰³ The silver dinar initially weighed 1.951 gram, but the weight gradually decreased to 0.642 grams. The weight of almost all types of Dubrovnik coins decreased over time. When the Court of Vienna complained about the poor quality of silver coins, the Dubrovnik Republic responded in a very unusual way. In 1748 it minted a large number of thalers that featured an image of a woman resembling the empress and sent them as a present to the Court.¹⁰⁴ The libertine was minted in the subsequent period (1791–1795). It was modelled after the Empress Maria Theresa thaler and was worth two ducats or 80 small dinars.

Other countries' currencies were also in circulation in the Dubrovnik Republic at the time, depending on who reigned over the Republic. As the Republic did not mint gold coins, the internationally renowned Venetian ducat was in use. The price of other coins was determined according to the Venetian ducat at the exchange rate determined by the



Ducat, 1723, the Numismatic Collection, AMZ



Libertine, 1794, the Numismatic Collection, AMZ

Fragment of the state flag from a Dubrovnik sailing ship of captain I. Birimiša, around 1800, DUM





Dubrovnik merchant, around 1600,
the *Leandriana* Collection, MGKc

Dubrovnik Senate. In order to regulate the relationship between various currencies and the Dubrovnik currency, the Senate decided to set up an exchange office, which started operation in 1514. This exchange office set the exchange rates of foreign currencies for other exchange offices and markets, converted foreign currencies into the Dubrovnik currency and it was authorised to issue promissory notes. Hungarian gold coins were in circulation during Hungarian rule (1358–1526). Dubrovnik ambassadors paid the tribute in Turkish gold ducats, in aspers and in the Venetian coinage. The most important Habsburg coin was the thaler.¹⁰⁵

Venetian Currency for Dalmatia

King Ladislas of Naples (1386–1409) sold Zadar, Novigrad, Vrana and the Island of Pag to the Venetian Republic for 100,000 ducats. The Venetians, having fought two wars against Sigismund, also acquired some other cities, thus gaining the rule over the whole Dalmatia, with the exception of Dubrovnik, Senj, Omiš, the Island of Krk and a few other areas, and imposing the laws of the Venetian Republic over all these territories. Venice was the best-regulated city-state in the Mediterranean, renowned for its trade and diplomacy, which provided for its dynamic manufacturing. Raw materials were transported to Venice for processing and then sold to the population in Dalmatia, with the result that Dalmatia incurred severe economic losses and the Venetian Republic obtained benefits.

Venice started to mint coins between 814 and 840. The silver *grosso* or *matapan* was worth 12 denars. Venetian coins were beautifully designed and had a good composition. The *grosso* was also minted in Verona. In 1252, Florence started to mint the *florenus*, a gold coin named after an image of a flower shown on the obverse. The gold coin of the Apulian Dukedom, *ducatus Apulie* – the ducat, was minted around 1283. This was also the main name of Venetian gold coins, deriving

Venetian lion relief, the 16th century, NMZ



from the Latin inscription that they featured between the 13th and the 18th century: *Sit tibi, Christe, datus, quem tu regis, iste Ducatus*. In the early 14th century Venice started to mint the *zecchino*, a gold coin whose name derived from the Italian word for mint (*zecca*). Because of the high-quality workmanship, Venetian coinage was welcome in the whole Adriatic area and served as a model for other coins. The Venetian Republic paid a lot of attention to its coinage.¹⁰⁶ It regulated the monetary system and put significant effort into maintaining a good quality of coins. In 1498, old Neapolitan copper coins with an image of a horse on the reverse ceased to be legal tender. Dubrovnik bought large quantities of these coins and reminted them into *minca*. However, inscriptions and images shown on old coins remained partly visible.¹⁰⁷ In order to resolve the difficulties in currency circulation, the Venetian Government in 1472 issued a decree on the introduction of the *libra* as a unit of account and a unit of weight worth 20 *soldi*. This proved to be very useful. According to the Urbarium of the Vinodol estates of the Zrinski counts, the Hungarian ducat was valued at six *librae*, worth twenty *soldi* each. The Venetian gold *scudo*, first minted in 1528, could be found in Rijeka as early as in 1545 and was worth 6 *librae* and 18 *soldi*.¹⁰⁸ Venice had accumulated its wealth by trading with the Orient and was therefore very skilful in monetary operations. The *bezzo*, a Venetian coin made of poor quality silver (billon) was also minted until 1525 and it was valued at half a *soldo*. The *marcello*, named after doge Nicolò Marcello in 1474, was issued until 1550; in 1520 it was worth 12 *soldi* and weighed 10.5 grams. Italian coins in circulation also included the *mezzanino*, *soldo*, *quattrino* and *trillina*. The findings of these coins suggest that they were also in circulation in Croatia.¹⁰⁹

Dalmatia was under Venetian rule until 1797. The Venetian currency was the official currency in that period in Dalmatia, with the currency of Croatian cities approved by the Venetian authorities also in circulation.¹¹⁰ In the late 15th century, Dalmatian cities required approval from the Venetian authorities to mint their own currency. Such requests were made by Šibenik in 1485, Zadar in 1491, Trogir in 1492, Hvar in 1493 and Split in 1491, 1497 and 1518. Once their requests were granted, these cities ordered the minting of *bagatins* from the Venetian mint. The equivalent value of the minted coinage was paid in gold (gold ducats). These coins bore images of city patrons and the names of cities on the obverse and on the reverse carried an image of the Venetian winged lion. The Zadar *bagatin* bore an image of Saint Simeon, the Šibenik *bagatin* of Saint Michael, the Trogir *bagatin* of Saint Lawrence, the Hvar *bagatin* of Saint Stephen and the Split *bagatin* carried an image of Saint Domnius. Between 1410 and 1414, Zadar also minted the *soldo*, a silver coin bearing an image of Saint Marcus and the inscription *MONETA.DALMATIE*. The highest value coin in Dalmatia was the *lira*, worth 20 *soldini*, the name from which the word *scudi*, still used today, has derived. The *soldo* comprised 12 *bagatins*, that were also named *pinez*, *bolanča* and *denar*. One *bagatin* (*pinez*) equalled one twelfth of the *soldo*, and one *soldino* one twentieth of the *lira*. The Dalmatian *lira*, which began to be minted in 1687, was worth only two thirds of the Venetian *lira*.¹¹¹



Venetian thaler (a *scudo* with a cross) of Alvise II Mocenigo (1700–1709), the Numismatic Collection, AMZ

- Šibenik *bagatin*, the Numismatic Collection, AMZ
- Zadar *bagatin*, the Numismatic Collection, AMZ,
- Trogir *bagatin*, MGT
- Hvar *bagatin*, the Numismatic Collection, AMZ
- Split *bagatin*, the Numismatic Collection, AMZ





Kingdom of Dalmatia, around 1700, V. Coronelli, HPM/PMH 3802

The Venetian Republic had advanced monetary and banking systems. Pursuing mercantilist politics, the Venetian Republic developed state banking, which was also established in commercial banks in Dalmatia (*Sacro Monte di Pietà*). The first such bank in Dalmatia was founded in Šibenik in 1624 by the Proveditor General Francesco Molino. In the same year a *Monte* was founded in Trogir, four years later in Zadar and in 1642 in Split. The *Monte* had control over complete financial operations in Dalmatia. This bank determined the exchange rate.¹¹²

After the wars with the Ottoman Empire, from 1583 to 1699 and in 1714, the Republic of Venice expanded its rule to the Dalmatian hinterland. The Treaty of Istanbul, signed between the Russian Empire and the Ottoman Empire in 1700, established a border running from Knin across Vrlika, Sinj and Vrgorac to Gabela (the Mocenigo line) so that the name Dalmatia also referred to these areas. This situation persisted until the fall of the Venetian Republic in 1797; in 1808 the name Dalmatia was extended to the territory of the abolished Dubrovnik Republic.¹¹³

For the purposes of trading, in the 17th century the Venetian Republic struck several kinds of copper coins (one half of the *soldo*, one *soldo* and two *soldi*) and silver coins (four *soldi*, eight *soldi* and



twelve *soldi*) with the inscription *Dalmat et Alban*, which were used only in Dalmatia.¹¹⁴ During the reign of doge Aloisius Mocenigo (1700–1709), the Venetian Republic started to mint the “new coinage for Dalmatia” (and Albania). The coinage minted had four denominations and differed in size. All four of the coins were made of silver and bore an image of Saint Mark or of the Venetian winged lion. The denominations included ten *soldi* (one half of the lira), twenty *soldi* (one lira), forty *soldi* (two liras) and eight *soldi* (four liras).¹¹⁵ However, the coins were minted in numerous versions and differed in some details.

Under the Treaty of Campo Formio, signed in the night between the 17th and 18th October 1797, Venice came under Austrian rule. After the end of the Venetian Republic, the Venetian coinage was no longer minted, but the Venetian mint was in operation on several occasions in later times. The coinage struck in the Venetian mint was of very high quality. In the late 19th century, it was the highest valued currency in the Balkans. The coinage also had a high market value as a commodity and it could be preserved, in contrast to the low quality paper money, which gradually deteriorated.

Croatia et circumiacentiu Region versus Turciam..., 1596, L. Hulsius, HPM 80844

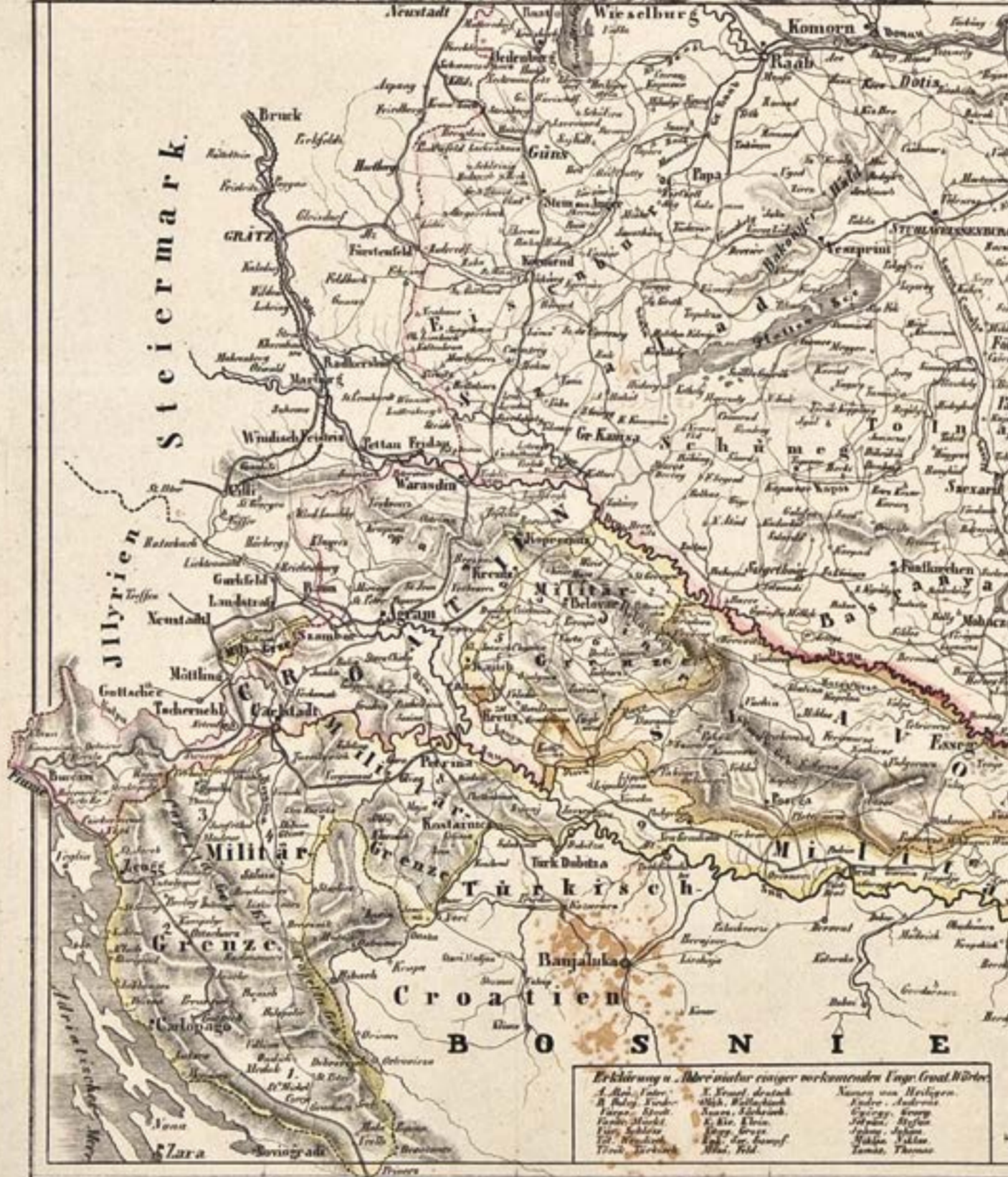
Von der Drau
K.K. kroatische Armee - Bosnien.

**Eintheilung des Königs
UNGARN.**

Obere-Lage: Kroatien, Slavonien, Banat
Untere-Lage: Ungarn, Siebenbürgen, Galizien
Bosnien, Serbien, Montenegro, Albanien, Griechenland, Türkei

Flächeninhalt: 1,216,000 Geogr. Q. Meil.
Bevölkerung mit Angehörigen der ab-
hängigen Länder 11,000,000

Größte Städte: Pest, Buda, Wien
Flächeninhalt: 672 Geogr. Q. Meil.
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An der Donau und Theiss.



Eintheilung der Militär-Grenze in ihre Regiments-Bezirke.

1. Kassaer Regiment	Gr. Warden
2. Ödenburger	Gr. Warden
3. Soproner	Gr. Warden
4. Szegedener	Gr. Warden
5. Pesther	Gr. Warden
6. Szatmari	Gr. Warden
7. Eszeker	Gr. Warden
8. Debreczener	Gr. Warden
9. Kassaner	Gr. Warden
10. Ödenburger	Gr. Warden
11. Soproner	Gr. Warden
12. Szegedener	Gr. Warden
13. Pesther	Gr. Warden
14. Szatmari	Gr. Warden
15. Eszeker	Gr. Warden
16. Debreczener	Gr. Warden

HAUPLATZ
Slavonien
der
grenze.

Schrift u. Zeichen Erklärung

- STÄDTE, von 5000 und mehr Einwohner
- STÄDTE, von 2000 und mehr Einwohner
- Städte 1000
- Städte 500
- Städte von unter 500 Einwohner
- □ Hauptstadt
- Marktplatz, Bier- u. Schlösser, Klöster
- □ Festung oder befestigte Ortschaft
- Kirchen, Ruinen oder Ueberreste
- Chaussees, Dultstrassen, Landstrassen
- Eisenbahnen
- Constanz oder Bedeckte Grenzen, Eisenbahnen



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Turkish Currency in our Territories

The Ottoman invasion completely changed the situation in the Balkans. Murad I (1359–1389) conquered Edirne, which became the new Ottoman capital. Following his death in the Battle of Kosovo, his son, Bayezid I (1389–1402) converted Serbia north of Kosovo into a vassal state. In 1453, Mehmed II (1432–1481) captured Constantinople, proclaiming the city the new capital and adopting many of the advances of civilisation, including the monetary unit, the ducat. Mehmed also conquered Morea. In 1459, Mehmed converted Serbia into a Turkish province and did the same with Bosnia in 1463.

Battle for the Osijek Bridge, HPM/PMH 3639



Sultan Selim I “The Grim” (1512–1520) conquered all the states up to the River Tigris and Egypt in Africa. In the period from 1520 to 1566, Süleyman the Magnificent conquered Rhodes and a large part of Hungary. Having arrived in Budim in 1541, Süleyman the Magnificent proclaimed all the territory between Lake Balaton and the River Tisza, that is, from Budim to the River Sava, a Turkish province, with the capital in Bosnia, where a Bosnian province was established in 1580. The Habsburgs were left only with western Hungary, with Pressburg (Bratislava) as the capital, and the remaining parts of Croatia, from Đurđevac to Križevci, Zagreb, Sisak and Senj.¹¹⁶

Almost the whole of the Balkan Peninsula, with the exception of the remaining parts of Croatia, was under the Ottoman rule for full two centuries. However, life did not come to a standstill, manufacture, trade and travelling continued, which necessitated the development of a monetary system. It is an interesting fact that the Turks also levied a tax for the cities and towns, called *summa*, which was paid into the imperial treasury. Turkish tax regulations also provide information on the currency used in the Croatian territories.¹¹⁷



Selim I “The Grim”, V. Klaić, *History of the Croats...*, Zagreb, 1988



Non-commissioned officer of the Karlovac border infantry regiment, HPM/PMH 27951



Silver coin of Mahmud II (1808–1839), the Numismatic Collection, AMZ



Turkish gold coin of sultan Süleyman the Magnificent, 1520, the Numismatic Collection, AMZ

In 1536, Sultan Süleyman I issued a law on silver mines and the mints of the *akçe* in Bosnia and the neighbouring countries.¹¹⁸ Monetary operations were regulated by decrees. The coinage of the Turkish sultans included the copper *manghir*, silver *akçe*, *kharub*, *osman*, *para*, *onlik* and piastre as well as the gold *altin*, *selim* and *medjidie*. However, the Ottoman coinage was not found in significant amounts in the Kingdom of Croatia, Slavonia and Dalmatia.

At the beginning of the 19th century, Turkey had a system of metal currency, including both its own currency and the currencies of other states it used. Under the 1844 monetary reform, new metal coins were introduced in Turkey: the so-called gold lira, weighing 6.59 grams of pure silver and the silver *medjidie* of 20 piastres. The Turkish monetary system was considerably changed in 1875 with the establishment of the Turkish bank of issue, the Imperial Ottoman Bank. The Bank's majority capital was owned by the English and French and it had the exclusive right to issue banknotes.¹¹⁹

The Age of Napoleon Bonaparte

During the short-lasting reign of Emperor Leopold II (1790–1792), the Habsburg Monarchy's monetary policy underwent considerable changes. The value of banknotes dropped to 26,700,000 guildens, but the state debt went up to 390,130,000 guildens, which was an evident sign of the need for reform. Francis II, faced with seven Coalition Wars, ordered the Vienna City Bank to continue to print banknotes (paper notes) needed for the financing of war operations. In the period from 1793 to 1798, the amount of banknotes doubled to 91,861,000 guildens, while the government debt totalled 572,044,000 guildens. The expenses of the War of the First Coalition totalled 679,018,000

Illyrian Provinces, 1809, HPM 80385





Napoleon I Bonaparte, the 19th century, PPMHP KPO-LZ 2134

Signpost on the Military Frontier – a milestone pointing to Štitar, the mid-19th century, ZMSG, Županja
Louisiana Road, a signpost, Mrzla Vodica



guldens, of which 66.6% went to the financing of the army, including the Military Frontier regiment. During the war times, the conversion to the metal coinage, that is, the redemption of banknotes and their replacement by metal coinage, was almost completely discontinued.¹²⁰ The political map of Europe was changing rapidly under the influence of the Napoleonic Wars and the wars of the Holy Alliance.

The French Revolution in 1789 and the Napoleonic Wars changed the map of Europe. In 1804, Francis II quietly proclaimed himself emperor of Austria, making his title inheritable without elections. It fell to this emperor to have to wage wars against Napoleon but also frequently to negotiate with him. When Napoleon invaded Styria, Austria was forced into signing a peace treaty at Leoben, on the 18th April 1797, and, subsequently, the Treaty of Campo Formio. Austria had to surrender Belgium and Lombardy to Napoleon and to cede the left bank of the Rhine in exchange for Venice and the Venetian territories on the east coast of the Mediterranean – Istria, Dalmatia, Kvarner Bay and Boka Kotorska Bay. This was an opportunity for Croatia and Slavonia to unite with Dalmatia for the first time after four centuries. However, Emperor Francis I was not in favour of this solution and Dalmatia had to remain under the direct rule of Austria. However, the Austrians did not rule over Dalmatia for long. Defeated in the new wars with Napoleon, Francis I, after the Treaty of Pressburg, signed on the 26th December 1805, and the Treaty of Schönbrunn, signed on the 14th October 1809, had to renounce all the territories in Istria and Dalmatia as well as other Croatian lands to the south of the Sava River. This territory came under French rule and the French coinage and paper money entered in circulation.¹²¹

Currency during the Napoleonic Wars

The war-induced economic boom in the Napoleonic times spurred the growth of the Croatian and Hungarian export trade in the early 19th century. However, in 1809 the French acquired territories south of the Sava River and thus interrupted the traditional trade routes from the Danube Region to the Adriatic. Instead of the Karlovac – Rijeka road, the French built the “cotton road”, stretching from Novo Mesto via Petrinja and Kostajnica to Bosnia. Karlovac was thus cut off and the former famous route to the coast was disrupted throughout, with Rijeka affected the most. The French levied large contributions on the merchants in Trieste, Rijeka and other towns, including Dubrovnik, whose independence they revoked on 31 December 1808. The Dubrovnik currency was no longer minted. A new trade route from Ljubljana to Banja Luka via Petrinja was opened, stretching from west to east. The construction of the Louisiana Road began in 1803 but the road was opened for traffic no sooner than 1811. The Louisiana Road linked Karlovac with Rijeka. Although it was much better than the Karolina Road, it was not very important at the time because the British had control of the Adriatic and Rijeka port was under blockade. This period was marked by massive migrations from the territories south of the Sava River to the territories between the Sava and Drava

Rivers. This was the first great internal migration, which produced long-lasting consequences and changed the way of life in the whole of Croatia and especially in Slavonia.

This was a period of great insecurity as both property and human lives were in jeopardy. Such were the conditions not only in the Croatian Military Frontier, but in the territory of Civil Croatia. The economy had to adjust to the changed circumstances. The old routes from Hungary to the coast were replaced by the route from Ljubljana via Petrinja to Bosnia and Salonika, which became the most important route for Croatia.

During the Napoleonic Wars the monetary system in place was disrupted due to problems in the economy. With the old rules no longer applicable, the royal currency was depreciating, and this trend accelerated after the break-up of the Holy Roman Empire of the German Nation. Under such conditions, gold and silver were in great demand. French soldiers were collecting gold in all the conquered countries and sending it to Paris to be used for the minting of gold napoleons. However, gold remained in short supply and so new coins had to be put in circulation. In 1789, the French floated the first tranche of *assignats* on the security



Zadar siege money, the Numismatic Collection, AMZ



Assignat worth 300 livres, France, 1790, the Numismatic Collection, AMZ



Assignat worth 10 livres, France, 1792, the Numismatic Collection, AMZ

of expropriated church lands, but they were not commonly accepted. They depreciated sharply, bottoming out at approximately 0.5% of their nominal value, due to the large quantity of banknotes in circulation and the impossibility of either exchanging them or continuing the issue.¹²²

The war with Napoleon continued: after the victory of the coalition armies in 1813, Napoleon was defeated again in 1815. The war had required massive resources. After Napoleon's defeat in Russia, Emperor Francis I decided to join the coalition of Great Britain, Russia and Prussia that had fought against his son-in-law, Napoleon Bonaparte. The beginning of the break-up of the French rule in Dalmatia was marked by the siege of Zadar, started on 4 September 1813 under the leadership of General Franjo Tomašić. The one-month siege caused a severe shortage of money in the city due to skyrocketing prices. The city command decided to solve the problem by striking coins from the silver the French had pillaged from Dalmatian churches and monasteries. The one-ounce coins were worth four francs and 60 centimes; some were worth two or four ounces. The coinage weight and value equalled those of the thaler. The obverse of the coins showed an image of the French Imperial Eagle and the inscription *ZARA 1813*, while the reverse exhibited the denomination value in ounces and francs. The French took the money with them after the surrender of the city. Nowadays it is considered French currency and it is extremely rare.¹²³

With the economy in shambles, smuggling was in full swing. During the French Wars some well-off peasants engaged in trading in food and procurement for the Austrian troops that had fought seven

Porcelain figurines of the soldiers of the Military Frontier, Meissen, the 19th century, ZMSG Županja





wars against France, but they also supplied the French. This was the beginning of the rise of the first plutocrats, the food merchants. In 1809, the Gavrilović family from Petrinja was the main supplier of the Napoleon troops in the Military Frontier. Many citizens took up French and many of them also visited France at the time. The end of this historical period is marked by the fall of Napoleon and the Congress of Vienna (1814–1815), where the states from the pre-Napoleonic period were not re-established. As usual after great and long-lasting wars, a severe monetary crisis ensued, followed by crises induced by crop failure and the spread of disease. Despite the expectations of the Croatian noblemen, the territories to the south of the Sava River were not returned to the Banovina of Croatia, but annexed to the Kingdom of Illyria, a new administrative unit, with its capital in Ljubljana. The Kingdom of Illyria was not abolished until 1822, when these territories were returned to Croatia. The Military Frontier continued to exist, as a secure nursery for soldiers. Croatia was during this period divided as never before.

Map of Illyrian provinces 1812, the Cartographic Collection, HR-DAZD-383

Francis I, an engraving, HPM/PMH 15376b



Currency-Related Issues in the Austrian Empire until the Congress of Vienna

The French Revolution completely changed the Europeans' vision of the world. The untouchable divinely appointed ruler was overthrown



Zadar and the Zadar Channel, G Rieger, *Panorama della Costa e delle Isole di Dalmazia*, Trieste, 1857, NMZ

and citizens cherished the ideas of equality, freedom and fraternity. All the previously upheld values were changed, except for Napoleon's idea of uniting the whole European territory and reaching beyond the European borders.

Napoleon was crowned emperor of France on 2 December 1804 and king of Italy on 26 May 1805. On 10 August 1804, Francis II proclaimed himself emperor of Austria and, under the changed circumstances, on 6 August 1806, renounced the Roman-German crown and declared the dissolution of the Holy Roman Empire of the German Nation, established in 962. Although much smaller in size, the Austrian Empire was nevertheless faced with serious problems, as until 1813 it waged expensive wars against Napoleon that jeopardised the financial system's balance. In an effort to stabilise government finances, the financial authorities ordered the withdrawal from

500 gulden banknote of the City of Vienna, 1806, OeNB



circulation of 634,907,000 guildens worth of banknotes and the issue of new banknotes, with the result that the total value of banknotes in circulation in early 1805 amounted to only 337,665,000 guildens.¹²⁴ Those who had believed in the paper money, bonds and securities incurred the greatest loss. Štefan Mihajlović, the grandfather of our renowned economic thinker Imbro Ignjatijević Tkalec, who had gained his wealth from the wheat trade on the River Sava and from trading with the military, was grief-stricken by the realisation that he was all of a sudden left impoverished due to “a decision from above”.¹²⁵ The Vienna City Bank went bankrupt, and many ordinary people, unfamiliar with the possibilities of money abuse, were affected.

Times were hard – due to the distrust of paper money, the real exchange rate was lower than the nominal exchange rate, that is, the value stated on the currency. Large transactions therefore involved the payment of a disagio or an agio as a compensation for bad or good money.¹²⁶

The failed War of the Third Coalition generated new costs. In addition, Napoleon demanded 40,000,000 francs worth of damages from Vienna. After the Battle of Austerlitz in 1805, Austria, under the Treaty of Pressburg, lost Belgium and Milan, as well as Istria, Venice, the Bay of Kotor and all the Adriatic islands. As a result, its revenues



Portrait of Vincenzo Dandolo, the Photograph Collection, ZKZD



Kraljski Dalmatin, 1808, the Library, HR-DAZD



Plaque marking the border between the Županja and the Vinkovci company, the 19th century, ZMSG, Županja

fell by 32% in 1806 from the previous year.¹²⁷ Zadar became the capital of Dalmatia. The first Croatian newspaper, the bilingual weekly *Il Regio Dalmata – Kraljski Dalmatin* was published in the city between the 12th July 1806 and the 1st April 1810. Zadar was also the seat of the Governor, Vincenzo Dandolo, who ruled Dalmatia until 1810 and introduced improvements to the Dalmatian economy following the ideas of the 18th century members of the Dalmatian academies.

The government of Francis I has been described as conservative, but that was not exactly the case. Although faced with serious problems of maintaining the diminished kingdom and confronted with internal and external enemies, Francis I managed to keep the country together. Austria did not participate in the War of the Fourth Coalition against France, but due to domestic difficulties Vienna had to issue new banknotes. However, rather than bolstering the money market, the issue of new banknotes had an inflationary effect on prices. Banknotes were returned from French occupied territories as the French did not accept them as legal tender.¹²⁸ Silver coins quickly went out of circulation and so did gold coins that the French took to France, together with gold artefacts from churches, to strike gold napoleons. Even small-denomination copper coins were on the verge of disappearance as they could also be used for the manufacturing of military equipment. In 1809, the government debt increased again

Document from the Military Frontier, 1842, ZMSG, Županja





to 630,897,000 guildens, while annual government revenues stood at only 32,092,000 guildens. Austria could neither continue the war nor conclude a peace treaty.¹²⁹

In the War of the Fifth Coalition, the Austrian army was defeated at Wagram in 1809. The Treaty of Schönbrunn, signed on 14th October 1809, was humiliating and degrading for Austria. Under the Treaty, Napoleon gained Carinthia, Gorizia, Trieste, Carniola as well as parts

Zadar siege money in the denominations of one and two francs, AMS

Decisions on the issuance and the extension of the time period for the use of paper money in Zadar during the siege, Publications, HR-DAZD



of Civil Croatia and the Military Frontier south of the River Sava. Croatia thus bordered the French Republic on the Sava River. As a result of the loss of the territories over the River Sava, Austria's annual government revenues fell in 1810 to a low of 26,148,000 guildens.¹³⁰ The French established their rule in Samobor and Jasenovac, which had far-reaching consequences for the future. The Illyrian Provinces were established on the annexed territories, with Ljubljana as the capital, but the Military Frontier also continued to exist, providing, at no cost, war-hardened soldiers that made up the bulk of Napoleon's troops in the invasion of Russia. Of the 100,000 soldiers of the Military Frontier participating in the invasion, less than a third returned home.¹³¹ In addition to the French legislation, the French monetary system was also introduced in these territories, although the domestic currency continued to be accepted for a long time after.

The English maritime blockade made it more difficult for the French army to provide supplies to Dalmatian cities. Prices rose as a result and the currency in circulation was insufficient for the normal functioning of the trade. The Decision on the issuance of paper banknotes in Zadar during the siege, issued by Zadar governor, Baron De Maureillan, on the 30th July 1809, provided for releasing into circulation of the siege money for the purposes of the city's defence and local administration. This paper money was issued in the denominations of 5, 10, 25, 50, 100 and 200 francs, in the total amount of 300,000 francs. The denominations of one and two francs were issued subsequently on the 15th October 1809. This money, worth a total of 50,000 French francs and printed in Zadar, was of very poor quality and it was withdrawn from circulation in April 1810, with some of the value discounted in the exchange.¹³²

The conditions in the Austrian Empire were bad. The coalition wars completely destroyed the Monarchy's reputation among its subjects. The prices of almost all the goods continued to increase, threatening the collapse of the whole monetary system. In 1810, an ox was worth one thousand guildens, an ell of cloth one hundred guildens and a pair of boots were worth eighty guildens. The emperor's requests that paper money be received as a valid currency were in vain. In 1811, the paper money in circulation totalled 1,060,798,753 guildens, depreciating between 80% and 90% as a result. In 1799, the exchange rate was 100 guildens for 103 guildens of paper money but no later than 1802 it was 100 guildens for 119 guildens, with a tendency to rise. According to Gresham's law, bad money drives out good, so that silver coins (thalers) almost completely disappeared from circulation. Due to the disagio and an increasing lack of silver for the minting of good-quality coinage, the finance authorities in charge of the currency had to print one- and two-gulden banknotes and mint low quality copper coins in the denominations of three kreuzers, one kreuzer and even half a kreuzer.¹³³

Austria feared a state bankruptcy. Count Joseph Wallis, the president of the Court Chamber, proposed to the emperor the devaluation of banknotes and their replacement by redemption notes (*Einlösungsschein*) at the rate of five banknotes per one redemption note. The denomination of these redemption notes was to be written

Declaration of bankruptcy of 20 February 1811, OeNB





Redemption note worth one Convention standard gulden, 1811, OeNB

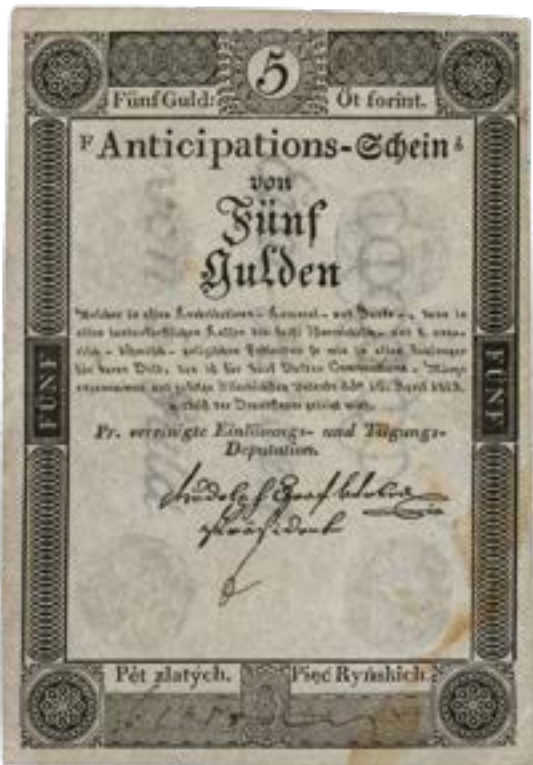
on the obverse.¹³⁴ The Bankruptcy Declaration (*Bankrottpatent*), issued on 20 February 1811, provided for the opening of bankruptcy proceedings in official departments on 15 March 1811. This was the first and the last serious financial crisis in the Monarchy. Pursuant to the Declaration, as of 31 March 1811 redemption notes were to come into effect as the Vienna standard Convention currency. Banknotes were planned to remain in circulation until 31 January 1812 and citizens could exchange them for new redemption notes at the rate of five banknotes per one redemption note. One gulden banknote was worth only 12 kreuzers instead of 60 kreuzers of redemption notes. As of 1 February 1812, redemption notes were to become the only legal tender in the Empire. They were printed in the denominations of 1, 2, 5, 10, 20, 100 and 500 gulden at the total value of 212.159,750 gulden.¹³⁵ The currency lost four fifths of its value.

However, the conversion of redemption notes into the metal currency had to be ensured. The finance authorities proposed that they be backed by guarantees consisting of liens on government mortgages. The financial advisors of Emperor Francis I proposed placing mortgages on the church property in the territory of the Monarchy. Also for this reason, on 13 January 1810 the emperor ordered the sale of gold and silver artefacts from churches and chapels in the Military Frontier. Monetary policy actions were long delayed due to disagreements between the Court Chamber and the Chancellery as well as because of the resistance of church institutions.¹³⁶

Count Adam Oršić Slavetički described the difficult condition in Croatia at the time, in 1811, when Napoleon led frontiersmen to war against the Prussians, and Turkish captains from Bosnia set fire to Drežnik and some other towns. Home defence regiments had about one hundred surplus generals. These officers were compensated in redemption notes that were not worth much, while valuable currency was rare. There was a shortage of coins in Croatia and Hungary due to payments for cattle and corn, but the French prohibited taking money out of the territories south of the River Sava to the north. Many factories ceased operation because of the shortage of quality coins. Thefts and robberies were frequent and the perpetrators either

Adam Oršić Slavetički, Stephan Dorffmeister, 1776, MGZ-1982





Redemption note worth five Convention standard gulden, 1813, OeNB

escaped punishment or were amnestied by the emperor very soon after being sentenced. Those were hard times for the people living off the produce from their farms. Due to the shortage of money, the emperor demanded high amounts for redemption notes from the noblemen, who refused to pay them. He also raised the price of Hungarian salt because the salt works on the Island of Pag were captured by the French. However, the decision was made too late. As the value of banknotes fell, farmers' contributions multiplied fivefold, while the emperor made efforts to extort all the money from his subjects to be able to finance the army.¹³⁷

Old banknotes were declared invalid at the beginning of 1812, and not all the money could be exchanged. Old copper coins were withdrawn. As of mid March in 1811, all taxes and other levies had to be paid in the Vienna standard currency. Until 1799, the monetary amounts in contracts, bonds and bills of exchange had been valued at their nominal value, but after that year these values were reduced by four fifths, with the exception of the values of deposits in government vaults.¹³⁸ Monetary operations became very complicated, especially because the French currency was also in circulation as the trade between the French and the Austrian territories partly relied on smuggling and other illegal operations that were beyond the authorities' control. The type of currency had to be declared on all invoices. Interest rates on all public bonds were halved and the noblemen debts were reduced by the same amount. The prolonged war with the French and the huge contribution amount that Austria had to pay weighed on the economy of the whole country, including underdeveloped Croatia.

These decisions were met by hostility from the public. Many people lost four fifths of their property overnight. This was, in fact, state bankruptcy that involved three quarters of the currency in circulation. The payment of public levies in five times higher amounts was a huge burden because revenues did not increase five times. However, problems with the currency continued.

By a decree of 16 April 1813, the Viennese government issued 45,000,000 gulden worth of a new paper currency, termed *vadjevnicah* – *Anticipationsschein* (anticipation notes) that were to be repaid in twelve years. This was the replacement currency, with coupons to be paid out annually in the amount of 3,750,000 gulden and backed by a land tax. However, anticipation notes very soon proved insufficient so that another 100,000,000 gulden issue was released very soon afterwards and was followed by other issues, with the result that anticipation redemption notes at the end of 1816 totalled 470,000,000 gulden. Although it was not known that the amount of currency in circulation was that high, in 1815 the disagio was 351, that is, the actual value of the currency was only 187,688,000 gulden.¹³⁹

Currency from the Congress of Vienna until 1848

After the French Revolution the world changed, and the ideas of liberty, fraternity and equality led to the destabilisation of many parts of Europe, setting the ground for civil revolutions in 1848. Soldiers who had returned from wars wanted to change their way of life, requiring better standards, greater political rights and improved safety. In Croatia, which was divided into the civil and the military area, the situation was even more complicated than in Europe as a whole. The failures related to printing paper money without coverage were not encouraging. The currency was constantly in large demand during peace times; however, as it was not known whether the war was finally over, the costs of the preparation of soldiers and other military expenses continued to undermine the country's monetary system.¹⁴⁰

Participants of the Congress of Vienna, lithograph, HPM/PMH 24543





The Military Frontier war treasuries issued banknotes into circulation and extended credit for all required construction works. Paper money was worth less than coins, which were kept in chests and had a steadier value, but were in short supply.

Austrian Empire, 1828, S. Hall, HPM 81033

The German Customs Union

The proclaimed reestablishment of the previous order at the Congress of Vienna after Napoleon's abdication did not apply to Croatian territories. Croatia to the south of Rijeka remained part of Austrian Illyria until the reincorporation in 1822 so that former trade and transport links could not be restored. The breakup of trade connections between the Danube Region and the sea that had lasted for thirty years had far-reaching consequences for trade, transport and currency. The Louisiana Road, opened in 1811, was not much in use by merchants because of high tolls.

