History of Syrian Currencies (Syrian Pound)

Prof. Dr. Moustafa El-Abdallah Al Kafry

Contents

History of Syrian Currencies (Syrian Pound)

Prof. Dr. Moustafa El-Abdallah Al Kafry

The currency that is traded in the Syrian Arab Republic is the Syrian pound, divided into 20 francs and 100 Syrian piasters, the Central Bank of Syria is responsible for issuing the Syrian currency, symbolized by (LS and S£), the Syrian pound bears many names, due to the influence of Arabic, French, and English languages in the history of Syria, and when Syria gained its independence, it was the only country that wrote its coins in Arabic. [1][2]

A banknote in the denomination of 100 Syrian pounds beautiful carpet, issued in 1945.

During the period when Syria was part of the Ottoman Empire, which lasted about 400 years, the Ottoman lira was its main currency. After the fall of the Ottoman Empire and the placement of Syria under the French Mandate, the Egyptian pound was traded in the territories under the French and British Mandates, as well as in Lebanon, Transjordan and Palestine. The French government sought to replace the Egyptian currency, granting the Bank of Syria (the French branch of the Ottoman Bank) the authority to issue currency to Syria and Lebanon under the French mandate.

[1] - Written by: Ayat Saeed Nawara Last updated: June 27, 2019 https://mawdoo3.com/%D9%85%D8%A7_%D8%B9%D9%85%D9%84%D8%A9_%D8%B3%D9%88%D8%B1%D9%8A%D8%A7

[2] - "Syria", www.encyclopedia.com, Retrieved 14-5-2019. Edited.

I - The Syrian pound during the Ottoman era:

During the Ottoman era, the currency in circulation in Syria was associated with the Ottoman Empire and was not associated with the Syrian state. The base of the precious metals' gold and silver in the pre-1888 Ottoman Empire was the base of trading. A monetary system consists of trading in the currency cast from these two metals and bearing the Ottoman inscription recognized in the Ottoman Empire and the coins in circulation at that time were the Ottoman lira gold or silver. 3

Until World War I, Syria was part of the Ottoman Empire, and the cash circulating in it was Ottoman criticism. The base of circulation of cash in the empire was based on the base of precious metals until 1888. After this date, the gold base became the basis of cash circulation, and the Ottoman gold lira became the main monetary unit of the country and is equivalent to four gold dollars, or the equivalent of forty years, and the golden Ottoman lira was divided into one hundred gold piasters and weighed 7 grams and 216 milligrams of 0.9165 carat. Besides this basic monetary unit, auxiliary money made of cheap metals was traded for small payments, and English and French gold liras were also used in circulation.

The Ottoman Empire issued many banknotes, but they were not protected by watermarks and were rare at the time and were not traded in Syria during that period. The circulation of Turkish paper money was very limited, and the concession to issue this paper money was the Ottoman Imperial Bank, and the cash issued was covered with gold by almost 200%. It is refundable in gold, but it has been little dealt with because the people are accustomed to dealing with gold money. During World War I, Turkey abolished

[3] - See, Syrian Pound Over Time 2017-02-18 –، https://www.almrsal.com/post/453465

gold, stopped exchanging Turkish paper money in gold, and imposed the circulation of paper money in the empire compulsory.

When the Ottoman Bank refused to lend to the Turkish government during the World War, it made seven successive issuances, the first of which was based only on gold coverage, and the rest to bonds on the German and Austrian treasuries. This version is not based on strong coverage. It led to the deterioration of the purchasing power of Turkish paper money, which made individuals evade dealing with it and cling to gold in circulation, which increased its value in the territories of the Syrian Empire and so several currencies were traded in that period (Ottoman gold liras - English gold liras - French gold liras and Turkish paper liras). 4

Since 1888, the Ottoman Empire has applied the rule of one metal, which is gold, in circulation, and the Syrian currency is traded within the dealings with the Ottoman gold lira in addition to the English lira and the French currency, as appeared in that period Ottoman paper issues and then covered with German and Austrian treasury bonds by 20%.

Syria was dealing with Turkish coins such as Ottoman gold liras and their silver parts, as were banknotes issued by the Ottoman government during the First World War, and after Turkey lost the war and the Turks evacuated from Syria, the Egyptian pound began to replace Turkish money in circulation.

