

Handout

Hyperinflation and the Great Depression



Credit: Roger-Vollet / The Image Works

A woman takes a basket of banknotes to buy cabbage at a market during the 1923 hyperinflation in Weimar Germany.

Directions: As you are reading, annotate the text by completing the following steps:

1. Circle words that are unfamiliar.
2. Put a question mark (?) in the margin in places where you feel confused.
3. Answer the questions that follow the text.

Value of German Currency, 1919–1923

Date	Marks	US Dollars
1918	4.2	1
1921	75	1
1922	400	1
January 1923	7,000	1
July 1923	160,000	1
August 1923	1,000,000	1
November 1, 1923	1300,000,000	1
November 15, 1923	1300,000,000,000	1
November 16, 1923	4200,000,000,000	1

Beginning in the fall of 1922, an extreme inflation, or hyperinflation, took hold of the German economy. During periods of inflation, prices rise continuously as the value of a currency drops sharply.

Many European countries experienced inflation after the war, but nowhere did prices rise as rapidly as they did in Germany. On some days, the value of the mark (the unit of German currency) fell almost hourly.

As a result of the inflation, Germans who had their savings in banks or were living on pensions or disability checks found themselves virtually bankrupt. Workers increasingly discovered that no matter how high their wages rose, they could not keep up with rapidly soaring prices.

Artist George Grosz described what shopping was like in those days:

Lingering at the [shop] window was a luxury because shopping had to be done immediately. Even an additional minute meant an increase in price. One had to buy quickly because a rabbit, for example, might cost two million marks more by the time it took to walk into the store. A few million marks meant nothing, really. It was just that it meant more lugging. The packages of money needed to buy the smallest item had long since become too heavy for trouser pockets. They weighed many pounds. . . . People had to start carting their money around in wagons and knapsacks. I used a knapsack.¹

In October of 1929, a worldwide depression began, one that exacerbated the economic problems Germany had faced with hyperinflation. A depression is a severe economic downturn that forces businesses to decrease production and lay off workers. Germany felt the effects of the depression almost immediately. By 1932, 6 million Germans were unemployed in a nation of about 60 million people. Among them were Lea Langer Grundig, who was a Communist, and her husband, Hans. Like other job seekers, they stood in long lines at labor exchanges day after day:

Unemployment became a tragedy for many. Not only because of the poverty that mutely sat at their table at all times. Not working, doing nothing, producing nothing—work that not only provided food, but also, despite all the harassment and drudgery, was satisfying, developed skills, and stimulated thinking; work, a human need—it was not available; and wherever it was lacking, decay, malaise, and despair set in. . . .

The grim poverty, the hopelessness, the laws governing the crisis that were incomprehensible for many, all these made people ripe for “miracles.” Sects shot out of the ground. Diviners of the stars or coffee grounds, palm readers, graphologists, speculators and swindlers, clairvoyants and miracle workers had a great time; they reaped rich harvests among the poor, who along with their poverty and idleness fell prey to foolishness.²

1. Record the title, and write a brief summary (three or four sentences) of this reading.
2. How did inflation change daily life in Germany?
3. How might a depression change attitudes about “we” and “they”? How might it affect a country’s universe of obligation?

¹ George Grosz, *A Little Yes and a Big No: The Autobiography of George Grosz*, trans. L. S. Dorin (New York: Dial, 1946), 63.

² From Lea Grundig, “Visions and History,” in *The Nazi Germany Sourcebook: An Anthology of Texts*, ed. Roderick Stackelberg and Sally A. Winkle (London: Routledge, 2002), 97.