The Congress of Vienna and the German Customs Union created the preconditions for the implementation of new reforms in

the monetary area. The companies of some countries, and especially the German Customs Union, established in 1834 under Prussian leadership, which considerably reduced the number of German states, had an impact on the currency. The intention was to create a single monetary unit. In 1837, South German cities agreed on the gulden as the monetary unit, it having already become the basic monetary unit in some states around 1820. However, in the North German states, dominated by the powerful Prussian state, the basic unit was the thaler, while the Saxon states, such as Braunschweig, Schaumburg-Lippe and others, continued to mint the Convention standard currency. The Dresden Coinage Treaty was concluded in 1838, at the proposal of Prussia. The parties to the Treaty agreed to use only two types of currency in the area of the Customs Union, the gulden in the South German states and the Prussian thaler in the North German states. A common coin was also minted, bearing the denomination of two thalers or three and a half guldens. However, this coin did not prove

North and West Germany, Prussia and other member states of the Customs Union, *Hand-Atlas der Erde und des Himmels in 50 Blättern*, 1863





1,000 Convention standard guldens, 1825, issue
1831, OeNB

successful, as it could not be used on an everyday basis due to its high value. It was nicknamed “the champagne coin” because it was generally considered that only rich people could afford it. The increasingly strong economic links among the states of the German Confederation created a need for a single currency. In the meantime, Austria and Lichtenstein joined the Customs Union, and based on the Vienna Coinage Treaty of 1857 Prussia implemented the Graumann currency reform of 1750. The weight of the coinage was no longer determined according to the Cologne mark, but according to a “customs pound” measuring 500 grams. Prussia minted more than 34 million such coins between 1859 and 1860. However, the new common thaler was worth 1.75 guldens in South Germany and 1.5 guldens in Austria. Although the mentioned reform did not succeed in creating a single currency, only the terms “thaler” and “double thaler” were in common usage. The towns of the Hanseatic League, Bremen, Hamburg and Lübeck, did not join the Customs Union, and neither did Holstein, because of its connections with the Danish crown, and Mecklenburg. The latter minted the thaler on the Prussian model, but did not mark it as the common thaler. The so-called gold thaler, minted in Bremen, was primarily used as money of account and was worth one fifth of the French Louis d’or.¹⁴¹

Establishment of the Privileged Austrian National Bank

As the Habsburg Monarchy was entitled to considerable reparations according to the peace treaties of 1815, the finance authorities decided to solve the issue of the official currency. The Privileged Austrian National Bank (*Privilegierte Österreichische National Bank*), established pursuant to the Royal Decree of 1 June 1816, was part of the effort to regulate the money market. In contrast with its predecessor, the Vienna City Bank, the Privileged Austrian National Bank was a joint stock company. The Bank issued 50,000 shares, each worth 2,000 Vienna standard guldens and 200 Convention standard guldens. The Bank started operations when half of the shares were sold. The finance authorities authorised

Palace of the Privileged Austrian National Bank,
Vienna, 1830, ÖNB



Klemens von Metternich, C. L. W. Von Metternich-Winneburg, *Aus Metternich's Nachgelassenen Papieren, Herausgegeben Von Dem Sohne des Staatskanzlers Fürsten Richard Metternich-Winneburg, Geordnet und Zusammengestellt Von Alfons V. Klinkowström: Teil 2. Friedens-Aera, 1816–1848, 1999*



the Bank to perform various types of operations, including discount transactions, mortgages and Lombard lending, and it had the exclusive right to issue paper money. It was agreed that paper money would not have the forced exchange rate but that its value would be maintained by reducing the amount of banknotes in circulation through redemption. The seller thus received two sevenths of the value in the Convention standard currency and the rest in government bonds with 1% interest. In order to restrict the amount of new currency in circulation, the exchange could be performed for the minimum amount of 140 Vienna standard guildens. The withdrawn banknotes had to be destroyed every year. The finance authorities made a pledge to pay one million Convention standard guildens per year to the Bank in monthly instalments, and the Bank was to use this money for the purchase of government bonds at the stock exchange.¹⁴²

As could have been expected, there was a run on the Bank by customers who wanted to exchange their banknotes for the Convention standard currency (coins) so that limitations were imposed on the exchange. The money market gradually became better regulated and the Bank's operations improved. The Bank exchanged currency, received precious metals and exchanged them for currency, converted bills of exchange, paid 6% interest on government securities and transferred money between accounts (giro transactions), etc.

Austria began to improve its finances in 1816, after the end of the war with the French and after the Congress of Vienna and the first minister, Prince Klemens Wenzel von Metternich (1809–1848), restored Austria's reputation and attempted to re-establish the conditions of pre-Napoleonic times. However, the improvement of finances was a demanding task. The currency in circulation was worth only 20–30% of its nominal value and could not be used for trading. The repressive system was destroying the economy and, in turn, the value of the currency. Although the war had ended, the living standard did not rise and the economy lacked momentum for growth. The expectations that paper money with an increased value would equal silver coins were not fulfilled. In addition, frequent changes in its value and manipulations with it added to the public's growing distrust of



Ferdinand II, HPM/PMH 8677

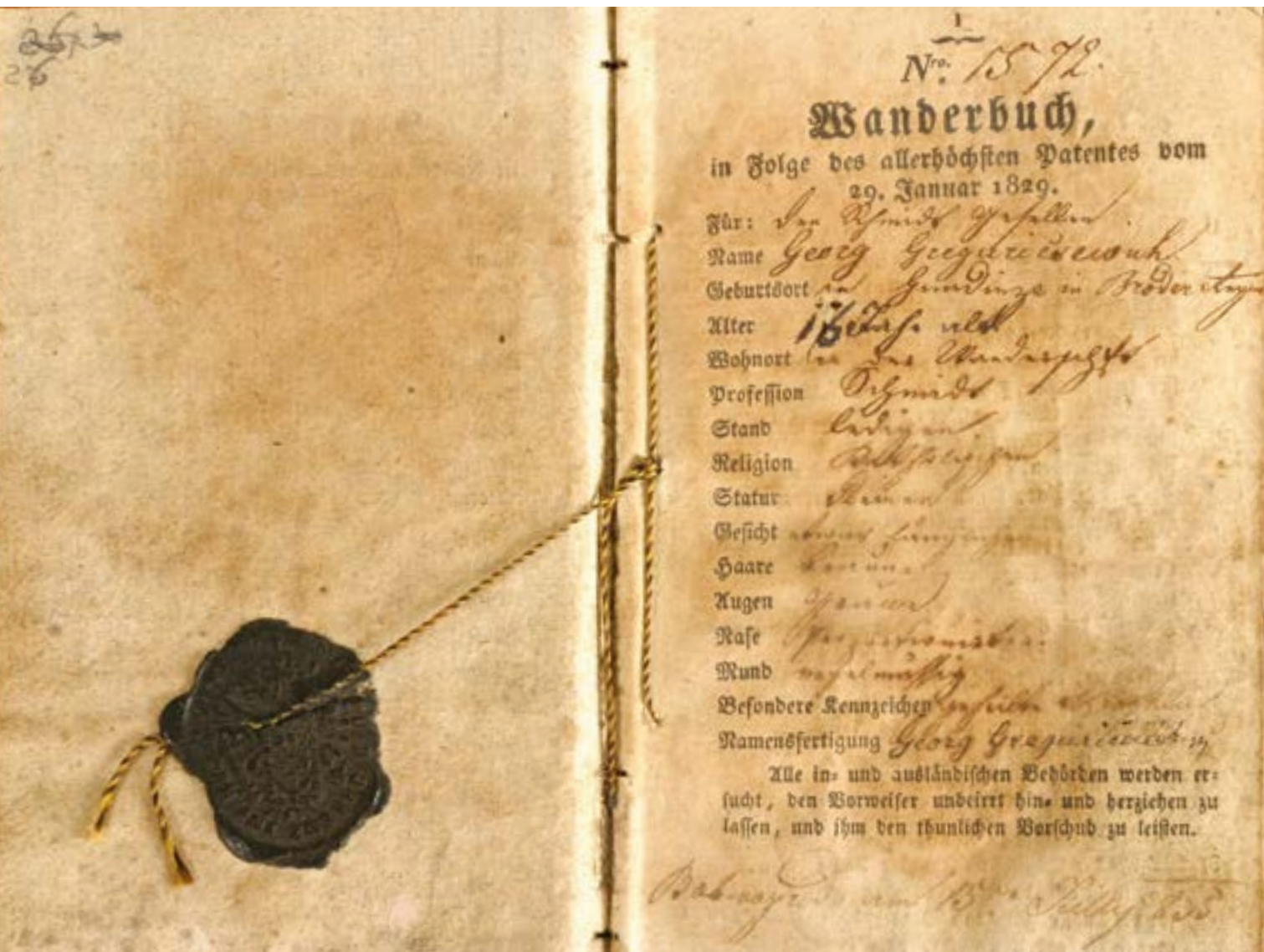
Charter of Ferdinand II, 1846, GMB

paper banknotes. In the Military Frontier, payments with paper money were avoided and no other money was available, which prevented economic growth and turned people to politics and war preparations rather than to the economy. Nevertheless, the system's organisation enabled a relative stability of finances in the Military Frontier despite the deficits incurred by the state.

Austria, having regained control over Dalmatia, minted coins for Dalmatia during the reign of Ferdinand I (1835–1848). These coins were worth four ducats minted in Vienna in 1837 and in Karlsburg in 1848 and one ducat minted in the same period in Vienna, Karlsburg, Kremnica and Venice. This coinage bore the inscription *DALM.* Milan and Venice minted *scudi* with the inscription *Dalmacija* as well as thalers and kreuzers.¹⁴³ There were considerable difficulties with the border areas that had to be reorganised and more economically regulated through border supply trusts, established as early as in 1748, which raised funds from various sources. The inflow of revenues from the Court Chamber aimed at the clergy and construction works ceased in 1818. Each general command had its own treasury and kept detailed records of its assets and operations. Redemption notes from the time of Joseph II were invested in the border areas, but as this money was

Plaque of the troops from Babina Greda, the 18th century, ZMSG, Županja



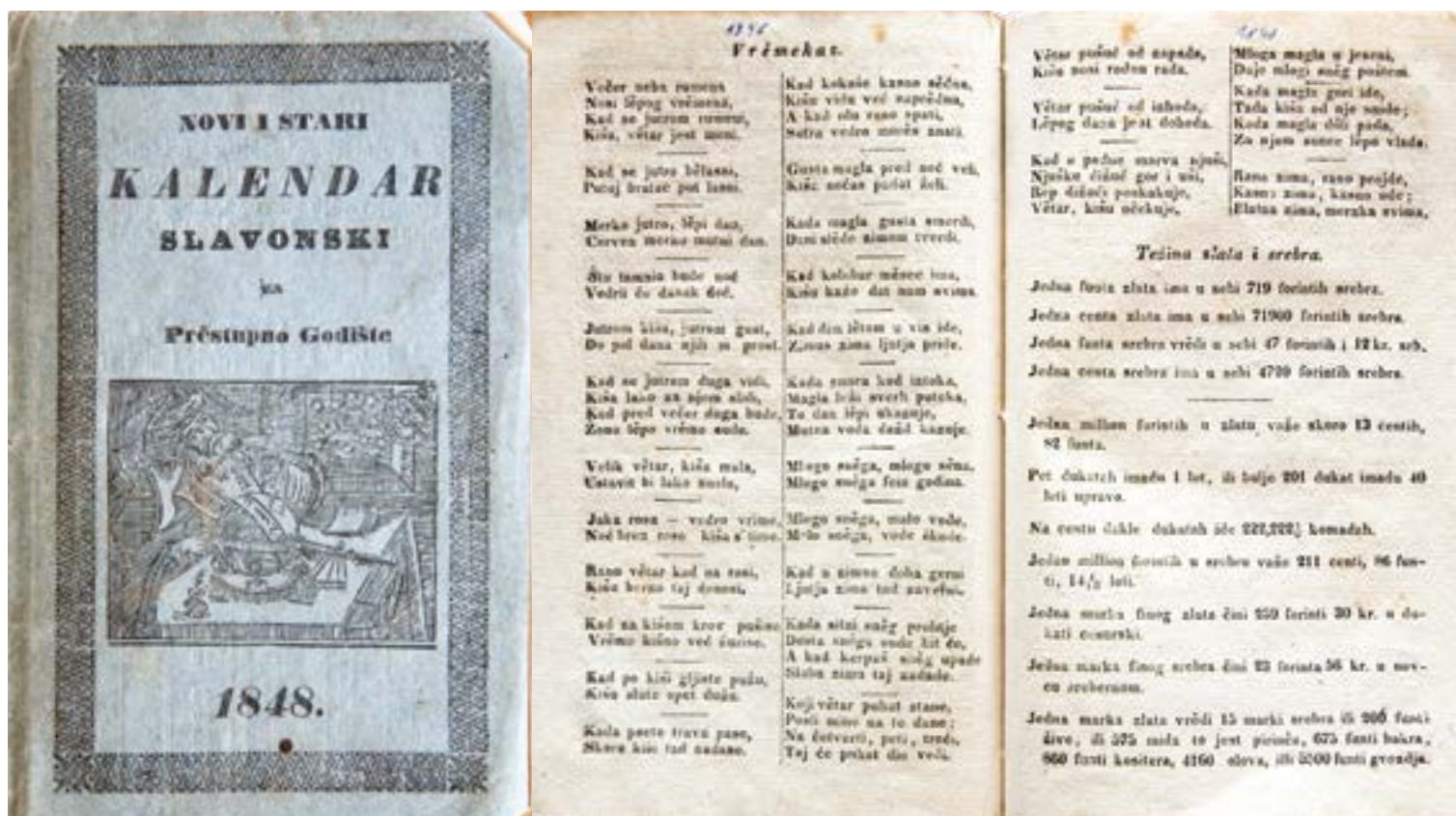


Wanderbuch (an apprentice's travelling book),
1829, ZMSG, Županja

bad and worthless, any rational economy was completely destroyed, although in 1821 the value of government buildings and equipment was 914,956 guildens in the Karlovac Border and 332,209 and 116,432 guildens in the Varaždin Border and Banovina respectively.¹⁴⁴

The state had serious problems with old and new debts. There were old state debts, such as the debts of the Vienna Court Chamber and the debts of the Hungarian Court Chamber as well as two war loans for Galicia. The Bank issued its promissory notes, but it also operated with the promissory notes of the state treasury and of Austrian, Czech, Moravian, Styrian, Carinthian, Carniolan and Gorizia estates. Loans extended by the Court Chamber had to be repaid, as did the promissory notes on Lombardian and Styrian debts.

The Austrian Empire had such a debt overhang that debts had to be constantly rediscounted, which made all transactions carried out by the Monarchy until 1848 unsound and illiquid because the finance authorities too often borrowed from the Austrian National Bank. This was a vicious circle – politicians were trying to save the Court by implementing austerity measures at the expense of annexed and successor states, which led to much discontent. Austria managed its paper money poorly, issuing it without coverage, with devastating



consequences for the development of the Croatian territories.

The whole Empire was in adverse financial conditions for several years before 1848, which also had a negative impact on the Croatian economy. Due to lack of trust in paper money and the impossibility of its conversion into gold and silver, metal currency was kept at home and no investments were made in the economy. Two years before the Revolution, crops failed and farms were often auctioned off as only the peasants paid the taxes. There was no commercial bank so that citizens borrowed from Kaptol and from merchants, who were the only ones to have some capital, but this was insufficient for their needs. Information on finances in the Empire was sparse in Zagreb and news was censored. *Agramer Zeitung* copied articles from Viennese newspapers and the Official Gazette published information, rather than analyses and critical reviews. The Monthly Journal of the Croatian and Slavonian Economic Society (*List mesečni Horvatsko – slavonskoga gospodarskoga društva*), first published in 1842, was the most read magazine among entrepreneurs as it presented a variety of news pieces, and not only those related to the Society. This Society, which also hosted a national museum, was a focal point for all intellectuals that found connections between politics and the economy and considered Zagreb not only the cultural and educational but also the political centre of Croatia.

However, there were positive developments, related to technical inventions. Railways were constructed in central Austria and in the country's industrial areas, but not in the periphery, which had an impact on the political stance towards the provinces and the kingdoms of Croatia, Slavonia and Dalmatia that received insufficient financing and whose needs were not accounted for. There was a shortage of quality money in Croatia so that wage stamps again started to be issued.

New and Old Slavonian Calendars (*Novi i stari kalendar slavonski*), 1848, the Essekiana Collection, Department of Museum Prints, MSO
The Monthly Journal of the Croatian and Slavonian Economic Society (*List mesečni Horvatsko-slavonskoga gospodarskoga društva*), the Rarities Collection, NUL



Er scheint wöchentlich dreimal, näm- lich Dienstag, Donnerstag und Samstag Abends. — Preis v. v. P. (stammt Post) jährlich 13 fl., halbj. 6 fl. 30 kr. — In Loco: jährlich 8 fl., halbj. 4 fl., vierteljähr. 2 fl. — An- zeigebilder extra halt. 1 fl. 40 kr. C.M.

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Ernennungen, Beförderungen und Auszeichnungen.

In der k. k. Armee sind befördert worden: In Feld- marschall-Lieutenante: die Generalmajore Graf Sch- nitzky und Graf Schaffgotsche, mit der Bestimmung nach Italien; Ritter v. Siroli in seiner Anstellung bei der kaiserlichen Garde; Anton Vogel nach Leuberg. — In General- Majoren: die Obersten: Jos. Weiss, von Kaiser Alexander Inf. Reg., als Brigadier nach Klagenfurt; Ritter v. Standeisky von Walse Inf. Reg. nach Brünn; v. Anders, Hjo bei Sr. M. Hohent dem Cziberys Jofeph, in seiner Anstellung; v. Hadermann von Deutschwälder Inf. Reg., nach Wien. — Zum Obersten: Der Oberstlieutenant Baron Waldaci, vom Säm- tlichen Inf. Reg. zu Karl Ferd. Inf. Reg. — Zum Ober- lieutenant: der Major v. Jülich, von Karl Ferd. zu Wimpfen Inf. — Zum Major: der Hauptmann Wieser, von Karl Ferd. Inf. im Regimente.

Sr. k. k. ap. Majestät haben a. a. zu erlassen geruht, daß der Comitäts-Richter, Demeter Constantinovic v. Ger- man, das silberne Mittelkreuz des kön. griechischen Erlaß-Ordens annehmen und tragen dürfe.

Der Herrmannstädter General-Johannis-Ranzsch, Jo- hann Pfaf, ist zum kaiserl. Offizial-titel ernannt worden.

Die k. k. Berg-Comeral-Fiscalstelle in Nagodina wurde dem Neufolter k. Berg-Comeral-Vicefiscal, Anton v. Wett- stein, verliehen.

Reichstagsberichte.

Reichssitzung der k. Magnaten; 20. März. (Präsidium: Erbkönig Reichspalatina.) Graf Mo-

die Anwendung dieses Princips betreff der Juden bis zum nächsten Reichstage in einem Gesetzentwurf aus- zuarbeiten. Noch sprachen mehrere Redner in diesem Sinne; die Majorität jedoch war leider für den An- trag des Preßburger Deputirten.

In der am 22. März von 9 bis 1 Uhr gehaltenen Circularsitzung wurde das Resolutions der k. Magnaten betreff des Creditanstalt verlesen, die darin enthaltenen geringen Modificationen ohne Umstände an- genommen und nachdem der Gesetzentwurf hierauf um- geändert worden, haben sich die beiden Häuser hierin vereinigt. Dierauf wurden die wichtigen Besche über die Nationalgarde und die Bildung des unabh- hängigen verantwortlichen Ministeriums verhandelt und angenommen. In der auf diese Circularsitzung an- versäumt gehaltenen Sitzung bei den k. Magnaten wur- den diese Gesetzentwürfe angenommen. — In dem Abend- Conferenzen wurden die wichtigsten Verhandlungen über das Repräsentativsystem fortgesetzt.

Gesetzentwurf über die Bildung des unga- rischen unabhängigen verantwortlichen Ministeriums.

§ 1. Die Person Sr. Majestät des Königs ist heilig und unantastlich. Die Sanction der am Landtage gebrachten Besche steht ihm allein zu.

§ 2. Während der Abwesenheit Sr. Maj. aus dem Lande über der Palatin und kön. Statthalter, bei Erhaltung der In- tegrität der heil. Krone im Lande und den Nebenländern, so wie des Verbandes des Reiches, die ausübende Gewalt nach dem Gesetz und der Constitution mit vollkommener Macht, und

in Abwesenheit des Königs, und des Palatins, der Minister verüben.

§ 22. Sämmtliche Beamte und Diener der im 6. §. er- wähnten Regierungsstellen, demnach also nicht nur jene, die neuerdings wieder angestellt werden, sondern auch jene, die in den oberwähnten Sectionen des Ministeriums nicht placirt werden, behalten bis zu ihrer ferneren Veranordnung ihre ge- genwärtigen Gehalte.

§ 23. Sämmtlichen Jurisdictionen des Landes werden die angefallenen Municipien auch in Zukunft belassen.

§ 24. Die geistlichen Gerichtsbarkeiten und Obergerichte werden bis zur weiteren Verfassung in ihrer geistlichen Stellung und bisherigen Verfassung belassen.

§ 25. Die Minister haben bei beiden Landtagstafeln Sitz, und müssen, wenn sie sprechen, angetreten werden.

§ 26. Die Minister sind verpflichtet, bei den Landtag- tafeln auf deren Verlangen zu erscheinen und die nöthigen Auf- klärungen zu geben.

§ 27. Die Minister sind verpflichtet ihre amtlichen Schrif- ten auf das Verlangen der Landtagstafeln, entweder der Ta- fel selbst, oder aber der durch diese ernannten Deputation zur Einsicht vorzulegen.

§ 28. Stimmen haben die Minister am Landtage nur dann, wenn sie entweder geistliche Mitglieder der obren Ta- fel selbst, oder aber zu Belegten der untern Tafel gewählt sind.

§ 29. Die Minister können zur Verantwortung gezo- gen werden: a) für jede That oder Veranordnung, die die Un- abhängigkeit des Landes, dessen constitutionelle Garantien, die Anwendung der bestehenden Gesetze, die individuelle Freiheit oder die Heiligkeit des Eigenthums verletzen, und in ihrer amtlichen Eigenschaft begangen oder respective beschlossen wor-

Agramer Zeitung, the Rarities Collection, NUL

Three kreuzer payment coupon, the Adamovich estate in Čepin, the Numismatic Collection, AMZ

Wage stamp, the Janković estate in Čalma, 1827, the private collection of Borna Barac

Ivan Kapistran II Adamovich, the Photography Collection, MSO



Wage stamps (money issued by the estate owner to pay wage workers in the estate, which could be exchanged for goods) were issued by the Janković estate in Čalma, Gibarac and Kukujevci from 1827 and 1830, and by the Eltz estate in Vukovar in 1848. Between 1830 and 1866, the Adamovich estate in Čepin near Osijek released four issues of "Anweisung", that is, payment coupons denominated at 3, 5, 10, 20, 30 and 50 kreuzers, with the funds earmarked for the payment of wages and estate development.¹⁴⁵ Such surrogate money, however, could be issued only by estate owners. The medium and small nobility had to make ends meet, remembering their old glory and services rendered to the Monarchy. Because they were living near the poverty line, the Court of Vienna no longer considered them nobility and treated them accordingly.

Fight for the Historical Rights of the Kingdom of Croatia

"The Croatian currency" – *denarius croaticus* – was regularly mentioned in parliamentary acts and other public acts in the 17th

and 18th century. During the reign of Empress Maria Theresa, and especially of Joseph II, the Croatian nobility lost many privileges and some noblemen lost their lives in the French wars. After the Congress of Vienna and Metternich's attempt to renew the old system, the weakened Croatian nobility faced many difficulties while attempting to regain their rights. Most noblemen were on the brink of extinction; some managed to survive while others disappeared from the historical scene.

The decision of the Croatian Parliament, enacted in 1790, to make Croatia subject to the Hungarian Regency Council had long-term and devastating consequences for the financial and general conditions of the Croatian lands. Croatia delegated all financial operations to the Hungarian Court Office until the unification of all Croatian lands from the River Drava to the Adriatic. The Croatian estates thus renounced the right to use their own finances and all taxes continued to be collected by the Hungarians through their offices. As this also referred to monetary policy, the history of the Hungarian currency became the history of the Croatian currency. The decision from 1790 was not well thought through as it prevented the Croatian estates from using their own taxes. The decision was also detrimental in that it enabled the imperial politics to be conducted with the aim of maintaining the Triune Kingdom as a fictive, and not a real unit in the whole period until 1918, except for a short period, in 1848, during the period in which Ban Jelačić was in power. The decision was taken owing to concerns about further Germanisation, initiated by Emperor Joseph II, and to the fear of losing traditional national values, jeopardised by emperor's comprehensive reforms.

Due to the Napoleonic wars, crisis and disease, the economy was a minor issue in the Croatian lands for almost three decades. The Croatian nobility once again hoped in vain to exercise the rights they had acquired based on the Pragmatic Sanction. The integrity of Croatia was an unattainable dream and its constituent parts continued their independent development. The Triune Kingdom did not have a capital. Zagreb started to be perceived as a possible political and economic centre, rather than only an educational centre, as it was sufficiently far from all the borders to develop specific traits, distinguishing it from other



Coronation flag of the Kingdom of Croatia, 1830, the photograph by Fedor Vučemilović, HPM/PMH 11752

Disertatia iliti razgovor..., 1832, the Rarities Collection, NSK



Gendarme from the Military Frontier, 1848, T. Aralica and V. Aralica, *Croatian Warriors through the Centuries*, Zagreb, 1996



state centres. Until 1822, when the territory between the River Sava and the sea was within the Illyrian Provinces, the Croatian Parliament had authority, although incomplete, only in North West Croatia, as the Hungarians constantly aimed to prove that three Slavonian counties (Virovitica, Syrmia and Požega) belonged to Hungary. The Croatian territory was unified as late as in 1823 in such a manner as to enable certain special interests of Croatia and Slavonia to be claimed, but not those of Dalmatia, which was under direct Viennese government. The name Croatia referred to a very narrow area around civil Croatia under the ban's rule, with weak bans who also had to command the Military Frontier troops in Austria's wars with its neighbours. The Croatian Parliament played a minor role, mainly relating to the appointment of a nuncio for the Parliament session in Pressburg (Bratislava), especially after 1790 and the renunciation of the independent management of the finances. In addition, the counts Karlo Sermage and Franjo Vojkffy spoke, in Latin, at the Croatian Parliament session, of the difficulties that had led the economy to a dead end. At the sessions in May and November 1832, they went much further than Antun Kukuljević and Nikola Zdenčaj did when defending the Croatian rights at the Hungarian Parliament session in 1825. Under the influence of the Croatian national revival, and in line with the new policy of

the Croatian nobility, Count Sermage demanded a more aggressive stance to be taken in defending the municipal rights and position of Croatia, while Count Vojkffy defended the Latin language against the influence of the Hungarian and German languages, emphasising it as an important comparative advantage of the Croatian territory.¹⁴⁶ Count Janko Drašković was the most insistent, requiring a single language to be used in trading. In Karlovac, in 1832, he published his work *Disertatia iliti razgovor darovan gospodi poklisarom zakonskim y buduchijem zakonotvorzem Kraljevinah naših za buduchu Dietu¹⁴⁷ Ungarsku odaslanem*, which was the first economic programme.

Drašković criticised Hungarian cereal producers for being disloyal to Croatian wheat producers and attempting to put them out of business. It was Drašković's belief that such a policy should be opposed with joint forces and that a Croatian export company should be set up in Rijeka and open the way for Croatian, and Hungarian, agricultural producers to external markets.¹⁴⁸ Andrija Ljudevit Adamić, a merchant from Rijeka, had proposed in 1825 already, with Antun Mihanović, that such a company be set up.¹⁴⁹ This proposal was not accepted, lacking the support from the Hungarians, so that Croatia missed a great opportunity to develop export trade and exploit its natural resources in the first half of the 19th century.

Referring to the Croatian Parliament decision of 1790, the Hungarians prevented the Croatian ruling classes from managing their finances and economy. Discontent arose in the country under such conditions, emphasised by the fact that merchants had accumulated some capital. The capital was available for investment in manufacturing projects, transport infrastructure and monetary economy. As there was disagreement between Vienna and Pest regarding these operations, merchants in Croatia, in collaboration with a small part of the domestic nobility, started to act, almost clandestinely, towards the creation of an Illyrian nation, with the main aim of developing trade in the wider area of the Balkans. Especially prominent among them were the noblemen from Križevci and Jelačić's friend Franjo Žigrović Pretočki, who was the secretary of Križevci County. After retiring, he settled in Novi Dvori near Krapina and discussed with the noblemen from Zagorje the possibilities for Croatia to be given a more significant role in economic operations as well as in its own finances. Already in 1842, entrepreneurs from Croatia required their own national bank so that the funds earned in Croatia could remain in the country. However, the regulations in place did not grant this right, not even to the Hungarians before 1848. Savings banks were authorised to operate only with savings deposits and could not engage in other monetary operations, and even for such savings banks, authorisation was rarely issued. There were no domestic banks in Croatia until 1868, when the change in regulations after the Croatian-Hungarian Settlement enabled Croatia to invoke Hungarian regulations, which were considerably more liberal than Austrian regulations. The Hungarian Regency Council was in charge of all finances and tax collection as well as of the people's treasury (*narodna kasa*), the principals of trusts and the lawyers' treasury (*kasa fiškalah*). Therefore, on 7 April 1848, Varaždin City Council and Osijek City Council required the following: "the equality



Andrija Ljudevit Adamić, F. Lütgendorf, 1827, paper, copper etching, PPMHP KPO-LZ 1272



Antun Mihanović, MGKc

of rights of each religion, equality of all, irrespective of class and faith, before the court” as well as “the return of our national treasuries and principals, which have been managed in Hungary, and the return of estates and fiscal treasuries”. Other requests included the abolishment of duties between the Lands of the Crown of Saint Stephen and other Austrian lands, and freedom of trade, as well as the freedom of salt trading for Croatia and Slavonia. The abolishment of labour service in the civilian and military parts of Croatia was also required.¹⁵⁰

Establishment of the First Croatian Savings Bank

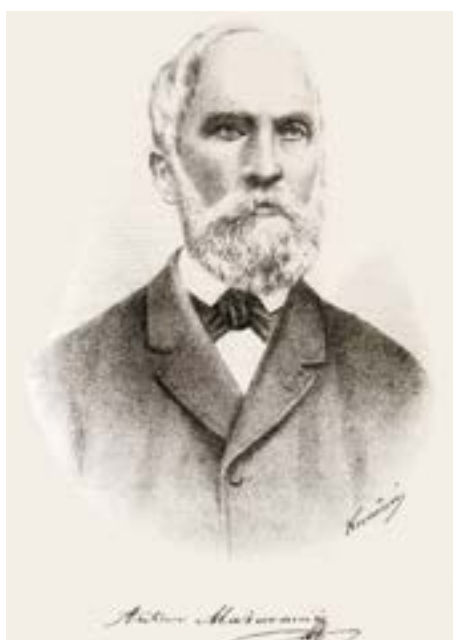
As a result of the accumulation of capital by the most prominent merchant classes in Zagreb, some Zagreb traders and members of the Illyrian Movement decided in 1846 to establish the First Croatian Savings Bank (until 1861 named *Perva hrvatska štedionica*), and other monetary institutions were established after 1868.¹⁵¹ The establishment of the First Croatian Savings Bank met with a wider response from the public. Anastas Popović, a distinguished merchant of Greek origin, was its long-time president.¹⁵² The management board included the Illyrian reformers Dimitrije Demeter, Ljudevit Gaj, Antun Mažuranić, Janko Drašković, Baron Ambroz Vranyczany and Baron Franjo Kulmer, but the main shareholders and buyers of 400 shares per 100 guildens each were the merchants of Gradec.

The establishment of the First Croatian Savings Bank in Zagreb was very important as the strengthening of this institution contributed to the economic strengthening of Gradec, which in 1851 merged with Kaptol into one community, the City of Zagreb, whose infrastructure could enable economic development and production. The First Croatian

Share certificate of the First Croatian Savings Bank, 1921, the PBZ Museum

First Croatian Savings Bank building, 1642, MGZ





Savings Bank started with a small range of transactions, operating only in Zagreb, but subsequently spread its operation throughout North Croatia and, after 1918, in the Kingdom of the Serbs, Croats and Slovenes. At first it only accepted savings deposits. Due to its limited scope of operation in politically turbulent times – because of the Vienna revolution of 1848, the outbreak of the Crimean War in 1853 and the Austrian-Prussian War in 1866, investors were withdrawing savings deposits and investing the funds themselves at high interest rates and with high risk – the deposit levels fell or stagnated, with the result that the operating capital increased at a very slow rate.¹⁵³ The lack of momentum in operations was also due to the fact that the First Croatian Savings Bank was established as a savings bank and not as a limited liability company because such a form of incorporation was not allowed under law. The First Croatian Savings Bank was authorised to receive savings deposits and pay interest on these deposits. It also

Founders of the First Croatian Savings Bank, M. Grlović, *The Album of Meritorious Croats in the 19th Century*, 1992, Rijeka

New palace of the First Croatian Savings Bank in Zagreb,
J. Lakatoš, *The Yugoslav Lloyd Economic Almanac*, Zagreb,
1929



granted loans for movable and immovable property and carried out discount transactions. The conditions improved in 1868 when Zagreb as the capital of Croatia came under the jurisdiction of Hungary, where banking laws were more liberal. The First Croatian Savings Bank operations were expanded to include mortgage loans for property and lending to industrial companies in Zagreb and in the region. As of 1868, the First Croatian Savings Bank could engage in a variety of transactions, gaining a greater trust of middle-class citizens and expanding its operations by acquiring small savings banks established in the late 19th century. In 1910 the First Croatian Savings Bank equity capital was 6 million kronen. In 1930, constantly expanding its operations, the First Croatian Savings Bank was the most important monetary institution in the South East of Europe and expanded its operations to America. In Croatia it had a network of branches.¹⁵⁴ Count Miroslav Kulmer, a descendant of the founders of the First Croatian Savings Bank, was its president in 1897, and its honorary president until his death in 1943. The honorary presidency was

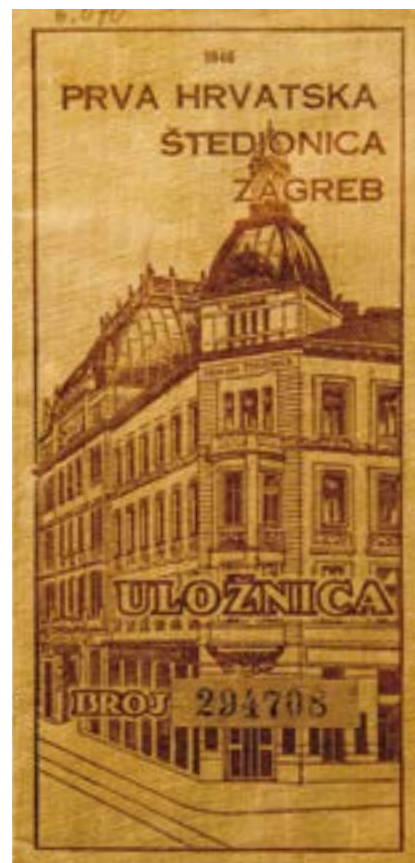
Share certificate of the First Croatian Savings Bank, 1846,
the PBZ Museum



in recognition of his extending the operations of the First Croatian Savings Bank to South East Europe.

Aristocratic landowners needed large amounts of capital, especially mortgage capital. However, as the land register was in the initial phase of development, mortgage loans could only be obtained from the church, secular estates and the land trust, which extended cash loans. Their revenues fell after 1848 due to the abolition of serfdom, increasingly slow repayment of debts and the requirement to subscribe to the government loan in 1854, and they had to cease operation.¹⁵⁵ Until 1848 loans were extended by the Zagreb Kaptol, but this activity waned as feudal receipts declined. A real mortgage bank managed by the ban was established in 1859, with a capital of 200,000 guildens provided by the Austrian National Bank. The Austrian National Bank started to extend mortgage loans to Croatian and Slavonian large estate owners in 1862 and *Allgemeine Boden-Kredit-Anstalt* in 1865. According to estimates, the total of all mortgages on real estate in the narrow Civil Croatia and Slavonia approximated eight million guildens in 1862, rising to 26.5 million in 1864 and to about 32 million in 1868.¹⁵⁶ In the early sixties, Eugen Kvaternik and Baron Lazar Hellenbach advocated the establishment of monetary and credit institutions in Croatia. In October 1862, the printing house and bookshop owner from Zagreb, Antun Jakić, together with a group of entrepreneurs and Baron Hellenbach, founded the Croatian and Slavonian Railway Committee and mortgage bank. The basic document was *Ein Statutenversuch für die Gründung einer Credit-Anstalt in Agram* (A Draft of the Articles of Incorporation of a Credit Institution) by the financial expert Gustav Pfeifinger, who was in favour of extending loans not only to estate owners but also to tradesmen, that is, to the working classes. Hellenbach, on the other hand, was of the opinion that only estate owners should be entitled to obtain loans, and envisaged the establishment of two mortgage banks, one for the landed nobility, which would extend loans backed by mortgages on estates, and the other for trades and crafts, associated with the Hungarian bank in Pest. This proposal was strongly opposed by Kvaternik, who argued that the mortgage bank had to be a Croatian institution and completely independent. The idea to establish such an institution was not implemented.¹⁵⁷ Once the Croatian-Hungarian Settlement was concluded, the establishment of the bank was no longer an issue. The subsequent period saw the founding of small monetary

Savings-bank book of the First Croatian Savings Bank, the PBZ Museum



Coin bag, the mid-19th century, the Jelačić Family Legacy, HPM/PMH 16307





SBORNIK zakonah i naredbah (Collection of Laws and Orders), HPM/PMH 31861

institutions in some county towns and of larger institutes in Zagreb and Osijek, all of them connected with Hungarian and Austrian monetary institutions.

From 1865 onwards, the operation of Austrian savings banks was regulated by separate rules, whereas Hungarian and Croatian and Slavonian savings banks came under the competence of the Hungarian Ministry of Agriculture, Crafts and Trade. The First Croatian Savings Bank was required to change the rules of operation on 1 May 1866. However, the new rules were adopted as late as on 18 March 1869 at the general meeting and approved by the Hungarian Ministry of Finance in 1870, when all the Hungarian requests were granted, principally that all shareholders, and not only those performing a



Union, the first Osijek steam-powered flour mill, 1891, the catalogue of the exhibition *Slavonia, Baranya and Syrmia: the Sources of European Civilisation*, Zagreb, 2009

Osijek match factory, 1856, the catalogue of the exhibition *Slavonia, Baranya and Syrmia: the Sources of European Civilisation*, Zagreb, 2009





Rijeka paper factory, 1879, the Arts Collection, MGR

Dubovac brewery, the Postcards and Greeting Cards Collection, GMK





Heinrich Franck Sons factory in Zagreb, *Obzor, Monograph*, 1860–1935, Zagreb, 1935

function at the Savings Bank, had to receive dividends. A novelty was that First Croatian Savings Bank started to operate as a joint stock company that paid out dividends to shareholders. This considerably increased the interest of affluent entrepreneurs in participating in the operation of the First Croatian Savings Bank and encouraged some Zagreb intellectuals to become shareholders, which gave the Savings Bank a populist and South Slavic character. Each shareholder had one vote and received dividends, while the members of the management board received bonuses.¹⁵⁸

The Hungarians turned to their advantage the freedom granted by the Settlement, which enabled them to strengthen their financial system and institutions. Immediately after the conclusion of the Austro-Hungarian Settlement a large number of savings banks and banks started operation thanks to a liberal act on the establishment of banks that came into force in 1868. Banks and savings banks could be founded as joint stock companies and engage in various types of operations, from lending operations to joint-stock operations. This boosted competition, with the result that some savings banks in Croatia failed. The period from 1868 to 1873 saw a large number of banks and savings banks established in Croatia and Slavonia, which was an indication that Croatia might have been prospering. And prosperity would probably have ensued if it had not been for the crash of the Vienna Stock Exchange, which led to the failure of an enormous number of joint stock companies and, in turn, stock holders. Croatian estate owners who mostly bought shares with the compensation they



Drach Sawmill in Caprag near Sisak, J. Lakatoš, *The Yugoslav Lloyd Economic Almanac*, Zagreb, 1929

had received for the estates in the urbarium¹⁵⁹ lost everything if they had invested all the money into the shares of a failed company. Some were left without any operating capital and could no longer afford to pay day-labourers to work on the land. This meant the beginning of the failure of risky large estates in North West Croatia. Banks were owned by foreigners. Banks financed newspapers, and newspapers praised the banks, writing about how they increased national resources by increasing equity capital. However, this was only an illusion. Banks paid out 9% dividends on their shares, while earning a lot more from these shares and interest rate spreads. Banks and savings banks had Croatian names, but their management boards, in addition to the representatives of the Croatian aristocracy and citizens, included many foreigners experienced in banking operations (mostly the Jews or Germans and some Italians).¹⁶⁰ The advantages of joint stock companies, with anonymous shareholders, started to be realised. Such shareholders could even anonymously bring bearer shares to the general meeting and take control of the company. Amid the shortage of substantial capital owned by individuals, equity capital became a major driver of progress and the banks accumulating it turned into the centres of power that escaped political control. Investing in shares was already at that time very profitable, but also risky. A shareholder could become rich overnight, but could lose everything just as fast.

The more liberal Hungarian legislation had a favourable effect on the Croatian monetary system in the period after the conclusion of the Croatian-Hungarian Settlement in 1868. Based on an idea originating in 1864, the Croatian Discount Bank (*Hrvatska eskomptna banka*) started operations on 16 November 1868. The preparations for setting up the Bank took so long due to the Crimean War and the weakening



Virovitica branch of the First Croatian Savings Bank, MSO

of the wheat trade, as well as to the establishment of many joint stock companies, which absorbed all available funds for share purchase. However, having acquired protection under Hungarian craft laws, the Croatian Discount Bank soon became the main bank that invested capital in founding new factories. The Croatian Discount Bank was considered to be working in favour of Croatian interests, more than the First Croatian Savings Bank, because its main shareholders were local people who wanted to launch industrial production in Croatia.