[4] - History of the Syrian Pound during the period 1919 – 1990، http://www.syriandays.com/finance/?page=show_det&select_page=11&id=3002

Syria used the Ottoman lira as its currency for a long period of time, because it was part of the Ottoman Empire that ruled for four hundred years, and after the fall of the Ottoman Empire the country fell under French rule, and replaced the Ottoman lira with the Egyptian pound; where this currency was used in the territories of the French Mandate, represented by Transjordan, Lebanon, and Palestine, and in 1919 the French introduced the Egyptian pound as a new currency, and continued to be used until 1924 in both Lebanon and Syria, after which Lebanon was used. Fifteen years later, the Syrian pound and the Lebanese pound were issued instead of the common currency between the two countries and became two separate currencies, and the Syrian pound appeared. The Syrian pound split from the Lebanese pound in 1948. 5

In 1918, after the evacuation of the Ottoman colonialist from Syria as a result of the Great Arab Revolt, the Syrian pound appeared, and the Ottoman paper currency is no longer negotiable or valuable, as it was replaced by the Egyptian pound, which was printed in Britain and was then dealt with in Syria until 1923, with the continuation of dealing in the Ottoman gold and silver lira and the pound sterling, hence the name Masari instead of the word money in some Syrian areas as a result of dealing in the Egyptian pound.

The Egyptian pound continued to circulate until March 31, 1920, when Syria became under the French mandate, and the "Bank of

[5] - "Syria", www.encyclopedia.com, Retrieved 14-5-2019. Edited.

Syria" was given the privilege of issuing the Syrian currency, and began to issue the Syrian Lebanese pound as of May 1920 pegged to the French franc, put into circulation instead of the Egyptian pound. France achieved from the process of issuing the Syrian currency and withdrawing the Egyptian pound from circulation two very important things in that period: 6

1- The French authorities can now finance their armies in Syria, as the Egyptian pound's stay in circulation means that the French authorities buy the Egyptian pound in pounds sterling or gold, which leads to a decrease in their reserves of gold or sterling and affects the exchange rate of the franc in the currency exchange markets.

2- The withdrawal of the Egyptian pound from circulation and its replacement with Syrian liras allowed France an ample amount of Egyptian cash withdrawn from circulation, as it increased its foreign exchange assets, and enabled it to make its payments with the sterling area.

To this end, banks and army funds have been tasked with exchanging the new Syrian-Lebanese currency for the abolished Egyptian currency, and have set a duration for this exchange. This period starts from 2 April 1920 and for a period of three months was extended thereafter by a fourth month.

After the fall of the Ottoman Empire and the proclamation of the French Mandate over Syria and Lebanon, France established the Bank of Syria and Lebanon to issue the single currency in the territories under its Mandate in Syria and Lebanon.

II - Syrian pounds during the French Mandate over Syria and Lebanon:

In 1919, the Syrian pound was first issued through the Bank of Syria and was worth 20 French francs and was traded in both Syria

[6] - See, Dr. Moustafa El-Abdallah Al Kafry, GKK Report of the Currency Code: A History of the Syrian Pound during the 19th Period19 – 1990, February 2018.

and Lebanon. The name of the Bank of Syria was then changed to become the Bank of Syria and Greater Lebanon and the issuance of the Syrian-Lebanese pound began in 1924.

During the period between the two world wars, Syria and Lebanon entered under the French Mandate in 1920, when the Syrian pound and the Lebanese pound were born for the first time, where they were issued by the French bank in Syria, which had thus received the privilege of issuing cash by a decision issued by the French High Commissioner, and this issue was distinctive by linking the Syrian pound to the French franc and each Syrian pound was equal to 20 French francs, and the parts of the Syrian pound are called sharks so that the lira was equal to 100 Syrian shark. During the Mandate period, the lira followed the movement of the French franc as it was not acceptable to issue a monetary decision from the occupation, there were negotiations taking place with the local government since 1924 and the result was the approval of the issuance of the Syrian pound and through which the privilege of issuing the lira was given to the Syrian bank for a period of 15 years and at the time of the date of renewal of the agreement negotiations with the Lebanese government were faster than with the Syrian government at the time, which led to the separation of the Lebanese and Syrian pounds from each other in a year 1939 However, both currencies were tradable in both countries. 7

During the French Mandate over Syria and Lebanon, the Syrian pound issued by the Syrian bank, which was granted by the French at the time, adopted the privilege of issuing Syrian cash, and the Syrian pound in circulation at the time in Syria and Lebanon was equivalent to twenty French francs. Despite France's insistence on trading the Syrian pound, the Ottoman gold lira and the English gold lira remained in circulation in the Syrian and Lebanese markets. The

---

[7] - https://www.almrsal.com/post/453465

Syrian government then issued the Syrian gold dinar, which is equivalent to a French pound golden.

In 1936, the French government abolished the French franc's fixation on a golden basis, and its value and the value of the Syrian pound deteriorated due to its association with the French franc, causing the governments in both Syria and Lebanon to seek to disengage the Syrian pound from the French franc to compensate for the loss they suffered as a result of the devaluation of the French franc.

