

THE HISTORY OF COUNTERFEIT IN RUSSIA (the 16th-18th CENTURIES)

The struggle with counterfeit has a long history all over the world. You might say that it began even before the appearance of currency as we understand it today.

It is well known that the ancient Mexicans cut up cocoa pods and used them as an equivalent for exchanging on the market. Beans from each pod were removed in order to purchase various products. Later, the pods were refilled with other materials, strung back together and handed out at full value.

The money first used in Russia could also be counterfeited, thus making it possible to reduce its value.

Early in the 12th century, Ancient Russia's monetary unit was the grivna, a bar of silver. The Novgorod grivna was the most widely traded and had the highest value. It was an oblong silver bar weighing about 200 grams. In the 13th century, these silver bars were referred to as rubles. Rubles were used in large payments and in international trade.

The first Russian coins were small gold and silver bars with no particular shape. For example, during the reign of Peter the Great in the early 18th century, Russians traded square rubles, grivnas, poltinas (worth fifty kopecks), pyataks (five kopecks) and kopecks. Russia's kopecks varied from a small, irregularly shaped coin the size of a watermelon seed to silver wire coins and coins of enormous size.

The great Russian scientist and poet Mikhail Lomonosov composed an ode in honor of Empress Elizabeth the First. She rewarded him with two thousand rubles. The prize was delivered to Lomonosov's house on two carts – the money weighed 1800 kilograms!

Bars and irregularly shaped coins were very easy for swindlers to work with. They simply cut off bits of precious metal from each coin to form new ones.

At the end of the 17th century, Peter the Great decided to introduce currency reforms. The Tsar went to Europe, where he got familiar with and became very interested in the organization of money production and coin mints. Peter the Great visited the London Tower, where England's prison and mint were located, several times. At that time, the English scientist Isaak Newton was the mint's supervisor.

In 1704, Peter the Great opened four mints in Russia in addition to the Kremlin mint, which was already in operation. A series of silver coins with values of three, five, ten, twenty-five, fifty kopecks and one ruble were issued. The ruble's weight was equivalent to that of a thaler coin at 28 grams. For the most part, the money circulated in Russia was based upon the decimal system: the ruble, the grivennik (ten kopecks) and the kopeck. Major coins were produced based on a system of halves: the ruble and poltina (fifty kopecks); the grivennik and pyatak (five kopecks); the kopeck and the denga (0.5 kopecks) and the polushka (0.25 kopecks). In 1701, Kadashev's mint began to produce gold ten-ruble coins (gold tchervonetz), which was equal in carats and weight to the ducat, an international gold. Peter the Great insisted that all coin inscriptions be made in Russian, not Latin letters. Some nobles remarked that coins with Russian inscriptions would not be accepted in other countries. The Tsar answered by declaring that Russia had other concerns – it wasn't as important to keep Russia's currency in Russia as it was to increase the overall monetary base.

The Russian government also struggled with coin counterfeiting. While designing new pyatak coins, measures were taken to complicate falsification. Such measures included an intricate picture, several sections of smooth surface, a crisscross pattern on the rim and designs on the outer edges of both sides of the coin.

The monetary system created by Peter the Great was carefully thought over and met requirements presented by both the domestic and foreign markets while taking into account national traditions. Counterfeiting was severely punished. A guilty man's throat would be filled with molten false coins.

It is common knowledge that the first paper money was made in China in the thirteenth century. During the reign of the Yuan Dynasty (1271-1368), China's monetary based consisted mainly of paper money. In order to prevent counterfeiting, the Emperor ordered that the following be printed on all banknotes: "Counterfeiting shall be punished by death. Informers shall receive 250 taels of silver and the criminal's property."

The original inventor of paper money in Europe is considered to be Johan Palmstrukh from Riga. An example of the first "bank thaler" has never been seen, but a banknote issued in 1662 has been conserved and is held to this day in the National bank of Sweden.

By the end of the sixties, one meticulous expert decided to examine Sweden's rare antique more thoroughly. He was simply shocked when he discovered that the banknote was a fake. At first, he blamed modern-day criminals, which could have stolen the real relic and placed a counterfeit banknote in its place. However, it was later discovered that the banknote was falsified in that very period. We may as well salute the talented and efficient counterfeiters of the seventeenth century, who mastered a new trade in a very short period of time. You see, only one year after official banknote stamps were

engraved, counterfeiters had designed their own equipment, mastered the details of the seal and put business into operation.

The first paper money in Russia appeared under Catherine the Great in the 18th century, when the country began to suffer a budget deficit and expenses exceeded income.

In 1768, Count Siviers submitted a note to Catherine the Great which proved the advantages of introducing paper money in Russia. The Senate reviewed the proposal reluctantly; nevertheless, banknotes worth 100, 75, 50 and 25 rubles were issued in 1769.

Paper money was printed on white paper with watermarks. There were four autographs from two senators, the Chairman of the bank and the director of the local bank. Military symbols (cannon balls, guns, flags), the country's emblem of trade as well as the crests of the empires of Astrakhan, Moscow, Kazan and Siberia were represented. Banknotes were printed during a special gathering of the Senate.

The Russian government was wary about the inflow of false banknotes from abroad, and so the import and export of Russia's paper money was prohibited. According to material from a confidential Senate meeting, counterfeiting the first banknotes was basically business as usual, and the representatives from almost all classes of Russian society were engaged in it.

Counterfeiting was punished very rigorously at that time, though not so severely as under Peter the Great. It is known that by autumn of 1794, the retired "sea battalion," captain Freydenberg, and an employee of "a foreign service," Baron Gumperht, were deprived of their noble ranks. Later, in St. Petersburg, their hands were publicly branded with the first letters of words "the thief and the creator of false banknotes". After that, both of them were banished to Nerchinsk (Siberia) and punished with hard labor.

Nevertheless, the methods of the swindlers continued on the road to perfection. Soon after release of the new banknotes, it became necessary to refuse 75-ruble banknotes, as a considerable number of skilled craftsmen was found to be able to change a 25-ruble denomination into 75 rubles. This operation was rather simple, since all banknotes were printed identically-colored paper. All 75-ruble banknotes were withdrawn from circulation, and have not been reissued since.

On June 8, 1786 Catherine the Great issued a manifest which limited the issue of paper banknotes to the sum of 100 million rubles and also introduced banknotes worth five and ten rubles into circulation. These new banknotes were printed on colored paper (ten rubles on red, five on dark blue) in order to easily distinguish between the two. Watermarks were printed on the outer edges of the banknotes and each bill included signatures from the Government Assignment Bank's Director and Cashier on the face side of the banknote, and bank's Board Advisor on the back side, in ink. The upper edges of the banknote were imprinted with raised oval images. Unfortunately, after only two years, Catherine the Great's order was broken; by 1790 there were 111 million

rubles in paper banknotes in circulation. The issue of paper bills increased significantly under Alexander the First due to the wars with France (1805, 1806-1807) and with Sweden (1808-1809). Paper banknotes promptly depreciated, and by December of 1810, banknotes of 100,000 rubles were exchanged for 25,000 rubles in silver. On the eve of Russia's Patriotic war in 1812, the sum of paper banknotes in circulation amounted to 581.4 million rubles. After the war (1815), rubles in circulation amounted to 836 million rubles. The situation was further exacerbated by the vast quantity of false rubles imported by Napoleon's army. The ruble's banknote rate fell to 20 silver kopecks.

But that's another story – the story of the nineteenth century.