

What was life like during the Great Inflation?

THE INFLATION AFFECTED people in different ways.

- Old people living on fixed pensions, or people who lived on their savings, found that these were now worthless.
- Workers, as long as they had a job, were to some extent protected, because they were simply paid higher and higher wages. Even unemployment benefit increased weekly.
- Those who had debts, or had taken out loans, actually benefited. They could pay the money back at a fraction of the real cost.
- The rich, who had not just money but land, possessions and foreign currency, were also protected.
- Many rich businessmen were able to take advantage of the situation by taking over smaller companies which were going bankrupt. In the end, though, inflation was so rapid that normal business and trade became impossible, which caused much unemployment.

The real losers of the Great Inflation were not the poor who had little to lose anyway, or the rich who found ways to protect their wealth. The real losers were the middle classes who saw their savings and businesses destroyed.

Sources 1–9 are recollections by people who lived in Germany in 1923.

SOURCE 4 The memories of a German writer

“A German landowner bought, on credit, a whole herd of valuable cattle. After a certain time he sold one cow from the herd. Because of the depreciation of the mark, the price he got for it was enough to pay off the whole cost of the herd.”

SOURCE 1 A woman who ran a Quaker relief centre, which offered help to the poor

“[There was] the widow of a policeman who was left with four children. She had been awarded three months of her late husband’s salary. The papers were sent on, as required, to Wiesbaden. There they were again checked, rubber-stamped and sent back to Frankfurt. By the time all this was done, and the money finally paid out to the widow, the amount would only have paid for three boxes of matches.”

SOURCE 2 A writer remembering the effects of the inflation on his father

“My father had sold his business during the war, together with all the real-estate property he owned, and retired from business. He was, by middle-class standards, a rich man, and intended to live on the income from his investments. These were mainly life-insurance policies, fixed-value securities and a mortgage on a large agricultural estate, whose yield of 15,000 marks per annum would have provided a very good income. All this depreciated, of course, to zero – my father only managed to keep his head above water by resuming work.”

SOURCE 3 A worker in a transport firm in Berlin

“I vividly remember pay-days at that time. I used to have to accompany the manager to the bank in an open six-seater Benz which we filled to the brim with bundles and bundles of million and milliard mark notes. We then drove back through the narrow streets quite unmolested. And when they got their wages, the workmen did not even bother to count the number of notes in each bundle.”

SOURCE 5 A man whose father owned a small business

“My father began to pay wages largely in goods, mostly foodstuffs. My mother stacked these in the flat where we lived. Livestock, such as chickens, was kept in the bathroom and on the balcony. Flour, fats etc. were bought in bulk as soon as money became available. My mother had to parcel all this food out in rough proportion to the employee’s entitlement. Come pay-day the workforce assembled in the flat in groups for their handouts.”

SOURCE 6 The memories of a German writer

“One fine day I dropped into a café to have a coffee. As I went in I noticed the price was 5000 marks – just about what I had in my pocket. I sat down, read my paper, drank my coffee, and spent altogether about one hour in the café, and then asked for the bill. The waiter duly presented me with a bill for 8000 marks. ‘Why 8000 marks?’ I asked. The mark had dropped in the meantime, I was told. So I gave the waiter all the money I had, and he was generous enough to leave it at that.”

SOURCE 7 The memories of a German writer

“Two women were carrying a laundry basket filled to the brim with banknotes. Seeing a crowd standing round a shop window, they put down the basket for a moment to see if there was anything they could buy. When they turned round a few moments later, they found the money there untouched. But the basket was gone.”

SOURCE 8 A German man who was a student at the time of the Great Inflation

“You very often bought things you did not need. But with those things in hand you could start to barter. You went round and exchanged a pair of shoes for a shirt, or a pair of socks for a sack of potatoes. And this process was repeated until you eventually ended up with the things you actually wanted.”

SOURCE 9 A currency dealer

“It was in many ways a cheerful time for the young. When I grew up we were taught to save money and not throw it away. But in the worst days of the inflation this principle was turned upside down. We knew that to hold on to money was the worst thing we could do. So this allowed us, with a good conscience, to spend whatever we had available.”

■ TASK

1. Look through Sources 1–11. Find at least three people who benefited from the Great Inflation and three who suffered.
2. Explain how the following people would have been affected by the inflation. Support your answer with reference to Sources 1–11.
 - a) An old woman with a fixed pension, living alone
 - b) A boy who had just left school and was looking for a job
 - c) A businessman who employed a hundred people
 - d) An American journalist living and working in Germany, but paid in dollars.
3. Choose one person from the sources who was badly affected by the Great Inflation and explain how their experiences might have changed their attitude towards the government.

SOURCE 10

Children playing with worthless banknotes



SOURCE 11 Two young women with a bag of flour they have just paid for using the family silver