During the period of the Second World War where France and Britain were allies in the war, which was reflected in the alliance between the French franc and the pound sterling and the exchange rate of these two currencies was linked to each other, and therefore the Syrian pound was pegged to the pound sterling in 1941 and this was generalized in all areas under French rule, while the pound sterling during the period of the Allied occupation of Syria was equivalent to 883.125 Syrian piasters and the French franc equivalent to 22.65 Syrian piasters.8

The decision of March 31, 1920 made the Syrian-Lebanese pound the monetary unit of the country, and the cover of this currency consists of French francs in a way that prevails over other elements of coverage.

The Syrian and Lebanese pounds were made transferable to the bearer as a check on Paris equivalent to twenty French francs per

8 - https://www.almrsal.com/post/453465.

lira, and the Syrian pound was divided by the decision into one hundred Syrian piasters, and the new Syrian currency was subjected to compulsory circulation and the inability to exchange in gold, because the French franc itself was subject to compulsory dealing. In the Eastern Province, in April 1920, the government of King Faisal issued a law establishing its monetary system and making the dinar the monetary unit, and this dinar was based on the gold base and left the Egyptian currency in circulation enjoying its exculpatory power at the rate of 125 Syrian piasters per Egyptian pound.

The government of King Faisal in Syria, where the government received from General Guru an ultimatum on July 14, 1920, demanding some modifications in Syrian internal policy, including in monetary policy, to accept cash issued by the Syrian bank. This ultimatum was followed by the occupation of Syria by the French army following the Battle of Maysaloon on 24 July 1920. The occupation army issued a decision in August 1920 announcing the transaction in the currency issued by the Bank of Syria. The Egyptian pound was withdrawn from circulation in Syria and Lebanon.

III - Recognition of the Syrian-Lebanese currency by local governments, January 1924 Agreement:

It was not normal for the monetary system in Syria and Lebanon to remain based on the decisions of the French High Commissioner, and it was not acceptable to give the right to issue currency to a foreign bank by a decision of the occupier without the consent of local governments. Negotiations began under the supervision of the High Commissioner between the Syrian government and the Bank of Syria. In January 1924, an agreement was concluded between the Syrian and Lebanese governments on the one hand, and the French authorities on the other.

The negotiations of 23 January 1924 led to the signing of a new monetary agreement under which local governments recognized the Syrian-Lebanese currency, and granted the privilege of issuing the Syrian-Lebanese currency to the "Bank of Syria “, which later became the "Bank of Syria and Lebanon" and for a period of 15 years beginning on the first of April 1924, the agreement recognized the current monetary situation established by the decision of the High Commissioner in 1920. which were shown by the people and their representatives in the Council of Federation. The local governments that signed the agreement were existing governments at the will of the French Mandate. 9

IV - Elements of the coverage of the Syrian pound in the 1924 Convention:

The coverage of the Syrian pound as stipulated in Article VIII of the 1924 Convention consists of the following elements:

1- Gold or currencies of foreign governments convertible into gold.

2- Foreign or domestic commercial papers, so that their maturity period does not exceed 90 days, and foreign commercial papers must bear two acceptable signatures, while local papers must bear at least three acceptable signatures.

3- Deposits in French francs placed on demand in an account with the French treasury "compulsory coverage", not exceeding one third of the cash issued, and the French treasury pays interest on them not less than 1.5%.

4- Optional coverage in francs placed on demand in the account of the Bank of Syria and Lebanon with the French Treasury, on which interest of not less than 1.5% is paid. Coverage in the form of commercial papers must not exceed 22% of the cash issued.

[9] - GTA Currency Code Report: History of the Syrian Pound during the 19th Period19 – 1990, February 2018.

5. Bonds of the French Government or bonds guaranteed by the French Government, the maturity of which shall not exceed two years, shall be deposited with the Bank of France. 10

V - Renewal of the concession for issuing currency in Lebanon to the Bank of Syria and Lebanon, February 1938 Convention:

Negotiations began with the Governments of Syria and Lebanon for the renewal of the 1924 Agreement two years before its expiry on 31 March 1939. These negotiations resulted in an agreement with the Lebanese government on May 29, 1937. Pursuant to which the Issuance Concession in Lebanon was renewed to the Bank of Syria and Lebanon for a period of 35 years from the first of April 1939.

The agreement with the Syrian side went slowly, and faced several difficulties, but they finally reached a draft agreement on February 25, 1938.

However, it was not brought before the Syrian Parliament due to the disruption of constitutional life by the Mandate authorities on July 8, 1938, and the parliamentary rule was replaced by a government of directors who possessed executive power, and exercised legislative powers by issuing enactment decrees ratified by the High Commissioner, and on March 29, 1939, two days before the expiry of the term of the 1924 Convention, the French High Commissioner issued a decision amending the effect of this Convention until March 3, 1964, and then the Government of Directors issued a decision in September 9, 1939 Decree approving

[10] - GTA Currency Code Report: History of the Syrian Pound during the 19th Period19 – 1990, February 2018.

the February 25 Convention and the Bank's Articles of Association thereto, and postponing the date of entry into force of the Convention from April 1, 1939 to January 1, 1940.