In the period after the conclusion of the Croatian-Hungarian Settlement in 1868 banking institutions and savings banks were established at a faster pace. Banking institutions included the Croatian Discount Bank (est. in 1868), the Slavonian Commercial and Discount Bank (est. in 1869 in Osijek), the Syrmian Savings and Discount Company (est. in 1870 in Vukovar), the Rijeka Bank (est. in 1871 in Rijeka) and the Croatian Commercial Bank in Zagreb, the Osijek Mortgage Institute, the Vinkovci Savings and Loans Company and the Sisak Mortgage Bank, all established in 1873. Savings banks included the Osijek Savings Bank, the Sisak Savings Bank (est. in 1868), the Varaždin Savings Bank, the Vukovar Savings Bank (est. in 1869) as well as the Slavonski Brod Savings Bank, the Đakovo Savings bank and the Osijek Savings Bank and Mortgage Institution (est. in 1871). The year 1872 saw the establishment of the Bjelovar Savings Bank, the Karlovac Savings Bank, the Križevci Joint-Stock Savings Bank, the Nova Gradiška Savings Bank, the Vinkovci Savings Bank, the Slavonian Central Savings Land Bank in Osijek, the Slatina Savings Bank, the Zagreb General Savings Bank and Mortgage Bank and the Zagreb Savings Bank, whereas the year 1873 saw the founding of the Varaždin County Savings Bank, the Virovitica Savings Bank,

the Koprivnica City Savings Bank, the Koprivnica Joint-Stock Savings Bank, the Našice Savings Bank, the Pakrac-Daruvar-Kutina County Savings Bank, the First Požega Savings Bank, the Samobor Savings Bank, the Senj Savings Bank, the People's Savings Bank in Rijeka and the Kraljevica Adriatic Savings Bank, 1875 saw the establishment of the Petrinja Savings Bank, 1876 of the Bakar Savings Bank and the Ogulin Savings Bank and the year 1880 saw the founding of the Ilok County Joint-Stock Savings Bank. Some of these monetary institutions, but only the most renowned ones, were authorised to issue their securities or bonds that added to their operating capital.¹⁶¹

The opening of the First Croatian Savings Bank and its successful operation were important for the image of Croatia as a country capable of managing its own finances, which fostered the idea of the economic independence of Croatia, evident in economic transactions of the bourgeois elite of Zagreb, a thriving economic and financial centre of Croatia. Zagreb became home to the middle class elite, led by Ambroz Vranyczany, who became rich thanks to trading in wine from Dalmatia to Slavonia and other elite members who built railways, cut wood and engaged in manufacturing.¹⁶²

In the 1840s, that is, in the period when the First Croatian Savings Bank started operating, the first initiatives were launched to establish a Croatian national bank. The National Assembly of the Kingdom of Croatia, Slavonia and Dalmatia, held in Zagreb on 25 March 1848 and chaired by Count Janko Drašković, voted in favour of item 13, stating that citizens were obliged to equally bear the charges and pay "taxes and levies" irrespective of the class they belonged to. The release of subjects (serfs) from labour service and allegiance was required under item 14, the establishment of a national bank (*podignutje narodne banke*) under item 15 and the return to Zagreb of the people's treasuries (*narodne kase*) and principals that had been taken to Hungary under item 16.¹⁶³ These people's demands (*narodna zahtjevanja*) were obviously motivated by the events in Vienna. Baron Franjo Kulmer, who led the delegation of 400 people and proposed that Jelačić be appointed as ban, clearly understood that the number of demands had to be reduced so that only a few of them were submitted to the emperor, including the demand for the establishment of the national bank. However, none of the requests were granted by the emperor.

The Croatian National Bank was established only after Croatia had gained its independence. It has to be mentioned that a bank bearing this name was founded in 1917 in Croatia, with the intention for it to become the major bank of the State of Slovenes, Croats and Serbs in 1918, but its name was soon changed. The same happened with the National Bank of the Independent State of Croatia from 1941 to 1945.

Currency in 1848

The year 1848 marked the end of the feudal system, but not of the absolute monarchy, because young Franz Joseph I (1848–1916) had control over the new situation. Once the revolution had been put down and national movements suppressed, the emperor broke the promises given to the peoples. After the capitulation of the Hungarian army on 13 August 1849, he declared a military dictatorship and introduced parliamentary absolutism, claiming that his power came from God and therefore did not depend on the citizens. This enabled him, based on the dictated constitution, to introduce the right of veto on every parliamentary act and ban the implementation of every act adopted by regional parliaments. The Austrian Empire thus once again became unified and the Monarchy an inseparable unit, which was also the basis



Franz Joseph I, HPM/PMH 2659



Coat of arms of the Austrian Empire, the 19th century, HPM/PMH 23615

Circular on the prohibition of banknotes issued by the Hungarian revolutionary government, 1849, OeNB

for the treatment of Croatia, Slavonia and Dalmatia according to the orders from Vienna.

All the gains of the 1848 movement were lost. The citizens fought for the rights that would enable them to enter the new bourgeois age, at the same time putting more and more emphasis on national rights. For the first time in history, the Slavic peoples, as well as the Hungarians, exhibited their strength and showed their aspirations, while the Austrian emperor invested efforts in the preservation of the old regime, desiring as few changes as possible. Although the emperor had to grant the constitution, he did not treat Croatia fairly, so that the Croats were rewarded for saving the Court of Vienna with the same thing that the Hungarians received as a punishment. They actually received less, because the emperor was afraid of the Hungarians, who since 1790 had been insistent on the strengthening of their language on the whole territory of the Hungarian state, as well as in Croatia, not moving an inch from their idea of independence. The emperor respected their aspirations, but his stance towards Croatia was different. Due to the illness of Ban Jelačić, Croatia increasingly weakened in the period of implementation of the dictated constitution, and Dalmatia and Istria were treated as provinces under the direct rule of the Imperial Council.



Two kreuzer coin of Franz Joseph I, 1848,
the Numismatic Collection, AMZ

Court of Vienna

The finances of the Habsburg Monarchy in Vienna were in disarray in 1848. The government debt totalled 941,906,000 guildens. As early as in May 1848, the national bank had to discontinue the conversion of paper banknotes into silver coins, so that the paper money became the main means of payment. The weakening of the exchange rate of paper money against silver guildens prevented speculative trading and made economic development impossible.¹⁶⁴ Against a background of revolutionary changes, depositors grew insecure, requiring that their paper notes be exchanged for coins, which was a request that banks could not meet. The finance authorities again introduced a forced exchange rate of 103 guildens, although the disagio was very high (110). As this measure brought no results, the redemption of



Two silver guildens, 1848, OeNB



Wallet, around 1850, the Jelačić Family Legacy, HPM/PMH 16325

banknotes was forbidden.

Government notes (*Staatsnoten*) were introduced again in 1849 at a forced exchange rate with the aim of covering the costs. This currency had no metal coverage, that is, it had no real value. The interests of the finance authorities and the Privileged Austrian National Bank started to diverge under such conditions, due to their obligations to investors. The Bank sought to obtain as large quantities as possible of gold, silver and copper coins, while the Ministry of Finance wanted a unified paper currency amortised by the capital of the state railway company and the shares of private railway companies. The reissues of paper money decreased its real value, with the result that even silver and copper change was withdrawn from circulation. Due to disturbed monetary relations, coins were not released into circulation in the 1848 to 1851 period, but were replaced by paper money in small denominations, the so-called paper coins or “*šajni*” (*Münzscheine*) of six and ten kreuzers.¹⁶⁵

Such monetary conditions led to widespread discontent among the masses, faced insecurity regarding their earnings, provisions and currency. The Habsburg Monarchy seemed to be on the verge of collapse in 1848. Emperor Ferdinand I of Austria fled to Innsbruck,



Five kreuzers (*karantans*) of the City of Rijeka, 1850, the Numismatic Collection, AMZ



Ten kreuzers of the City of Bakar, 1849, the Numismatic Collection, AMZ



Ten kreuzers of the City of Karlovac, 1849, the Numismatic Collection, AMZ

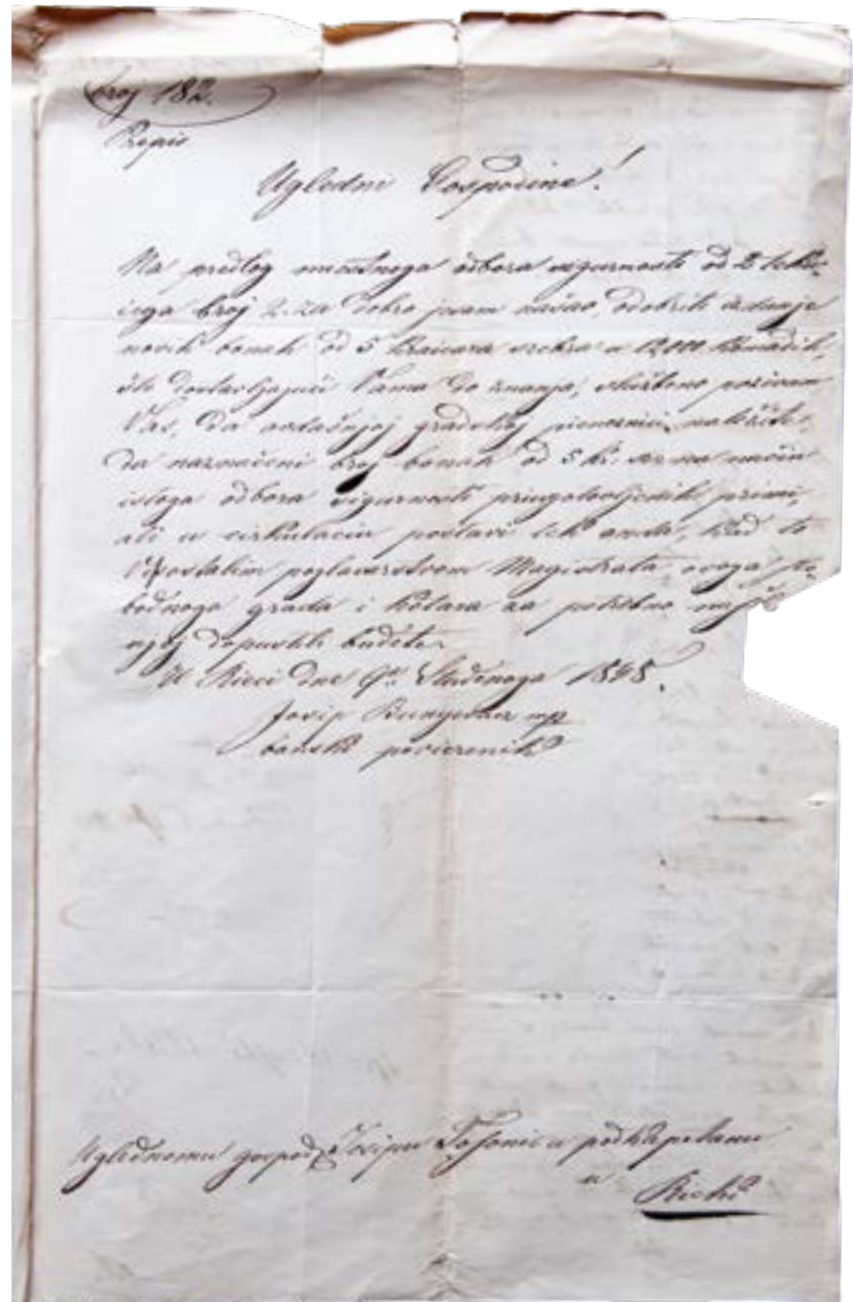


Twenty kreuzers of the City of Karlovac, 1849, the Numismatic Collection, AMZ

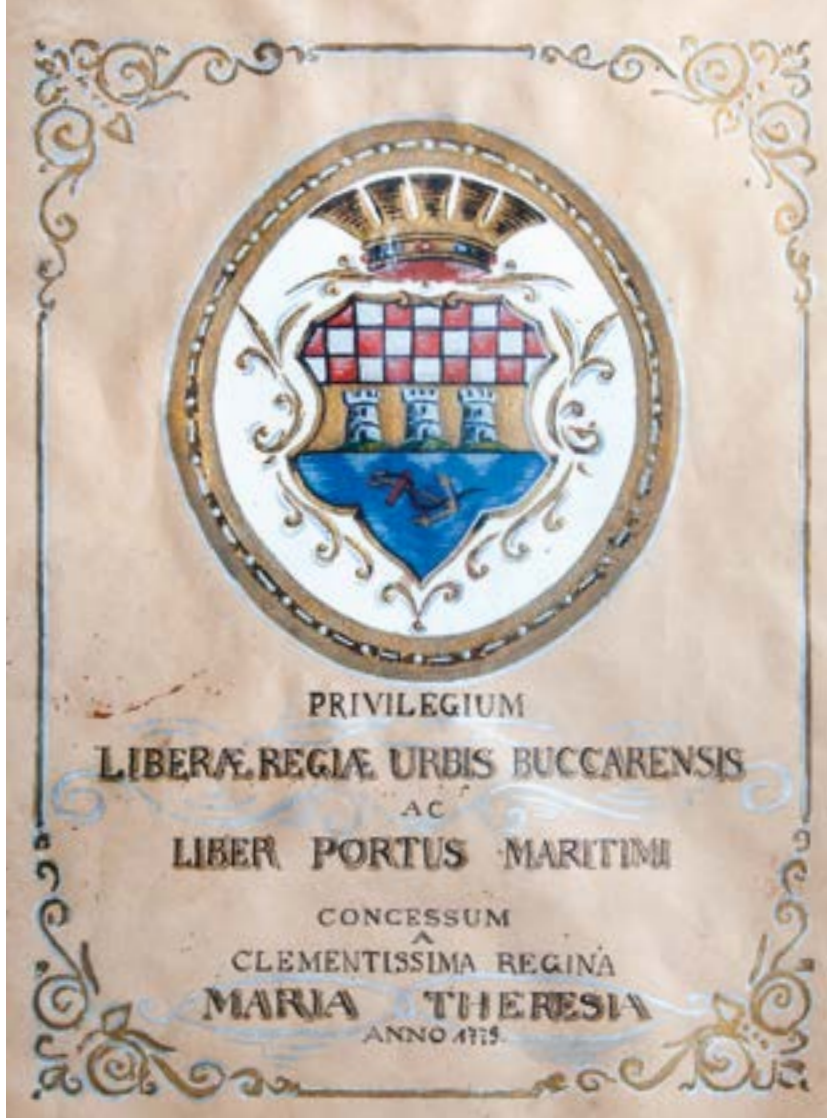
with the whole court, and in the autumn that year to Kroměříž. In the meantime, Ban Josip Jelačić saved Vienna in spring and again in October 1848, earning the appreciation of the young Emperor Franz Joseph I. However, the emperor did not express his approval in the right way, although he retained Jelačić as ban until Jelačić's death in 1859, a position held by no other regent in any Habsburg region or state.

Jelačić Kreuzer and Securities in Croatian Cities

The Jelačić kreuzer (*križar*), minted in the Zagreb mint in 1849, is a reminder of Croatia's glorious historical period, when the country aspired to gain independence from Buda, and probably from Vienna.



Letter from Josip Bunjevčanin, the ban's commissioner, to the Rijeka subcaptain Josip Tosoni for the purpose of issue of kreuzers, the Rijeka City Council, HR-DARI-22

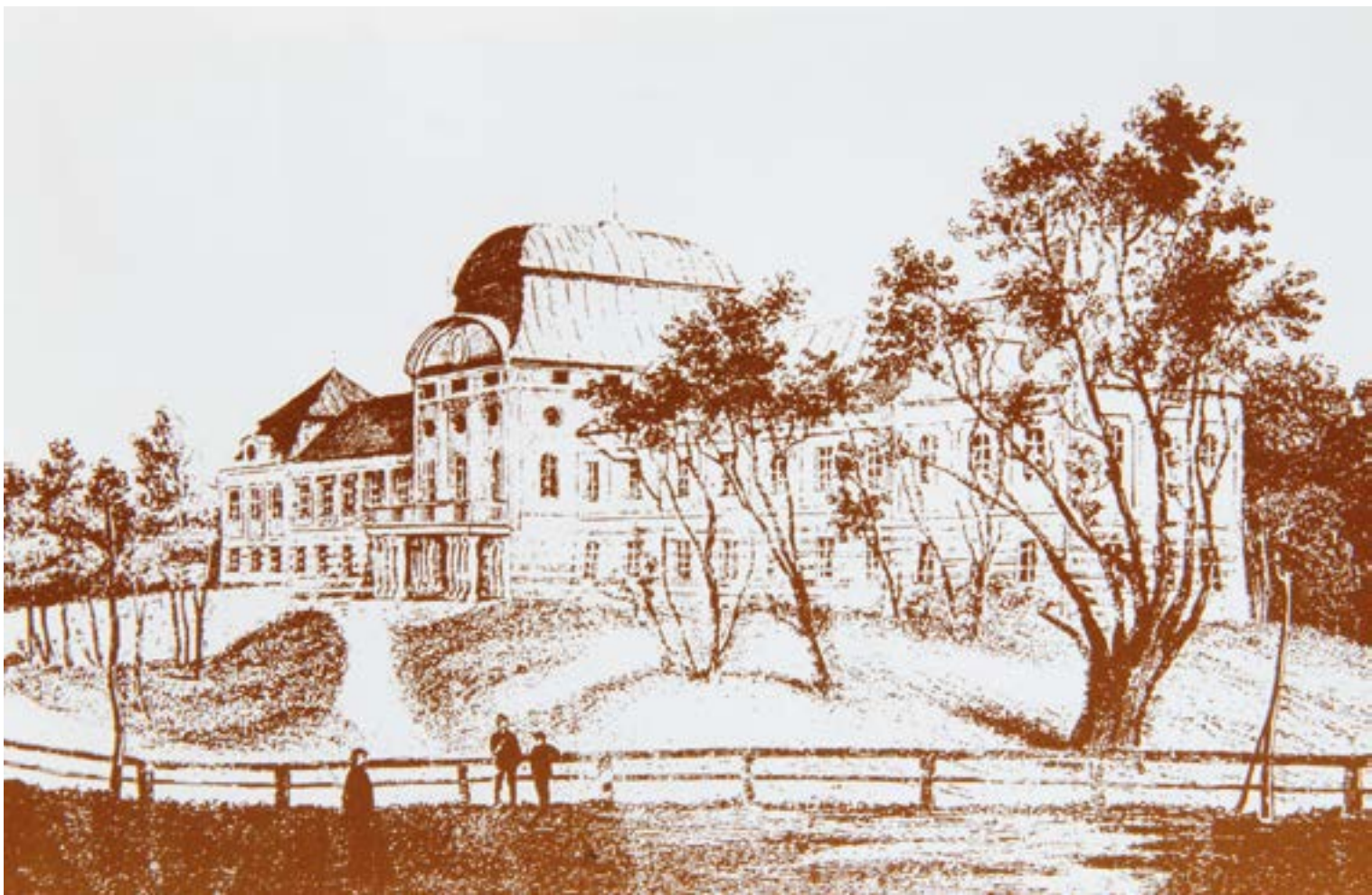


Stamp of the Karlovac City Council, the 19th century, GMK

Charter of Empress Maria Theresa awarding the city of Bakar the status of a free royal city and free port, 1779, GMB

On 25 April 1848, Ban Jelačić abolished serfdom and the tithe or the one tenth tax, which was levied only on the rural properties, entered in the urbariums, while non-rural properties remained subject to the tithe. This radicalised the economic scene. The demands and requirements, expressed at county and city assembly meetings, which remained unpublished until the present day, and differed considerably,

Pejačević Castle (subsequently named Schaumburg-Lippe), Virovitica, the Postcards Collection, MSO





Count Kázmér Batthyány, HR-DAOS

Decree on the assignat issue in Osijek, Central Security Committee, 1849, the Documentary Collection, MSO

Stanovnicima Grada Oseka!

Udalj Odborova Viskovskog Gospodina darovnog Poverenika Grada Kozimira Batthyány, i po Narodni Sigurnostni Odbor, daje se za izdati:

Daje se izdati sedam novčanog potražnja u kruni Varoši doskadi, tergovnoj kruni u osječkom Gradu pod imenom **Elias Lekitsch** obnosivim vlastitice, Assignatice od vrednosti **3000 forintih Srebra**, i to:

2000 fl. — po 10 kr.
1000 „ — „ 20 „

u dele sadržavajući sliki u tekstu ovdje.

Ove novčanice izdati će se u danima redom, po jednom od Gospodina: **A. Goriupp, A. A. Goriupp, Paris Vachtler i Eduard Durac** potpisane izdati, i promena na redovnom Banke i obzorg Statika u vrednosti najmanjoj od 5 forintih, ovisi Nedelje i svježan dana, svaki dan časa u jutro od 9 do 12 Satih, poslije podne jake od 2 do 5 Satih, kad redom tergovne kose izdati moći, koja je za to Jemstva na se uzela.

Alako Odborova izdati, redom Assignatice do 10000 forintih Srebra, čija se za izdati časa Kozimira **Elias Lekitsch** obnosivim vlastitice, izdati će se u danima redom, po jednom od Gospodina: **A. Goriupp, A. A. Goriupp, Paris Vachtler i Eduard Durac** potpisane izdati, i promena na redovnom Banke i obzorg Statika u vrednosti najmanjoj od 5 forintih, ovisi Nedelje i svježan dana, svaki dan časa u jutro od 9 do 12 Satih, poslije podne jake od 2 do 5 Satih, kad redom tergovne kose izdati moći, koja je za to Jemstva na se uzela.

U Oseki dana 16. Januara 1849.

Sredotočni Sigurnosti Odbor.

No. Serijs

Assignment
für zehn Kreuzer Conv. Wtz.

20 Kr.

wird für den Betrag von zwanzig fl. Gulden Conv. Wtz. eingelöst werden.

Ausgegeben von **Elias Lekitsch.**

Ausgeg. den 16. Januar 1849.

An die Bewohner Siegg!

Das Ausschussung bei Hofschreiner Herrn Isidor-Commissar Grafen Casimir v. Batthyány, und im Auftrag des Central-Sicherheits-Gemite wird befohlen gemacht:

Dass, um dem künftigen Bedürfnis der Bevölkerung im Verhältnis der Stadt zu entsprechen, das Ausschussung **Elias Lekitsch** in der neuen Stadt auszugeben wird, Assignatice für den Betrag von fünfzehnhundert **Gulden Conv. Wtz.**, und zwar:

fl. 2000 — à Kr. 10 —
„ 3000 — „ 20 —

und entsprechende Summe in Umlauf zu setzen.

Dass werden in festem Nro. und bester Serie von einem der Herren **A. Goriupp, A. A. Goriupp, Paul Wachtler** und **Eduard Durac** contrasigniert herauszugeben, und bei Auszahlung gegen Staats-Papier facta im ersten Bezirk von fünf Gulden an der Höhe und Freitag täglich von 9 Uhr bis 12 Uhr Mittag, und Samstag von 2 bis 5 Uhr bei festem Ausschussung geöffnen, wobei auch dafür die Zahlung übernommen ist.

Collum et die Umlaufe abhänig machen, dass 20-Kreuzer auf R. 10000-Gulden Wtz. je verwechselt, je 10 und je 20 Kreuzer Ausschussung des Ausschussung **Elias Lekitsch** herausgeben, wobei jeder dieser Assignatice werden mit der Umlaufe des Ausschussung-Papier facta. Die Ausschussung davon je lang ist, bei Bedarf durch andere Ausschussung abgehoben ist, physisch oder wird befohlen eine entsprechende Ausschussung übernommen.

U Siegg den 16. Jänner 1849.

Das Central-Sicherheits-Gemite.

No. Serijs

Assignment
für zehn Kreuzer Conv. Wtz.

10 Kr.

wird für den Betrag von zehn fl. Gulden Conv. Wtz. eingelöst werden.

Ausgegeben von **Elias Lekitsch.**

Ausgeg. den 16. Jänner 1849.

K. Wirtsch in L. Kersch in Siegg.

were testimonies to the problems and the greatest desires of the population at the time. The general demands were for the integration of the Croatian lands as well as the freedom of work and equality in tax payments. In almost all instances the people required the establishment of a national bank.

The five months long minting of the Jelačić kruzer in Zagreb is certainly an interesting Croatian historical phenomenon. In 1848, the inflow of currency in small and large denominations from Vienna stopped, resulting in a marked shortage of coins, the only trusted currency form. Some cities solved the problem by issuing their own currency. For example, the Rijeka City Council in 1848 issued paper currency of five and ten kruzers (*karantan*), in 1849 of three kruzers and in 1850 of three and five kruzers. The City of Bakar released two issues of five and ten kruzer banknotes in 1849. The City of Karlovac in 1848 released one and in 1849 two issues of small-denomination paper currency of ten kruzers. This was the first paper currency with an inscription in the Croatian language. In Osijek, in 1849, the merchant Antun Goriupp, assigned ten and twenty kruzers upon an order of Count Kázmér Batthyány.¹⁶⁶ In Virovitica and Mikluš, the Schaumburg-Lippe estate on 19 March 1849 issued estate-owners' remittances – promissory notes in the denomination of six, eight and

Ten kruzer remittance – promissory note of the Schaumburg-Lippe estate, 1849, STABU



Najam Wangl an Silber- und Kupfergeld, um des Reichthumsweises durch persönliche Anstaltungen der Zagrebener Münzstätte zu machen, hat die Administration der kaiserlichen Verwaltungen und Mäkeln beauftragt, Anordnungen über die Münzstätte um den Betrag von drei hundert Gulden Conventions-Münze n. J.

9000 Stück a 6 kr. C.M. befristet von Kr. 1 bis 9000 um . . . 900 fl.
 8250 Stück a 8 kr. C.M. befristet von Kr. 1 bis 8250 um . . . 1100 fl.
 6000 Stück a 10 kr. C.M. befristet von Kr. 1 bis 6000 um . . . 1000 fl.

herauszugeben, welche im Verlaufe der gesamten kaiserlichen von allen kaiserlichen Beamten in jedem Kauforte, Geldwaare u. s. w. anstatt hiesiger Silber angekauft werden.

Diese Scheine sind von kaiserlichen, und dem Herrn Reichsrath Carl Lobkowitz eigenhändig unterschrieben, und die Reichsaufsicht ist durch den kaiserlichen Reichsrath, sobald diese unterschrieben um einen Gulden zur Gültigkeit gebracht werden.

Zur Sicherheit des Publicums dient das Verlangen der kaiserlichen Reichsaufsicht. Die Original-Unterzeichnung ist bei dem Herrn Reichsrath v. Bellossewitsch deponirt.

Wien am 19. März 1849, der Kaiserliche Reichsrath Werde und Mäkel.

K. S ö e t t e r m. p.

Zbog namjaka srebrnih i bakrenih novčak, da nadilaze točno isplativati, i tako gospodarstvo svoje sredstvo terati moći, spravičljivo gospodinstva Verovica i Mäkel namjaka, zaveme cedulje ili upisne (Scheine, oder Assignatsen) za tri hiljade forinta srebra i bakra, i to

9000 Kruzata po 6 kr. sr. različitih od kr. 1. do 9000 za . . . 900 for.
 8250 Kruzata po 8 kr. sr. različitih od kr. 1. do 8250 za . . . 1100 for.
 6000 Kruzata po 10 kr. različitih od kr. 1. do 6000 za . . . 1000 for.

koje u okruge rednih gospodinstva kod svakoga stanovnika upisane, u svakom slučaju, kao i t. d. sa svim gutim novčak primiti hoćeju.

Ove cedulje kroz dale podpisane i g. p. osobito Dragutin Lobkowitz svojeručno podpisane su, i osobito upisane za nje plaća cele vrednost u austrijskim bankovnicama, kako se njih najmanje za jedan forint za mijenjanje došće.

Za sigurnost Običnosta stali celi imetak spomenutih gospodinstva, i izvanik ovog proglaš gospodinstva velikoga sudca Pavla Bellossewitsch predat jest.

U Verovici 19. Olojka 1849.

Pavo Bellossewitsch,
 veliki sudac.

Decree on the issue of currency of the Schaumburg-Lippe estate, 1849, STABU.

ten kreuzers worth 3,000 silver forints that were used for all payments on the estate.¹⁶⁷ The authorities were tolerant towards this currency, which could be exchanged for the legal tender.

However, the Jelačić Ban's Council also needed money. Following the example of Hungary, which had begun to print its own currency, the Ban's Council enacted a decision on 2 December 1848 to purchase a minting machine using the funds of the Croatian and Slavonian Treasury. Only a day earlier, on 1 December 1848, Ban Jelačić issued a decree on the establishment of a mint in Zagreb, which was to mint copper and silver coins. The mint, located on *Gornji grad* in Zagreb, was intended to mint one-kreuzer copper coins and twenty-kreuzer silver coins. However, only one-kreuzer copper coins were minted.¹⁶⁸ The mint was improvised. A mechanic from Karlovac, Daniel Shultz, designed a minting machine and was compensated by 638 gulden and 55 kreuzers.¹⁶⁹ Schulz and Jakob Pogorelec installed the machine on the ground floor of the official residence of the Croatian bans (*Banski dvori*) on *Gornji grad*.

The *assignats*, dated 5 June, 1848, were printed in denominations of 25, 100 and 1,000 forints, as large funds were required for the war against the Hungarians. These *assignats* were to be used to obtain a loan of half a million forints. This was the first attempt to issue Croatian

Antun Goriupp, the private collection of Krsto Knobloch



Twenty-five forint *assignat*, 1848, MGZ

paper currency. Banknotes featured an olive green border and the coat of arms of the Triune Kingdom on the obverse. They were issued by the Croatian State Treasury and signed by Ban Jelačić. Their dimensions were 24 × 17 cm.¹⁷⁰ The loan based on these *assignats* was not taken out, probably because Jelačić was granted a loan by the Austrian National Bank, as seen from an application for the amount of one million forints, sent to the Bank on 28 August 1848. However, the funds were not put into circulation due to the fact that the Austrian government, by an act of 12 April 1849, after the adoption of the dictated constitution

Unveiling of the monument to Ban Jelačić, the Zagreb Photojournalists Collection, MGZ





Josip Jelačić, the Arts Collection, MGR

(4 March 1848), which was declared a fundamental act in Croatia as late as on 6 September, banned the printing of *assignats*. As there was no longer any need for *assignats*, on 16 July 1850, the Ban's Council ordered that all unused ones, that is, those signed by the ban, but not issued, be burned. As recorded by Franjo Zengewall and Ivan Gregurić, the members of the commission, 296 banknotes in the denomination of 1,000 forints were destroyed and four such banknotes were preserved. Another 896 *assignats* denominated at 25 forints were destroyed and four were preserved. The record of the destruction of the currency, dated 22 July 1850, shows that the activity was carried out under strict supervision.¹⁷¹ The currency could be printed only by the state, and the printing of the ban's currency meant interfering with the affairs of the state. The preserved currency items are today valuable rarities in the Croatian numismatics.



Ban Jelačić kreuzer (*križar*), the Numismatic Collection, AMZ



Jelačić forint (medal), the Numismatic Collection, AMZ

Only 22 Jelačić kreuzers were preserved. These coins were not of high quality. The die for the coin reverse cracked when it was struck and cracks remained on all the extant coins. The die was made by the Austrian die cutter Joseph Bernsee. The reverse of the coin featured the inscription *TROJEDNA KRALJEVINA HÉRVAT. SLAV. DALM.* in the field surrounding the coat of arms of the Triune Kingdom: the escutcheon with the coats of arms of Slavonia, Croatia and Dalmatia and a crown on top. The obverse of the coin bore the inscription *JEDAN KRIŽAR 1849.*, with the letter “Z” designating the Zagreb mint.¹⁷² The coins weighed 9.61 grams and had a diameter of 26.5 millimetres.¹⁷³ They were also withdrawn from circulation and destroyed.

In 1848, a medal called the “Jelačić forint” or the “Jelačić gulden” was also minted.¹⁷⁴ The medal featured a portrait of Ban Jelačić, engraved by Bernsee in Karlsburg according to Jelačić’s portrait by Maksa Piškorec.¹⁷⁵ The authorisation for this currency was sought after its minting. Due to the year of the minting, the Jelačić forint bears the inscription 1848, the same year when the assignments were printed. Small-denomination coins were minted in 1849. Franjo Kulmer, a Ban’s Council member in charge of finances, on 26 February 1849 sent a request to Vienna for the minting of small-denomination silver and copper coins in the country. The minister of finance, Kraus, realising the threat of printing the Croatian money in Croatia, on the same day ordered the Payment Office in Graz to send 1,000 gulden in the denomination of six kreuzers and 2,000 gulden denominated at one kreuzer to the Ban’s Government, demanding on 28 February 1849 that Kulmer should destroy all the minted currency, stating that “the Ban’s Government is not entitled to mint its own currency.” The obedient Jelačić stopped the printing himself, while a number of copper coins and all four Bernsee dies were shipped to the Vienna Royal Mint, where they are kept today as valuable rarities.

The activity of the Ban Council’s Financial Department, established in autumn 1848, waned until autumn 1849 as trade died out amid uncertain conditions and excessive trade speculations, so that authorisation had to be sought from Ban Jelačić and Ban’s Council officials.¹⁷⁶ Ambroz Vranyczany also seems to be involved in the destruction of this currency. In 1849, when he went to Vienna as a commissioner for the economy to resolve financial and trading issues, he obviously abstained from making any specific financial requirements for Croatia.¹⁷⁷ Croatia’s only genuine attempt at gaining independence through its own currency issue was cut off at the roots and very soon forgotten.

In the period preceding the establishment of economic and cultural institutions priests were often the only ones that enlightened the people. One of them was Tomaš Mikloušić, a priest from Stenjevac, who in 1819 published the Croatian Hundred Year Calendar – *Dnevnik stolétni od léta 1840 do léta 1940 kažući*. The third edition of the Calendar, published in 1849, featured a list of the main types of European currencies. The Calendar served as an important economic manual, providing not only information about the monthly schedule of agricultural works, but also information on prices. Judging by the list of currencies presented in the Calendar, the trade of Croatian lands with Europe was highly developed in the first half of the 19th century.¹⁷⁸

Currency in the Habsburg Monarchy until the Austro-Hungarian Settlement

At first it seemed that after 1848 the Habsburg Monarchy would be built as a constitutional monarchy, granting the peoples substantial rights to their own languages and independent development. However, Emperor Franz Joseph I soon took a turn towards strengthening neo-absolutism. The dictated constitution was in 1851 declared unenforceable, pursuant to the emperor's decree issued on the New Year's Eve, which accelerated the process of centralisation and



Crown of Rudolph II, later the Imperial Crown of the Austrian Empire, J. Vermeyen, 1602, KHM, Vienna

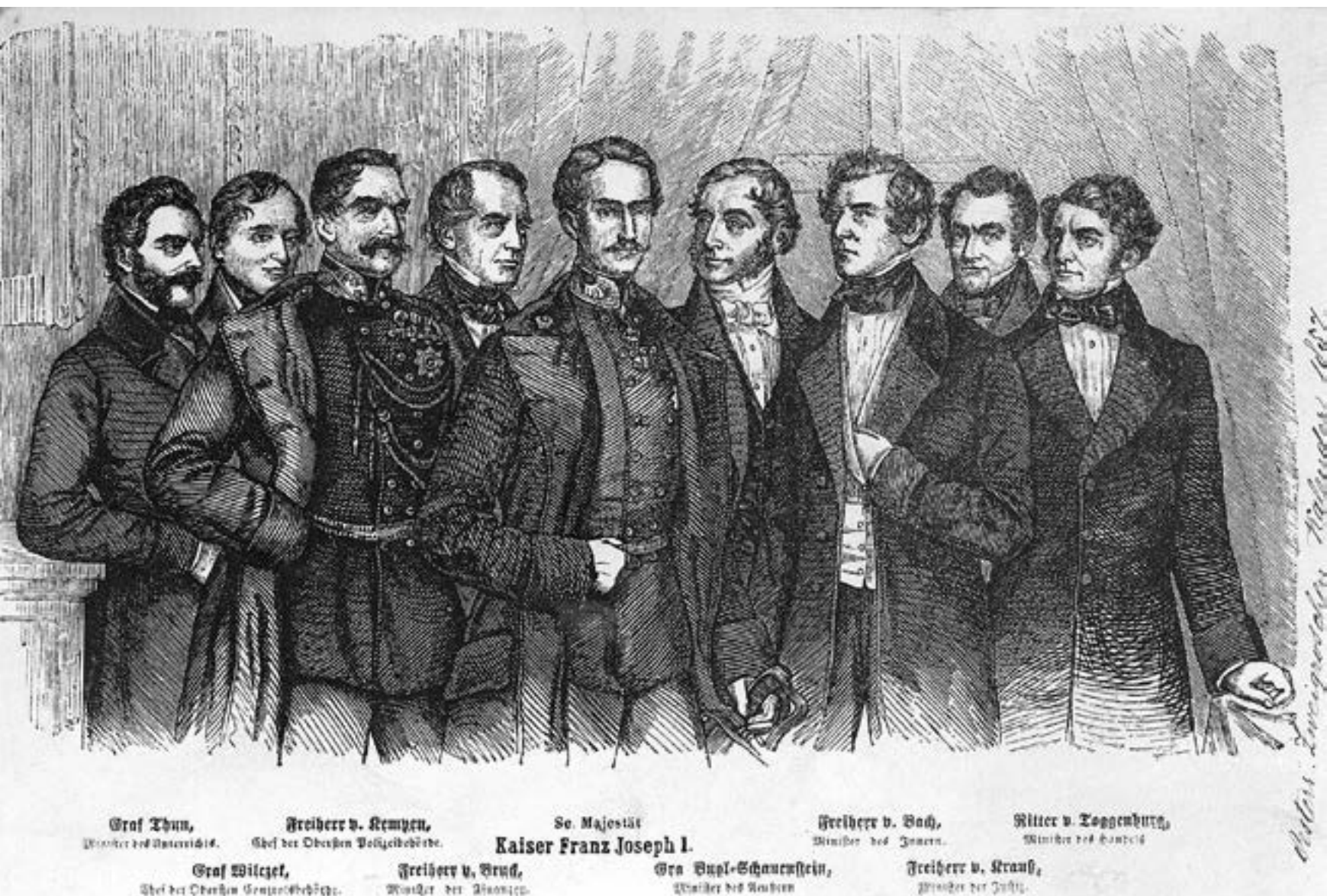
Germanisation; Ban Jelačić was degraded to the position of a mere official of the emperor.

The failed war of 1859 and the empty imperial treasury induced the emperor to issue the October Diploma in 1860, readopting the constitution and giving rise to expectations that important issues would again be resolved at parliaments. This was also the case with Croatia. Two parliamentary sessions were held in Zagreb, in 1861 and 1865, but both were dissolved pursuant to the emperor's decision because the members of parliament demanded the unification of Dalmatia and Croatia and the establishment of institutions contributing to Croatia's development. Instead of granting these requests, the emperor reinforced Croatia's ties with the Hungarians, with whom, after he had been defeated by the Prussians in the Battle of Königgrätz, he entered into an agreement on dividing the Monarchy into two halves.

Monetary Policy in Austria

The currency in Austria was influenced by speculations. The agio was charged on paper money for export payments because the silver gulden exchange rate kept depreciating. As agreed with the Ministry of Finance in 1853, the Privileged Austrian National Bank was to accept all state-issued paper banknotes in circulation. The printing of such currency was stopped and the forced exchange rate abolished.

Franz Joseph I with ministers, ÖNB





Poster, the Imperial Royal Privileged Southern Railway Company, 1898, P. Balzer, J. Weber, 1992, the Poster Collection, ÖNB

In 1855, the Rothschilds founded the Austrian Credit Institution for Trade and Industry (*Österreichischer Kredit-anstalt für Handel und Gewerbe*) and, supported by the minister of finance Karl von Bruck (1855–1860), started to issue shares to raise capital for railway construction in the Austrian Monarchy.¹⁷⁹ However, the 1857–1858 crisis, which, initiated by the banking crash in New York, spilled over to Great Britain, North Germany, Scandinavia and returned to South America, causing bankruptcies and job losses,¹⁸⁰ as well as the Franco-Italian war against Austria in 1859, slowed down the building of railways and postponed the planned industrialisation based on equity capital.

Banks became very important as it was evident that the development of industry and transportation depended on bank capital. The First Croatian Savings Bank in Zagreb, the only domestic bank in the Kingdom of Croatia, Slavonia and Dalmatia, had a small amount of capital, so that railway construction was carried out by the Southern Railway Company, which started operation on 18 November 1876.

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EISENBAHNKARTE VON



OESTERREICH - UNGARN.