VI - Compulsory and optional elements in the coverage of the Syrian pound, in accordance with the 1938 Convention:

The definition of the elements of coverage of the Syrian pound as stipulated in the 1938 Convention was clearer than the 1924 Convention, and the agreement included two types of elements of coverage of the Syrian pound:

The first – compulsory elements,

The second - optional elements.

1 - Elements of compulsory coverage:

Compulsory coverage consists of the following elements:

Gold with an initial rate of 10% gradually rises to 30%.

A compulsory deposit in French francs, which is placed in the Central Fund of the French Treasury in Paris, and is charged an interest rate of at least 1.75% per annum, and the agreement stipulated that the percentage of this deposit should be 25 to 26% of the total securities in circulation...

Interest-free advance to Syrian governments worth 250,000 Syrian pounds.

2 - Optional Coverage Elements:

Optional coverage consists of the following elements:

Bonds on the French Government and its guarantee: These bonds are deposited in the Bank of France, provided that they are at most five years in duration and 25% of them are for two years, and then the Bank was allowed by a decision issued in 1941 to deposit them in Damascus or Beirut.

Commercial bills of exchange, bearing three signatures not exceeding 90 days, the total value of which does not exceed 12% of the cash in circulation, was raised to 25% by the decision of the High Commissioner of 4 September 1939.

An advance granted by the Bank of Syria to the Syrian government to implement the urban projects that the state intends to carry out, not exceeding 1,250,000 Syrian pounds, and paying an interest of 4%.

Deposits pending demand in French francs, deposited in the Central Fund of the French Treasury, and charged interest not less than that paid by the Bank of France to the holders of deposits until requested. 11

VII - Characteristics of the coverage of the Syrian pound in the 1924 and 1938 Conventions:

It is noted from the above that it was the 1924 Convention that prevailed during most of the interwar period, and that this agreement made much of the coverage in the form of French franc assets.

There is no doubt that this Convention provided for the existence of foreign gold or papers convertible into gold for coverage, but did not specify a minimum percentage of such assets.

Therefore, the Bank of Syria and Lebanon could not have lost foreign gold or banknotes that could be exchanged on coverage, and for all the average gold during the term of this agreement did not exceed 4% of the coverage.

The expenses of the allied armies caused a significant inflation in trading figures and bank deposits, and the Bank of Syria and Lebanon estimates in the report of the Board of Directors for the years 1941-1945 that this 8/7 of this inflation comes from the huge quantities of Syrian liras that the allied armies demanded from the cutting office in exchange for the delivery of foreign currency.

[11] - History of the Syrian Pound during the period 1919 – 1990، http://www.syriandays.com/finance/?page=show_det&select_page=11&id=3002

It is worth noting that the expenses of the armies in the country that caused the increase in circulation were not matched by the possibility of importing from abroad so prices began to rise continuously, and the effects of monetary inflation began to appear in the country.

It was no longer the way for local capital to migrate out of the country and ease the burden on the local market.

Accordingly, a decision was issued allowing this, which led to the easing of monetary inflation as nearly 400 million Syrian pounds of Syrian pounds of Syrian pounds came out of the country in three years.

VIII - Differences between the 1924 and 1938 Conventions on the subject of Syrian pound coverage:

The 1938 Convention differs from the 1924 Convention in the following ways:

The 1938 Convention did not set a maximum limit on cash circulation while the 1924 Convention set the maximum circulation at 25 million Syrian pounds. Thus, it has separated, even nominally, the Syrian pound from the Lebanese pound.

The 1938 agreement taxed the Bank of Syria and Lebanon, while it was exempt from it under the previous 1924 agreement.

Unlike the previous 1924 Convention, the 1938 Convention stipulated that the profit from the increase in the value of the gold coverage would accrue to the Governments of Syria and Lebanon, and also provided for the sharing of the ordinary profits of the coverage between the Bank and the said Governments.

The 1924 Convention and the 1938 Convention that followed were part of the French franc exchange rule imposed on Syria, the primary purpose of which was to save the use of gold by coverage.

Fourth: The Syrian currency during the Second World War:

The Second World War left wide and multidirectional effects, and with regard to its effects on the world monetary system, we find that the war, in which France participated and almost destroyed, reflected on the French colonies, including Syria, and had social, economic and political effects.