Map of the Austro-Hungary railways, T. von Bomsdorff, 1871, the Map Collection, the Ostrava City Archives

The company was established on 23 September 1858, with its seat in Vienna, as the Imperial Royal Privileged Southern Railway Company (*Kaiserlich-königliche privilegierte Südbahn-Gesellschaft*), with a large equity share owned by Rothschild banks, whose shareholders were the Princes of Fürstenberg, Schwarzenberg and Auersperg as well as other members of the Austrian aristocracy. Banks had majority shareholdings in industry. Croatia was at a relative disadvantage due to its fragmented territory, with Dalmatia under the authority of Austria and the Military Frontier of the Ministry of War and with Hungary's persistent claims to three Slavonian counties.

A quarter gulden of Franz Joseph I, 1857, the Numismatic Collection, AMZ



The unification of the European measurement and monetary systems was required at least as early as the French Revolution, but it was achieved much later. In the Habsburg Monarchy, the currency was decimalized first and other measures as late as in 1876, a process which posed many difficulties for common people. The Treaty of Paris of 1856 marked the beginning of a three-year period of peace for Austria. However, this attempt at the regulation of the money market failed. This was because Austria became indirectly involved in the Crimean War (1853–1856) and had to arm itself and equip the army owing to fears that war could not be avoided. The finances required for the warfare at the time of the Crimean War were raised by a “war loan”, a new tax that

continued to be collected after the signing of the Treaty of Paris, which, among other things, provided for the opening of Danube trade routes towards the east. The value of the gulden fell to 75 kreuzers during that war. Banknotes were printed again, army expenses increased, and the Monarchy's total revenues sufficed only to cover 69% of the total costs. The disagio was 137.¹⁸¹ The tax burden was borne by the masses that migrated towards the cities and market towns after the abolishment of feudalism, contributing excise taxes to the state treasury. The Bach administration was meticulous, but very expensive. Due to the fear of a new revolution, and a new war with Italy, large sums were spent on the army and military exercises were frequently organised.

The Bavarian-Austrian Convention standard currency, existing since 1753, was in 1858 replaced by the Austrian standard currency. On 24 January 1857, the Monarchy and the German Customs Union concluded an agreement to abandon the Convention standard currency. The emperor's decree of 19 September 1857 introduced a new Austrian standard gulden that on 1 November 1858 became the only currency of payment (2/4 of the Vienna standard – *Wiener Währung*).¹⁸² One Convention standard gulden equalled 1.05 of the new Austrian standard gulden. The implemented financial reform had the characteristics of devaluation. The timing of the reform was inconvenient as the economy needed to be stimulated and developed, rather than stifled. The introduction of this currency not only confirmed the identity of the Austrian Empire, but it also simplified operations through the use of the decimal system and was another attempt to stabilise the currency and politics. The currency was issued by the Privileged Austrian National Bank in the denominations of 1, 10, 100 and 1,000 gulden. Silver coins denominated at 1, 2 and 1/4 of the



One Austrian standard gulden, 1858, OeNB

Slide rule, OeNB

Mit k.k. Patent vom 1/9 58 bestimmt Werthe von Conventions-Münze nach neuer Oesterr. Währung.

Münzen in Silber		fl.	kr. d. W.	Silberscheidemünze		fl.	kr. d. W.
2	Gulden oder Scudo	2	10	6	Kreuzerstücke von 1848 und 49	10	
1	Gulden oder Scudo	1	5	Kupferscheidemünze			
20	Kreuzer neueren Gen. des 1 Lira Austria		35	2	Kreuzerstücke	3	
20	Kreuzerstücke älteren u. präges.		34	1	Kreuzerstück und 5 Centesimi	1 1/2	
10	Kreuzerstücke und 1/2 Lira		17	3	Centesimi Stücke	1	
5	Kreuzerstücke und 1/4 Lira		8 1/2	1/2	Kreuzerstücke und 1 Centesim	0 1/2	
3	Kreuzerstücke		5				

zur Umwechslung Silber Silber Silber Silber Silber

	fl. Conv. Münz.	fl. Oesterr. Währ.	kr. Oesterr. Währ.	O.W. kr.	CM.
20	20	21	—	52 1/2	30
19	19	19	95	50	29
18	18	18	90	49	28
17	17	17	85	47 1/2	27
16	16	16	80	45 1/2	26
15	15	15	75	43 3/4	25
14	14	14	70	42	24
13	13	13	65	40 1/4	23
12	12	12	60	38 1/2	22
11	11	11	55	36 3/4	21
10	10	10	50	35	20
9	9	9	45	33 1/4	19
8	8	8	40	31 1/2	18
7	7	7	35	29 3/4	17
6	6	6	30	28	16
5	5	5	25	26 1/2	15
4	4	4	20	24 1/2	14
3	3	3	15	22 1/2	13
2	2	2	10	21	12
1	1	1	05	19 1/2	11
				18 1/4	10
				17 1/2	9
				15 3/4	8
				14	7
				12 1/2	6
				10 1/2	5
				8 3/4	4
				7	3
				5 1/4	2
				3 1/2	1
				1 3/4	—



Franz Joseph I, MGKc

gulden and at 5 and 10 kreuzers as well as copper coins denominated at half a kreuzer and 1 kreuzer were released into circulation. The issue of the currency seemed to be finally resolved and the Austrian currency standard established. Convention standard banknotes were planned to be withdrawn from circulation by the end of 1859.¹⁸³ Complex conversion operations had to be performed, 60 Convention standard kreuzers had to be converted into 100 Austrian standard kreuzers as the Austrian gulden was worth 100 kreuzers, and the Rhenish thaler 60 kreuzers, which was done by a special conversion device, known as the slide rule (100 Convention standard guldens equalled 105 Austrian standard guldens). However, due to the outbreak of war between Austria and France and Piedmont in 1859, these ratios changed. Paper money could be temporarily exchanged for coins, i.e. from November 1858 to April 1859, but this was no longer possible after the outbreak of the war.

Amid these adverse conditions, the state had to sell its railway shares to the Southern Railway Company, with the result that the railway construction was from then on in the hands of foreigners. The banking circles required control over the disarranged public finances. After the finance minister, Bruck, committed suicide, it became clear that administrative and financial operations had to be shared with the regions, that economic centralism was no longer an option, that the constitutional system revoked in 1849 had to be reinstated and that it was of vital importance to cooperate with the most prominent representatives from all regions of the multinational Habsburg Monarchy. The Hungarian economy was on a steady upward trend, as Hungary bore no costs for the army and exploited its position in mid-Central Europe for supplying food to large cities.

Having been defeated at Montebello, Magenta and Soldering, Franz Joseph I had to sign a treaty under which the Monarchy lost Lombardy and kept only Venice. Moreover, leading European states realised how weak a state the Habsburg Monarchy was and refused to grant it new loans, even Great Britain, which took such a stance

Weight of thalers minted from 1566 to 1857 and their value in kreuzers and groats

	Name of the thaler	Weight in grams	Equivalent in kreuzers in the territory of Austria	Equivalent in groats
1566	Imperial thaler established by the Currency Decree	29.23	90	24 (28)
1577	Imperial thaler for Tyrol	28.82	105	32
1659	Imperial thaler for the Habsburg Lands	28.82	120	
1750	Imperial thaler for Prussia	22.27	–	24
1753	Convention standard thaler for Austria and Bavaria	28.06	120	
1755	Crown thaler for Habsburg Netherlands	29.44	136	37.7
1801	<i>Kassenthaler</i> for Hannover	24.50	–	
1838	Common two-thaler currency established by the Dresden Coinage Convention	37.12	–	60
1857	Common thaler established by the Vienna Coinage Convention	18.52	90	30

Source: *Deutsche Taler...*, München, 1967, p. XXVI

because it was offended by Austria's reserved attitude during the Crimean War. The Kingdom of Italy, established to the south of the Monarchy and headed by Victor Emmanuel II (1860–1878), steadily grew in power.

In 1859, owing to the war, government expenditures reached 588,266,000, exceeding revenues by 14%. The government debt was 2,307,074,000 gulden. It was expressed by three standards: the Vienna standard, the Convention currency standard and the Austrian standard, which highly complicated borrowing.¹⁸⁴ The disagio increased anew, amounting to 170 in 1861. Coins were once again withdrawn from circulation, as at the time of industrialisation the real value of metal exceeded its nominal value. The currency in circulation, standing at 477,000,000 gulden in 1861, fell considerably, amounting to only 337,900,000 gulden in 1865. The precious metal coverage was 41% so that the reduction in circulation currency was hard to sustain. The silver agio, which had kept the balance between more valuable silver coins and paper money, decreased from 150 in January 1861 to 102 in March 1866. Although this was expected to increase the amount of currency in circulation, the negative balance of trade rose sharply instead, which was both a consequence and a cause of the major economic crisis.¹⁸⁵ The global crisis, which due to the American Civil



Half kreuzer of Franz I, 1816, ZMSG, Županja

One gulden (forint), 1882, ZMSG, Županja



War strongly affected the textile industry, was boosted even more by this kind of Austrian monetary policy. Financial experts throughout the Monarchy, both in Vienna and in regional parliaments, devised methods for obtaining a sound currency.

The unlettered masses had difficulty understanding the complex monetary system and valid currency. This was why only the well informed could deal with trade, including those apt to committing various kinds of fraud. The currency in circulation among the common people was neither the thaler nor the gulden but smaller-denomination coins, kreuzers or groats. The coinage was in use for long after it was withdrawn from circulation, as it was mostly not exchanged.

The Ministry of Finance proposed that the new currency be made of gold, instead of silver. However, the idea was abandoned after consultations with the states of the German Union and the County of Liechtenstein. On 24 January 1857, Emperor Franz Joseph I introduced a new monetary system. The Cologne mark was replaced by the customs pound (32 lots) of 500 grams of fine silver, out of which 45 gulden could be minted. It was determined that one third of new paper banknotes had to have coverage in precious metals. However, this could not be realised because of the continued unstable economic conditions.

Although Rijeka and the Croatian Littoral were under the jurisdiction of Croatia from 1848 to 1868, pursuant to the dictated constitution Rijeka did not fall under the authority of the ban, but it had a special status and could send a delegate to the Parliament in Zagreb and in Hungary. The Italian language was preferred in Rijeka as an expression of elite culture. This gradually became disadvantageous for the city as in 1868 it came under direct control of Hungary and became the major export port for Hungarian goods.

Money market instability and the weakness of the Austrian currency were also reflected in a decline in imports. Due to the devastating military defeat in the war with Prussia in 1866, administrative, political and financial reforms in the Austrian Empire were accelerated. According to the Treaty of Vienna of 3 October 1866, Franz Joseph I ceded Venice to Italy, as agreed under the Peace of Prague on 23 August 1866, left the German Alliance and promised to pay damages to Prussia in the amount of 25,000,000 thalers. As a result, the total expenses of the Monarchy increased to 793,067,000 gulden. The defeat in the war also had an impact on internal affairs so that the Court of Vienna had to divide the Monarchy into two parts, that is, to create the Austro-Hungarian Monarchy, which took place in 1867.¹⁸⁶

Eugen Kvaternik's Views on Finances

Some Croatian politicians also contributed to economics. The main contribution came from the members of the Croatian Party of Rights, who, desiring independence for Croatia, examined possible methods for the regulation of the monetary and banking systems. However, they had been preceded by other esteemed contributors, including Dragutin Seljan (1810–1848), who was the first to elaborate the economic side

Eugen Kvaternik, M. Grlović, *The Album of Meritorious Croats in the 19th Century*, Rijeka, 1992





Dragutin Seljan, M. Grlović, *The Album of Meritorious Croats in the 19th Century*, Rijeka, 1992

The Mirror of the Land (*Ogledalo zemlje*), Dragutin Seljan, 1843, the Rarities Collection, NSK

of the Illyrian Movement in Croatia in his book *Ogledalo zemlje*.¹⁸⁷ His book, printed in the printing works of Ljudevit Gaj, was destroyed and it did not achieve the desired aim. Imbro Ignjatijević Tkalac, the secretary of the Croatian Chamber of Trades and Crafts, established in 1851, during his period of office put forward many important proposals, including those related to money market conditions, but they were rejected. This, and the repressive government policy drove Tkalac into political emigration and he never returned to the country.¹⁸⁸

Austria's military defeat in 1859, and the large government debts, necessitated a reform of the administration and the financial system. Austria could not trade with outdated measures and a monetary system that required frequent conversions. The primary requirement was to modernise the financial system, an overwhelming task for Croatian entrepreneurs who had small amounts of capital at their disposal. It was probably under the influence of Ante Starčević that Eugen Kvaternik wrote the book *Croatian Capitalist (Hrvatski glavničar ili Putokaz k narodnoj obrtnosti a kroz ovu k narodnjemu blagostanju)*, completed on



Ban Josip Šokčević, M. Grlović, *The Album of Meritorious Croats in the 19th Century*, Rijeka, 1992

Josip Juraj Strossmayer, MGKc



28 March 1863 and printed in Zagreb in the same year.

Eugen Kvaternik (1825–1871), a politician, member of the Croatian Party of Rights, an opponent of Vienna and Pest, proposed reforms only for the narrow territory of Croatia. He started his career as the secretary of Count Palavicini, who had bought Count Erdödy's estates between Kerestinec and Jastrebarsko and owned Trsat Castle. During his stay in France, Kvaternik became familiar with the operation of the Paris Stock Exchange. The considerations and proposals elaborated in his book, *Croatian Capitalist*, while extremely valuable, were probably unfeasible at the time. The book summed up Kvaternik's knowledge gained during his stay in France. Kvaternik's aim was to inform the citizens of Croatia and Slavonia of the power of the stock exchange and equity capital and methods by which quickly to increase the value of money.

He was the first to attempt to transform Croatian society and bring it in step with contemporary achievements through modernisation and the reformation of the currency and capital. His focus was on the establishment of the stock exchange and on earning profit on the available capital by state-of-the-art methods.¹⁸⁹ The entire content of the book deserves to be analysed and mentioned. Kvaternik wrote about what he had seen in France, trying to create a modern banking and stock exchange terminology, as Ljudevit Vukotinović had done for botany and Bogoslav Šulek for other sciences. Although he used the French literature, his work was not a compilation, but rather an analysis of the economic and social life in Croatia, building upon the work started by Imbro Ignjatijević Tkalac in his reports. Kvaternik insisted that loans should be available to the tradesman and ordinary people, as well as to peasants, considering that proletarianization would be detrimental for Croatia. His views on this matter were opposed to those of Lazar Hellenbach, who was of the opinion that only estate owners should be entitled to obtain loans from the newly established Croatian credit institute. Kvaternik pointed out the possibility of pauperisation, which, in his view, ought not to afflict a country such as Croatia, located as it was between the Danube River and the Adriatic, whose economy could flourish due to its favourable transport position.¹⁹⁰ Kvaternik advocated the preservation of medium-size land holdings that could support one family, required that the funds earned in Croatia be invested in the country and not taken out of it, championed the establishment of patriotic associations, argued that a battle be fought against luxury and that the youth of both sexes be brought up as patriotic and honest people. Kvaternik's idea that loans should be available to tradesmen and common people was aimed at the economic development of the Croats.¹⁹¹ Kvaternik's book should have become a manual to instruct the Croats how to raise capital by establishing a stock exchange and credit institution, but instead its author was expelled from the country after the book had been published on the grounds that he sought help for Croatia abroad, and he remained abroad during the whole reign of Ban Josip Šokčević.

Although Kvaternik created the stock exchange terminology for Croatia, the first stock exchange in Zagreb was established as late as 1907 as the Stock Exchange Operations Department within



the Chamber of Commerce. Strangely enough, neither Kvaternik's programme nor his book was accepted by the society. In 1863 he went into exile again, this time to Turin. During his stay there, he corresponded with various recipients and kept a diary in which he recorded his reflections on the political and economic conditions in Croatia, which still makes an interesting read.¹⁹² Living in very difficult financial circumstances, he stayed abreast of the affairs in Croatia via the Czech and German press. He did his best to understand the turbulent developments in the Triune Kingdom, expecting in vain to be invited to disseminate his knowledge and help Croatia. Once he did return it was too late, as Croatia, pursuant to the Croatian-Hungarian Settlement, had already been denied the right to manage its economy and finances.¹⁹³

Kvaternik's expulsion from the country coincided with the initial phase of modernisation, the period when the South Slavs expected Vienna to acknowledge them as the third partner in the division of government power. On 1 October 1862, Zagreb and Sisak witnessed the arrival of the first train, which made it easier for foreigners with capital to come to Zagreb. The railway made the world smaller and put many places within easier reach. The intelligentsia in Croatia made many plans for the development of the economy. A leading intellectual of the time, Josip Juraj Strossmayer, was in 1861 appointed district prefect of Virovitica County. With revenues from the sale of timber from the Diocese of Đakovo-Syrmia, Strossmayer financed the

Panorama of Karlovac with the railway line, after 1874, J. Šašelj, GMK



Poster of the Royal Hungarian State Railway, Rijeka – Bakar – Zagreb, Budapest, 1910, ÖNB



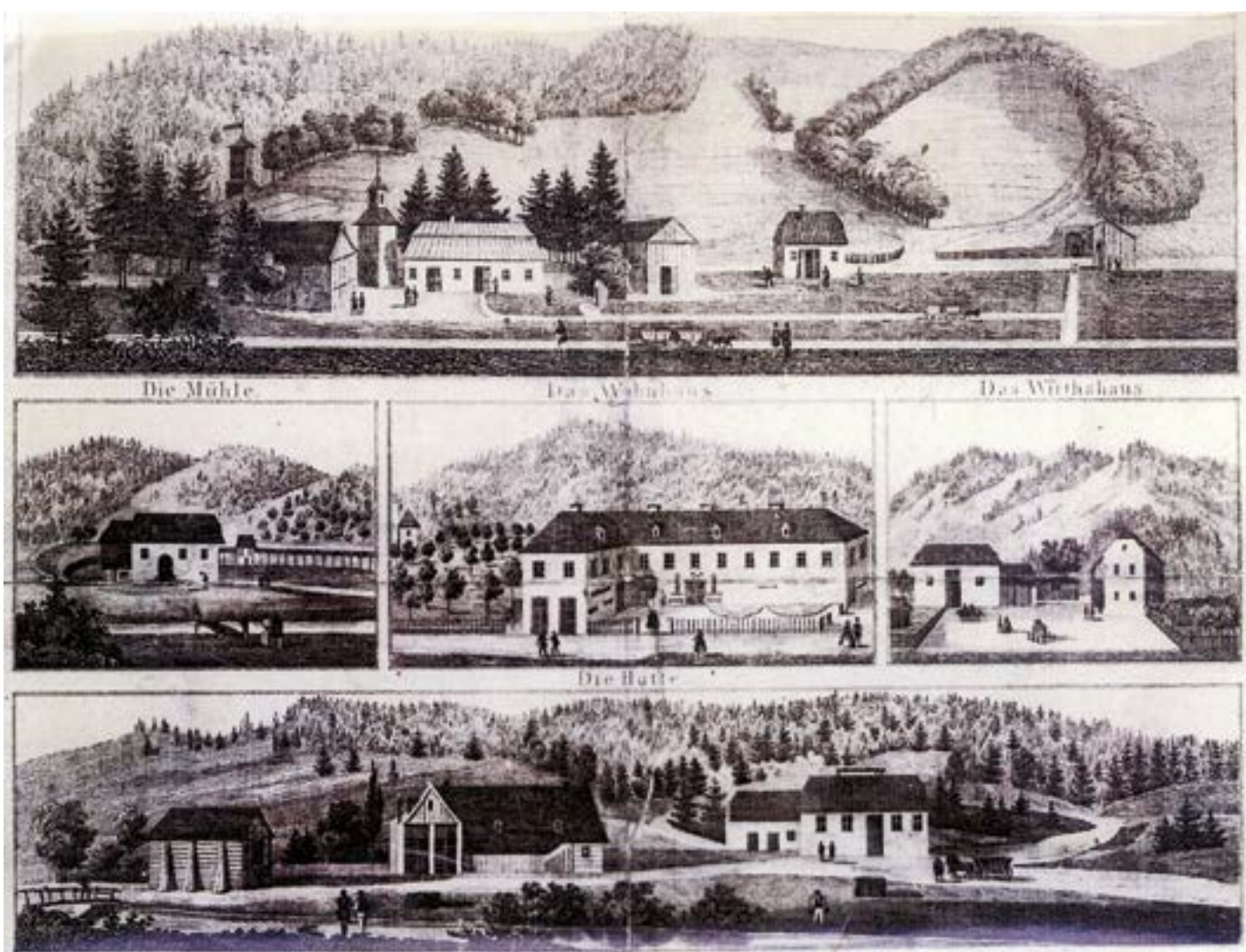
View of the Karlovac-Rijeka railway construction site, 1872, M. Smokvina, *Croatia in Historical Panoramic Photographs*, Zagreb, 2001



Construction of the railway viaduct near Globornica, 1872, M. Smokvina, *Croatia in Historical Panoramic Photographs*, Zagreb, 2001



Rijeka Harbour, around 1895, M. Smokvina, *Croatia in Historical Panoramic Photographs*, Zagreb, 2001

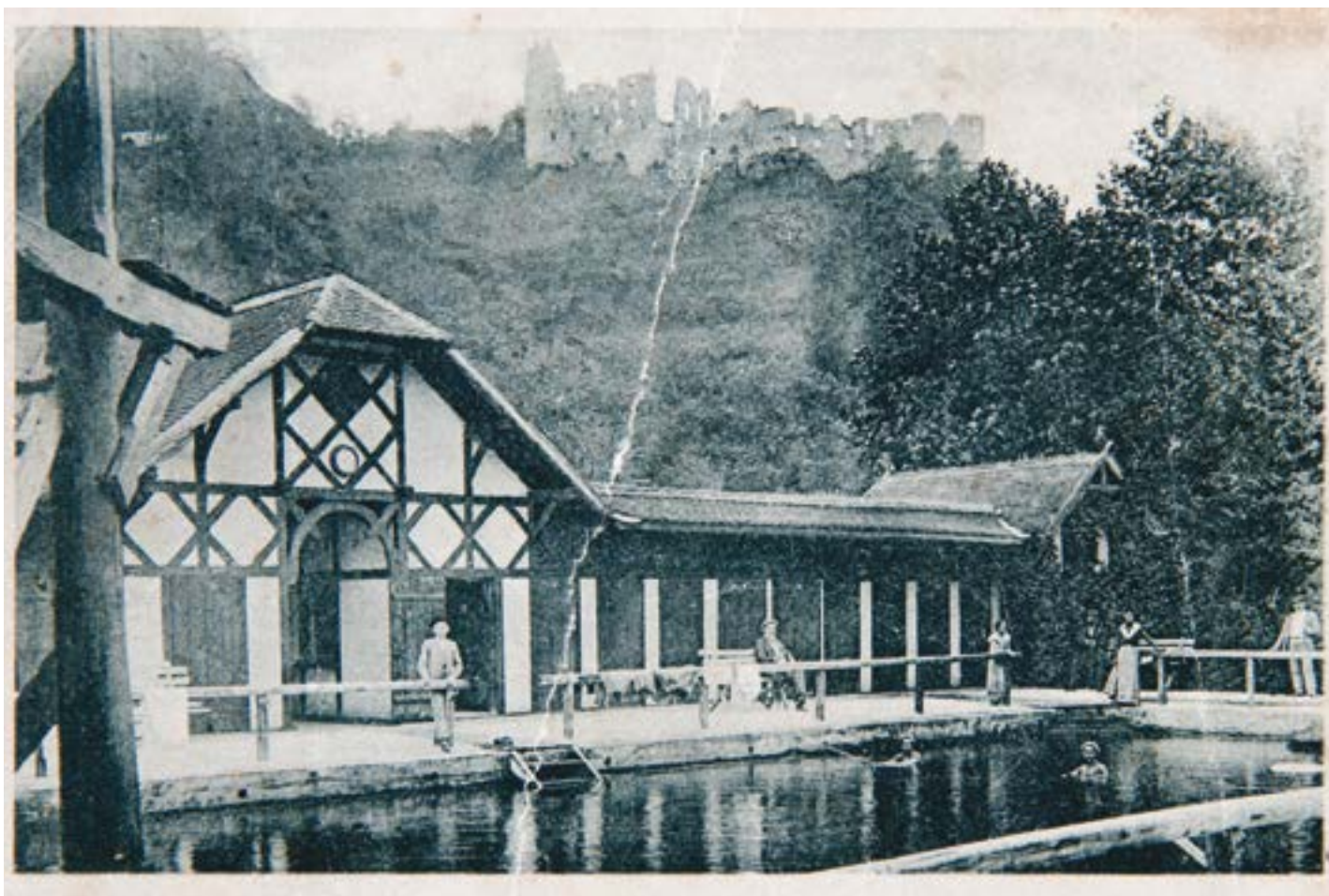


Sveta Barbara mine in Rude near Samobor, 1844, SM

establishment of Croatian institutions. This continued until 1867, when bishop Strossmayer left the Croatian Parliament and withdrew from active politics, living in Đakovo until his death in 1905 and continuously providing aid to cultural, economic and social institutions in Croatia.

It was at this time, in 1864 and 1865, that some Croatian noblemen, including Count Miroslav Kulmer and Baron Levin Rauch, initiated the establishment of a monetary institution, *Hrvatska predplatna i izvozna vjeresiona*, which was to primarily serve the interests of aristocratic estates, that is, to extend loans based on agricultural production and partially on industrial and artisan production. The authorisation was granted in 1865, but the idea never came to fruition.¹⁹⁴

The Zagreb-Karlovac railway was built in 1865. In 1862 a proposal came from domestic economic circles for the construction of a major railway line from Zemun, through Slavonia, via Zagreb or Sisak to Rijeka and Senj, with branch lines to Osijek and Brod and, potentially, a line leading to the Dalmatian cities. However, this plan came to nothing. The Austrian traffic concept prevailed until 1867 and the Hungarian one following the Settlement.¹⁹⁵ Nevertheless, this was a period of progress in modernisation in Croatia, which saw several distinguished individuals and entrepreneurial families appearing on the



Mrzla Kupelj, a summer resort of the Samobor Savings Bank, the Local History Collection, GKS

public scene. Among them was Guido Pongratz, originally from Styria, who became one of the most important employers in the construction area and promoted industrialisation, mostly in food production and timber industry.¹⁹⁶ Although at the periphery of the Monarchy, Croatia, Slavonia and Dalmatia became interesting to its centre. Trains and steamships were crossing the distances, and the construction of these drivers of modernisation required the capital of estate owners, which was allocated in instalments from the state treasury. However, being ill-informed and inept at transactions with securities, estate owners invested the funds received on account of compensation for urbanium properties in defective shares. The capital gained from the land was mainly invested in foreign shares, which lost all their value in the crash of the Vienna Stock Exchange in 1873. This catastrophe once again left Croatia devoid of any capital. Foreigners with even a small amount of capital, if they were accepted and capable merchants, could easily increase their capital by lending at high interest rates. Kvaternik's book *Croatian Capitalist* was forgotten.

The ideas of Ognjeslav Utješenović Ostrožinski also failed to produce any effect under such circumstances. As deputy-prefect of Varaždin County, Ostrožinski wrote a book on the development of railway infrastructure through the area of Hrvatsko Zagorje that contained mines and curative spas, recognising their great economic potentials. The book, published in German, was well-received by

Ognjeslav Utješenović Ostrožinski, M. Grlović, *The Album of Meritorious Croats in the 19th Century*, Rijeka, 1992



foreign banks and motivated them to start investing in these facilities, using cheap labour from Hrvatsko Zagorje.¹⁹⁷ However, this was mostly after the mentioned crisis of 1873, which had depleted the capital in Croatia, that is, the funds estate owners had received as compensation for surrendering their lands entered in the urbariums to the peasants. None of the aristocrats in Zagorje was capable of building a large plant that would operate for a long term. The progress made until that period was offset by various factors, primarily including Hungarian government regulations, so that the new elite connected with Hungarian circles was the first to achieve some advances.

Currency in the Austro-Hungarian Monarchy

Pursuant to the Austro-Hungarian Settlement the country was divided into two parts: the Austrian part and the Hungarian part. The long-lived Emperor Franz Joseph I had been reluctant to make this decision, but once he made it he defended the established system and division to his last breath. The consequences were devastating for the Austro-Hungarian Monarchy, with the Slavic peoples demanding their rights. The two parts of the country shared a common army, foreign trade and the emperor. All other components were specific to each country, including the currency. However, this could not be achieved at once, especially because the peoples within Hungary and Austria demanded increasingly greater rights, protesting against neo-absolutism. The emperor ceded Croatia and Slavonia to the Hungarians

Peoples of the Austro-Hungarian Monarchy, W. R. Shepherd, *Historical Atlas*, 1911



and was unwilling to intrude into the affairs of their territories, keeping a tight rein on the administration of Istria and Dalmatia. Despite the demilitarisation of the Military Frontier in 1881, the two parts of the Monarchy developed differently and grew increasingly detached, although politicians emphasised the need to unite Dalmatia with Croatia and Slavonia.

Croatian-Hungarian Settlement



Flag of the Austro-Hungarian Monarchy, 1916, the photograph by Fedor Vučemilović, HPM/PMH

The Austro-Prussian War ended with the defeat of Austria near Königgrätz, and Austria had to enter into an agreement with the Hungarians and divide the Monarchy. Pursuant to the Austro-Hungarian Settlement, the Monarchy was divided into two parts: the Austrian part and the Hungarian part. The signatories to the compact based their decision on historical law, opting for Croatia and Slavonia being acquired by Hungary and keeping Dalmatia and Istria for themselves, thus preventing, for a long period, the establishment of the complete Triune Kingdom, comprising Dalmatia, Croatia and Slavonia.

The Croatian Parliament sessions of 1861, 1865 and 1867 emphasised the need for changes. The extensive discussions of these issues in the press and in public indicate the wide range of difficulties accompanying efforts to advance the economy in Croatia. The period between 1865 and 1868 was one of the most turbulent periods in the Monarchy, with negotiations between Vienna and Pest underway, often more covertly than openly. The only task of the Croatian Parliament, which met as late as on 12 November 1865, after it had been postponed three times, was to regulate the relationships with Hungary.

Although pro-Hungarians and members the Starčević Party of Rights were in opposition, a unionist majority was successfully created by changes in the electoral districts and electoral law. Croatia and Slavonia were compelled to sign the Croatian-Hungarian Settlement in 1868. The Settlement was adopted in the Croatian Parliament as Article 1, ratified (confirmed) on 8 November 1868 and enacted in the Parliament on 18 November. Under the Rijeka Patch, annexed to

Panorama of Rijeka, Linassi, Trieste, the 2nd half of the 19th century, a lithograph, PPMHP KPO-LZ 2205



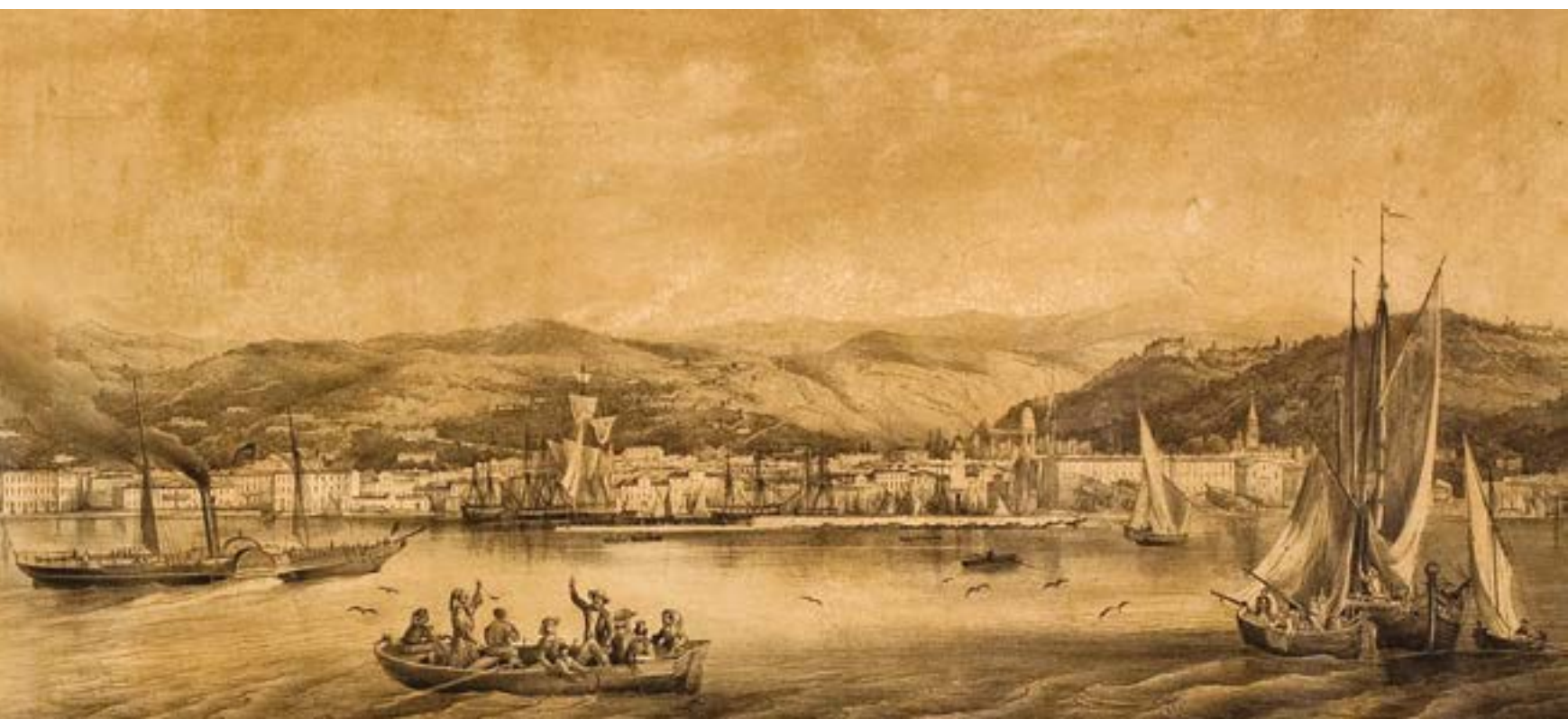
it subsequently, the City of Rijeka was separated from Croatia and assigned directly to Hungary.¹⁹⁸ The period immediately afterwards saw the construction of the railway that in 1870 connected Hungary with Zagreb, via Koprivnica, and in 1873 with Rijeka. The railway was the lifeline of the Croatian state. The Austro-Hungarian Settlement and, especially, the Croatian-Hungarian Settlement, were attended with severe difficulties and were not well received in Croatia, which obviously counted on greater independence. Croatia was strongly affected by the loss of the City of Rijeka, which developed as a Hungarian city, with large injections of Hungarian capital.¹⁹⁹

Ivan Mažuranić and his Independent People's Party had been moved to the political margin already in 1865, just like Josip Juraj Strossmayer, who had insisted on reaching an agreement with the Hungarians at an equal footing and with full consent. Milan Kušević, an artillery general, replaced Mažuranić in the position of chancellor. However, the Austrian Chancellery was abolished after the Croatian-Hungarian Settlement and Croatian affairs were entrusted to Hungarian ministries, with the exception of those that fell within the scope of responsibilities of the Government of the Land in Zagreb (internal affairs, the judicial system, the educational system and religious affairs). Economic and transport affairs were assigned to the joint government in Pest (as of 1873 Budapest).

Under the Croatian-Hungarian Settlement the king was crowned with the Hungarian and Croatian crown, the ban was elected at the proposal of the Hungarian prime minister, while all economic, transport and trade affairs fell within the competence of the Hungarian Government. The Croatian-Hungarian Settlement was also very unfavourable for Croatia because of the limited funds received from Budapest, to which the taxes collected were directed, which was a source of great discontent in Croatia. The first audit, carried out in 1873, as well as later audits, pointed to a disparity between revenues collected in Croatia and those allocated to Croatia, which started to fall considerably behind other parts of the country. Article 9 of the Croatian-Hungarian Settlement defined common affairs for all kingdoms of the Hungarian crown. These included monetary operations, the coinage



Ivan Mažuranić, M. Grlović, *The Album of Meritorious Croats in the 19th Century*, Rijeka, 1992



and banking, establishing a common monetary system and common measures as well as examining and granting trade and state agreements concerning the Lands of the Crown of Saint Stephen. Croatia's hands were tied by the provision of this article in the same way as when Count Erdödy in 1790 allowed finances to fall within the competence of the Hungarian Court Office.

The section on finances within the Croatian-Hungarian Settlement was amended in 1873, which was followed by the coming into power of the People's Party. The amendment provided that 45% of the collected funds (*tangentas*) was to be allocated to Croatia's administration and the remaining funds were to be kept by Budapest for the management of common affairs. The following amendment of the financial section of the Settlement was arranged in late 1880. The amendment was confirmed and the amounts allocated to the common treasury were exactly defined. The next amendment was made in 1889, when the amount in question was reduced to 44%, and it lasted until 1897, to be prolonged until 1903 by a special law. The following amendment was agreed in the same year and was in effect until the break-up of the Austro-Hungarian Monarchy. All decisions enacted after 1873 were only minor changes. The Croatian party made numerous objections

Map of the Austro-Hungarian Monarchy, R. Andree, *Allgemeiner Handatlas*, Vienna, 1912





Scene from the old Vienna Stock Exchange on the day of the collapse, J. E. Hörwarter, Vienna, 9 May 1873, ÖNB

to the financial section of the Settlement as its provisions enabled abuses in the tax policy, forest policy and road policy, which led to the uneven development of Hungary and Croatia. However, discontent was also voiced from the Hungarian side, which claimed that Hungary financially supported Croatia.

The Austro-Hungarian Settlement divided the Monarchy into two halves, connected by the emperor, the army and foreign trade. Each part regulated many affairs independently. This division had devastating consequences for the development of a single economic body. Two monetary systems were envisaged – the Austrian and the Hungarian – each with its own currency bearing specific inscriptions. The paper money was supposed to be based on the gold standard, but due to the great crisis that hit the Vienna Stock Exchange in 1873, this process was prolonged until 1900.

The gold standard could therefore not be agreed on. The views that the value of gold was stable and that the money to gold ratio was changed by government regulations proved wrong.²⁰⁰ It was also shown that the ratio of gold, silver and money is a changeable category and that the most important concern was that the value of money should be kept



Croatian flag with the coat of arms of the Triune Kingdom, representing Dalmatia, Croatia and Slavonia, after 1876, the photograph by Fedor Vučemilović, HPM/PMH 11703



100 Austrian standard gulden (forints), 1880, OeNB

Juraj (Đuro) Jelačić, M. Grlović, *The Album of Meritorious Croats in the 19th Century*, Rijeka, 1992



constant. In the 1870s, silver started to depreciate in international stock exchanges due to the opening of silver mines in South America. Austria, concerned about domestic issues, could not obtain sufficient guarantees for the creation of the gold standard, although it participated in no war from 1866 to 1914.²⁰¹ Based on the silver standard, the exchange rate of the Austrian currency plummeted in international stock exchanges, and the price of metal was low. A high disagio between the silver coinage and paper money was introduced.

The Settlement envisaged issuing separate currencies for the Hungarian and Austrian parts as well as making arrangements for the introduction of the gold standard when conditions allowed.

The double submission of the Triune Kingdom (to Hungary and to Austria) was detrimental for Croatia, Slavonia and Dalmatia, as it slowed down and weighed on economic development. There were few laws, and even they were not issued simultaneously in the whole area. The Italian language gained ground in Dalmatia, in addition to German, while both Hungarian and German were used in written communication in the north of the country, besides Croatian, which was also supposed to be used for domestic administration. A great deal of effort was invested in learning these languages and in trading operations, which were carried out with difficulties. Not even the Metric System Act of 1872 was smoothly accepted and Austrian, Hungarian or traditional measures continued to be used. The decimal system came into official use as late as in 1876. The silver-based currency was not in permanent use either. The prices of silver started to fall in the 1870s. The instability of silver, caused by the discovery of silver mines in South America, considerably hindered the trade of the countries that did not apply the gold standard.

All currency related transactions were carried out with difficulties in Croatia. However, monetary operations became a matter of interest, which led to the publishing of brochures on the operation of monetary institutions.²⁰²

Due to numerous problems, government redemption notes were issued once again – this time worth approximately 150,000,000 gulden. The disagio amounted to about 127 between 1868 and 1872. Nevertheless, money was in very short supply, with the small amount available invested in shares that were mostly junk shares.²⁰³

The costs of state administration rose, while the modernisation and construction of railways required funding and an increased number of civil servants. Taxes also started to rise. A land tax was increased in 1873, but after three years of crop failure people were completely short of money. This led to the establishment of so-called advance payment societies.²⁰⁴ The Government addressed this issue and gave a recommendation for the opening of advance payment societies, that is, credit unions. The first credit union was established by Juraj (Đuro) Jelačić in Novi Dvori near Zaprrešić in 1873, with the aim of providing the peasantry with easier access to loans.²⁰⁵

Ten year later the Government of the Land issued a recommendation to establish such credit unions in other areas as well. This was because Friedrich Wilhelm Raiffeisen (1818–1888), after a long experimentation period, invented a system enabling peasants to obtain cheap loans through mutual financing. Ignjat Vimpošek, a parish priest, set up the first credit union in Drnje in 1882. There were also mentions in the press of Schulze-Delitzsch credit unions in Germany, so that such unions started to be considered in Croatia, as in Carniola, and were later established.²⁰⁶ However, amid the shortage of quality currency and underdeveloped production in Croatia, these unions lacked sufficient capital and many of them had problems operating;

Coat of arms of the Austro-Hungarian Monarchy, a litograph, 1877, ÖNB



A. A.)

00661

USTAV KRAJIŠKI.