Since Syria and Lebanon were under the French mandate, the head office of the Banque du Suria du Liban moved from Paris to Beirut, and the French High Commissioner amended the 1938 Convention by means of resolutions and decrees issued through the Board of Directors, which dealt with the subject of cash coverage.

The amendments targeted several aspects, including:

Enable the Bank of Syria and Lebanon to meet the needs of the occupation armies for the necessary banknotes. Thus, the volume and value of the commercial bonds included in the coverage increased to 25% of the volume of the cash mass in circulation.

All bank loans to the state are now covered.

The aim is to facilitate the issuance of cash without the bank having to achieve issuance coverage by francs or other currencies and being able to use other means at its disposal.

On the other hand, after the Allied armies occupied Syria and Lebanon, the country witnessed a large expenditure in pounds sterling and dollars, to meet the needs of the armies of local products and goods, and since the British armies that were stationed in Syria were forced to pay a large part of their expenses in Syrian liras, they sold sterling liras to the cutting office, and obtained in return for them Syrian pounds, and the cutting office transferred sterling liras and various types of currencies obtained by it to the central treasury of Free France to be replaced by French francs, The French francs in coverage amounted to 98% of the cash in circulation, and the amount of cash issued in this form amounted to 800 million Syrian pounds, which France seized the corresponding pieces paid for Syrian production. 12

As a result of the March 1941 agreement between the French and British governments, the exchange rate of the two countries' currencies was determined for each other, and the contractors noted the possibility of the agreement taking effect on every territory belonging to the Council for the Defense of the French Empire and every land to be followed.

(The expenses of the allied armies caused a significant inflation in trading figures and bank deposits, and the Banque du Surior and Lebanon estimates in the report of the Board of Directors for the years 1941-1945 that this inflation comes from the huge quantities of Syrian liras that the allied armies demanded from the Cutting Office in exchange for the delivery of foreign currency.)

It is worth noting that the expenses of the armies in the country that caused the increase in circulation were not matched by the possibility of importing from abroad so prices began to rise continuously, and the effects of monetary inflation began to appear in the country. It was necessary to open the way for local capital to migrate out of Syria and alleviate inflation in the local market. Accordingly, a decision was issued allowing the transfer of domestic funds out of Syria, which led to the easing of monetary inflation rates, and the amount of money that came out of Syria out of the country reached almost 400 million Syrian pounds in three years.

IX - Peg of the Syrian Pound to the US Dollar:

After the end of World War II, the US dollar was adopted against the Syrian pound in 1947, and the Syrian pound was pegged to the US dollar. The exchange rate was the Syrian pound, every single dollar is equivalent to 2.19 Syrian pounds. The exchange rate of the Syrian pound continued every $1 equivalent to 2.19 Syrian pounds,

[12] - http://www.banquecentrale.gov.sy/currency/old-currency-ar.htm

until 1961. In 1971 US President Nixon abolished the peg of the US dollar to gold and the US dollar was floated. The peg of the Syrian pound to the US dollar is no longer happy after the disengagement of the dollar from gold.

X - The Syrian Pound in the Period of Monetary Independence in Syria:

Monetary Agreement between Syria, Lebanon, Britain and France of 1944:

The monetary agreement between Syria, Lebanon, Britain and France in 1944 was an important stage in the history of the Syrian-Lebanese monetary system, as an agreement was signed in Damascus on the ninth of February 1944 between France and England followed by a similar agreement between Syria, Lebanon and France, called the Damascus Agreement, which stipulates the following:

Keep the conversion rate of the Syrian pound towards the pound sterling as it was, at the amount of 883 Syrian piasters per pound sterling. Since the new British-French agreement modified the conversion rate between the currencies of the two countries to 200 French francs per pound sterling, instead of 176,625 French francs, according to the March 1941 agreement. The French franc conversion rate with the Syrian pound became 22.65 French francs per Syrian pound.

The freedom to buy the British pound for the residents of Syria and Lebanon, and does not depend on consulting the governments of the two countries in advance.

The exchange rate of the Syrian pound relative to the pound sterling shall not be adjusted before consulting the Syrian and Lebanese governments, Under the Damascus agreement, French authorities gave assurances that the gold cover would be returned to the Bank of Syria and Lebanon.

It was undertaken to prove the value of the assets of the Bank of Syria and Lebanon, and to make the differences in the event of a depreciation of the franc relative to the pound sterling. That is, French governments increase the amount of the bank's assets in francs in such a way that these francs maintain their value in relation to the pound sterling.

The increase in the value of these assets in the Bank of Syria and Lebanon from the French francs has made them maintain the actual value of the franc, and to counter the fear of its depreciation against the value of the pound sterling.