U r o d.

Sabor trojedne kraljevine pretresavši buduću odnošaja vojničke krajine naprama ostaloj domovini uvidio, je da za sada i do mirnih vremena nije doba za radikalne reforme krajiške i odlučio je, da vojnička krajina stupiši kao i ostale pokrajine svega carstva austrijskoga na ustavni temelj sa trojednom kraljevinom Hrvatskom, Slavonijom i Dalmacijom za sada samo po načelu polaštica h uređi se, i da se zato iz njezine dosadašnje sisteme samo sve ono izostavi, što se s ustavnimi načeli i potreboom polaštica neslaže.

Ovaj zakon dakle po izrečenom načelu polaštica h izradjen ima se kao prelaz na ustavni temelj do obćeg uređjenja ciele domovine u mirne vrieme smatrati, po sjemu krajina upravljati i tako u svom posebnom svojstvu samo u organični savez sa provincialom pod vjehovnim praviteljstvom ovih kraljevina h stupiti.

I.

Obće naredbe.

§ 1.

Vojnička krajina ostaje nerazdruživi dio trojedne kraljevine hrvatske, slavonske i dalmatinske.

§ 2.

Ustav ovih kraljevina h protječe se i sa svu vojničku krajinu, u koliko ga neograničava sledi u posebnog svojstva krajiškog zakona ustavni zakon.

§ 3.

Jezik narodni govori se u sve javne stvari i ustavnog pšlova i ustava.

§ 4.

Za vrieme, dok se u trojednoj kraljevini zakoni tesavore, imadu se u krajin slediti zakoni upotrebljavati.

a) Allgemeines bürgerliches Gesetzbuch des österreichischen Kaiserstaates vom Jahre 1811. 1. Juni.

b) Das Gesetzbuch über Verbrechen und schwere Polizei-Uebertretungen in den Erblanden

c) Die allgemeine österreichische Gerichtsordnung und summarisches Verfahren.

§ 5.

Zakoni, koji se krajine vojničke sje, mogu se samo sa sveobćem saboru trojedne kraljevine savoriti.

Sve dosadašnje instruktivne uredbe krajičke u koliko se sa ustavnimi načeli, i ovim zakonom neslažu, ukida se.

II.

Posebna prava i dužnosti krajiških žiteljah.

a) O pravu na izgibiti imetak.

§ 6.

Sav izgibiti imetak krajiških žiteljah jest njihova prava svojina i po tomu prestaje dosadašnje pravo vjehovnog vlastništva.

§ 7.

Tko se god ovim zakonom podvrgne ili tko je njima već od prije podložen, imadu pravo izgibiti imetak steći.

§ 8.

Inostrancem, koji u krajinu pravo trgovati i fabrike zavoditi steko, dopuštenu je sgradišta (mista) sa magarinc i fabrike ili već gotove magarinc i fabrike sa savoriti.

U pšesnoj krajičkoj mogu i gradjani obćinskih mjestah vinograde posjedovati.

§ 9.

Za obće potrebe dužan je svaki vlastnik zemljišta u krajinu sa primenom takuda ustajati.

§ 10.

Za uklobiti osiromasenje uređjuje se, da svaka kuća do tri radi zemlje kao podkucnicu upisati ima, koja se bez razloga uzadi sa bez kuće prodati nemože.

§ 11.

Ova podkucnica more se samo sudbenim putem otprije zalobiti, onda tekar u najam dati i ako se slag imadu namiriti namore, a kućom prodati.

§ 12.

Obćinski pšesnici, vlastiti su imetak obćinskih. Moga se s privoljenjem ciele obćine sa kućom obćinske blagajne prodati, u najam dati ili potrebnim poklobiti kako takodjer i drugim obćinama sa napunjuje blaga ustajati.

§ 13.

Svime krajičke sa dozavano dobro vojničke krajine Tima ustom, da nikakova spekulacija bez dozvoljenja obćinskih (kao saopredovjetjah) dopušti se nemože. U ovih krajinah po starom obćinske imadu pravo, sa kućom porok bezplatno graditi, dati i drevu dobivati i u njima, imi brašnjem, koje se sa s privoljenjem obćinskih odrediti, svoje morvu past i izati.

§ 14.

Svaki ugovor o prodaji, zamjeni, pokaru, zalobiti, napunjanju i otkretjenju zemljišta mora se pred okružnim poglavarstvom upisati, ustajati i najedan u zemljene knjige upisati.

Ugovori bez toga potvrđjenja pred sudom nikakve valjanosti imati nemože.

some were dissolved and some transformed into small local savings banks without any significant influence on the economic activity in their areas. The Croatian and Slovenian economy stalled because economic policy was created in Hungary, which continued to boost its economic and financial strength in order to gain further independence from Austria. Croatia's role was only to raise capital in the form of taxes and to be used as a market for industrial goods produced in more developed parts of the Monarchy. As cheap loans were not accessible to the domestic population, good ideas were abandoned and Croats started to emigrate in large numbers. Money was almost unavailable, while taxes were raised, compensation for the urbarium properties had to be paid and action taken against the nobility on account of the segregation of forests (the noblemen did not want release their hold on the forests as only the forests could be successfully sold in Europe).

The first revision of the Settlement, in 1873, led to the fusion of the moderate Unionist Party and the People's Party and to the appointment of Ivan Mažuranić as ban (1873–1880). There was no reference to taxes in the Croatian-Hungarian Settlement. However, taxes were on the rise in Croatia, while earning opportunities remained the same or even diminished, after commodities had been channelled to Trieste. There was a lack of awareness about the need to include the Croatian peasantry into these trade channels. Discontent was voiced already in 1872, at the session of the newly elected Croatian Parliament, which was to elect the Royal Committee for the revision of the financial section of the Settlement of 1868. The Committee, established on 9 July 1872, requested from the Hungarian Committee that the distribution key for common expenses be altered and that Croatia be allowed to manage its finances and state-owned properties independently, subject to the obligation regularly to pay specified amounts for joint affairs to the

Hungarian schools in Croatia, *Obzor, Monograph*, 1860–1935, Zagreb, 1935





Count Károly (Dragutin) Khuen-Héderváry, the exhibition catalogue, *Slavonia, Baranya and Syrmia: the Origins of European Civilisation*, Zagreb, 2009

Đuro Stjepan Deželić, *Jobbers (Burzanci)*, 1885, the Rarities Collection, NSK



Hungarian state treasury. The explanation stated that the agreed key was based on the gross income from direct and indirect taxes and that the ratio was unfair since in 1872 the revenues of the City of Rijeka were merged with the Hungarian revenues so that the correct net revenue ratio between Hungary and Croatia had to be 97.13: 2.87. In addition, the Committee held that this principle was inappropriate for Croatia's payments of interest, which was, pursuant to the Austro-Hungarian Settlement transferred to the kingdoms and countries of the Hungarian crown, as revenue was completely invested in Hungary, and not in Croatia, so that Croatia's share had to be lower than 3.4%: The objections were also voiced against the excessive burden on Croatia for the demilitarisation of the Military Frontier and against lump sum payments for autonomous operations. The Committee held that the only fair solution would be to separate the Croatian and the Hungarian finances. The Hungarian Royal Committee refused all the proposals, and was especially against the division of finances. The Committee's proposal was for Croatia to be paid for its autonomous needs, instead of the lump sum payment of 2,200,000 guildens, 45% of all its revenues, and that the remaining 55% of the Croatian revenues be allocated to common affairs. This was accepted on 29 June 1873. The Hungarian Committee disregarded the fact that in 1869 the territory of the Kingdom of Croatia and Slavonia was enlarged by the demilitarisation of the Križevci and Đurđevac regiments, that is, the Karlovac-Bjelovar Military Frontier, as this enlargement was a mere 0.05%.²⁰⁷

The Military Frontier was until 1881 financially separate from Croatia. Each regiment had its own treasury, with their operations made difficult owing to large-scale misappropriations of funds at state level. Regiment treasuries served the purposes of specific regiments, but also extended mortgage loans to civil inhabitants. Paper money was not valued in the Military Frontier. In contrast with other parts of the Monarchy, where the disagio was charged, the Military Frontier charged the agio. The coinage was safeguarded in the Military Frontier so that gold and silver coins were very valuable.

The most important source of revenues was forests, which remained within the competence of the Hungarian ministry. Hungarian foresters were hired, and all economic decisions were until 1907 adopted exclusively in Budapest. During this period, under pressure from the Croatian-Serbian coalition, headed by Đuro Šurmin, which set up its club in Budapest and regularly analysed the conditions in Croatia, the rigid attitudes of Hungarian politicians became more flexible and they started to provide assistance to the establishment of some factories in Croatia. Károly (Dragutin) Khuen-Héderváry maintained in the Hungarian Government the viewpoint that Croatia was a constituent part of Hungary and that it had to be forced to adopt the Hungarian language and customs completely by means of Hungarian Julian schools.

The Vienna Stock Exchange crash in 1873 ended the economic upturn and started a period of stagnation that continued until 1896. However, even in this void, foreigners found ways to strengthen their positions. Following the crash in 1873, a large number of Jews



from Hungary and South Austria came to Croatia, took on all the lucrative operations they could find and soon gained a monopoly in some economic activities. The Jews did not refrain from cooperating with the peasants, buying cattle and wheat, while at the same time bringing foreign commodities to the rural areas. As there were no savings banks, many merchants became moneylenders for peasants in financial difficulties caused by health problems or other reasons. Due to the low and deficient domestic capital, even the most persistent were discouraged, so that people started to emigrate in large numbers. It was easier to sell everything and look for a better living in America than to remain in Croatia toiling on the land or raising cattle, which could not be sold profitably, whereas mortgage loans on the urban properties had to be paid off.

102 new banks were established in Austria between 1870 and 1873. The number of securities (equities) listed on the Vienna Stock Exchange increased from 124 at the end of 1866 to 526 in 1873, the year when the Stock Exchange collapsed. Only four of these securities were industrial at the beginning of the period, compared with 201 at the end. The Monarchy's industrial sector acquired over 700,000,000 francs by the establishment of industrial enterprises. Against the background of a seeming boom, Croatian landowners invested all available funds into the shares of these enterprises. However, a large number of new banks were speculative, although they were connected with well-reputed banks. For example, *Boden-Kredit-Anstalt* was associated with the Vienna Bank Society and both institutions underwent a severe crisis in 1873, recovering as late as in 1896. Out of 70 banks established in Vienna between 1868 and 1873 only eight survived, and many city

First Austrian Savings Bank, H. Gedann, a lithograph, Vienna, 1887, ÖNB

Đuro Stjepan Deželić, M. Grlović, *The Album of Meritorious Croats in the 19th Century*, Rijeka, 1992



Public notice of the Croatian-Slavonian Land Mortgage Bank, the Newspaper and Periodical Library, Croatian Defence No. 121, MSO

Hrvatsko-slavonska

Zemaljska Hipotekarna Banka

— u Zagrebu —

podjeljuje na zemljišni posjed i na kuće do polovice ustanovljene procjenbene vrijednosti

4¹/₂% hipotek. amortizacione zajmove

a u većim gradovima na temelju doprinjeti se imajućih građevnih nacrti i troškovnika i

4¹/₂% hipot. zajmove kao gradj. vjeresije

takodjer na amortizaciju. Obično odplatno vrijeme jest kod zemljišnog posjeda 50, a na kuće 35 godina, uvažiti će se ali po mogućnosti i želje stranaka glede kraćeg odnosno oduljeg odplatnog roka.

Molbenicama za zajam, koje se neka poput jednostavnog pisma na banku uprave, imaju slijedeće izprave prilježati:

Kod zemljišnog posjeda:

1. Ovjеровljeni gruntovni izvadak.
2. Ovjеровljeni katastralni posjedovni list.
3. Porezna knjižica ili uredovna svjedodžba o izravnom zemlj. porezu, koji na posjed otpada.

Kod najamnih kuća:

1. Ovjеровljeni gruntovni izvadak.
2. Porezna knjižica.
3. Ovjеровljena valovnica o dohodku kuće.
4. Polica o osiguranju kuće proti požaru.

Hipotekarnom dužniku stoji na volju, da može zajmovnu glavnicu iz prediduće 6 mjesecne otpovjedi, i prije izminuća ustanovljenoga roka budi u cijelom, budi u djelomičkom iznosu uz naplatu za taj slučaj ustanovljenih pristojba podmiriti.

Na upite glede poblizih uvjeta odgovara se bezodvlačno.

banks in Croatia also perished.²⁰⁸ Croatia was also sharply afflicted by the financial crisis. Croatian noblemen, considering equities a safe form of investment for the money received from the purchase of the urbarium properties, were broke and unable to drive industrial development in Croatia. They were in serious difficulties as they lost all their capital. Noblemen's estates, or what was left of them, could not adjust to the new era so that estate owners sold their forests and land. The collapse of noblemen's estates was therefore only partially caused by the repeal of labour service.

Several local savings banks and banks were established in Croatia in 1882. They were only poorly connected with the rural areas because they did not accept land as guarantee for loans. Mortgages were given only with the collateral of houses, whereas land was considered "dead

capital”, being poorly cultivated and producing weak crops, which could not be sold, as neither could livestock from the areas stricken with infection. The livestock market would be dormant for months, while cattle ready for sale had to be fed.

Đuro Stjepan Deželić is the author of *Stockjobbers (Burzanci)*, a popular novel published in Zagreb in 1885. The novel vividly shows the issues related to the inroads made by banking into Croatian people’s everyday life and difficulties with obtaining loans, caused by the fact that there were no domestic mortgage banks, whose establishment Deželić had advocated.

Deželić emphasised that the lack of loans was harmful for domestic landed properties and beneficial for foreign economic interests, as foreigners, Hungarian citizens, had easy access to loans in Hungary and used the funds to cultivate their estates and extend their operations.²⁰⁹ In 1883, coats of arms with inscriptions in Croatian were dismantled from financial office buildings and bilingual, Croatian and Hungarian, signboards were installed. The Hungarians wanted to declare that they had hold over the finances, despite the Settlement of 1868 proclaiming Croatian as the only official language in Croatia. This act was in Zagreb taken as an outright violation of the Settlement and set off a wave of discontent.²¹⁰ Thanks to Đuro Deželić, who was a justice of the peace in Zagreb, and Ognjeslav Utješenović Ostrožinski, the unrest was suppressed and the coats of arms were left without any legends.

Ban Khuen-Héderváry and his associate, Nikola Tomašić, also realised that loans were essential for conducting economic policy. In June 1892, Hungarian and Austro-German capital was invested in the establishment of a powerful monetary institution, which aided big landowners in financial difficulties, but did not support the founding of domestic factories. The Croatian-Slavonian Land Mortgage Bank (*Hrvatsko-slavonska zemaljska hipotekarna banka*) in Zagreb was established with the shares of the Hungarian Mortgage Bank (*Ugarska hipotekarna banka d.d.*) the Hungarian Discount and Exchange Bank (*Ugarska eskomptna i mjenjačna banka*) and the Vienna Union Bank. The Bank’s Management Board contained several Croatian noblemen, but the persons in charge were Ferdinand Beck, head manager of the Hungarian Mortgage Bank, Max Beck, head manager of the Hungarian Discount and Exchange Bank and Ludwig Lichtenstern, the representative of the Union Bank.²¹¹ In 1898, the Bank’s share capital amounted to three million guildens, divided into 30,000 shares worth a hundred guildens each.²¹² The Bank had a monopoly over mortgage operations and, pursuant to the Privilege Act, adopted by the Parliament in 1894, all funds of domestic autonomous administrative bodies had to be invested in it. This was disadvantageous for other banks, even for the First Croatian Savings Bank, which transferred one million kronen to the Croatian-Slavonian Land Mortgage Bank.²¹³ Domestic banks in Croatia recorded considerable losses and lacked the capital to found large factories, which could be raised only through joint stock companies, while economic operations in Croatia were politically influenced.

The Croatian-Slavonian Land Mortgage Bank was primarily linked with the Hungarian Mortgage Bank. It acquired the Land

Apportionment and Colonisation Bank, founded in 1905, which was purchasing large tracts of land for apportionment and colonisation. The second largest bank established in Croatia in 1895 was the Serbian Bank (*Srpska banka*). The share capital for the Serbian Bank, which connected Serbian entrepreneurs, was provided by Serbian landowners in Sylvania, Bačka and Banat. The Serbian Bank was founded during the reign of the Obrenović dynasty and continued to operate while the Karadžević dynasty was in power.

However, the relationships between Hungarian and Croatian politicians were disturbed due to the growing discord about Hungary's financial transactions with Croatia and Slavonia, with hostilities escalating in Croatia. The financial relationships based on the Croatian-Hungarian Settlement were the subject of many studies that explained, supported or criticised them.²¹⁴

Introduction of the Krone

The struggle for the introduction of the gold standard in the Austro-Hungarian Monarchy lasted many years, but unstable domestic affairs were not conducive to its quick implementation. However, due to a fall in the price of silver in the world market, the disagio between silver coins and paper banknotes had to be paid. The Privileged Austrian National Bank, transformed in 1878 into the Austro-Hungarian Bank, set as its aim the introduction of the gold standard as soon as possible.²¹⁵

In the late 19th century, conditions were established for the introduction of a single currency – the krone – in the Austro-Hungarian Monarchy. The new monetary unit replaced the Austrian standard gulden, consisting of 100 kreuzers. Following the eight-year transition period, the gold krone replaced the silver gulden and became the legal tender. It was divided into one hundred hellers (filler coins).²¹⁶ Small-denomination coins and banknotes were minted and printed first. Coins minted for the Austrian part of the Monarchy featured different motifs than those minted for the Hungarian part, and the languages of the inscriptions on the coins were also different. A one hundredth of a krone was in Austria called a heller but in Hungary a fillir, and their design was also different. Krone banknotes in the Austrian part of the Monarchy featured inscriptions in the German language, with the denomination name written in all languages used in the Austrian part of the Monarchy. The inscriptions on krone banknotes in circulation in the Hungarian part of the Monarchy were in the Hungarian language. The coats of arms of Croatia and Slavonia were usually featured on these banknotes.²¹⁷

The gold standard was introduced by an act adopted on 2 August 1892. Top priority was to regulate the calculation of the old and new values. One Austrian standard gulden equalled two kronen. However, paper banknotes could not be converted into metal currency. This means that the act of 1892 was never implemented and Austria did not have the gold standard, although this was indicated on banknotes. Nevertheless, the currency regulated in this way was very stable



Palace of the Austro-Hungarian Bank in Zagreb, 16169-MGZ



Palace of the Austro-Hungarian Bank and the Vienna Stock Exchange (Ferstel Palace), Kunst- und Industrie-Comptoir, Vienna, 1860, ÖNB



Share-certificate of the Austro-Hungarian Bank, 1879, OeNB



Eva Vuić, wearing a traditional headgear, a ducat necklace and a chain pendant, 1890, Soljani, the Photograph Collection, ZMSG, Županja

between 1892 and 1913, which stimulated savings, as investment value remained steady. The long-standing dominance of silver was ended and gold became highly appreciated. During that time in Slavonia the custom arose of collecting ducats for girls' dowries. These ducats were worn around the neck and on the head as an adornment.

Nevertheless, the krone exchange rate was very stable from 1892 to 1903.²¹⁸ The new currency included twenty krone and ten krone coins, and, as of 1892, one hundred krone coins. One krone silver coins were worth 50 kreuzers of the old Austrian standard. 20 and 10 filler coins were minted of nickel and two and one filler coins of bronze. The silver and the paper currency were still valid and used; the old currency could be exchanged only according to the forced, lower, exchange rate into gold krone.²¹⁹ In 1892, the Vienna Mint replaced old gold ducats minted from 1671 to 1865 by new gold coins worth ten, 20 and 100 kronen.²²⁰ These gold coins were only partially circulated.

The krone entered into circulation after seven years of preparations. On 1 January 1900 it should have become the only currency in circulation, but the ordinary people continued to mix currency units, making trade more difficult. Five krone coins, silver coins that started to be minted in 1899, were withdrawn as late as at the end of 1910, and ten and twenty krone coins were withdrawn even later. Five krone coins became collectors' items.²²¹ In addition, the transition to the gold standard was not easy in a country burdened with various economic and political problems. The inscription on the paper money read that the Austro-Hungarian Bank promised to pay the bearer, upon demand, the coinage equivalent at its main institutions in Vienna and Budapest. However, pursuant to regulations, these banks did not have to exchange redemption notes as long as there were paper banknotes in circulation. This was because all payments to banks were made in paper banknotes and banks could not exchange banknotes for gold.

The twentieth century was expected with high hopes as well as with great fear. It seems that the latter was more realistic, although the doomsday that some had predicted did not materialise. The Austro-Hungarian Monarchy could not be regulated under such conditions, with the Hungarians aiming for full independence, so that proposals and instructions from Vienna constantly met with resistance that prevented economic regulation of the country. Also contributing to this was the discontent of the Slavic peoples, arising from the fact that Franz Joseph



Commemorative one krone coin of Franz Joseph I, 1908, the Numismatic Collection, AMZ

One krone, the Austro-Hungarian Monarchy, 1916, the Numismatic Collection, AMZ





I almost completely neglected their requests for the trialistic solution, while not abandoning his idea of extending the empire to the east. The Kingdom of Serbia under the rule of Aleksandar Obrenović was thus until 1903 almost a colony of the Austro-Hungarian Monarchy. When the Karađorđević dynasty came to power, these relations became very tense owing to trade. The Karađorđević dynasty relied on France and French experts. In addition, Serbia laid claims to Bosnia, while the Austro-Hungarian Monarchy annexed this territory in 1908, which almost resulted in a war. The relations were strained and espionage was widespread.²²² Under such conditions, both Austria and Hungary were building a new financial system based on the Austro-Hungarian Settlement.

This period saw the establishment of two large banks that were expected to give a strong boost to the economy. The Croatian Agricultural Bank (*Hrvatska poljodjelska banka*), set up in 1901, extended loans to Croatian farmers' cooperatives and was supported by the Catholic Church. It opposed the reorganisation of the Croatian-Slavonic Economic Society into some kind of umbrella organisation for economic branches because it aimed to operate on this basis.²²³ The other bank was the Adriatic Bank (*Jadranska banka*), established 1905 in Trieste. Both banks successfully started operation and their influence was beginning to be felt in the wide territory. However, already in 1904, Stjepan Radić exposed the profiteering policy of the Croatian

Two kronen, the Austro-Hungarian Monarchy, 1917, the Numismatic Collection, AMZ



Commemorative five krone coin of Franz Joseph I, 1908, the Numismatic Collection, AMZ

One hundred kronen, the Austro-Hungarian Monarchy, 1912, the Numismatic Collection, AMZ



Thank you note to Emil von Mecenseffy, the First Secretary of the Austro-Hungarian Bank, depicting the printing of krone banknotes, OeNB



Agricultural Bank, and Svetomir Korporić was removed from the Bank's Management Board. The Croatian National Progressive Party, headed by Ivan Lorković, expected that a Czech bank would undertake the financing and advancement of the Croatian economy, given the large group of young people who had studied in Prague and developed good connections with the Czech people. However, this was realised only on a small scale as the political situation in Croatia was obviously too unstable for the Czechs so that they turned to the better regulated Slovenian market. The only exception was the Trade Bank for Bohemia and Moravia (*Bank pro Čechy a Moravi*), whose capital was used to establish the Croatian Land Bank (*Hrvatska zemaljska banka*), the largest bank in Osijek (later the Yugoslav Bank).

This bank's capital strongly stimulated industrial development in Osijek, Slavonia and in the wider area.²²⁴ There were strong social groups that halted Croatia's progress due to diverging interests. The Croatian territories were neglected, which was detrimental for the development of the production economy, as foreign financial capital was insufficient and could not be channelled towards domestic economic projects, primarily the organisation of productive co-operatives to



Croatian Land Bank in Osijek, Osijek Journal (Osječki zbornik), 22/23, 1998

export goods. As regards colonisation, the relocation of people from Zagorje to Slavonia needed to be encouraged. Nevertheless, banking was the most developed branch of the economy in Croatia at the time of the Settlement. The network of Austro-Hungarian and German banks encompassed the whole of Croatia and South East Europe before the First World War.²²⁵ Some banks consolidated under unrecognisable names and managed to retain their dominance in the Kingdom of SCS/

Deposit book and mortgage bond certificate of the Croatian Land Bank in Osijek, the PBZ Museum



Monetary institutions in Croatia from 1865 to 1913

	Number			Annual growth		
	Banks	Savings banks	Credit unions	Banks	Savings banks	Credit unions
1865	–	2	–	–	–	–
1875	6	32	23	6	30	23
1885	6	39	49	–	7	26
1895	12	50	61	6	11	12
1905	33	97	642	21	47	581
1913	61	146	832	28	49	190

Source: Statistical Atlas, Zagreb, 1917, Tab. XCVIII



Josip Frank, *Obzor, Monograph*, 1860–1935, Zagreb, 1935



Fran Vrbanić, *Obzor, Monograph*, 1860–1935, Zagreb, 1935

Yugoslavia after 1918. However, most of these banks occasionally had to strongly oppose the French capital, which was increasingly flowing into Serbia.

The uneven development and weak capitalisation of financial institutions, as well as ownership issues, were the main obstacles to the development of the Croatian economy, which lagged behind the developed parts of the Monarchy, where the development of banking, savings banks and credit unions was supported by the government and public finances.

The Croatian-Slavonian Economic Association was acquired by the Croat-Serb Coalition. The Association was reformed by its secretary Poljak and Miroslav Kulmer in 1907.²²⁶ But instead of spearheading the development of Croatian rural areas, the Association's leadership assisted those it considered politically eligible for loans and services from the headquarters. The Association weakened, and peasants' trust diminished, so that the magazine *Country Landowner* (*Seoski gospodar*) ceased publication in 1908 and *Economic Journal* (*Gospodarski list*) was reduced in volume and content.

The revision of the financial part of the Settlement in 1904 once again disturbed the situation. On 12 June 1904, Josip Frank and Fran Vrbanić spoke at the National Assembly in Zagreb about the economic and financial independence of Croatia. A resolution was also adopted, but it was ineffective as the Settlement remained unaltered until the end of the First World War, allegedly due to war conditions.

The Zagreb Stock Exchange was first established as the Commodities and Valuables Division of the Chamber of Commerce in 1907. The stock exchange operated well in the first few years after its establishment, but went into a decline when the Croat-Serb coalition regained power because of the Belgrade stock exchange, established on 1 January 1895 with the aim of operating over the whole territory after the creation of the Yugoslav state. The reopening of the Zagreb stock exchange was sought on 3 December 1912, under the chairmanship of Đuro Šimurin. It reopened in 1919, as the Zagreb Stock and Commodity Exchange.²²⁷ Interestingly enough, Yugoslav economists completely neglected the operation of the Zagreb stock exchange and Ljubomir Kosier was the first to mention it in 1930.

Conditions were unsustainable for all professions. There were no



universities that offered courses in economics. There was an excess of foreign labour so that the people, reacting to the overpopulation of rural areas, began expressing discontent with foreigners, demanding that domestic Croatian people be educated and acquire leading positions in the economy. Money was scarce and there were instances of counterfeiting. One notable case was that of an illegal printing house run by Vladimir Kolombar, a photographer from Koprivnica, and Viktor Erhatic, an organ builder from Križevci.²²⁸

While Pavao Rauch was in power, an attempt was made to establish the National Economy Department within the Government of the Land. A proposal was made to this effect, but the emperor was hesitant to accept it. Stjepan Radić therefore submitted an interpellation to Ban Nikola Tomašić, requiring that a report be submitted to the Parliament on the legal basis for the establishment of the fourth economic division within the Government of the Land, to be connected with the appointment of professional economic reporters in at least every county. The reply stated that the issue had been discussed between the ban and the representatives of the Hungarian Government and that, pursuant to the Settlement of 1868, the Government of the Land was not in charge of economic matters, which was an issue to be resolved.²²⁹

Croatia had a large debt burden and government loans were extended only in Hungary. As a result of such economic and financial policies, around half a million Croats fled their homeland and emigrated overseas. Hungary built railways on its territory, exploiting

Zagreb Stock Exchange Palace, around 1927,
11-376-II-6231-MGZ

the rich forests in the former Military Frontier, while the railway to connect Croatia with Bosnia and Dalmatia was not built. The tax burden was disproportionately high compared with people's earning opportunities. The ports were in disrepair, with the exception of Trieste and Rijeka, and the people in the whole area between Trieste and Kotor were undergoing enormous hardships; the whole of Istria came under Italian government, just as Dalmatia became only a constituent part of Austria. The framework of society was bursting apart. The Court of Vienna was oblivious to the necessity of change, while the Hungarians claimed that there were no problems.

Currency in the First World War

The Court of Vienna, having been preparing for the war for several years, expected to win a quick and easy victory over the Kingdom of Serbia. However, serious strategic mistakes were made, and the undeveloped state of the railway network in Bosnia, through which the major attack on Serbia was launched, also backfired on the Monarchy. Serbia launched a counter-attack and drove the Austro-Hungarian Army all the way to Vinkovci. The Austro-Hungarian command, assisted by the German command, to which the leadership was delegated, broke into Serbia in 1915 from the north and entered Belgrade, while the Serbian Government fled from Niš to Albania and subsequently to Corfu. The Serbian army broke through the Salonica Front in 1918 and returned to Belgrade, crossed the Danube and the Sava and conquered the Austro-Hungarian territory. The Austro-Hungarian army, demoralised and starving, quietly capitulated on 9 November 1918, and the Serbian regent, Aleksandar Karađorđević, on 1 December 1918 proclaimed "unification" in the centralised Kingdom of Serbs, Croats and Slovenes that superseded the short-lived and internationally unrecognised State of Slovenes, Croats and Serbs.

After the First World War, democratic governments in many countries were replaced by dictatorship regimes. Capital owners, operating together with these countries' leaderships, led economic policy pursuing their own interests aimed at gaining domination. However, such conditions were rooted in the First World War I. The political, administrative and monetary systems had been attempted to be reformed on many occasions before. The Kingdom of Serbia had led a more efficient policy than the Austro-Hungarian Monarchy due to

Military leaders in the First World War, S. Tomerlin, oil on canvas, HPM/PMH 21032





the support of French and Belgian financial circles, which had benefited from Serbia's geographical and political position, diminishing German domination in the Middle and Low Danube Regions. As it could not expand to the West, and having lost all the positions in Italy, the Austro-Hungarian Monarchy could expand only at the expense of the Slavic countries in the South East, that is, Bosnia and Herzegovina, Serbia and Montenegro, which was a source of strong tensions in all areas of life, including the monetary area. However, severe disturbances in the monetary area occurred after the outbreak of the First World War, when the exchange of paper money for gold was stopped across the board, and gold started to be withdrawn to serve the needs of the countries that needed gold to finance some of the raw materials required for war purposes. Spain and the USA were the most to profit from this.

Already on 31 July 1914, the Austro-Hungarian Bank, and other banks of issue, revoked the gold exchange standard and trading in

Croatia, Dalmatia, Slavonia and the neighbouring countries, R. Čop, 1918, HPM/PMH 819

Gold for the Homeland, a public notice, Circular Letters, Advertisements, Posters and Leaflets, HR-DARI



Patriotic ring of the Gold for Iron fund-raising campaign, Croatia, 1914, HPM-PMH-21040/1, 21040/2 and HPM-33448



gold and foreign currency was terminated. After thirty years, the gold standard was once again legally abolished. The unlimited financing of government consumption through banks of issue was also ceased a few days later. However, the war was financed by war loans (60%) and by the issue of new money, but balances were not adjusted. The Austrian and Hungarian financial authorities used the opportunity to borrow from banks of issue, with the result that the amount of paper money in circulation increased. The increase was especially sharp in 1917, when loan instruments came in short supply. This strongly affected the prices of goods, which rose sharply. Many currency-related regulations were issued during the First World War. The fund-raising gold-for-iron campaign, aimed at the collection of gold objects and coins, was launched as early as 1914.²⁵⁰

A circular letter issued in October 1915 prohibited the accumulation

and hiding of redemption notes and small-denomination coins.²⁵¹ Notwithstanding the prohibition, the claims of the Austro-Hungarian Bank against financial institutions at the end of the war approximated to 35 billion kronen.²⁵² To avoid the collapse of the financial system, the Austrian authorities insisted on maintaining the stability of the currency. However, “the silent increase in prices” caused by the shortage of goods at the established prices, that could be obtained only illegally, meant that banknotes were increasingly reluctantly received. The coinage, in contrast, was gladly accepted, both because it was made of precious metals (silver and gold) and because it could be preserved for a longer period, until the end of the war. At the time no one envisaged that the centuries-old Monarchy could disappear in the turmoil of war. This was exactly what happened.

The system of war loans showed the first signs of collapse in early 1917. There were seven such loans, which were expected to produce large profits, but actually considerably impoverished the middle classes and, especially, the big landowners, and tended to strengthen speculators engaged in providing supplies to the army. Banknote printing was resumed, which boosted prices. Money supply grew from 3.4 billion to 42.6 billion kronen between 1914 and 1918.²⁵³ Three fifths of the war expenses were financed by loans and two fifths through money issue. The tax system was in collapse. The purchasing power of the krone diminished significantly during the war, falling to one sixth of its pre-war value. The reports of the Austro-Hungarian Bank, issued at the beginning of the war, ceased to be published and banking operations became shrouded in secrecy. A report submitted to the shareholders’ meeting, as late as on 8 February 1918, presented the amount of currency in circulation as standing at 18,439,000,000 kronen in late 1917, compared with 2,493,000,000 kronen at the beginning of 1914, and the gold standard value as reduced from 1,562,000,000 to 381,000,000 kronen. Financiers got alarmed, with good reason, and the currency weakened sharply in 1918, although regulations seemingly kept it at a certain level.²⁵⁴ This enabled various fraudulent activities in the banking area.²⁵⁵

In 1915 the Association of Financial Institutions of Croatia and Slavonia won its independence from the Vienna and Budapest Associations.²⁵⁶ This Association primarily relied on the future operation of the National Bank of Croatia, which developed in 1917 from a Samobor bank, but whose history is difficult to reconstruct



Croatian tricolour flag, with the coat of arms of the Triune Kingdom, 1868 – 1918, the photograph by Fedor Vučemilović, HPM/PMH 32451



Exchange rate calculator, HNB

due to the fact that most of the documentation was destroyed in the post-war period. The operation of the Zagreb stock exchange, which operated intermittently until 1918, was discontinued, despite the efforts to renew the Commodities and Valuables Division of the Chamber of Commerce and transform it into a stock exchange, that is, a securities and commodities exchange, although it functioned as such in 1907. A conference held in Zagreb under the chairmanship of Đuro Šurmin, the commissioner for commerce, trades and industry in the National Government, was organised with the purpose of establishing a securities and commodities stock exchange. However, there were some opposing views, including that of Dušan Plavšić. The opponents claimed that it was uncertain where the economic centre of the country would be and that there could be only one stock exchange in the country.²³⁷ Finally, after the unification in 1919, the Zagreb Stock Exchange was established, pursuant to the assent of the regent, Aleksandar I Karadžević.²³⁸

Monarchical Yugoslavia between Two Wars

Inflation accelerated in Croatia by the end of the First World War. On 1 December 1918 there were banknotes in circulation worth 35,500,000,000 kronen, rising to 52,000,000,000 kronen soon afterwards, as the Austrian krone entered hyperinflation.²³⁹ The monetary system in Austria collapsed, as in Russia, Poland, Hungary, Greece and Germany, while the situation was slightly better in Czechoslovakia. The Austro-Hungarian Monarchy dissolved into seven states and each of them resolved the issue of currency in its own way. After the short-lived State of Slovenes, Croats and Serbs disintegrated,



Five hundred thousand kronen, the Republic of Austria, 1922, OeNB



Hundred thousand kronen, the Republic of Austria, 1922, OeNB



One thousand kronen, the Austro-Hungarian Monarchy, 1902, the Numismatic Collection, AMZ

Croatia, Slavonia and Dalmatia became part of the Kingdom of Serbs, Croats and Slovenes (Kingdom of SCS) on 1 December 1918, together with Slovenia and Vojvodina. The issue arose concerning the creation of the single currency.

The problem of the replacement of the Austro-Hungarian currency can very reasonably be considered a fundamental issue in Croatia's economic, and indeed in its overall recent history.²⁴⁰ However, this topic has not been researched in depth, despite the abundance of the preserved material, including stamped and marked banknotes.²⁴¹ The unification of the monetary system in the Kingdom of SCS was an uneven process and a source of heightened national tensions.

In the period after 1918, the largest Austrian banks made efforts to accommodate to the new states and establish cooperation with the Kingdom of SCS. This was initially a successful cooperation, as it was crucial for the exports of food to Austria and the imports of commodities to the Kingdom of SCS. However, it involved a lot of speculation, which the authorities in Belgrade attempted to combat by establishing control over foreign exchange flows, succeeding with this after a few years.

Kronen and Dinars in Croatia from 1919 to 1923

The newly established Kingdom of SCS was long without a single currency. The dinar of the Kingdom of Serbia remained in use in Serbia for a while. The situation was different in the states that

Twenty dinars (80 kronen), the Kingdom of SCS, 1919, the Numismatic Collection, AMZ





had been part of the Austro-Hungarian Monarchy. The key issue for Croatia during the first five years of the Kingdom of SCS was the value of the krone, which was the means of payment in circulation until January 1923. However, pursuant to a declaration of the National Bank of the Kingdom of SCS (*Narodna banka Kraljevine Srba, Hrvata i Slovenaca*) of 15 March 1920, all validated krone banknotes were exchanged for dinar-krone banknotes of the Kingdom of SCS. As not all of the banknotes could be replaced at once, stamped and marked banknotes of the krone remained in circulation until early 1923 outside Serbia proper, where a strong dinar currency was immediately created. When used for the payment of taxes and other levies to the state, these banknotes were exchanged for the dinar at a rate of 4 to 1.

The main problem in the Kingdom of SCS was the integration of diverse monetary systems: those of the Austrian krone in ethnic Serb communities to the north of the Danube and Sava rivers and to the west of the Drina (the areas of the Kingdom of SCS that had been part of the Austro-Hungarian Monarchy), the dinar in Serbia, the perper in Montenegro and the Turkish currency in Sandžak and Macedonia. In addition, large amounts of German and Bulgarian occupation currency as well as of other currencies of the neighbouring countries were in circulation in Serbia. The exchange of this money generated strong social tensions. Due to this fact, entrepreneurs often expressed deep distrust in currency reforms in this territory after the First World War.²⁴²

There was a large shortage of small-denomination coins in the Kingdom of SCS in 1918, 1919 and 1920, especially in towns. The

One hundred dinars (400 kronen), the Kingdom of SCS, 1919, the Numismatic Collection, AMZ



Fifty fillirs of the City of Karlovac, 1919, the Numismatic Collection, AMZ



Gustav Modrušan, the mayor of Karlovac, the Collection of Photographs, Photographic Equipment and Accessories, GMK



Karlovac City Hall, the Postcards and Greeting Card Collection, GMK



Ante Pinterović, the mayor of Osijek, HR-DAOS



Ten fillirs of the City of Osijek, 1919, the Numismatic Collection, AMZ



Ivo Tartaglia, the mayor of Split, the Photographs Collection, MGS



Ten hellers of the City of Split, 1919, the Numismatic Collection, AMZ



Općina izdaje sitni novac. Pokrajinska vlada za Dalmaciju odobrila je zaključak općinskoga vijeća u Splitu o emisiji općinskih doznaka za 10 i 20 helera, koje će u prometu kolati pri pomanjkanju sitnoga novca. Da se doskoči općemu pomanjkanju sitnoga novca, bez kojega se ne može obavljati dnevni promet ni izmjena dobara među građanstvom, općinsko će upraviteljstvo u Splitu, za područje splitske općine, izdati doznake od 10 i 20 krunskih helera do ukupnoga iznosa K 100 000. Raspačavanje i podmirivanje ovih doznaka povjerava se Gradskoj Štedionici u Splitu, koja će u svako doba za gotov novac izdavati i preuzimati ove doznake, računajući uvijek na potpune iznose kruna. Ove će doznake u poslovanju na području splitske općine u cirkulaciji vrijediti kao sitni novac, kada god ovoga ne bude, a za njihovo potpuno pokriće jamči splitska općina čitavom svojom imovinom. Odredbe ovoga zaključka staju na snagu s danom kada pravomoćno budu proglašene, a vrijede za godinu dana ili do ranije promjene putem zakona.