France fulfilled its pledges made in the January 1944 Agreement, where, when it devalued the French franc on December 25, 1945, it increased the number of francs placed to cover the Syrian currency, and put in the calculation of coverage the difference as a result of the devaluation of the French franc. At the grassroots level, individuals continued to convert their assets from Syrian liras to pounds sterling.

France concerned the issue of the freedom of individuals to transfer their assets from Syrian liras to sterling pounds, especially since Syria was about to gain its political independence, so it sent a memorandum to the Syrian government in March 1946 in which it was decided to abolish the freedom to buy the pound sterling, to abolish the guarantee of parity with the pound sterling, and to abolish the issue of compensation resulting from the reduction of the French franc.

France sent a new memorandum to Syria in December 1946, repealing the so-called Damascus Agreement of 1944 and ending the Syrian pound's peg to the pound sterling. It indirectly returned the Syrian pound to the French franc barn. Due to the correlation of the elements of covering the Syrian and Lebanese pounds with the French franc. In 1947, the Syrian and Lebanese governments negotiated with France to resolve the crisis of the monetary system.

XI - The separation of the Syrian pound from the Lebanese pound:

Negotiations to discuss the independence of the Syrian pound – Lebanon:

The conversion rate of the Syrian-Lebanese pound was set in the aforementioned 1927 agreement and the 1937 agreement between the Syrian and Lebanese governments and between the Bank of Syria and Lebanon for the French franc on the basis that each lira is equivalent to (20 francs), and the bank intervened in the cash market as a seller and buyer of Syrian liras for the franc at this price.

In 1937 two separate lira – the Syrian pound and the Lebanese pound – were issued, tradable in both entities. In 1939, the name of the issuing bank for the two currencies became the Bank of Syria and Lebanon. In 1941, after the British and French forces took control of Syria, the Syrian pound was pegged to the pound sterling !!! One pound was equivalent to 8.83 liras, based on the conversion rate between the pound and the French franc before the war.

Independence of the Syrian currency from the French franc zone, Damascus Agreement February 1949:

After the abolition of the so-called Damascus Agreement of 1944, Syria and Lebanon began their negotiations with France to discuss the independence of the Syrian-Lebanese pound, the disengagement from the French franc, and the liquidation of France's debts to the two countries, which continued until January 1948. When France lowered the conversion rate of its currency, Lebanon agreed to the devaluation with France, but Syria refused and this meant the beginning of the separation between the Syrian pound and the Lebanese pound.

The Syrian currency became independent from the French franc zone in January 1949, and adjusted the exchange rate of the lira in francs, forcing France to conclude an agreement on February 8, 1949 with Syria confirming the separation of the Syrian pound from the French franc zone.

One of the most important consequences of the separation of the Syrian pound from the Lebanese pound is the adoption by each country of its own measures to regulate the economy and money. Lebanon has turned to the system of economic freedom because of its dependence on foreign trade and invisible exports, while Syria has turned to the system of customs protection to protect the emerging domestic industry. The separation of the monetary union between Syria and Lebanon was the beginning of the road to the separation of the economic unity between the two countries. Syria also implemented foreign exchange control systems in its dealings with Lebanon as of March 14, 1950. In February 1948, Legislative Decree No. 92 was issued, establishing the Cutting Office, a Syrian public institution, which was repealed by Legislative Decree No. 208 of 21/4/1952, which established the current Cutting Office.

XII - Foreign Exchange Policy in Syria between the 1944 Convention and the 1949 Convention:

1- Based on the 1944 agreement, Syria was able to rid its currency of the peg to the French franc because it is a weak currency, and the Syrian pound was pegged to the pound sterling, which is a solid currency. However, Syria remained unable to pursue an independent foreign exchange policy during the period 1944-1948.

2- As a result of Syria's exit from the French franc zone, only the Syrian government determines its foreign exchange policy. It has the authority to define and shape monetary policy, the Bureau of Cutting, which was subordinate to the Ministry of Finance at the time and is now subordinate to the Ministry of Economy.

3- The depreciation of the French franc exchange rate on January 26, 1948, and the second devaluation on October 17 of the same year. Since Syria's franc assets were not secured for fixed cash at the time of these reductions, this resulted in a significant decrease in the value of these assets, especially cash coverage, which was mostly in the form of balances in French francs.

To remedy the lack of coverage of the Syrian pound, the Syrian government issued treasury bonds worth 104.2 million Syrian pounds at the end of 1948. This promulgation violated the coverage rules of the 1938 Convention and led to the promulgation of a new monetary code in March 1950.

Establishment of the Syrian Monetary Issuing Institution:

In 1950, Legislative Decree No. 76 containing the Monetary Law was issued, under which the Syrian state received the right to issue Syrian cash, and the value of the Syrian pound was set at the equivalent of 513/405 milligrams of pure gold. A department linked to the Ministry of Finance called the Syrian Monetary Issuing Agency (SAMA) was established and the Cutting Office in Syria was established in 1952 to regulate and control the foreign exchange market.