Article on the issue of small-denomination coins, *New Age (Novo doba)*, No. 175, the 9th August 1919, the Serial Publications Department, SKS

Split City Hall, the Graphic Art Collection, SKS

lack of small-denomination coins resulted in an increase in food prices. Fake banknotes appeared in circulation and money had to be checked and handled carefully. The municipalities of Zagreb, Karlovac, Osijek, Split, Belgrade, Sarajevo, Ljubljana and Maribor were therefore granted permission to print small-denomination paper banknotes, which were in effect as the means of payment for a limited period of one year.²⁴⁵

In 1919, the municipality of Karlovac issued 10, 20 and 50 filler



Twenty fillers of the City of Zagreb, 1919, HR-DAZG



Stjepan Srkulj, the mayor of Zagreb, The Collection of Zagreb Photojournalists, MGZ



City Hall of the Free Royal City of Zagreb, Ivan Ulčnik Collection, Photographs, HR-DAZG-857

banknotes which were valid until the end of June 1920, to fulfil the need for small-denomination coinage. In order to pay the workers, the Osijek City Government, released into circulation two issues of municipal currency valid until the end of December 1919. The first issue consisted of 10, 20 and 50 filler banknotes and the second of 10 and 20 filler banknotes. The Split municipality, to ensure the regular functioning of the city, on 16 July 1919 issued 10 and 20 krone hellers valid for one year.

Stjepan Srkulj, the mayor of Zagreb, obtained approval from the Ministry of Finance to print small-denomination banknotes for 200,000 kronen, which were to be valid only in the area of Zagreb until the end of June 1920.²⁴⁴ There were 300,000 banknotes in the denomination of 10 fillirs, 600,000 banknotes in the denomination of 20 fillirs and 100,000 banknotes in the denomination of 50 fillirs in print. It cost 29,000 kronen to print these notes. This currency, nick-named “*srkuljčići*” (after the mayor’s surname, Srkulj) quickly became very popular. Two months after their being put into circulation, on 16 October 1919, the Zagreb City Government decided to print more small-denomination paper currency. However, no currency was printed because the City Government was dismissed and elections were conducted for a new representative body, which was chaired, after problems arose with the communist-oriented mayor Svetozar Delić, by the engineer Vjekoslav Heinzl. He enabled the City of Zagreb to overcome the post-war crisis and start the cycle of strong economic development in the new state, making smart political moves in the relationship with Belgrade.²⁴⁵

The validated (stamped and marked) krone was used in Croatia until January 1923 for the payment of workers’ wages and clerks’ salaries, while taxes were paid in dinars. The undervaluation of the krone in relation to the dinar destabilised the political situation in Croatia as real wages were much lower than in Serbia proper. This was also a period of inflation – Czechoslovakia was the only country that managed to keep inflation moderate. High inflation in Austria was stopped on 20 December 1924 with the introduction of the schilling, termed “the Alpine dollar”, and prices stabilised as well. In contrast with Austria, Germany entered a period of inflation at the time, followed by hyperinflation, which preceded the victory of National Socialism.

Immediately after the unification, on 1 December 1918, it was proclaimed that the Austro-Hungarian krone was overvalued in relation to the Serbian dinar and the krone started to be depreciated.

Ten krone banknote, the Austro-Hungarian Monarchy, 1915, stamped and marked in the Kingdom of SCS, the Numismatic Collection, AMZ



IV. Zapisnik

o skupštini zastupstva slob. i kr. glav. grada Zagreba

držanje dne 14. lipnja 1919.

pred predsjedavajućim grad. načelnikom dra. Stjepanom SRKULJOM.

članovi: **Franjo Galijan**, gradski pomoćnik prvom.

Od gradskih zastupnika:

A) Nastupili:

Antal Ivan	Bozeng Ziga dr.	Kovčić Milan	Butanec Albin
Ant. Aleksander	Bjelčanec pl. Gojdo	Košć Mikša	Singer Josip
Batalini Stjepan	Boudić Franjo	Marčević dr. Drag.	Sušec Gjuro dr.
Bogdan Mije	Javornik Ante dr.	Matić Svetozar	Valdeš Rudolf
Budički Miroslav	Jurčić Ivan	Mazura Lav dr.	Zelinger Benjamin
Čupić Ivan	Juriša Ivan dr.	Parčić Ante dr.	Zivčević Slavoljub
Čučević Miko	Karasin Anton	Pomper Josip	(Ukupno 6 gradskih
Galparović Petar	Kerčić Josip	Radović Josip	zastupnika).
Galtsak pl. Franjo	Kozak Anton	Rösig Isidor dr.	
Reinzel Vjekoslav	Kovčić Stjepan	Rohmann Kuzma	

B) Ne nastupili isprilicni:

Bedenko Janko	Halper pl. Sigismund Julije	Sotomercain Rob. dr.	Winterhaber Mikša dr.
Čuk Nikola	Halper Janko	Sova Slavoljub	
Gerundarić Ljudevit	Pavčić Ivan	Wilder Veleoslav	

Dnevni red:

1. Pregledanje zaključaka savjetničkog odbora od 11. lipnja 1918.
2. Pregledanje stava kr. savjeta vlade ob obilježju skupštinskih zaključaka.
 - a) glade presudbe Stjepana Radovića, predsjednika grad. javnog savjeta u VII. čin. razred.
 - b) glade podrijetla sudboga u mirovinsko-zaštitnoga dopunika Dragutina Farijak, savjetnika grad. glavnice.
 - c) glade dopunje izimne mirovine Matije adričičevića,
 - d) glade naknadice 4. državnih bonova,
 - e) glade vaučerskih dodatka grad. savjetnicima.
 - f) glade posvjetje grad. data na službu,
 - g) glade obilježje automobila,
 - h) glade status pripadnosti prvom na poziv od javnih prihoda,
 - i) glade posvjetje pristojba za službu članova.

Gradski zastupnik Josip Singer predlaže, da se njegovim posredstvom i savjetništvom, koji stane za posvjetje grada, isto se kova pogodnost daje.

Grad zastupnik dr. Gjuro Sušec predlaže, da se naknadice podaci o tom, koliko trgovačkih posvjetica i savjetništva na posvjetje grada stane, pa se onda glade predložiti grad. zastupniku Josipa Singera odobriti.

Predlog savjetničkog odbora na predlog grad. zastupnika dra. Sotomercaina prima se jednoglasno.

Čl. 117. (Broj 505-Pv-1919.) Grad. savjetnik Milan Lanza na ime savjetničkog odbora predlaže, da se zaključuje: Zastupstvo slob. i kr. glav. grada Zagreba, uvjetujući posvjetje, koje se nastale u mirovinsko-zaštitnom sudbini posvjetnika istog naziva, zaključuje, da se na grad Zagreb stavi pravo vlastite papirne mirovinske istog naziva da iznosi od 200.000 K, dani dopunom istoga kruna. Od ovih mirovina izdat će se: a) 200.000 kruna po 30 fl., b) 100.000 kruna po 20 fl., c) 100.000 kruna po 30 fl.

Plata se opozovom izdatih mirovina vrjedniji stane za posvjetje slob. i kr. glav. grada Zagreba. — Gradski savjetnik na ime savjetničkog odbora predlaže, da se zaključuje: U svrhu, da se prestane stvaranje istih mirovina, koji se nakon bračičićevih i jurišičevih djele vratiti svojim dionici, bar desetak stakli, vrtiti se u ime posvjetničkog odbora istih mirovina a pogodnost istoga kruna, koji se iznosi na razmjerno dostaviti kr. sav. vladi, te zadržati na naredu VI-4-12 red. presudba na god. 1918.

Na ime savjetničkog odbora istih mirovina predlaže, da se stanka presudba primi na daljnjih 50.000 K.

Ukupno se preneta ovih mirovina zaključuje, da gradski zastupstvo posebnim izvješćem o mirovinsko-zaštitnom sudbini, odobri i prije, ako to ministar financija odobri.

Na izvršenju mirovina iz prethod. čl. 117. u 30 dana napred opozovu putem službenih dijela „Narodnih Novina“ objavit.

Odlučuje se grad. poglavstvo, da se u predmetu sve dalje podražuje isto istoga ovih mirovina i isto nakon što stigne dovršiti izdatja mirovina od nadležnih službi sudak u prvom stadiju. — Trojica istoga savjetničkog odbora od 20.000 K izdati se predmeti od grad. blagajne, koji se predaju izdatku obilježju nakon izvršenja mirovina.

Grad zastupnik dr. Sotomercain predlaže, da se rok izvršenja mirovina iz prethod. čl. 117. grada proširi i obilježje mirovina.

Predlog savjetničkog odbora na ime savjetničkog odbora istih mirovina prima se jednoglasno.

Čl. 118. (Broj 5074-IL-1919.) Gradski zastupnik Stjepan Boudić na ime savjetničkog odbora predlaže, da se zaključuje: Država za opozuvanje u Zagrebu, podrijetuje se izdatku mirovina pripomni od 5000 K, koja neka u posvjetje iz dotacije, predviđene u presudbi na god. 1918. na naredu VI-4-12. — Pošto na tom naredu predviđena vrsta na god. 1918. iznosi od 20.000 K, kao potpora za ovu dobrovoljnu vrhu se će dostaviti, te se predlaže, da se za stanka presudba primi od 20.000 K na 20.000 K.

Gradski zastupnik Ivan Anđel predlaže, da se ovu dobrovoljnu dravtu za opozuvanje u svrhu istoga čl. 1. j. da se podijeli izdatku mirovina pripomni u svrhu predloženi 5000 kruna iznosi od 10.000 K.

Predlog savjetničkog odbora na predlog grad. zastupnika po g. zastupniku Ivanu Anđelu prima se jednoglasno.

Čl. 119. (Broj 5109-II-1919.) Isti na ime savjetničkog odbora predlaže, da se zaključuje: U svrhu, da se prestane stvaranje istih mirovina, koji se nakon bračičićevih i jurišičevih djele vratiti svojim dionici, bar desetak stakli, vrtiti se u ime posvjetničkog odbora istih mirovina a pogodnost istoga kruna, koji se iznosi na razmjerno dostaviti kr. sav. vladi, te zadržati na naredu VI-4-12 red. presudba na god. 1918.

Na ime savjetničkog odbora istih mirovina predlaže, da se stanka presudba primi na daljnjih 50.000 K.

Ukupno se preneta ovih mirovina zaključuje, da gradski zastupstvo posebnim izvješćem o mirovinsko-zaštitnom sudbini, odobri i prije, ako to ministar financija odobri.

Na izvršenju mirovina iz prethod. čl. 119. u 30 dana napred opozovu putem službenih dijela „Narodnih Novina“ objavit.

Odlučuje se grad. poglavstvo, da se u predmetu sve dalje podražuje isto istoga ovih mirovina i isto nakon što stigne dovršiti izdatja mirovina od nadležnih službi sudak u prvom stadiju. — Trojica istoga savjetničkog odbora od 20.000 K izdati se predmeti od grad. blagajne, koji se predaju izdatku obilježju nakon izvršenja mirovina.

Čl. 120. (Broj 5129-XII-IL-1919.) Gradski zastupnik Mato Jurčević na ime savjetničkog odbora predlaže, da se zaključuje: Odlučuje se odbor za izdatku malih kruna, da kao van-

In Zürich, on 29 October 1918, 100 kronen were worth 22 francs and already in 1921 were worth only 1 franc and 70 centimes, which means that the krone was devalued thirteen times. Imports to Croatia were expensive. The devaluation was gradual, each new government acting to the disadvantage of the Croatian krone. In late 1918, one dollar was worth 322 krone, one British pound was worth 1260 krone, one French franc 23 krone, while in late 1921 the values were much lower. Czechoslovakia pursued a different policy: the Czech krone continued to be worth four times as much as the Croatian krone, because the stamps used for banknote stamping were not of low quality and the monetary reform had been well prepared, in contrast with that in Croatia.²⁴⁶

The Association of Financial Institutions of Croatia and Slavonia, a paramount institution that since 1916 comprised all important monetary institutions, devoted much attention to the currency issue. In 1919, the Association issued the Memorial of the Society on the Issue of the Monetary Bank and Currency Regulation, proposing the introduction of the government dinar as the only means of payment in the Kingdom of SCS and the exchange of the krone for the dinar at a rate of 1:1. The exchange was to be conducted in the manner that only a half of the krone equivalent was paid out and a certificate was issued for the other half for the payment of state taxes and levies. The exchange rate for the dinar in Serbia was to be 1:2.²⁴⁷

The regulation of the currency in the new state encountered many difficulties. The first measure introduced to combat inflation was the stamp validation of krone banknotes. However, many various and low quality stamps were used. The minister of finance, Momčilo Ninić, ordered the stamping of the krone in a very short period between 25 December 1918 and the end of January 1919. The stamping of Austro-Hungarian kronen, which was ill-prepared, conducted using unauthenticated stamps, by a large number of offices and without

Minutes of the meeting of the City Council of the Free Royal City of Zagreb of the 14th June 1919, HR-DAZG-10

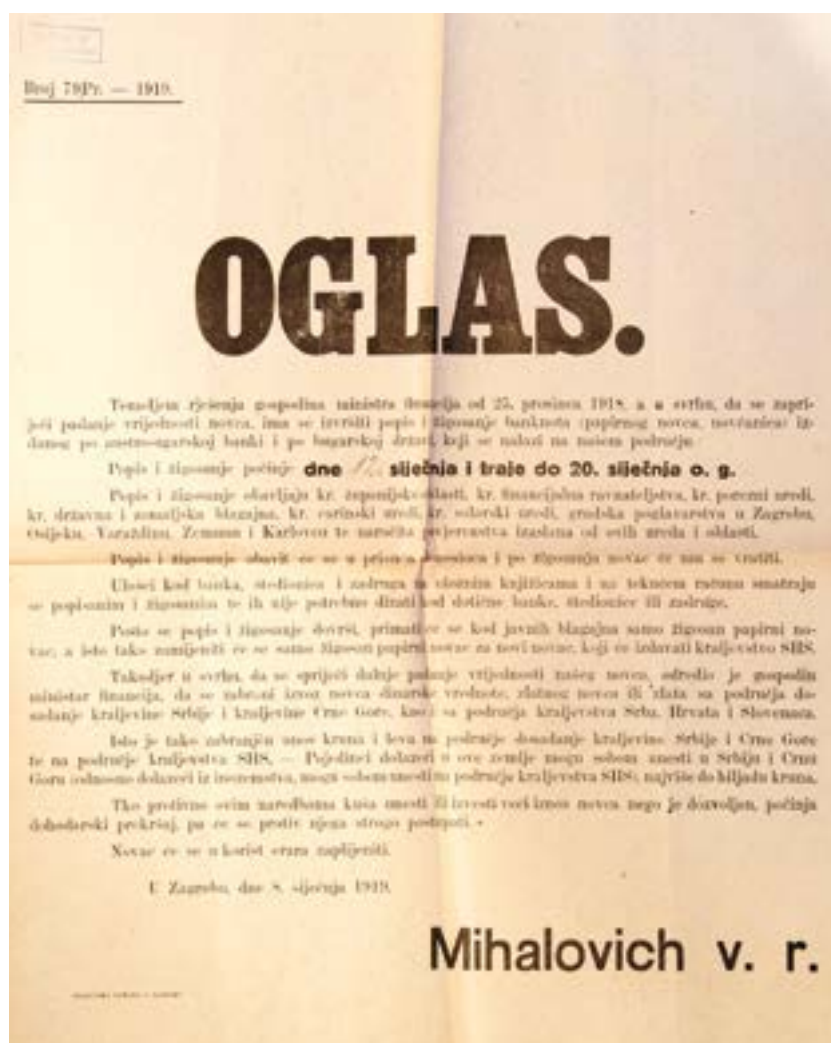
Fifty krone banknote, the Austro-Hungarian Monarchy, 1914, stamped and marked in the Kingdom of SCS, the Numismatic Collection, AMZ



proper control, was completely misguided and wreaked havoc on the money market. Banknotes of the krone, printed in Budapest, were imported into Croatia from Hungary and illegally stamped, which considerably increased the amount of currency in circulation. The illegally imported currency depreciated the value of the krone in the Kingdom of SCS.²⁴⁸

Data on the number of stamp validated krone banknotes in the Kingdom of SCS often vary. According to the most often quoted data, accepted by the National Bank of the Kingdom of SCS, 5,322,593,215 krone banknotes had been stamped by January 1919 (421,017,405 in Serbia, 1,668,536,437 in Banat and Bačka, 512,122,574 in Bosnia and Herzegovina, 1,948.917,241 in Croatia and Slavonia, 603,326,472 in Slovenia, 163,060,440 in Dalmatia and 6,612,646 in Montenegro).²⁴⁹

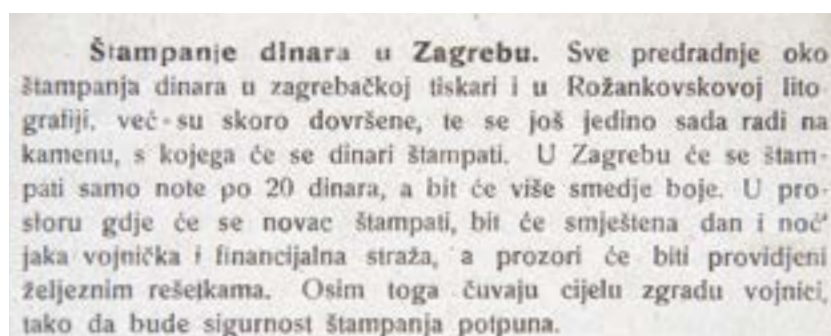
As the exchange of the krone was postponed, mainly due to technical reasons (banknotes for the exchange were not printed in due time), it emerged that krone banknotes had to be better marked to prevent them being counterfeited, because banknote stamping had proved to be inefficient. The Ministry of Finance of the Kingdom of SCS ordered that krone banknotes that had been validated by stamping had to be marked. The minister of finance Velja Vukičević ordered marking by various colours for varied currency values. The process



Public notice on banknote inventory and stamping, HR-DAZG-10

started on 26 November 1919 and it was completed on 11 January 1920. Due to complaints lodged, it was prolonged until 10 March 1920 and the deadline was later also extended in the areas under the Italian rule that were gradually returning to the Kingdom of SHS. Small-denomination banknotes of one, two and ten krone were not marked, so people refused to accept them. The inventory of marked banknotes showed a large excess of the krone in the money market owing to various fraudulent activities. The krone depreciated sharply as a result. There were also cases when marks were removed from one denomination and pasted on the other, and numerous counterfeits made trade quite difficult, both in the country and abroad.²⁵⁰

Data and information on the number of marked krone banknotes



Public notice on the printing of the dinar in the City of Zagreb, The Journal of the County of Virovitica (*Vjesnik županije Virovitičke*), No. 7–11, 1919, HR-DAOS

Half a dinar (two kronen), the Kingdom of SCS, 1919, the Numismatic Collection, AMZ



in the Kingdom of SCS often vary. The figure most often stated is that there were 5,686,606,730 kronen in circulation after marking, which is an increase of 363,606,730 kronen compared with the number of stamped banknotes until January 1919.²⁵¹ This increase in the total amount of kronen in circulation, excluding one and two krona banknotes, resulted from illegal imports or counterfeiting of stamps. Following the example of Czechoslovakia, 20% of the value of this currency was issued as coupons that in 1929, the first year of the dictatorship, could be used for the payment of taxes or fines.²⁵² The promise to withdraw from circulation the currency that did not comply with regulations was not fulfilled either. The sum of 300,000,000 kronen from Hungary was illegally released through the Croatian-Slavonian Land Mortgage Bank. The government withdrew 300,000,000 kronen from the Austro-Hungarian Bank, but rather than destroying them, it released them into regular circulation.²⁵³ The Hungarian krone was smuggled into the Kingdom of SCS, where it was stamped by local banks. The largest such embezzlement was discovered in late 1919 in Pécs, when the police confiscated 220,000 non-stamped kronen, prepared for transfer to the Kingdom of SCS, which had been laundered through the Osijek Land Bank. After this scandal, the Bank changed its name into Yugoslav Bank at an

extraordinary general meeting, held on 13 March 1920, and moved its headquarters to Zagreb, retaining only a branch in Osijek. The action was conducted by Dušan Plavšić, who was to become head of the Yugoslav Bank in Zagreb and later took over the Balkan Bank, which was liquidated in 1923, driving a number of landowners from Zagorje into bankruptcy.²⁵⁴

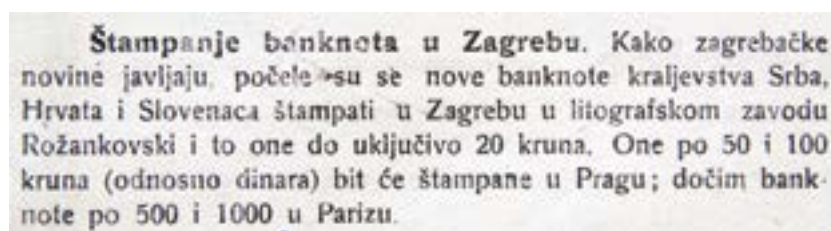
Old Serbian dinar banknotes also remained in circulation, until the final unification of the currency. There were 340.6 million Serbian dinar banknotes in circulation in late 1918, with the gold and silver basis of 79.32 million dinars, or 23%.²⁵⁵

As the dinar was not manipulated, it became a desired currency in the whole country and its value grew, while the krone increasingly depreciated. In 1914, the krone/dinar exchange rate was considered to be 1:1, and it became clear that the proposal of Milorad Nedjeljković for the exchange rate of 4:1 was, to say the least, unfounded.²⁵⁶

The minister of finance, Velimir Janković, issued a decision on 31 December 1919 proclaiming that the official exchange rate of the dinar against the krone as of 1 January 1920 was to be 1:4.²⁵⁷ The decision was met with bitter discontent, as in Croatia the krone was thought to be worth more than the dinar, so that many entrepreneurs believed that they were suffering big losses, especially due to the fact that the minister of finance Kosta Stojanović (1920) ordered that taxes and all obligations owed to the state were to be paid in the dinar equivalent, despite the krone being the means of payment in Croatia. The minister of finance Kosta Kumanudi (1921–1922) ordered the subscription of a domestic loan, using it solely to meet the needs of the military and improve the conditions in Serbia.²⁵⁸ The dinar had partial coverage in the French franc. Therefore, although all the nations of the former Austro-Hungarian Monarchy kept the krone as their currency, the Serbs accepted the franc-dinar, which caused the krone to depreciate.²⁵⁹

The withdrawal of the krone and other currencies from circulation was a large-scale operation. The exchange of the krone was finally proclaimed on 1 February 1920 for the denominations of 1,000, 100, 50 and 20 kronen. The operation lasted one month, depending on the area, the deadline being 3 June 1920. A total of 5,121, 611,345.20 kronen was exchanged for new dinar-dinar-krone banknotes, 564,995,384.80 less than established by marking.²⁶⁰

Dinar-krone banknotes in the denominations of 1,000 or 4,000, 100 or 400, 20 or 80, 10 or 40, 5 or 20, 1 or 4 and a half dinar or 2 kronen were released into circulation in 1919. The banknotes were denominated both in the dinar and in the krone, hence the name dinar-krone banknotes.²⁶¹ All banknotes were of poor quality, which resulted in the production of many counterfeits that were withdrawn from



Public notice on the printing of banknotes in Zagreb, *Vjesnik županije Virovitičke*, No. 5, 1919, HR-DAOS

Branch of the National Bank in Zagreb, *National Bank 1884–1934*, Belgrade, 1935



circulation and replaced by new series, that is, new types of banknotes printed from 1922 to 1939. The exchange of these banknotes was very poorly organised.

In late 1920, the stock of banknotes in circulation in the Kingdom of SCS was 3,344,127,710 dinars, with the coverage of 64,174,367 dinars in gold, 15,540,387 dinars in silver and 2,088,789 dinars in foreign currency as well as 349,558,936 dinars deposited with foreign correspondent banks. Totalling 431,362,479, the coverage in metal and foreign currency was 12.9%, which was not in compliance with regulations.²⁶²

The first metal currency of the Kingdom of SCS appeared in 1922 as a replacement for kronen banknotes that were used due to the lack of small-denomination currency. The decisions on the minting of small-denomination coins of 5, 10 and 25 paras were issued by the Ministerial Council on 23 August 1920 and subsequently confirmed by the Act on the Minting of Small-Denomination Coins of Nickel and Gamma (an alloy of 95.8% zinc and 1.5% copper) of 30 December 1921. The year of minting of the first metal currency of the Kingdom of SCS was 1920; it was shown on the obverse of the coins, whereas the coin reverse featured the coat of arms of the Kingdom of SCS.²⁶³ The following metal coin issues, (1925, 1931 and 1932) of the Kingdom of SCS/Yugoslavia featured an image of King Aleksandar I on the obverse and on the reverse the coat of arms of the Kingdom of SCS/Yugoslavia, i.e., the state insignia. Coins denominated at 25 and 50 paras as well as 1 and 2 dinars, issued in 1938, bore the denomination numeral and issue year on the obverse and the crown circled by the inscription *Kraljevina Jugoslavija* (Kingdom of Yugoslavia) on the reverse. Coins denominated at 20 and 50 dinars featured an image of Petar II Karadorđević on the obverse and the coat of arms of the Kingdom of Yugoslavia on the reverse.

The printing of new currency was not simple because the Kingdom of SCS was much larger than the then Kingdom of Serbia and much more currency was required. This led to the establishment of the Commission for the Printing of Banknotes.²⁶⁴ The National Bank of the Kingdom of SCS was established on the basis of the Privileged National Bank of the Kingdom of Serbia (*Privilegirana narodna banka*

Kraljevine Srbije), founded in 1833. In 1920, the Bank expanded its operations to all areas of the new kingdom and became the central bank for monetary operations, taking over the branches of the Austro-Hungarian Bank.²⁶⁵ The Bank was to become the national bank for the whole country already in 1919. However, the management conditioned this on the liquidation of the *Zagreb National Bank*, established in spring 1918 and headquartered in Ilica 7, which had an equity capital of 50,000,000 kronen. It was only when it was decided that the Zagreb National Bank would change its name to the Slavic Bank, and that a new palatial building would be built below *Schlosserove stube*, that the National Bank of the Kingdom of Serbia changed its name to the National Bank of the Kingdom of SCS. Although there were a few Croats among Bank's governors and vice-governors in the period between the wars, the Bank's policy served the interests of the government in Belgrade, which was always a source of tension in Croatia as such a policy was until 1939 considered to be pro-Serbian or Freemasonic. Shares were personal shares, with the majority of 60,000 shares of that bank owned by the Belgrade Cooperative, of which the main shareholder was King Aleksandar I, until his death in Marseille on 9 October 1934. Due to control and monopolisation there were no Croats among the shareholders in 1935 either.²⁶⁶

The National Bank, in which primary shares were owned by twenty Serbian families, mostly from Belgrade, was established pursuant to the Act on the National Bank of 26 January 1920. The Bank, which was also a bank of issue, influenced cash flows in the whole country by political decisions. Under the currency duality, in effect until 1923, the krone could not be used for payment in Serbia, only the dinar, while the validated krone was in effect in other areas, but it was constantly devalued. The succession was very complicated due to pre-war loans and loans granted during the First World War. This issue started to be widely discussed in 1920. The acquisition of branches of the Austro-Hungarian Bank started in 1920 in Zagreb, Varaždin, Split, Osijek,



National Bank (subsequently the Slavic Bank) in Zagreb, FOT-16273, the Photograph Collection, MGZ

Public notice of the National Bank, New Age
(*Novo doba*), No. 140, 28 June 1919, the Serial
Publications Department, SKS



Ljubljana, Maribor, Sarajevo, Mostar, Banja Luka, Zemun, Novi Sad, Veliki Bečkerek, Subotica, Pančevo and Vršac, to be completed on 23 August 1921.²⁶⁷ However, already in May 1920 it was agreed that all operations of the Austro-Hungarian Bank (giro transactions, cash-desk operations, Lombard transactions) would be taken over by the National Bank. It was also agreed to transfer gold bullion at the total value of 300,950,640 kronen.²⁶⁸ The bullion was transferred from Vienna to Belgrade in late 1922. The liquidation of operations of the Austro-Hungarian Bank with the Anglo-Austrian Bank in Vienna and the Anglo-Czech Bank in Prague was finalised in 1924 – 3,519,230 gold kronen were released and deposited at the National Bank vault. Also deposited were 716,042 gold kronen pertaining to the Yugoslav share of 5,000,000 gold kronen paid by Austria and Hungary to redeem their commitments owed to the Austro-Hungarian Bank. However, some of the amounts were still sequestered.²⁶⁹ The National Bank did not use this gold to create the gold standard, but gave it to France, contributing to its gold reserve lost in the First World War and receiving a large loan in return. The monetary relationships with the former Austro-Hungarian Monarchy continued to be resolved at conferences on succession issues held in 1923 in Innsbruck and in Prague in 1925. The Liquidation Committee discontinued its work in June 1924.

Belgrade financial circles had strong links with the French banking sector. The German or Central European financial system, previously in place in Croatia, was being abandoned and replaced by the French system. As early as 1919, the *Grand comptoir franco Balkanique* was established in Zagreb, at 6 Strossmayer Street with an aim of consolidating economic ties. The strength of this relationship was illustrated by the location of *Banque Franco-Serbe* (today the Archaeological Museum) in the Zrinjevac Park in Zagreb.²⁷⁰ This proves that France planned to carry out major economic operations in our country.

However, the dinar stabilised at an overly high exchange rate in 1923, causing economic stagnation, which continued in the following

years, but not until 1926 was it recognised as a critical issue at the state level. The solution was sought by political means and by stopping the flow of loans from the National Bank of the Kingdom of SCS to smaller banks.²⁷¹ Lending to the government and the real sector as well as the instability of the dinar exchange rate in foreign stock exchanges resulted in lending growth and boosted the amount of currency in circulation. In response to this, measures were adopted to stabilise monetary relationships in the country. Lending was reduced, and even some lending restrictions were introduced, the 1923 and 1924 budgets were balanced and the Foreign Exchange Ordinance was issued in 1922. The stabilisation lasted from 1925 to 1931.²⁷²

In 1923, Milan Stojadinović started with reforms to stabilise the dinar. Having strengthened the dinar, he made it expensive and stable, with the result that prices decreased by 1925. Nevertheless, due to a poor financial policy, the dinar lost its stability in the Zurich Stock Exchange, fluctuating wildly in the following few years. This trend was stopped by the Currency Act, adopted in May 1931. However, this was not an ideal timing for such an act as most countries had revoked the gold standard because of the crisis.²⁷³

Private banks and savings banks played a major role in the Croatian economy. The fact that there were so many of them shows how

Assets of the National Bank of the Kingdom of SCS, J. Lakatoš, *The Yugoslav Lloyd Economic Almanac*, Zagreb, 1929

Imovina Narodne banke SHS

Godine	1921	1922	1923	1924	1925	1926	1927	1928
Metalna podloga								
u zlata	74.188.554,62	64.012.507,92	68.837.549,14	72.388.506,38	75.941.499,83	86.113.282,92	88.771.923,10	91.014.725,22
u srebra	16.733.112,50	16.546.411,50	17.276.385,20	17.457.516,20	17.486.280,70	17.513.272,60	17.570.623,60	17.535.849,—
u sitnim novč. i u siklu	6.899.247,25	2.935.478,50	1.477.239,75	739.818,75	329.654,55	135.724,71	194.561,04	13.264.925,49
u strani moneti	310.431.368,94	298.741.536,14	351.228.088,90	384.535.449,90	396.704.040,41	335.148.530,27	346.392.788,36	230.524.276,41
Ukupno	408.247.283,31	382.235.934,06	438.819.262,99	475.091.291,20	460.452.475,49	438.910.890,50	452.979.896,10	382.339.775,03
Zajmovi								
na mjernice	557.745.271,77	1.421.215.166,43	1.333.713.853,11	1.289.282.930,85	1.207.552.963,17	1.241.934.687,40	1.432.096.440,09	1.470.503.153,50
zalog vrijedan papira	40.197,88,—	99.552.850,20	189.968.083,25	205.710.973,30	163.265.634,75	239.125.259,17	251.123.405,99	253.530.667,63
Ukupno	597.943.156,87	1.520.768.016,63	1.523.681.936,86	1.494.993.904,15	1.371.391.497,92	1.481.059.946,57	1.683.129.846,08	—
Primanja od države								
za otkup krunskih novčanica								
po odbitku drž. učeška u zaradi	1.267.088.964,11	1.238.193.889,71	1.199.781.678,57	1.186.367.906,76	1.152.923.315,49	1.114.184.106,55	1.072.664.873,70	1.007.429.594,97
po računu stalno razmjere	300.000.000,—	300.000.000,—	277.129.650,19	257.234.691,20	236.614.968,40	222.338.031,01	188.112.273,06	159.414.373,02
• • privr. razmjere	34.273.406,60	12.119.333,59	85.759.901,24	119.278.121,24	110.691.863,90	110.702.543,90	110.702.543,90	68.410.552,86
• • redovitog kredita od 1 milijarde	516.851.379,39	967.237.224,46	961.698.574,30	966.355.034,—	966.355.034,—	996.355.034,—	966.355.034,—	966.355.034,—
• • vanredn. kreditu	2.000.000.000,—	2.000.000.000,—	2.000.000.000,—	2.000.000.000,—	2.000.000.000,—	2.000.000.000,—	2.000.000.000,—	2.000.000.000,—
Ukupno	4.418.213.050,10	4.517.550.447,76	4.324.360.804,21	4.520.685.753,20	4.466.584.881,79	4.413.576.715,76	4.337.834.724,66	4.201.609.354,85
Vrijednost bank. fondova								
rezervnog	1.829.982,50	1.558.500,—	4.175.960,—	5.031.097,—	7.227.011,50	9.303.425,—	10.710.453,50	10.956.921,—
za popunu dividende	—	—	—	—	—	3.910.917,50	23.866.455,—	29.452.500,50
za nepokretnosti	840.302,50	795.200,—	2.855.300,—	2.750.713,50	1.738.733,—	2.287.060,—	2.323.512,50	8.847.821,—
za zidanje antrpa	560.000,—	403.200,—	292.000,—	1.085.007,50	1.827.149,50	2.227.505,—	2.663.798,—	2.749.000,50
za pomaganje poljoprivr.	121.285,—	114.600,—	110.780,—	253.636,—	331.950,—	444.550,—	467.420,—	473.267,50
za pomaganje poljoprivr. literaturu	105.600,—	156.800,—	128.000,—	121.600,—	178.228,50	206.320,—	261.129,—	307.848,—
Ukupno	3.457.250,—	3.028.420,—	7.662.040,—	9.242.054,—	11.300.072,50	18.379.777,50	40.292.258,—	52.818.388,50
Penzioni fond činovnika	1.955.187,50	4.455.712,—	8.125.480,—	8.807.432,—	11.526.302,—	13.481.737,50	20.359.200,50	24.907.597,—
Bančine nepokretnosti	5.480.584,35	13.063.725,35	29.308.661,30	47.538.722,09	74.018.154,84	79.211.468,56	92.952.541,85	112.770.886,46
Namještal i pribor	869.268,80	1.484.808,94	2.353.388,29	3.029.496,83	3.667.148,68	2.843.114,59	2.804.269,51	2.867.536,10
Ostave na čuvanje	35.529.487,75	37.672.204,90	40.309.223,74	35.750.617,09	37.241.121,65	35.733.945,65	40.758.149,65	39.416.204,65
Ostave na raznim računima i kasnije	2.206.753.762,97	4.422.583.292,55	4.459.195.728,88	4.640.938.660,01	4.723.366.925,35	5.016.076.261,86	4.940.219.197,88	6.014.839.424,87
Vrijednost zat. drž. domena	2.178.337.163,—	2.138.377.163,—	2.138.377.163,—	2.138.377.163,—	2.138.377.163,—	2.138.377.163,—	2.138.377.163,—	2.138.377.163,—
Depot kovnog novcu	—	—	—	—	27.234.150,—	35.387.700,—	32.455.700,—	31.115.300,—
Kurs diferencija	—	—	—	—	895.451.198,41	728.673.570,53	545.405.554,54	888.361.767,08
Razni računi	—	—	211.400.287,47	—	—	—	—	—
SVEUKUPNO	9.816.821.794,65	13.011.279.635,19	13.383.593.973,74	13.969.906.291,98	14.053.633.513,75	14.215.444.276,03	14.670.594.714,31	15.298.348.589,88



Branch of the National Bank in Split, *National Bank 1884–1934*, Belgrade, 1935

important they were for large enterprises as well as for medium-sized and small enterprises. The Act on the National Bank of 1 February 1920 established the National Bank as the leading financial institution that was granted the privilege of banknote issue by the state. The National Bank assumed the management of all branches of the former Austro-Hungarian Bank in Croatia, Slavonia and Dalmatia, thus acquiring branches in Croatian cities, but it started operating in the Croatian territory only after it had changed its name into the Slavic Bank. However, as this bank continued with some operations, such as foreign exchange transactions, it was a thorn in the side of the National Bank of the Kingdom of SCS, which pushed it into bankruptcy in 1925. In addition to the Slavic Bank, the Balkan Bank, governed by Dušan Plavšić, and the Serbian Agricultural Bank had also gone into bankruptcy by 1929. The Slavic Bank went bankrupt in 1926, although it was one of the largest Croatian banks. As reported at the last meeting held by the National Bank in Zagreb, on 12 March 1920, the net profit of the bank was 1,484,661 kronen. This was undoubtedly the most thriving bank in Croatia, which received emigrants' remittances.²⁷⁴

The largest banks forged links with the capital in Belgrade. Banks in Croatia often merged and changed their names. In 1928, the Croatian Discount Bank merged with the Croatian-Slavonian Land Mortgage Bank to form the Yugoslav United Bank. The Croatian Land Bank, founded in 1909 in Osijek, had by 1920 already changed its name to the Yugoslav Bank and moved to Zagreb. The First Croatian Savings Bank did not change its name. City savings banks were very important as, being local monetary institutions, they were trusted by the public. The Zagreb City Savings Bank, although founded as late as in 1914, became a powerful monetary institution, even before the Great

Depression, exercising a significant influence on the city's municipal services and construction works.

Immediately after the take-over of the Austro-Hungarian Bank's branches, the National Bank started the subscription of new shares, but in gold. The shareholders' equity increased to 50,000,000 dinars in gold. However, of 40,000 shares only 4421 were subscribed by the end of 1920 as demand for shares was weak because the issue price was too high. The third share issue was therefore launched as late as in 1921. The total number of shares was subscribed on 2 March 1922. The National Bank was designated as a monetary institution and it was allocated 300,000,000 dinars from the state for the purpose of issuing banknotes to three times the amount of the precious metal reserve. The National Bank became the central bank and retained this status until 1941, regulating currency in circulation and the exchange rate.²⁷⁵ Although it was not officially proclaimed a state bank, it gradually took over this function, primarily through the calculation of monopolistic and customs revenues, while also purchasing foreign currency for the account of the state. The Bank was thus transformed from a private institution to a privileged state bank.²⁷⁶

In order to cover the growing expenses of the state administration, the Yugoslav state resorted to borrowing. In 1921 Croatia granted a loan through its banks to the state of more than 100,000,000 kronen aimed for the railway construction and coal purchase as transport was in collapse.²⁷⁷ Given the obvious excess of expenditures over revenues, some envisaged state bankruptcy already in late 1921. Kosta Kumanudi, minister of finance, floated a domestic loan of 500,000,000 dinars in 1921 and the Blair Loan in the amount of 100,000,000 dollars was agreed in 1922. This put an additional burden on the population, and the safeguarding of krone banknotes, at the exchange rate 4 kronen to the dinar, weighed heavily on the population outside Serbia proper.²⁷⁸

Although the Temporary National Representation of the Kingdom of SCS started work in March 1919, and the Parliament in 1921, the government budget for 1920 and 1921, adopted pursuant to a decree of 21 August 1920, was based on provisional twelfths and not on actual revenues and expenditures, that is, it was not balanced. The war revenue tax was also imposed retroactively: in Serbia it was repaid by persons with minimum revenues of 5,000 dinars, while in the Banovina of Croatia the limit was 2,250 dinars (9,000 kronen). The real estate sales tax in Serbia and Slovenia was 4% and in Croatia 5%. The cost of living was much higher in Croatia than in Serbia so that professionals started to migrate to Belgrade. Pursuant to the same act regulating finances, Serbs in the communities to the north of the Danube and Sava Rivers and to the west of the Drina, paid the same amount of land tax, house tax and income tax in the 1st and 2nd brackets. The taxes were not paid in the krone, but in the dinar, with the result that they were quadrupled as of 1 January 1920. Taxes accumulated, as disability tax was also imposed, and municipality and city surtaxes were also high.

Due to legislative differences, the National Bank, which operated in accordance with the Act on Joint Stock Companies and was under

City Savings Bank palace in Jelačić Square, *Obzor*, Monograph, 1860–1935, Zagreb, 1935



the jurisdiction of the Ministry of Trade and Industry, was constantly in conflict with private banks, which operated pursuant to a very liberal Hungarian law and were outside the control of the Ministry. Some of them even engaged in money laundering to cushion the shock to the krone caused by its four fifths depreciation. However, the National Bank also conformed to different rules during the transformation of the National Bank of Serbia to the National Bank of the Kingdom of SCS, and transitional provisions were superficial and incomplete, especially with regard to government borrowing, the exchange of krone banknotes, etc.²⁷⁹

The duality of the currency, maintained until 1 January 1923, and the calculation of the krone against the dinar for tax payments created problems in the economy and enabled those who were resourceful to get rich, while impoverishing savers and various trust funds. Trading was especially difficult since all trade was as of autumn 1921 connected through the National Bank of the Kingdom of SCS by means of export licences issued by the Ministry of Trade in Belgrade. Amid such problems, importers in Zagreb resorted to varied unlawful practices, including money laundering. Pensioners who received pensions in the krone were also in a difficult situation. After initial excitement about the creation of a large South Slavic state, political disturbances grew on the back of the krone crisis, which affected the areas where it was used.

The weakening of the dinar in the Yugoslav state was not prevented by the financial pillage of Croatia. Mijo Mirković also emphasised this phenomenon as a key reason for political instability.²⁸⁰ The fall in the krone value had a devastating effect on the dinar. The depreciation of

Women working in a paper factory, Rijeka, the Photography Collection, RCM



the Yugoslav currency strongly boosted the prices of imported goods in the country. In addition, civil servants' wages had to be raised due to a continuous growth in government expenditures, with the result that taxes, customs duties, excises, stamps, postage fees and fare also had to go up.

The weakening of the krone led to the weakening of the dinar. Prior to the enactment of the Vidovdan Constitution in 1921, the Croatian krone was worth 4 Swiss francs and 50 centimes at the Zurich Stock Exchange, compared with a low of 1.35 francs in November 1921. The National Bank of the Kingdom of SCS was also encountering difficulties. In 1920, the state debt owed to the Bank for services rendered in banknote exchange, and three loans, was 3,283,291,500 dinars, compared with only 601,976,295 in 1919. By the end of 1922, the debt rose to 4,517,550,448 dinars.²⁸¹ The weakening of the dinar was a major cause of concern in banking circles. The minister of finance abolished the official exchange rates and the currency board, under the rationale that they weighed down on foreign trade transactions. There were rumours about large embezzlements, but such an unfavourable situation was considered temporary, although it was the point at issue in Europe. The weakening of the dinar was due to two more factors. First, Czechoslovakia ordered that all weaker foreign currencies be removed from the bank's vault, which affected the dinar of the Kingdom of SCS. Second, the former minister of finance, Kosta Kumandi, cooperated with private banks allowing them to process all government claims, which also considerably reduced the dinar's value. Milan Stojadinović stated: "In an effort to counter sensational news about our country and about adverse financial and

*Pod zidom Street (Kaptol, Zagreb), S. Grković,
Photography Protecting Cultural Heritage,
Zagreb, 2007*



economic conditions, we will establish a bureau to inform the domestic and foreign public about all our economic issues.”²⁸² The bureau was set up in Belgrade, with a trustworthy staff of people, politically close to the radicals.

Currency of the Kingdom of the Serbs, Croats and Slovenes

The introduction of a single currency for the whole state was aimed at the stabilisation of the monetary system. This goal was achieved. The Financial Act for 1924 and 1925, enacted on 31 March 1924, and the Ordinance on the Minting of Coinage, issued on 18 November 1924, provided for the release into circulation of 50,000 gold coins denominated at 20 dinars, worth a total of 1,000,000 dinars. These coins (Aleksandar coins) had the same weights and fineness as napoleons and were in high demand. The coinage minted included 50,000,000 of 2-dinar coins, worth a total of 100,000,000 dinars, 75,000,000 of 1-dinar coins, worth 75,000,000 dinars, and

Map of the Kingdom of Serbs, Croats and Slovenes, 1922, A. Gavazzi, HPM/PMH 15870



50,000,000 of 50-para coins, worth 25,000,000 dinars. These coins, with the year of minting 1925, were minted abroad. However, gold coins were issued into circulation as late as in 1927.²⁸⁵

The change of the ruler necessitated the change of banknotes. Some coin dies were produced by Croatian artisans.²⁸⁴ Special attention was devoted to watermarks and other banknote security features in order to prevent their counterfeiting.²⁸⁵

Many banks that were until 1918 owned by Vienna and Budapest shareholders, were acquired by Belgrade bankers, who sat in supervisory and management boards of many monetary institutions and all important companies. Panic-stricken private banks made efforts to forge ties with the financiers creating the state's financial policy and many tried to become part of the system. The Croatian-Slavonian Land Mortgage Bank made a significant transformation from the former pro-Hungarian bank into the Union Bank (Yugoslav United Bank), also backed by the Hungarian capital.

Many banks changed their names, mostly removing Croatian words. The First Croatian Savings Bank was the only one not to change its name, although its policy complied with that of the National Bank of the Kingdom of SCS, which enabled its further development, and its chairman, Miroslav Kulmer, was in 1930 and 1931 vicegovernor of the National Bank.²⁸⁶

Monetary issues attracted attention of our experts. Ivo Belin,



Fifty paras, the Kingdom of SCS, 1925, the Numismatic Collection, AMZ



One dinar, the Kingdom of SCS, 1925, the Numismatic Collection, AMZ



Count Miroslav Kulmer, *National Bank*
1884 – 1934, Belgrade, 1935

Palace of the Yugoslav United Bank in Zagreb, J. Lakatoš, *The Yugoslav Lloyd Economic Almanac*, Zagreb, 1929

Share certificate of the Yugoslav United Bank, the PBZ Museum



the secretary of the Zagreb Stock Exchange (1924– 1945) and the vicegovernor of the National Bank (1935– 1941) monitored currency flows, reported on this issue and published articles in various magazines. In *New Europe (Nova Europa)*, Belin wrote a column on money and credit policies, analysing fluctuations in currency flows.²⁸⁷ The state's aim to take control over the finances and adopt a balanced budget involved tax increases. In 1925, Oskar Weiszmayr, the Yugoslav Bank's president, criticised the work of the finance minister, Milan Stojadinović. He approved of the stabilisation of the dinar in Zurich, considering, however, that the surtax on tax should not be charged if the amount in question exceeded the income, especially because municipal levies were already high in many towns. He also criticised the policy of export and import taxes, claiming that they destroyed the milling industry and that the minister of the economy and trade, Ivan Krajač, should not be subordinated to the finance minister, Milan Stojadinović, who did not associate with factory owners and was not familiar with the situation.²⁸⁸ Franjo Braum, the former commissioner of the National Council of the Kingdom of SCS, one of the top financial experts in the country criticised the tax policy.²⁸⁹ Party politics was the measure of everything and it was impossible to do business honestly, so that many Jewish tradesmen from Syrmia moved to Slavonia and further to Zagreb, where they got employed as commercial agents.

The dinar appreciated on the back of favourable political trends. However, the improvement lasted only short term, in late 1922.²⁹⁰ The finance minister, Milan Stojadinović, considered inflation and excessive banknote issues the main reasons for the decline of the dinar. Stojadinović found another reason in the negative balance of trade, for more was spent than was earned, more was bought than was sold. Stojadinović advocated import cuts and the introduction of an act on customs duties aimed at decreasing imports. In his view, political conditions and public distrust in the state currency also contributed to the dinar's fall.²⁹¹

The dinar's exchange rate finally started to improve in February 1923. In early March 1923, the exchange rate at the Swiss stock exchanges was 6 Swiss francs per 100 dinars. The dinar was boosted

by a restrictive monetary policy. The dinar strengthened again in late January 1924. The foreign exchange policy was supported by an inflow of foreign currency from a favourable new loan of 15 million Swiss francs, granted to the State Mortgage Bank from Basel. The dinar grew strongly in early September 1924 amid import growth and the use of foreign currency from the Blair loan for market interventions. The demise of the Davidović government in October 1924 did not jeopardize this positive trend. In early 1925, the Swiss franc/dinar exchange rate was 6:100. However, as the dinar increased in value abroad and depreciated at home, the competitiveness of the national economy weakened. The overvalued dinar, and the related consequences of its overvaluation, became a problem to be addressed by the national economy for many years to come.²⁹²

As of 1923, strong efforts were made to boost exports, which outdid imports in the following years. This also came at a disadvantage: the expensive dinar slowed down exports. A period of deflation began, putting a heavy burden on the citizens due to the collapse of many poorly capitalised companies. Croatia had to respond to political the crisis caused by the lack of loans granted by the National Bank, which put a stop to many operations and aggravated the conditions in private banking. The state also introduced austerity measures in all areas, so that the state debt owed to the National Bank declined, although the dinar fell, stagnated and grew in the meantime. Milan Stojadinović insisted on the system of privileged state banks. The state money was held at the Privileged Mortgage State Bank, which in 1927 expanded its operations to Croatia. Privileged banks were also established for crafts in 1927 and for agriculture in 1929. These privileged banks, with significant shares owned by the state, were aimed at alleviating the influence of private banks and political tensions arising from the division between the most important social classes, peasants and tradesmen.

Stabilisation of the Dinar in the Kingdom of Yugoslavia, 1931

Private banks collapsed during the Great Depression, being unable to fulfil their task of providing the economy with cash to spur its development. Due to economic instability and the non-existence of a banking network they were put at a serious disadvantage and the crisis exposed their instability and weakness. There was no deposit insurance so that private banks were on the brink of failure and state banks were unwilling to assist in their rehabilitation, with the result that private banks became insolvent and lost their status in the Croatian economy.

There was no quality money available in the market. Contrary to the principle of *laissez-faire* in credit operations and politics, the state assumed control over the money market and credit through the National Bank and the Privileged State Mortgage Bank. These two state banks no longer granted loans to private banks, and so private banks could not meet their currency needs and most of them came



One fourth of the dinar (25 paras), the Kingdom of SCS, 1921, the Numismatic Collection, AMZ



Vlaška Street, Zagreb, V. Horvat, UZKB – F, the Ministry of Culture

close to bankruptcy. However, some of them managed to avoid bankruptcy, having requested protection from the state in the form of a moratorium on the payment of savings deposits to depositors, although this measure had tax consequences for middle-class people who kept their savings deposits at these banks.

The legislative framework for the stabilisation of the dinar in 1931 included the following acts, issued in the same year: the Act on the Currency of the Kingdom of Yugoslavia of 11 May, the Agreement on the Execution of the Currency Act between the State and the National Bank of 13 June, the Act on the National Bank of 17 June and the Statute of the National Bank of 25 June.²⁹³ Pursuant to these regulations, the main goal of the National Bank was to maintain the stability and safety of the currency, in addition to other currency-related regulatory functions, while the other goal was lending to the economy. The dinar had to equal the value of 26.5 milligrams of pure gold. The French monetary system was accepted, with the coverage of banknotes and sight obligations of 35%, of which 25% was in gold and

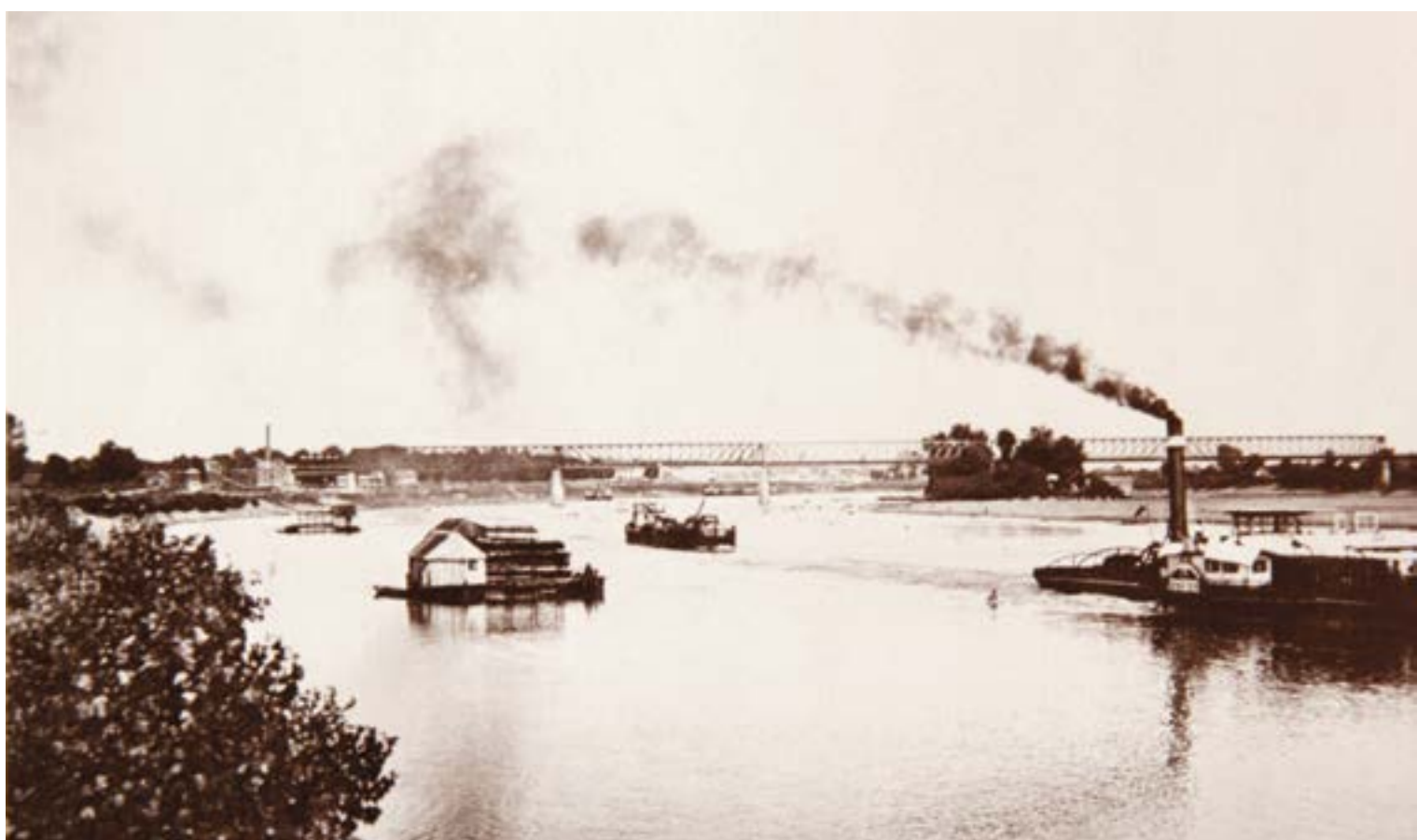


Fair day with wagons of hay, Zagreb, V. Horvat, UZKB – F, the Ministry of Culture



Kraljevica port and shipyard, G. Szabo, Horvat, UZKB – F, the Ministry of Culture

Ships and mills on the River Sava near Slavonski Brod, M. Smokvina, *Croatia in Historical Panoramic Photographs*, Zagreb, 2001



Bank of the River Sava, Zagreb, B. Paušek, UZKB
– F, the Ministry of Culture



10% in foreign currency. Faced with international pressure, the state had to stabilise the currency.²⁹⁴ The top priority of the time, currency stabilisation was carried out in the only way possible, although during a very inconvenient period, at the peak of the Great Depression. First recorded in 1930 as a result of disturbances in the North-American market, foreign currency outflow continued in 1931 in the form of foreign capital withdrawal. In early 1931, the outflow reached almost 300,000,000 dinars in two to three months. Monetary conditions in the Kingdom of Yugoslavia were also affected by the collapse of *Wiener Kreditanstalt*, a large Viennese monetary institution and the Hoover Moratorium of 20 June 1931 on payments of Germany's war reparations and debt, which decreased foreign currency inflows by 450,000,000 dinars annually in net terms. This was followed by an event that caused a widespread distrust in the currency: the abolition of the gold standard in England, on 21 September 1931.²⁹⁵ The First

Town square, Požega, M. Smokvina, *Croatia in Historical Panoramic Photographs*, Zagreb, 2001



*Pod zidom Street, marketplace, S.
Grković, Photography Protecting
Cultural Heritage, Zagreb, 2007*





Building the foundations for the new Dolac Market, Zagreb, V. Horvat, UZKB – F, the Ministry of Culture

Croatian Savings Bank collapsed due to a sudden withdrawal of currency by *Bank pro Čehy a Moravi* and of savers' deposits, which happened despite the request for a moratorium. Savers' trust in the saving system was lost. Many other banks also required a moratorium. The only exception was the City Savings Bank in Zagreb, which was not affected by the 1932 crisis and was backed by the capital of the Zagreb municipality.

The situation in the country was unstable due to tensions between state and private banks, with privileged state banks, and the National Bank of the Kingdom of Yugoslavia, gaining an advantage. The period that followed was one of tightened monetary conditions. Private banks in Croatia, especially the First Croatian Savings Bank, never recovered from that failure. The First Croatian Savings Bank stopped lending to the economy, influencing the overall economic development in Croatia as a result. The most renowned monetary experts placed themselves at the disposal of state banks. Dušan Plavšić, appointed as controller of some of the most important banks in Croatia, which were protected, compiled comprehensive reports on these banks' operations and sent them to the National Bank of Yugoslavia.²⁹⁶ During the Great Depression the economy was state controlled, undoubtedly due to the influence of Germany, where state capitalism, that is, the policy of *Reichsbank* (Germany's central bank) became the main driver of economic trends.

In order to revive stagnant exports, in 1932 the Kingdom of Yugoslavia concluded a clearing agreement on exports and imports with Austria that was conducive to trading in goods and occasional clearing operations. The negotiation of the trade agreement with the

Third Reich was especially important in that respect as it demanded all surplus goods, with the result that some goods came in short supply and become expensive, but the country came out of the crisis. As of April 1932, the National Bank had the exclusive right to purchase and sell foreign currency cash and foreign currency claims, which actually meant that Yugoslavia renounced the gold standard and regulated currency circulation by means of the agio (prime).²⁹⁷

The domestic monetary crisis was discussed at a number of meetings and panels and analysed in a large number of papers.²⁹⁸ Dušan Plavšić authored several studies on the rehabilitation of monetary policy that sparked discussions. In 1933, Plavšić published three papers on the domestic monetary crisis, which equipped him to rehabilitate Zagreb banks, because the authorities could not ignore the contribution of an important financial expert. Several panels, held in March 1933 in Zagreb, were attended by entrepreneurs who sharply criticised monetary and fiscal policies.²⁹⁹ While banks worldwide were the hardest hit by the Great Depression, the situation in Croatia was different. The National Bank of the Kingdom of Yugoslavia expanded strongly, crowding out regional banks and putting out of business the First Croatian Savings Bank in Zagreb, the largest monetary institution in South East Europe, which dissolved in autumn 1931. Prices plummeted and the profitability of some branches of the

Administrative division of the Kingdom of Yugoslavia, 1930, M. Šenoa, HPM 32004



Šenoa: Geografski atlas za srednju školu. Kraljevine Jugoslavije. 1930. M. Šenoa, HPM 32004.
 Kraljevine Jugoslavije. 1930. M. Šenoa, HPM 32004.
 Kraljevine Jugoslavije. 1930. M. Šenoa, HPM 32004.
 Kraljevine Jugoslavije. 1930. M. Šenoa, HPM 32004.
 Kraljevine Jugoslavije. 1930. M. Šenoa, HPM 32004.

economy, the timber industry, for example, decreased. However, the main features of monetary operations were the illiquidity of monetary institutions and the growing power of an all-interfering state, which dealt with industrial production and exports as well. However, exports declined due to the high price of the dinar, set forth in the Currency Act of May 1931, during the period of the collapse of private banks. During the dictatorship, Belgrade was transformed into the country's financial and economic centre. Private banks could not ward off the dictatorship that permeated the banking system as well. Large monetary institutions were established or existing ones taken over, all under the protection of the National Bank. The Anglo-Austrian Bank acquired the Croatian Discount Bank. *Banca Commerciale Italiana* was interested in the Croatian Bank in Zagreb. Twelve large banks were in foreign ownership in that period, including Union, the Yugoslav Bank, the Yugoslav Banking Union, the Croatian General Credit Bank, the Croatian Bank, the First Croatian Trade Bank, the Commercial Bank, the Yugoslav Credit Bank, the Yugoslav Industrial Trade Bank. Only state-owned banks and enterprises were privileged. The minister of finance requested that the National Bank also be put under state control, considering it inappropriate for the Bank to remain in the control of a few Belgrade families due to the economic difficulties. However, this idea met with fierce resistance from the Belgrade financial elite so that the Bank remained outside state control. Dissatisfied Croatian private bankers and entrepreneurs voiced their discontent at the Chamber of Commerce meeting. Their dissatisfaction was well-founded as during the dictatorship period Belgrade aimed to centralise banking and the economy in general, the reason being not the Great Depression but its ethnicity-based regional policy. Serbs in Croatia, most of them collaborators of Svetozar Pribićević, who had to emigrate in that period, were equally as politically undesirable in Belgrade as Croats and equally dissatisfied. The national issue was completely disregarded, but by no means resolved. On the contrary, the resistance and intolerance grew.



Ten dinar coin, the Kingdom of Yugoslavia, 1931,
the Numismatic Collection, AMZ

The still large number of banks and savings banks resulted in their low lending and business capacities. The Regulation on the Protection of Farmers, issued in 1932, aimed among other things at protecting monetary institutions connected with the agricultural sector from failure. However, this solution worked only until 1937. Farmers then started to find excuses in the rising prices of wheat, corn and cattle, but the regulation on the liquidation of farmers' debts provided for the transfer of these debts from Croatian private banks to the Privileged Agricultural Bank in 1937, thus narrowing the scope of business of small savings banks that operated with difficulties or quietly wound up.

The end of the devastating Great Depression saw a new actor in the Croatian financial arena, the German Bank. The Bank's chairman, Hjalmar Schacht, in 1934 introduced the purchase of all surpluses through clearing, that is, the settlement of exports and imports between Germany and the Kingdom of Yugoslavia. This was termed as *Drang nach Osten* within German *Grosswirtschaftsraum*.³⁰⁰ Schacht started to purchase shares and securities of West European companies, French,

Italian, Belgian, Austrian and Hungarian, and soon became the owner of the largest Yugoslav factories and banks. He was particularly interested in those related to the production of war equipment. The Third Reich in that way influenced both the structure of the financial capital in the country and the structure of factories, since only factories that were of interest to Germany's war economy were founded, including the Tuzla Salt Works, wood processing plants in Drvar, iron ores in Ljubija, Zenica, etc. Small businesses were seldom protected. Private companies could export their products only if they had strong connections with the authorities. The economic power was concentrated in the hands of a small number of entrepreneurs that were close to the authorities, which resulted in state capitalism. Following the assassination of Aleksandar Karađorđević I in Marseille, a regency was established to rule the country instead of the underage heir Petar Karađorđević II. Under strong pressures from both the West and Germany, the country vacillated between these two blocks, unable to reach economic stability. The French and the English withdrew raw materials, while the Germans pulled out both the raw materials and labour, paying for this by clearing.

New Financial Policy

During this period, each country depended on itself and bilateral agreements. The single monetary system disappeared. The new system, Roosevelt's currency manipulation policy, required highly-skilled financial experts. This system was in contrast with Italy's corporate monetary system and the authoritarian system in Germany, where the Reichsbank assumed full control over the foreign currency market.

Ljubomir Kosier reported on money market conditions and so did Dušan Plavšić and Ivo Belin. Also worth noting was Eugen Mautner, brother of Max Mautner, the initiator of the Zagreb Fair (1909), who believed economic advertising to be very important for economic development. Mautner wrote about the ideas discussed in Zagreb in magazines issued in Belgrade. The editor of People's Welfare (*Narodno blagostanje*), Velimir Bajkić, should also be mentioned. All those economists and financial experts had been in favour of the creation of Yugoslavia and considered the errors made in the process, including those in the financial area, were merely transitory. The coming into office of the Prime Minister Milan Stojadinović in June 1935 marked the beginning of a new financial cycle and a change in economic policy that increasingly shifted towards the Third Reich and clearing.³⁰¹

The dinar to Swiss franc exchange rate at the Zurich Stock Exchange in 1934 was 100:7. In 1935, it was determined that only 20% of bank sight deposits were to be covered by gold in National Bank vaults and the commitments coverage ratio in gold and foreign currency was reduced from 35% to 25%. However, after the devaluation of the Swiss franc in 1936, the exchange rate of the dinar versus the Swiss franc was 100:10.³⁰²

After the death of Aleksandar Karađorđević the currency had to be changed. The Act on Withdrawing from Circulation Old Currency and



One dinar coin, the Kingdom of Yugoslavia, 1938, the Numismatic Collection, AMZ



Vlatko Maček, HPM/MRNH C 3296

Minting New Metal Coins, adopted on 31 July 1937 at the National Assembly in Belgrade, provided for the withdrawal of old metal coins and gradual introduction of the new currency, while old coins could be exchanged for new ones within six months from the introduction of the new currency. The issue comprised 20 dinar silver coins, totalling the amount of 500,000,000 dinars, 50 dinar silver coins, which bore an image of Petar Karađorđević II, totalling the amount of 800,000,000 dinars, 10 dinar nickel coins, amounting to 250,000,000 dinars and small-denomination alloy coins, amounting to 312,000,000 dinars.³⁰³ In September 1938, a new mint started operation on *Topčidersko brdo* in Belgrade so that the above-mentioned act could be quickly implemented. In addition to gold coins minted in 1925, which were not withdrawn from circulation, new 20 and 50 dinar silver coins had to be minted. Ten dinar coins were made of nickel, 0.25 dinar coins were made of bronze and coins of half a dinar, 1 dinar and 2 dinars were made of an aluminium and bronze alloy. Coins of all denominations bore inscriptions in the Latin and Cyrillic scripts and were created by the medal maker and sculptor Frano Meneghello Dinčić. Large-denomination silver coins, those denominated at 20 and 50 dinars, featured the inscription *Bog čuva Jugoslaviju* on the rim. The obverse of the coins featured an image of King Petar Karađorđević II and the reverse showed the state coat of arms. The total value of coins issued to circulation until 1940 was 1,862,000,000 dinars.³⁰⁴

Economic problems were a cause of disturbance for the political scene. Vlatko Maček, the first President of the Croatian Peasant Party, aiming to balance the economy according to regions and people's needs, commissioned Rudolf Bićanić to write the book *The Economic Background of the Croatian Issue (Ekonomska podloga hrvatskog pitanja)*. Bićanić also published *A View from a Global Perspective (Pogled iz svjetske perspektive)*, demanding an increased focus on Yugoslavia's export policy and its position in relation to other European states.³⁰⁵

The *Economic Background of the Croatian Issue* (Zagreb, 1938), written upon Maček's request, builds upon the work of Josip Predavac. Bićanić provided a "scientific basis" for Croatian demands for the political rearrangement of Croatia, claiming that Croatia was economically subjugated, together with Slovenia, Bosnia and Vojvodina. His opinion was that this could be changed through state mechanisms, which would be especially effective in the finance sector, with Zagreb as another centre of economic power in addition to Belgrade. The book consists of three parts. In the first part, the author presented the Kingdom of Yugoslavia as a multinational state with a relative domination of the Serbs, showing what Croatia brought to the new state, discussing the pre-war debt and strong demands for a fast reconstruction of Serbia after the war, and analysing the exchange rate of the krone against the dinar. In the second part of the book, *The Story of State or National Unity or Serbian Hegemony as the System*, consisting of three sections, the author analysed the Serbian bureaucracy's financial dominance over the country, based on violence and corruption. Special emphasis was put on state investments into the armed forces and on the operation of state enterprises and banks, and the state was presented as the main employer, investor, buyer

and trader as well as the owner of telecommunications and means of transport. State banks deprived Croatia of the accumulated capital. In the third, concluding part of the book, *Consequences and Outlooks or Attempts at Serbian Imperialism*, the author proposed the reformation of the government, insisting that the systematic exploitation of the Croatian territories and the territories to the north of the Danube and Sava Rivers and to the west of the Drina had to be stopped. However, we would not completely agree with his views due to the fact that radicals also made efforts to regulate economic conditions in the country better. The establishment of the State Economic Council was overly prolonged and the issue remained unresolved, so that renowned entrepreneurs had no influence on the economy. While some Serbian politicians proposed a dialogue, the others ignored the issue, regarding it as “political”. Nevertheless, Bićanić’s book also encouraged the Slovenes to take firm positions.³⁰⁶ In the meantime, Bićanić became a high public servant and gained an influence over Yugoslav economic policy, which had some bearing on the National Bank of Yugoslavia coming under state ownership in 1940.

The currency issue was dealt with by many Croatian financial experts, including Zlatko Herkov and Ivo Belin. Jozo Tomašević also analysed this issue. His doctoral thesis (1932, Basel) was on Yugoslavia’s state debts. Tomašević worked at the National Bank of Yugoslavia and published the book *Yugoslav Financial Policy 1929–1934* in 1935 and the book *Money and Credit* in 1938, both in Zagreb. The foreword to *Money and Credit* was written by Ivo Belin, one of the best experts on currency developments in the period between the two wars in Yugoslavia.

Despite some positive trends, including attempts to improve legislation, global political conditions generated insecurity in Croatia, nullifying every attempt to rehabilitate the state and economic systems. Decisions quickly became obsolete and were unfeasible in the world market, especially due to the weakening power of the League of Nations, resulting from failed and unsuccessful war interventions. Global arrangements were replaced by bilateral treaties, which were often subject to political affinities. In 1937, Milan Stojadinović succeeded in his attempt to regulate the money market. The conditions changed in 1939 when the money market came under the influence of the Munich Agreement, the dissolution of Czechoslovakia and the Italian occupation of Albania.

Banovina of Croatia and Monetary Policy on the Eve of the Second World War

The regulation of the money market in the Kingdom of Yugoslavia took slightly more than one year. The money market was strongly affected by international developments. The occupation of Czechoslovakia and Albania forced the National Bank of the Kingdom of Yugoslavia as early as May 1939 to transfer the bulk of gold reserves to England and deposit it with the Bank of England and the Federal Reserve Bank in New York.

Ivan Šubašić, the ban of the Banovina of Croatia, HPM/MRNH 27216





Map of the Banovina of Croatia, 1939, Z. Špoljar, HPM/PMH 31917.

Depositors immediately started to withdraw their deposits from all banks, while the National Bank granted the funds required for the regulation of the money market. However, the outbreak of the Second World War in 1939 caused a general financial crisis in the Kingdom of Yugoslavia. In a repeated run on banks, depositors claimed their deposits.

The state had to introduce special measures. Pursuant to a decision of 28 August 1939, the dinar was pegged to the American dollar at the exchange rate of 55 dinars to the dollar. The dollar was selected for this stabilisation measure as it was the most stable currency. This was followed by the adoption of the Regulation on Non-Working Days for Monetary Institutions and Stock Exchanges: these institutions were closed on Sundays and four more week days. The Regulation on the Payment of Deposits with Monetary Institutions was issued on

7 September 1939, enabling the withdrawal of large sums pursuant to a prior agreement and the withdrawal of extra large sums with an announcement made three months in advance. The National Bank had to be informed of each deposit withdrawal. Gold reserves continued to be taken out of Yugoslavia in 1940. During the attack of the Third Reich on the Kingdom of Yugoslavia, the National Bank vaults contained only a negligible amount of gold.³⁰⁷ The Kingdom of Yugoslavia was also affected by the escalation of the war, the US entry into the war and other global events.

The money market stabilised to some extent in 1940 on account of expectations that the Kingdom of Yugoslavia would avoid the conflict by its wise “non-intervention policy” (vacillation), advised by Vladko Maček. However, the finance minister, Juraj Šutej, member of the Peasant Party, believed that the pursuit of such a policy implied considerable interventions in the money market and the economy.³⁰⁸



Croatian Journal (*Hrvatski dnevnik*), HPM/MRNH T 10620

The potential for maintaining independence was shown no sooner than in early 1940, when Ivo Andrić was appointed ambassador to Berlin.

In the meantime, government debt owed to the National Bank grew. The government of the Kingdom of Yugoslavia authorised the National Bank in August 1939 to issue national defence bonds worth 600,000,000 dinars, and in September 1939, when the war started and the creation of the Banovina of Croatia became viable, granted “extraordinary purchases” to the army, authorising it to buy cattle and vehicles to the total amount of 300 million dinars.³⁰⁹ In late summer 1940, however, discussions started on the National Bank’s transformation from a joint stock company to a state bank, which was strongly advocated by Croatian economists, Ivo Bičanić, August Košutić, Ante Malbaša and Juraj Šutej. They announced that they would establish the National Bank of the Banovina of Croatia, referring

Government bond certificate of the Kingdom of Yugoslavia, 1939, the PBZ Museum



to its autonomy.³¹⁰ Up to that period, the equity capital of the National Bank of the Kingdom of Yugoslavia had been 180,000,000 dinars, divided into 60,000 shares, worth 3,000 dinars each. Out of the three options for bringing the Bank under state ownership, the one chosen envisaged an increase of 120,000,000 dinars in the Bank's equity, with the majority holding of 52% shares to be owned by state institutions. The Regulation on Amendments to the Act on the National Bank of the Kingdom of Yugoslavia provided for an increase in the equity capital by sovereign bonds issued by the State Mortgage Bank.³¹¹ The dividend was limited at 6%, with any excess profit to be allocated to the state budget. Having come under state ownership, the National Bank had to change its mode of operation. Shareholders could not become members of the Management Board based on the number of shares, but based on a decree signed by the chairman of the Ministerial Council and the minister of finance. The Regulation on the Issue of Coupons (bonds), adopted on 18 November 1940, created conditions for hyperinflation. Uncovered banknotes, allegedly used for military defence financing, were found on the market in increasing numbers, with the result that the amount of currency in circulation grew despite weak response to subscription. With the State Mortgage Bank acting as an intermediary, the National Bank issued defence bonds worth 3,378,000,000 dinars, but only a small portion was redeemed by the end of 1940.³¹² This provided a boost to inflation, which started to erode the monetary system. State borrowing to meet extraordinary needs caused a deep crisis in the whole economic system, accompanied by a price increase, food shortage and a severe social and economic crisis that was often attributed to the Banovina of Croatia.

Article 3 of the Regulation on the Banovina of Croatia (of 26 August 1939) stated that it had to be given financial independence in order to function successfully. There was no mention of special allocations of funds for this purpose. The independence involved the independent collection of some revenues and their distribution, but there was a hidden trap, for new taxes were envisaged to finance the operations of the Banovina Government and its enactments. The Regulation also announced new regulations specifying the allocation of state funds, assets and liabilities to the Banovina of Croatia. No time limits were set, it was only stated that loans envisaged in the budget for 1939 and 1940 were to be transferred to the Banovina and that more loans would be granted should this not be sufficient.

Due to such vague provisions on financial matters, the Banovina of Croatia was in a very difficult situation: a half-state without safe and constant revenues immediately had to start imposing surtaxes. The Croatian "self-governance" was therefore at the very beginning marked by the "Banovina levy", while taxes, the same as before, went to Belgrade.³¹³ The National Bank and Government in Belgrade expressed strong resistance; many ministers refused to assign agreed business operations to the Banovina Government in Zagreb, claiming that the state was dysfunctional. The National Bank in Belgrade was not a state bank, but it fulfilled the requests of the Government. Rudolf Bićanić, the then director of the Foreign Trade Department, demanded putting the National Bank under state ownership, claiming, in July 1940, that



Plaque of the Bakar Tax Administration Office,
1939, GMB

this would prevent National Bank shareholders from getting rich.³¹⁴ As Croatian ministers held their own views, the transfer of finances started in early 1941 and a military coup took place on 27 March 1941. As a result of financial and, especially, stock exchange speculations, the Croatian economy was at the time of the Tripartite Pact almost completely within Germany's financial framework. Due to strong propaganda, it was generally believed that the Germans were the only ones capable of resolving the chaos in the country. The Sava Banovina Savings Bank became the Savings Bank of the Banovina of Croatia. However, this Bank had limited funds so that, with the scope of operation limited as well, in 1939 it could not function as the national bank. This Savings Bank's loan to the Economic Union (*Gospodarska sloga*) granted to finance its actions to feed the hungry in Herzegovina and purchase copper sulphate at an interest rate of a 7% put a heavy financial burden on the Economic Union and its members. The economic policy was characterised by severe austerity measures.³¹⁵

After the attack of the Third Reich and its allies, Italy, Hungary and Bulgaria, on the Kingdom of Yugoslavia and the occupation of the Yugoslav territory, the Independent State of Croatia was declared on 10 April 1941; in July 1941, following the establishment of the Croatian State Bank, it started to exchange the Yugoslav dinar for the Croatian kuna.^{316 317}

Conclusion

Money is a commodity and, as such, subject to change. Due to its geographical location, the Triune Kingdom of Croatia, Slavonia and Dalmatia was exposed to influences from various directions, which further complicated financial and monetary conditions. The multi-border region was conducive to the circulation of various currencies throughout history. It is an interesting fact that all rulers, including the Anjous, the Habsburgs and those from the Karađorđević dynasty, declared on the coins that they ruled over Croatia, that is, the Triune Kingdom of Croatia, Slavonia and Dalmatia. However, despite the fact that Croatia was divided within the Habsburg Monarchy, that is, the Austro-Hungarian Monarchy, the Kingdom of SCS and Yugoslavia, the coins featured inscriptions and (or) images referring to a certain degree of autonomy of Croatia. This autonomy was also declared on the coins by the name and (or) coat of arms. Croatia's financial and monetary independence was a pressing issue in the relationships between Zagreb, Vienna, Budapest and Belgrade. In addition to this, there was the Italian influence in Dalmatia. Nevertheless, not being independent, the Triune Kingdom of Croatia, Slavonia and Dalmatia could not develop a monetary system of its own. The issue of money and monetary operations were complicated by general instability, political separatism and the change of rulers. The history of money in Croatia in the modern age is therefore related to the history of the neighbouring states that have governed our territory, conquered it or traded in it. The history of money and monetary operations in the period until 1941 is equally as interesting, and difficult, as the political history.