XIII - The Monetary and Credit Council and the Central Bank of Syria:

Then Legislative Decree No. (87) of 1953 was issued, which created the Monetary and Credit Council and the Central Bank of

Syria. In 1961 the exchange rate of the Syrian pound was approximately one US dollar equivalent to two Syrian pounds.

(In 2002, the previous regulations governing the Monetary and Credit Council, the Basic Monetary System and the Central Bank of Syria were reviewed and a new regulation was promulgated by Law No. 23 of 2002 called the Law of the Central Bank of Syria and the Basic Monetary System.13

In 2005 every single dollar is equivalent to = 53 Syrian pounds, on December 31, 2010 every one dollar is equivalent to = 47 Syrian pounds, the dollar lost five quarters of its value against gold after the de-peg of the dollar with gold. In September 2011, the exchange rate of the Syrian pound was approximately every single dollar equivalent to = approximately 49 Syrian pounds. According to the following equation:

The price of an ounce of gold = 250 USD, in 2001. The price of an ounce of gold became = 1750 USD, in 2011.

Quotient dividing 1750 by 250 = 7

This means a 7-fold devaluation of the dollar between 2001 and 2011 compared to gold prices, and a depreciation of all dollar-pegged currencies, including the Syrian currency.

XIV - Syrian coins:

Syria issued its first coin in 1921, in the denomination of half a penny, and copper nickel was used to hit these coins, and in 1926 coins made of bronze, represented by (2 and 5 piasters), and during (1935 and 1960) Syria issued its coin made of brass, nickel, and aluminum bronze, then nickel replaced silver in 1968, and because of the rise of inflation excavators, many coins were issued of new denominations, namely (1, 2, and 5, and 10 lira), and at the moment

[13] - http://www.syriandays.com/finance/?page=show_det&select_page=11&id=3002

the country trades coins in denominations (1, 2, 5, 10, 25, and 50 Syrian pounds). 14

Syrian Banknotes:

In 1919, the first banknote in Syria was issued, issued by the Central Bank of Syria in denominations of 5, 25, 50 piasters, 1, and 5 liras (livres), and the data on these banknotes were written in French, and the writing continued until 1958, after which the writing was changed from French to English, and the new banknotes were printed in denominations (1, 5, 10, 25, 50, 100, and 500) liras, and in 1976 and 1977 the designs of banknotes changed except for the 500 lira banknote, Banknotes are traded in denominations (50, 100, 200, 500, 1000, 2000 and 5000) Syrian pounds. 15

Official exchange rate of the Syrian pound:

Syria ratified the International Monetary Fund Convention (IMF) by virtue of Law No. 304 of 2/2/1947 during its accession to the Fund and determined the official breakeven rate of the Syrian pound for both gold and the US dollar on the basis of the prices in force at the time, namely: the Syrian pound is equivalent to

[14] - Ibid.
[15] - "Syria", www.encyclopedia.com, Retrieved 14-5-2019. Edited.

0.405513 grams of pure gold and is equivalent to 6.45 cents of the US dollar - that is, the dollar is equal to 2.19 Syrian pounds. 16

(It should be noted that the exchange rate of the Syrian pound in the informal internal market of foreign exchange does not fully reflect the real value of the price equivalent to the Syrian pound, since the resources of the state, the public sector, and its foreign exchange needs are not carried out through this market, there is the equivalent of 35% of the country's imports of goods and services, and about 65% of exports of goods and services are subject to the official prices of state-approved parts.) 17

Prof. Dr. Moustafa El-Abdallah Al Kafry

Faculty of Economics – Damascus University

[16] - Report, Syrian currency since Syrian monetary independence in 1919, Wednesday 17/04/2013, https://b2b-sy.com/news/10228/

[17] - Dr. Haitham Jaafar, The evolution of the exchange rate of the Syrian pound against the dollar during fifty years2/2, the masses, the number, 12404، 2007/08/12، http://jamahir.alwehda.gov.sy/node/323453

References:

1. Ayat Saeed Nawara Last updated: June 27, 2019 https://mawdoo3.com/%D9%85%D8%A7_%D8%B9%D9%85%D9%84%D8%A9_%D8%B3%D9%88%D8%B1%D9%8A%D8%A7
2. "Syria", www.encyclopedia.com, Retrieved 14-5-2019. Edited.
3. Syrian Pound Over Time 2017-02-18 –, The birth of the Syrian pound, https://www.almrsal.com/post/453465
4. History of the Syrian pound during the period 1919 – 1990, http://www.syriandays.com/finance/?page=show_det&select_page=11&id=3002
5. Dr. Moustafa El-Abdallah Al Kafry, GKK Report of the Currency Code: History of the Syrian Pound during the Period 19-19-1990, February 2018.
6. https://www.almrsal.com/post/453465
7. http://www.banquecentrale.gov.sy/currency/old-currency-ar.htm
8. http://www.syriandays.com/finance/?page=show_det&select_page=11&id=3002

accessory

History of the Syrian Pound by Years

During the Ottoman era, Syria was dealing with Turkish cash consisting of Ottoman gold liras and their silver parts, then began to be traded with banknotes issued by the Ottoman government during the First World War, and after Turkey lost the war and the Turks evacuated Syria, the Syrian government began to deal with the Egyptian pound, after which the Syrian gold dinar was issued, which is equivalent to a French gold pound. After the fall of the Ottoman Empire and the proclamation of the French Mandate over Syria and Lebanon, France established the Bank of Syria and Lebanon to issue the single currency in the territories under its Mandate in both Syria and Lebanon.18

During the French Mandate over Syria and Lebanon, the Syrian pound issued by the Syrian bank, which was granted by the French at the time, adopted the privilege of issuing Syrian cash, and the Syrian pound in circulation at the time in Syria and Lebanon was equivalent to twenty French francs. Despite France's insistence on trading the Syrian pound, the Ottoman gold lira and the English gold lira remained in circulation in the Syrian and Lebanese markets.

- **In 1919,** the Syrian pound was first issued through the Bank of Syria and was worth 20 French francs and was traded in Syria and Lebanon. The name of the Bank of Syria was then changed to become the Bank of Syria and Greater Lebanon and the issuance of the Syrian-Lebanese pound began in 1924.
- **In 1936,** the French government abolished the French franc's fixation on the golden basis, and its value and the value of the Syrian pound deteriorated due to its association with the French franc, causing the governments in both Syria and

[18] - http://www.syriandays.com/finance/?page=show_det&select_page=11&id=3002

Lebanon to seek to disengage the Syrian pound from the French franc to compensate for the loss they suffered as a result of the devaluation of the French franc. The efforts of the two Governments were successful only in 1944. In 1949, a monetary agreement was signed with France to compensate for part of the loss suffered in Syria by the devaluation of the French franc.

- **In 1937,** two separate lira – the Syrian pound and the Lebanese pound – were issued, tradable in both entities.
- **In 1939,** the name of the issuing bank became the Bank of Syria and Lebanon.
- **In 1941,** after the British and French forces took control of Syria, the Syrian pound was pegged to the pound sterling !!! One pound was equivalent to 8.83 liras, based on the conversion rate between the pound and the French franc before the war.
- **In 1946,** after the collapse of the value of the French franc, the conversion rate between the two currencies rose to one Syrian pound equivalent to 54.35 French francs.
- **In 1947** After the end of World War II, the Syrian pound was pegged to the US dollar.
- The exchange rate of the Syrian pound was every single dollar equivalent to 2.19 Syrian pounds.
- **In 1948,** The Syrian pound split from the Lebanese pound.
- The exchange rate of the Syrian pound continued every $1 equivalent to 2.19 Syrian pounds, until 1961.
- **In 1971,** US President Nixon abolished the US dollar's peg to gold and the US dollar floated.
- The peg of the Syrian pound to the US dollar is no longer happy after the disengagement of the dollar from gold.

- **In 1950,** Legislative Decree No. (76) containing the Monetary Law was issued, according to which the Syrian state received the right to issue Syrian cash, and set the value of the Syrian pound at the equivalent of 513/405 milligrams of pure gold. A department linked to the Ministry of Finance called the Syrian Monetary Issuing Agency (SAMA) was established and the Cutting Office in Syria was established in 1952 to regulate and control the foreign exchange market.
- Then Legislative Decree No. (87) of 1953 was issued, which created the Monetary and Credit Council and the Central Bank of Syria.
- **In 1961** the exchange rate of the Syrian pound was every one US dollar equivalent to = two Syrian pounds.
- (**In 2002,** the previous regulations governing the Monetary and Credit Council, the Basic Monetary Law and the Central Bank of Syria were reviewed and a new regulation was promulgated by Law No. 23 of 2002 called the Law of the Central Bank of Syria and the Basic Monetary System.
- **In 2005** every single dollar is equivalent to = 53 Syrian pounds
- **31 December 2010** Every single dollar is equivalent to = 47 Syrian pounds, the dollar lost five quarters of its value against gold, which is the criterion after the de-linking of the dollar to gold.
- **September 2011** The exchange rate of the Syrian pound was every single dollar equivalent to = approximately 49 Syrian pounds.

http://www.syriandays.com/finance/?page=show_det&select_page=11&id=3002