References

- 1 Kos, 1998, pp. 34–135; Novak, 1924, pp. 657–658; Rendić-Miočević, 1953, p. 6.
- 2 Kos, 1998, pp. 322–323.
- 3 Šišić, 1962, p. 57.
- 4 Kos, 1998, pp. 320–321.
- 5 Metcalf, 1965, p. 147. The first written document on a money payment in the area of present-day Croatia dates back to 1018.
- 6 Horvat, 1924, pp. 66–68; Šišić, 1907; Tomašić, 1910.
- 7 Marković, 2003, pp. 36–37.
- 8 Rosa, 1992, pp. 48–61.
- 9 Mimica, 1994, pp. 9.
- 10 Truhelka, 1897, I/III: p. 4: *Istud specialius adiciendo statuimus, quod licet nunquam moneta regalis in regno banatus siue ducatus facta fuerit ab aliquo rege, tamen a successoribus nostris si fieri contingeret, quod non credimus, populos ecclesie tam episcopi quam capituli, mercimonia sua vendendo vel emendo dare non compellantur pro eadem, nec etiam monetarii ad aliquod forum episcopi causa exercende monete, accedere aliquomodo praesumant.*
- 11 In 1970, the Croatian Parliament ceded this right to the Hungarian Court Office until Croatia gained integrity, thus relinquishing its financial independence until 1918. Once it became part of the Kingdom of the Serbs, Croats and Slovenes, Croatia once again lost the authority to manage its finances.
- 12 Herkov, 1956, pp. 178–179; Herkov, 1952, pp. 95–149; Kopač, 1971, pp. 1–18; Herkov, 1978, pp. 49–53.
- 13 Kučinić, 1993, p. 16. Zlatko Herkov, Ph.D, studied measures and currency. His major work, *Material for a Financial-Legal Dictionary of the Feudal Era of Croatia*, Vol. II, Zagreb, 1956, and I contains a wealth of data. Herkov's area of interest also included taxes. He was a leading mid-20th century expert in the evolution of the financial system.
- 14 Nuber, 1897, pp. 169–179; Truhelka, 1897, pp. 1–160; Rengjeo, 1959, pp. 18–38.
- 15 Truhelka, 1897, I/III: pp. 37–38; Pandžić, 1982, pp. 6–8; Korčmaroš, 1992, pp. 38–47.
- 16 Mirnik, 2006, pp. 106–108.
- 17 Mirnik, 1999, pp. 99–107; Ban and Mirnik, 2001, pp. 105–124; Mirnik, 2005, pp. 186–189.
- 18 Mirnik, 2002, pp. 31–50.
- 19 Tkalčić, 1889, p. 301
- 20 Šišić, 1962, p. 254.
- 21 Tkalčić, 1894, p. 164.
- 22 Tkalčić, 1873, pp. 46–47.
- 23 Tkalčić, 1894, pp. 164–165.
- 24 Mirnik, 1999–2000, pp. 207–248.
- 25 Shrötter, 1930, p. 167.
- 26 Tkalčić, 1889, pp. 88–89.
- 27 Stahl, 2003; Stahl, 2009; Papadopoli, 1893. For more details see *Corpus Nummorum Italicorum*. The ducat started to be struck by numismatic experts during the reign of Vittorio Emanuele III of Savoy and it was issued between 1910 and 1943. The Veneto region, including Dalmatia and Albania, is discussed in Volume 6.
- 28 Tkalčić, 1894, pp. 58–61.
- 29 Vilar, 1990, note no. 19.
- 30 Lopašić, 1894, p. 125.
- 31 Šišić, 1916, p. 321 and 347.
- 32 Horvat, 1994, p. 35.
- 33 Budak, Strecha, Krušelj, 2003, p. 6.
- 34 Beuc, 1939, pp. 61–121.
- 35 Šišić, 1962, pp. 239 and 269–270. It should be noted that due to war conditions and the Ottoman threat, neither the text of the oath nor the customs document contains any reference to trade or money.
- 36 The thaler is a large silver coin, named after the town of Joachimstal (Jáchymov) in the Kingdom of Bohemia, where it was first minted in 1518. The depreciation of small-

- denomination silver coinage enhanced the need for coins of larger denominations. The increased production of silver and the improvement of coin minting techniques were the preconditions for the minting of large silver coins. Due to the good fineness of its silver, weight of about 27.20 grams (26.39) and outstanding artistic design, the thaler was accepted in all German states, as well as in other states, and it became a prototype for similar coins. The thaler was initially worth 60 kreuzers, then 68 and 78 kreuzers, and as of 1580 90 kreuzers. The silver content of the thaler varied across lands. Pursuant to the Monetary Treaty between Austria, Lichenstein and the German states of 27 January 1857, the thaler was set at 16.67 grams of pure silver. Under the 1871–1873 monetary reform, the value of the thaler was equal to three gold marks. The thaler then started to be withdrawn from circulation. It was finally demonetized in 1907 (Miller zu Aichholz, 1948, p. 337).
- 37 *Deutsche Thaler...*, 1967, p. VII; Pleše, 1963, pp. 11–20; Petrović, 1986, pp. 16–18.
- 38 Mirnik, 1992; Dolenc, 1993, pp. 73–78.
- 39 Rešetar, 1924 and 1925; Dolenc, 1993, pp. 43–59.
- 40 Horvat, 1994, p. 35.
- 41 Šišić, 1916, p. 278.
- 42 Horvat, Zagreb, 1994, pp. 37–38.
- 43 Horvat, 1994, pp. 38–39.
- 44 Horvat, 1994, pp. 39–42.
- 45 Dolenc, 1993, pp. 108–112.
- 46 Rosa, 1989, pp. 51–59; Rosa, 1990, pp. 55–74.
- 47 The gulden (Germ. *Guldiner*), or forint, is the name for various types of German and Austrian coinage. These words were created by translation from the Latin language: *aureus (nummus) = Goldener (Pfennig) = Guldiner golden coin = gold coin*. This gulden was minted in the 14th century in Germany in imitation of the Florentine gold florin (the name forint derived from the florin). When the silver equivalent of the gold gulden, the large thaler, was first minted in the 15th century, it was named *Guldengroschen* and the gulden minted previously was termed *Goldgulden* (gold coin). The Currency Ordinance of 1559 provided for the minting of the silver state gulden valued at 60 kreuzers (*Reichsguldiner*) in Germany, which was worth the same as the Rhine gulden (*Rheinischer Gulden*), known as *rajnčki* in Croatia. In 1857, the name gulden was adopted as the name for the main monetary unit in Austria, worth 100 kreuzers or small-denomination coins. Mirnik, 2011, p. 293; Schrötter, 1970, p. 245–247.
- 48 *Deutsche Thaler...*, 1967, p. XI.
- 49 Zöllner, Schüssel, 1997, pp. 163–164.
- 50 *Deutsche Taler...*, 1967, p. XIII.
- 51 Vilar, 1990, pp. 243–245.
- 52 Ernst, 1906, pp. 169–194.
- 53 *Deutsche Taler...*, 1967, pp. XIV–XV.
- 54 *Deutsche Taler...*, 1967, p. XXI.
- 55 *Deutsche Taler...*, 1967, p. XV.
- 56 Kranister, 1989, pp. 52–79; Geiger, 1989, pp. 100–112; Bazdan, 1993, pp. 167–174; Innes, 2007, pp. 8.–40.
- 57 *Deutsche Taler...*, 1967, p. XVI.
- 58 The coin weighed 28.10 grams, of which 24.65 grams was silver (14 lots).
- 59 *Deutsche Taler...*, 1967, pp. XVI–XVII.
- 60 *Deutsche Taler...*, 1967, p. XIII.
- 61 Horvat, 1956, p. 421.
- 62 The mark is a unit of weight and a unit of weight and currency. In the first half of the 11th century, the mark began to mean a monetary unit, first in Scandinavia and then in Germany. It was originally worth two thirds of the Carolingian mark and its value later varied across countries. The Cologne mark was the most widespread in the 15th century. According to relevant sources, the marks found in our territory included the Vienna mark, the Istrian, mark, the Szeged mark, the Kalocsa mark, the Budapest mark, the Zagreb mark as well as other types. As of the 16th century, the mark was increasingly minted as currency in Scandinavia and Germany. In 1871 Germany introduced the single currency–gold mark, which was equal to 100 pfennigs. This coinage's gold standard remained the same until 1914. After a period of high inflation that lasted until 1923, when the US dollar was worth 4 200 billion marks, the mark regained the pre-war gold standard and officially retained the ratio to gold 1944 (Petrović, 2000, p. 134).
- 63 Herkov, 1956, pp. 81 –87, 109–110.
- 64 *Deutsche Taler...*, 1967, pp. XXI–XXII.
- 65 *Deutsche Taler...*, 1967, p. XXII.
- 66 *Deutsche Taler...*, 1967, p. XXIII.
- 67 Pick, 1967, pp. 86–93, 98–108, 116–124, 244–245, 280–281; Pick, 1978, pp. 66–67, 125–108, 127–124, 169–170, 260–261, 270–108, 272–124, 323–325.
- 68 The equivalent of the gulden in the Hungarian part of the Monarchy was the forint.
- 69 Buczynski, 1994, p. 146–164.

- 70 Pick, 1967, p. 245–246; Pick and Richter, 1986, p. 16–22; Adamovsky, 2009, p. 14–59.
- 71 Herkov, 1956, p. 372; Buczynski, 1994, p. 147.
- 72 Fabry, 1996, pp. 27–34.
- 73 Buczynski, 1994, p. 147.
- 74 Šišić, 1962, pp. 241–242; Klaić, 1988, p. 610.
- 75 Klaić, 1973, pp. 260–261. According to Neven Budak, the Croatian name was not in use in Slavonia before the 16th century. Budak, 2007, p. 209.
- 76 Vaniček, 1875; Valentić, 1965; Moačanin and Valentić, 1981; Buczynski, 1997.
- 77 Laszowski, 1915, pp. 344–347; Korčmaroš, 1992, pp. 38–47.
- 78 Schmidt, 1938, p. 50.
- 79 Šišić, 1912, pp. 153–154.
- 80 Perić, 2000–2001, pp. 37–38.
- 81 Šišić, 1962, pp. 268–275.
- 82 Klaić, 1988, p. 616.
- 83 Adamček, 1979, p. 110.
- 84 Matuz, 1992, p. 82.
- 85 Kruhek, 1995, p. 156.
- 86 Horvat, 1913, p. 151.
- 87 The first volume of the parliamentary documents for the period between 1526 and 1536 was issued in 1912, the second volume was issued in 1915, the third in 1916 and the fourth in 1917. Ferdo Šišić was engaged the most with this work.
- 88 Buczynski, 1994, pp. 158–159.
- 89 Budak, Strecha, Krušelj, 2003, pp. 82–84.
- 90 Mirnik, 1992, pp. 49, 53 and 75; Mirnik, 2006, pp. 111–113.
- 91 Mirnik, 2006, pp. 111–113.
- 92 Mirnik, Zagreb, 1992.
- 93 Laszowski, 1942, p. 60 and 97; Mirnik, 1992, pp. 27 and 75.
- 94 Šišić, 1897; Mirnik, 1992, pp. 49–53; Mirnik, 2006, p. 113; Dolenc, 1993, pp. 75–78.
- 95 Šišić, 1962, pp. 276–277.
- 96 Rengjeo, 1957, pp. 14–15.
- 97 Rengjeo, 1959; *2500 years ...*, 1998, p. 158.
- 98 Dolenc, 1993, p. 44.
- 99 Harris, 2006, pp. 383–409.
- 100 Rešetar, 1939.
- 101 Rešetar, 1924 and 1925; Mimica, 1994; Pierucci, 2001.
- 102 Rešetar, 1924 and 1925.
- 103 Harris, 2006, pp. 173–174.
- 104 Dolenc, 1993, pp. 44 and 59.
- 105 Mimica, 1994, pp. 37–41.
- 106 Papadopoli, 1893.
- 107 Dolenc, 1993, p. 47.
- 108 Živanović, 1996, pp. 173–176.
- 109 Mirnik, 1984, p. 248.
- 110 *CORPUS ...*, 1922.
- 111 Dolenc, 1993, p. 98.
- 112 Pederin, 1996 190–191. The Šibenik bagatin weighed 2.135 g, the Split bagatin 1.89, the Zadar bagatin 1.72 and the Hvar bagatin approximated 2 grams.
- 113 Dolenc, 1993, p. 98.
- 114 The area from Ston to the entrance to Boka Kotorska was called Venetian Albania (*Albania Veneta*),
- 115 Dolenc, 1993, pp. 100–101.
- 116 Moačanin, 1996, pp. 40–41; Moačanin, 2001, pp. 5–11.
- 117 Smičiklas, 1891, pp. 30, Moačanin, 2001.
- 118 Truhelka, 1934–1936, p. 3.
- 119 Ugričić, 1967, pp. 94–95.
- 120 Buczynski, 1994, pp. 147–148.
- 121 Budak, Strecha, Krušelj, 2003, pp. 117–120.
- 122 Pick, 1967, pp. 119–124; Pick, 1978, p. 126–127.
- 123 Rengjeo, 1955, pp. 6–9; Rak, 1987, p. 94; Dolenc, 1993, p. 94. The ounce (*uncia*) is an old unit of account and a unit of measure and currency, whose weight varied in various periods

- and territories. (Petrović, 2000, p. 159 and 250). The Zadar ounce was equal to the thaler. (Rak, 1987, p. 94).
- 124 Buczynski, 1994, p. 148.
- 125 Tkalac, 2002, pp. 25–26.
- 126 Matis, 1972, p. 51. A disagio is the percentage difference between the nominal value of a banknote or security and its lower exchange rate value and an agio is the percentage difference between the nominal value of a currency or security and its higher current price. (Mimica, 2006, p. 154).
- 127 Buczynski, 1994, p. 148.
- 128 Beer, 1877, p. 8, 14 and 41; Mimica, 2006, p. 154.
- 129 Buczynski, 1994, p. 149.
- 130 Buczynski, 1994, p. 149.
- 131 Roksandić, 1988, p. 140.
- 132 Marović, 1965, pp. 12–17; Rak, 1987, p. 93; Publications, SAZ, 30/20 and 62/20.
- 133 Buczynski, 1994, p. 151; Mimica, 2006, p. 154.
- 134 Pick, 1967, p. 246; Pick, 1978, p. 260.
- 135 Buczynski, 1994, p. 151.
- 136 Beer, 1877, pp. 41–45; Buczynski, 1994, pp. 150.
- 137 Oršić Slavetički, 1943, pp. 79–80 and 87.
- 138 Buczynski, 1994, p. 151.
- 139 Beer, 1877, pp. 83–88, 395–396; Buczynski, 1994, p. 153; Mimica, 2006, p. 156.
- 140 Buczynski, 1994, pp. 159–160.
- 141 *Deutsche Taler...*, 1967, p. XXIV and XXV.
- 142 Buczynski, 1994, pp. 153–154.
- 143 Dolenc, 1993, p. 115.
- 144 Buczynski, 1994, pp. 158–160.
- 145 Rengjeo, 1953, p. 57; Dolenc, 1993, pp. 125–137 and 180–182; Barac, 1998, pp. 7–8 and 13.
- 146 Sikirić Assouline, 2006, pp. 42, 45, 46 and 49.
- 147 *Dieta* is the parliament.
- 148 Karaman, 1972, pp. 16–17.
- 149 Klen, 1962–1963, pp. 575–597.
- 150 The document is signed by the senator Josip Kèmpotić and the secretary Mojsije Gregorijević, and the memorandum was compiled by Jakob Špoljarić, the subsidiary notary public of the City of Osijek. Zagreb State Archives, Slavko Ježić Collection, Box. 1, No. 62 – *Dělo odbora u Osěku 7a Aprila 1848. god. glede narodnih željah držanog i od strane varošskog poglavarstva u sědnici 14-a Aprila i. g. posve primljeno i potvrđeno.*
- 151 Zoričić, 1879; Kolar-Dimitrijević and Feletar, 1994.
- 152 Anastas Popović (Zagreb, 1786 – Zagreb, 1872). "His family moved from Greece; he took over the shop *Kod sedam zvijezdi* on Opatovina and married a woman from Zagreb. Together with Lj. Gaj, D. Demeter and other Illyrians, on 4 March 1846 he established the First Croatian Savings Bank, which started operation on 14 December 1846. The Savings Bank operated with difficulties in the first year after its establishment until the Austro-Hungarian Settlement relieved banking operations from strict state control and regulation". Popović was also the first president of the Zagreb Chamber of Trades and Crafts, since its establishment in 1852 until 1866. Kosier, 1926, p. 285–287.
- 153 Szabo, 1985, p. 33.
- 154 Kolar-Dimitrijević and Feletar, 1994.
- 155 Szabo, 1985, p. 33.
- 156 Karaman, 1974, p. 93; Karaman, 1991, pp. 111–112.
- 157 Kolar-Dimitrijević, 1991, pp. 59–74.
- 158 Iveljić, 2007, pp. 64–65.
- 159 The urbarium property was part of the feudal lord's estate granted for use to serfs under certain conditions. In 1848 this property was to be transferred to peasants' ownership by redemption, that is, the registration of the mortgage in the land register.
- 160 Even the richest noblemen were interested in banking. The Kulmer family were members of the First Croatian Savings Bank, counts Rudolf Erdödy, Teodor Drašković and Oskar Keglević were members of the Management Board of the Croatian-Slavonian Land Mortgage Bank, the Pejačević family were connected with the institutes in Našice and Osijek, etc.
- 161 Szabo, 1985, pp. 31–72.
- 162 Karaman, 1972, pp. 23–37.
- 163 *Zahitjevanja naroda*, 1848.
- 164 *Österreichische Industriegeschichte...*, 2004, pp. 96–97.
- 165 Buczynski, 1994, p. 155.

- 166 Rengjeo, 1953, p. 44–57; Barac, 2002, pp. 48–56, the Documentary Collection, the Museum of Slavonia, Osijek.
- 167 Buckeburg State Archives, the Archives of the Court Chamber of the Schaumburg-Lippe family.
- 168 Miller zu Aichholz, 1948, p. 332; Rengjeo, 1931, pp. 11–12; Dolenc, 1993, pp. 81–83.
- 169 In the opinion of Ivan Mirnik, and other experts that previously dealt with this topic, the machine, although of very poor quality, was nevertheless used until the second quarter of the 19th century. The upper die was attached to a screw that was moved by a double lever. The ends of the lever carried weights of 20 and more kilograms.
- 170 Dolenc, 1993, p. 130.
- 171 Rengjeo, 1962, pp. 4–13; HR-CSAZ-845, the Mikanec Alfred Collection, the Ban's Council, 690–691, *Zapisnik o uništenju i sažanju asignata banskih*.
- 172 *Katalog der Münzen- und Medaillen-Stempel-Sammlung des K.K. Hauptmünzamt, II, +Tafelband*, Beč, 1901, p. 557 no. 1697; Table XXXI, 11; Rengjeo, 1931, pp. 13–14; Dolenc, 1993, pp. 82–83.
- 173 Dolenc, 1993, p. 83; Mirnik, 1999, pp. 8–9.
- 174 *Katalog der Münzen- und Medaillen-Stempel-Sammlung des K.K. Hauptmünzamt, II, +Tafelband*, Vienna, 1901, p. 557 no. 1696; Table XXXI, 10.
- 175 Mirnik, 1999, p. 8–9. Five items are kept in the Archaeological Museum in Zagreb—two originals and three copies. However, when stock taking of the Croatian and Slavonian State Vault was carried out in 1850, 428 medals were found.
- 176 Ban Jelačić had to be notified of all important matters so that documents were sent to him to the Hungarian battlefield. He studied these proposals in poor conditions, with the result that solutions were adopted hastily and were not always fully appropriate. Markus, 1998.
- 177 Foreword, 1849.
- 178 *Stoletni horvatski kolendar..., ili: dnevnik stoletni od leta 1840 do leta 1940 kažuči. Pervič po Tomášu Mikloušič, negdašnjem Plebanušu vu Stenjevcu ispisan i na svétlo van dan; sada pako predelan i popravljen po l/gnjatu/ K/ristijanoviću/., P.J. i P.K., Vu Zagrebu 1849.*, pp. 249–252.
- 179 *Banken ...*, 2004, p. 106.
- 180 Hobsbawm, 1989, p. 59.
- 181 Buczynski, 1994, p. 155;
- 182 Beer, 1877, pp. 272–273 http://www.oenb.at/de/ueber_die_oenb/bankh_archiv/archivbestaende/2_12/ ii4_wiener_waehrung_ww.jsp
- 183 Buczynski, 1994, p. 156; Horvat, 1994, p. 43.
- 184 Beer, 1877, p. 374; Buczynski, 1994, p. 156.
- 185 *Österreichische Industriegeschichte...*, 2004, p. 98; Buczynski, 1994, p. 156.
- 186 Buczynski, 1994, pp. 156–157.
- 187 Stipetić, 2001, pp. 653–662.
- 188 Ignjatijević pl Tkalac, 2004. This contains reports Tkalac sent to the imperial and royal ministry in Vienna from 1852 to 1859, which included a review of monetary and credit relations.
- 189 Veselica, 2007, pp. 9–54.
- 190 Kvaternik, 2005.
- 191 Iveljić, 2007, p. 68.
- 192 Kvaternik's diary has not been published whole, so that this politician and diplomat has not received attention by experts despite papers authroed by Tomislav Markus, Ljerka Kuntić, Vladimir Izrailevič Freidzon, Jaroslav Šidak and Vladimir Veselica.
- 193 Turkalj, 1996, pp. 121–138.
- 194 Karaman, 1991, pp. 113–114.
- 195 Karaman, 1974, pp. 119–120.
- 196 Iveljić, 2007, pp. 268–270.
- 197 Utješenić Ostrožinski, 1864; Utješenić Ostrožinski, 1879. Both papers were written in the German language to attract capital owners from the German speaking areas, although the intended benefit was both for the Croatian people and foreigners.
- 198 The Hungarians disagreed with the formulation stating that Rijeka was not assigned to them. The Croatian and Hungarian delegations therefore met again, almost in secret, and Rijeka was assigned to Hungary. The settlement was voted for by the Hungarian Parliament, while the “patch” was attached to the Croatian text, which never reached the Croatian Parliament.
- 199 Krestić, 1969.
- 200 Vilar, 1990, p. 13.
- 201 *Österreichische Industriegeschichte...*, 2004, p. 98; Vilar, 1990, p. 402.
- 202 E.g. *Compass.Finanzielles Jahrbuch fuer Oesterreich-Ungarn* (Vienna, 1868– 1944). A similar publication was first issued in Budapest in 1872 (*Mihók'scher Ungarischer Compass*).

- Finanzielles und Commercielles Jahrbuch, that is, Magyar Compass*). Although these periodicals were not completely reliable, they published a lot of very important information for the operation of monetary institutions. *Compass* was not a state publication, but was launched by a group of proficient monetary experts who realised that business crucially depended on information.
- 203 Buczynski, 1994, p. 157.
- 204 *Gospodarski list* (Economic Journal), No.5, Zagreb, 30 January 5, Zagreb, 30. I. 1873, pp. 19–20; *Gospodarski list*, No. 7, Zagreb, 13 February 1873, pp. 25–27, *Gospodarski list*, No. 8, Zagreb, 20 February 1873, p. 29 (*Rules for credit unions*). The first credit union was set up in Brdovec, followed by one in Velika Gorica.
- 205 Lajlak, 2000–2001, pp. 240–255.
- 206 *Gospodarski list* (Economic Journal), No. 9, Zagreb, 27 February 1873, p. 35.
- 207 Vrbanić, 2005, pp. 175–179; Gross, 1985, pp. 1–29; Gross, 1988, pp. 89–122.
- 208 *Banken ...*, 2004, p. 108.
- 209 Szabo, 2000, p. 109.
- 210 Peršić, 1933; Pavličević, 1980.
- 211 Timet, 1967, p. 160.
- 212 *Compass...*, 1898, pp. 330–331.
- 213 Gross, 2000, p. 740.
- 214 Bartolović, 1888; Boroša, 1902. Boroša's book was so popular that two issues were printed.
- 215 *Österreichische Industriegeschichte...*, 2004, p. 98.
- 216 Heller is a small-denomination coin, the pfennig of the town of Halle that minted small-denomination silver coins as early as 1228. Due to its standard weight it was minted throughout the German lands and Czechoslovakia. It was later minted of cheaper metals, nickel and copper. As of 1892, the heller was one hundredth of the Austrian krone (Petrović, 2000, p. 264). Baron Trenk's troopers in the Seven Years War called this currency *filir*. The inhabitants of Lika called it *elar* and those of Zagorje *jelir* (Lihl, 1892, p. 75).
- 217 Pick and Richter, 1986, pp. 51–61; Adamovsky, 2009, p. 171–201.
- 218 *Österreichische Industriegeschichte...*, 2004, p. Pančur, 2003, pp. 239–284.
- 219 Pančur, 2003, p., 268–275. A *scudo* from Križevci was worth 2.30 forints, and a special *scudo*, two Convention standard forints, 2.10 forints. The old 20 Convention standard *scudo* was worth 0.34 forints. The new 20 *scudo* of Franz Joseph was worth 0.35 forints, the 10 Convention standard *scudo* was worth 0.17 forints and the five Convention standard *scudo* 0.08 forints. The Convention standard *grasso* could be exchanged for 0.05 forints and the six *scudo* of 1848 and 1849 for 0.08 forints. This was under the condition that the coins were not extremely worn out. Lihl, 1892, p. 77.
- 220 Viktor von Miller zu Aichholz (1845–1910) was a member of a rich industrialist family, a prominent patron of arts and a renowned coin collector, since 1880 a member of the Vienna Numismatic Society. He owned a collection of about 25,000 coins items and wrote a manuscript that was used for the monograph on Austrian mints. *Österreichisches biographisches Lexikon: 1815–1950*, Vienna, 6, p. 304. *Österreichische Münzprägungen* was published in 1920 with a series of supplements added until 1938. Viktor von Miller zu Aichholz, Eduard Holzmaier, August von Loehr, *Österreichische Münzprägungen* 1519–1938, 1–2, Vienna, 1948.
- 221 Five krone coins, 2010, p. 3.
- 222 Zöllner and Schüssel, 1997, p. 266–268; Stavrijanos, 2005, pp. 428–445.
- 223 *Gospodarsko društvo ...*, 1906, pp. 41–43.
- 224 Kolar-Dimitrijević, 1995, pp. 209–228.
- 225 Mitrović, 1988, pp. 51–71.
- 226 Kolar-Dimitrijević, 1992, pp. 255–289.
- 227 Kosier, 1930, pp. 145–146; Kolar-Dimitrijević, 1998, pp. 8–10.
- 228 The court session on counterfeiting was held in 1912 in Bjelovar. Kolombar was sentenced to 18 months prison. The charges were presented by Klobučarić and Filip Herman, a commissioner from Koprivnica. *Nezavisnost* (Independence), 40, Bjelovar, 31 August 1912.
- 229 Croatian State Archives, Zagreb, the Land Government archive, box. 1190.
- 230 Croatian State Archives, Zagreb, A collection of manuscripts on the workers' movement, 1890–1918, No. 1288, subseries of 1914.
- 231 Croatian State Archives, Zagreb, A collection of manuscripts on the workers' movement, 1890–1918, No. 1118, Subseries of 1915–A circular letter of the Land Government No. 63253 of 19 October 1915. It was emphasised that coins kept at home were non-interest bearing, and the ban Skerlec reported on the success of the action in Germany involving the depositing of the gold coinage at the state bank in exchange for 100.000,000 marks worth of paper banknotes. However, this action was not carried out smoothly in Croatia; Žepić, the Government's commissioner for the City of Zagreb, informed

- the mayor of Zagreb, Holjac, in 1916 that it was observed that in Zagreb and in some other towns some individuals purchased gold coins, paying 50% of their value and thus harming the economy, which was losing the gold standard. By a public proclamation of 28 March 1916, Holjac appealed to the citizens to deposit the gold coinage with the Austro-Hungarian Bank at 15 Jurišićeva Street as soon as possible. Croatian State Archives, Zagreb, A collection of manuscripts on the workers' movement, 1890–1918, No. 291, subseries of 28 March 1916.
- 232 *Österreichische Industriegeschichte...*, 2004, p. 99.
- 233 *Österreichische Industriegeschichte...*, 2004, p. 99.
- 234 Geiger, 1996, pp. 41–46.
- 235 F., 1917, p. 769.
- 236 Kolar-Dimitrijević, 1997, p. 163.
- 237 Securities and goods exchange, 1918.
- 238 Designed to be the main stock exchange, it weakened over time, although it was housed in a new building, completed in 1927. Today it serves as the main building of the Croatian National Bank. (Zagreb Stock Exchange, *Svijet*, 25, Zagreb, 18 June 1927, p. 535–541, 546).
- 239 Geiger, 1996, p. 41.
- 240 Sokolović, 1977, pp. 32–35; Ambrus, 1976, pp. 18–26; Ambrus, 1976, pp. 20–29; Ambrus, 1977, pp. 247–271; Sundhaussen, 1985, pp. 19–39; Geiger, 1996, pp. 41–46.
- 241 Keller, 1962; Geiger, 1996, pp. 41–46; Geiger, 1998, pp. 307–396.
- 242 Ugričić, 1967, pp. 95–103; Becić, 2003, pp. 121–149.
- 243 Fabry, 1972, p. 62; Dolenc, 1993, pp. 139–148.
- 244 *Financijalni viestnik* (Financial News) ..., 1919, p. 214.
- 245 Memoirs of S. Srkulj (*Sjećanja S. Srkulja*) ..., 1934, pp. 106–107.
- 246 Horvat, 1921.
- 247 Kolar-Dimitrijević, 1997, pp. 163–185.
- 248 Sokolović, 1977, pp. 33–34; Sundhaussen, 1985, p. 23.
- 249 Nedeljković, 1919, p. 3; Bičanić, 1938, p. 41; Ugričić, 1967, p. 101; Sokolović, 1977, pp. 33–34; Geiger, 1996, p. 42; Becić, 2003, p. 126.
- 250 Ugričić, 1967, p. 101; Sokolović, 1977, pp. 34–35.
- 251 Bičanić, 1938, p. 41; Ugričić, 1967, p. 101; Sokolović, 1977, p. 35; Geiger, 1996, p. 44; Becić, 2003, p. 128.
- 252 National Bank (*Narodna banka*)..., 1935, p. 133; Ugričić, 1967, pp. 102–103.
- 253 Kosier, 1924, p. 289.
- 254 Kolar-Dimitrijević, 1998, pp. 149–162.
- 255 Ugričić, 1967, p. 100.
- 256 Nedeljković, 1919. Numerous papers have been written on the topic.
- 257 *Financijalni viestnik* (Financial News) ..., 1920, p. 13.
- 258 Horvat, 1921.
- 259 Petanjek, 1921. This article was probably written by Rudolf Horvat.
- 260 Ugričić, 1967, pp. 101–102; Becić, 2003, p. 128–129.
- 261 Hadži-Pešić, 1995, pp. 41–60; Jelinčić; 1997, 2003, pp. 130–134.
- 262 National Bank (*Narodna banka*) ..., 1935, pp. 145 and 278.
- 263 Ugričić, 1967, pp. 63–67; BECIĆ, 2003, p. 131.
- 264 Croatian State Archives, Zagreb, the fund of the Commission for the Printing of Banknotes, 1919–1923.
- 265 Kosier, 1924.
- 266 Bičanić, 1936, pp. 439–442. A similar analysis was in 1933 attempted by the vice president of the Croatian Peasant Party, Josip Predavec, but he was murdered, and the work remained in the concept stage. Rudolf Bičanić used these materials for his study the Economic Background of the Croatian Issue (Zagreb, 1938).
- 267 National bank (*Narodna banka*) ..., 1935, pp. 114–115.
- 268 *Compass*, 1939, p. 83.
- 269 *Bankarstvo* (Banking), 1925, p. 335.
- 270 Iličić, Mirnik, 2009, pp. 343–376.
- 271 Todorović, 1926, p. 8.
- 272 Ugričić, 1967, pp. 103–109; Becić, 2003, p. 146.
- 273 Ugričić, 1967, pp. 104–110 and 131–135; Nikolić, 2003, pp. 91–92 and 127–149.
- 274 *Tribuna* (Tribunal), 1920, p. 3.
- 275 Kosier, 1924, National bank ..., 1935, pp. 106–110 and 127–129.

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- 281 National Bank ..., 1935, pp. 306–309.
- 282 Exposé by the minister of finance ..., 1923.
- 283 Broz, 1958, pp. 4–13; Ugričić, 1967, pp. 112–113; Hadži-Pešić, 1995, pp. 93–105.
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- 286 National Bank..., 1935, p. 144; Kolar-Dimitrijević and Feletar, 1994, p. 42.
- 287 Belin, 1924.
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- 289 Braum, 1927, p. 126, *Privredni arhiv: mjesečna financijsko-privredna revija* (a financial-economic monthly), 1–2, Zagreb, 1927, p. 1–24. (*Porezne anomalije i nevolje*).
- 290 Nikolić, 2003, pp. 90–91.
- 291 Stojadinović, 1925.
- 292 Nikolić, 2003, pp. 96–100.
- 293 Ugričić, 1967, p. 106.
- 294 Tomašević, 2004, pp. 179–182.
- 295 National Bank..., 1935, pp. 205–206; Ugričić, 1967, pp. 106–109.
- 296 Kukoleča, 1941.
- 297 Ugričić, 1967, pp. 108–109.
- 298 Šen, 1939.
- 299 Croatian State Archives, Zagreb, the Plavšić foundation, box 35 and 41.
- 300 Sundhausen, 1983, pp. 20–56.
- 301 Ugričić, 1967, pp. 104–110 and 131–135; Nikolić, 2003, pp. 127–149.
- 302 Ugričić, 1967, p. 109.
- 303 Broz, 1960, pp. 24–27; Hadži-Pešić, 1995, pp. 143–156.
- 304 Ugričić, 1967, p. 114; Broz, 1960, pp. 24–33; Hadži-Pešić, 1995, pp. 143–156.
- 305 Mautner, 1938, p. 1.
- 306 Lazarević, 2006, p. 151.
- 307 Kršev, 1998, pp. 153–154; Jareb, 1997.
- 308 *Dan* ..., 1941.
- 309 Hoptner, 1973, p. 172.
- 310 Kršev, 1998, pp. 158–159.
- 311 *Official Gazette* ..., 1940.
- 312 Kršev, 1998, p. 155.
- 313 Horvat, 1943, p. 237.
- 314 Statement by Rudolf Bićanić ..., 1940, p. 8.
- 315 Kolar-Dimitrijević, 1996, pp. 309–320.
- 316 The name derives from the animal *kuna* (marten) whose pelts were used as means of payment until the 9th century. The kuna system existed in Russia from the 7th century to the end of the 14th century. With the establishment of the Independent State of Croatia, the kuna, divided into 100 banica, was the monetary unit between 1941 to 1945. In 1993, it became the monetary unit of the Republic of Croatia, divided into 100 lipa. (FABRY, 1993, p. 78–79; BROZOVIĆ, 1994, p. 8–13; PETROVIĆ, 2000, p. 115).
- 317 Ugričić, 2000, pp. 167–178.

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Katalog der Münzen-und Medaillen – Stempel – Sammlung des K. K. Hauptmünzamt, II, + Tafelband, Vienna, 1901, p. 557, No. 1696; Table XXXI, 10.

Abbreviations

AMS.	Archaeological Museum Split
AMZ.	Archaeological Museum in Zagreb
DAKA	State Archives in Karlovac
DAOS	State Archives in Osijek
DARI	State Archives in Rijeka
DAVŽ	State Archives in Varaždin
DAZD	State Archives in Zadar
DAZG	State Archives in Zagreb
DUM.	Dubrovnik Museums
GKS	Samobor City Library
GMB	Bakar City Museum
GMK	Karlovac City Museum
HNB	Croatian National Bank
HPM/PMH	Croatian History Museum
KHM.	Kunsthistorisches Museum
MGI	Museum of the City of Ilok
MGKc.	Koprivnica City Museum
MGR.	Rijeka City Museum
MGS	Split City Museum
MGT	Trogir City Museum
MGZ	Zagreb City Museum
MRNH-C.	Museum of the Revolution of the Peoples of Croatia – Drawings
MRNH-T.	Museum of the Revolution of the Peoples of Croatia – Print
MSO	Museum of Slavonia in Osijek
NMZ.	National Museum Zadar
NSK	National and University Library in Zagreb
OeNB	Oesterreichische Nationalbank
ÖNB	Oesterreichische Nationalbibliothek
PBZ	Privredna Banka Zagreb
PPMPH-KPO-LZ	Maritime and History Museum of the Croatian Littoral Rijeka, The Fine Art Collection
SKS	Split University Library
SM.	Museum of Samobor
STABU	Staatsarchiv Bückenburg
UZKB-F	Directorate for the Protection of Cultural Heritage – the Photograph Collection
ZKZD	Research Library of Zadar
ZMSG	Territorial Museum Stjepan Gruber

List of Banks and Savings Banks

Anglo-austrijska banka	Anglo-Austrian Bank
Anglo-češka banka	Anglo-Czech Bank
Austro-ugarska banka	Austro-Hungarian Bank
Bakarska štediona	Bakar Savings Bank
Balkanska banka	Balkan Bank
Banca Commerciale Italiana	Banca Commerciale Italiana
Bank of England	Bank of England
Bank pro Čechy a Moravi	Trade Bank for Bohemia and Moravia
Banka za parcelaciju i kolonizaciju	Land Apportionment and Colonisation Bank,
Bečka gradska banka (Wiener Stadtbank)	Vienna City Bank (Wiener Stadtbank)
Bečka Union banka	Vienna Union Bank
Bjelovarska štediona	Bjelovar Savings Bank
Brodsko štediona u Slavonskom Brodu	Slavonski Brod Savings Bank
Dionička štediona u Koprivnici	Koprivnica Joint-Stock Savings Bank
Dionička štediona u Križevcima	Križevci Joint-Stock Savings Bank
Državna hipotekarna banka	State Mortgage Bank
Državna hipotekarna banka	State Mortgage Bank
Federal Reserve Bank	Federal Reserve Bank
Gradska štediona u Koprivnici	Koprivnica City Savings Bank
Gradska štedionica u Zagrebu	Zagreb City Savings Bank
Hrvatska banka	Croatian Bank
Hrvatska državna banka	Croatian State Bank,
Hrvatska eskomptna banka	Croatian Discount Bank
Hrvatska komercijalna banka	Croatian Commercial Bank
Hrvatska narodna banka	Croatian National Bank
Hrvatska opća kreditna banka	Croatian General Credit Bank
Hrvatska poljodjelska banka	Croatian Agricultural Bank
Hrvatska zemaljska banka	Croatian Land Bank
Hrvatsko-slavonska zemaljska hipotekarna banka	Croatian-Slavonian Land Mortgage Bank
Iločka dionička srezka štedionica	Ilok Joint-Stock County Savings Bank
Imperijalna otomanska banka,	Imperial Ottoman Bank
Jadranska banka	Adriatic Bank
Jugoslavenska banka	Yugoslav Bank
Jugoslavenska kreditna banka	Yugoslav Credit Bank
Jugoslavensko industrijalna trgovačka banka	Yugoslav Industrial Trade Bank
Karlovačka štediona	Karlovac Savings Bank
Komercijalna banka	Commercial Bank
Kraljevska pruska žiro i posudbena banka	Royal Giro and Loan Bank
Narodna banka	National Bank

Narodna banka Hrvatske	National Bank of Croatia
Narodna banka Kraljevine Jugoslavije.	National Bank of the Kingdom of Yugoslavia
Narodna banka Kraljevstva Srba, Hrvata i Slovenaca.	National Bank of the Kingdom of SCS
Našička štediona	Našice Savings Bank
Novogradiška štediona	Nova Gradiška Savings Bank
Obća zagrebačka štediona i zalagaona	Zagreb General Savings and Mortgage Bank
Ogulinska štediona	Ogulin Savings Bank
Osječka donjogradska štediona i založni zavod.	Osijek Savings Bank and Mortgage Institution
Osječka štediona	Osijek Savings Bank
Osječki gornjogradski založni zavod	Osijek Mortgage Institute
Pakračko-daruvarsko-kutinska okružna štediona u Pakracu	Pakrac-Daruvar-Kutina County Savings Bank
Petrinjska štediona	Petrinja Savings Bank
Primorska štediona u Kraljevici	Kraljevica Adriatic Savings Bank
Privilegirana agrarna banka	Privileged Agricultural Bank
Privilegirana austrijska nacionalna banka	Privileged Austrian National Bank
(Privilegirte Österreichische National Bank)	(Privilegirte Österreichische National Bank)
Privilegirana hipotekarna državna banka	Privileged Mortgage State Bank
Privilegirana narodna banka Kraljevine Srbije.	Privileged National Bank of the Kingdom of Serbia
Prva hrvatska obrtna banka	First Croatian Trade Bank
Prva hrvatska štedionica	First Croatian Savings Bank
Prva požeška štediona	First Požega Savings Bank
Pučka štedionica Rijeka	Rijeka People's Savings Bank
Reichsbank (Njemačka banka),	Reichsbank (Germany's central bank)
Riječka banka	Rijeka Bank
Sacro Monte di Pietà	Sacro Monte di Pietà
Samoborska štediona	Samobor Savings Bank
Senjska štediona	Senj Savings Bank
Sisačka štediona	Sisak Savings Bank
Sisačka vjeresijska banka.	Sisak Mortgage Bank
Slatinska štediona	Slatina Savings Bank
Slavenska banka	Slavic Bank
Slavonska komercijalna i eskomptna banka	Slavonian Commercial and Discount Bank
Slavonska zemaljska i sredotočna štediona	Slavonian Central Savings Land Bank
Srijemsko štedioničko i eskomptno društvo	Syrmian Savings and Discount Company
Srpska banka	Serbian Bank
Srpska zemljoradnička banka	Serbian Agricultural Bank
Sveopći jugoslavenski bankovni savez.	Yugoslav Banking Union
Štediona u Đakovu	Đakovo Savings Bank
Štediona u Vukovaru	Vukovar Savings Bank
Štedno i pripomoćno društvo u Vinkovcima	Vinkovci Savings and Loans Company
Švedska banka	Swedish bank
Ugarska eskomptna i mjenjačna banka	Hungarian Discount and Exchange Bank
Ugarska hipotekarna banka	Hungarian Mortgage Bank
Union banka (Jugoslavenska udružena banka),	Union Bank (Yugoslav United Bank),
Varaždinska štediona.	Varaždin Savings Bank
Varaždinska županijska štediona.	Varaždin County Savings Bank
Vinkovačka štediona	Vinkovci Savings Bank
Virovitička štediona	Virovitica Savings Bank
Zagrebačka Narodna banka	Zagreb National Bank
Zagrebačka štediona	Zagreb Savings Bank

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