

Hyperinflation in Germany After World War I

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Inflation

A persistent, substantial rise in the general level of prices related to an increase in the volume of money and resulting in the loss of value of currency.

Hyper

Overexcited; overstimulated; keyed up.

Hyperinflation

Let H = The rate of inflation

X = Gross national product

If we use the equation:

$$X + (H - 36\% \text{ of the Prime Lending Rate})^* @ \$\#$$

Hyperinflation

A real mess

The War to End All Wars 1914-1918

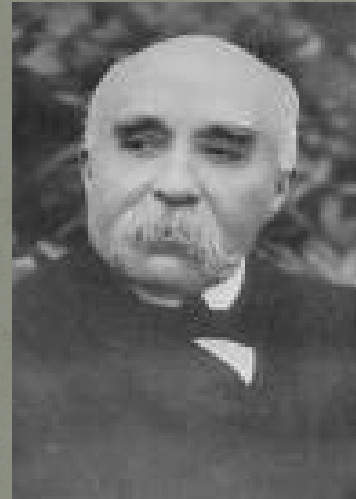
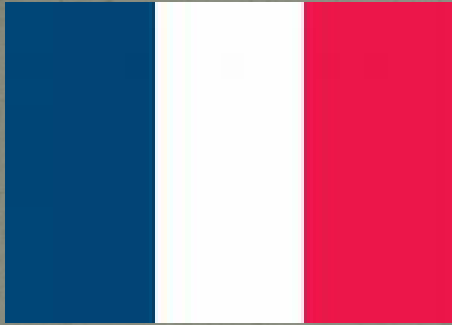
Triple Entente:

France

Britain

Russia

Clemenceau



Prime Minister of France

George V



King of England during the War.
First cousin to Czar Nicholas
First Cousin to Kaiser Wilhelm II

Tsar Nicholas II



Reign during a lot of civil unrest

Son Alexei had hemophilia

Wife Alexandra uses Rasputin to help Alexei

Rasputin



Control Over the Royal Family.



The War to End All Wars 1914-1918

Central Powers:

Austria – Hungary

Germany

Ottoman Empire

Bulgaria

Franz Joseph



Ruler of Austria-Hungary from 1848 until his death in 1916.

Empress Elisabeth assassinated in 1898

Crown Prince Rudolph commits suicide in 1889

Kaiser Wilhelm II



Left with a withered left arm at birth.
Loved to wear military uniforms.
Made responsible for the war.

Assassination in Serbia



Arch-Duke Franz
Ferdinand

He and his wife Sophie
are killed in Serbia by
the “Black Hand”

Started the War?

Gavrillo Princip
Member of the
Black Hand



Princip captured
moments after
assassination



Anti-German Sentiment

The Kaiser was Hitler before Hitler was Hitler



United States Enters the War

"All the News That's Fit to Print."

The New York Times.

EXTRA
6:30 A. M.

VOL. LXXV, NO. 24,996 NEW YORK SATURDAY, MAY 8, 1918—TWENTY-FOUR PAGES ONE CENT

LUSITANIA SUNK BY A SUBMARINE, PROBABLY 1,260 DEAD; TWICE TORPEDOED OFF IRISH COAST; SINKS IN 15 MINUTES; CAPT. TURNER SAVED, FROHMAN AND VANDERBILT MISSING; WASHINGTON BELIEVES THAT A GRAVE CRISIS IS AT HAND

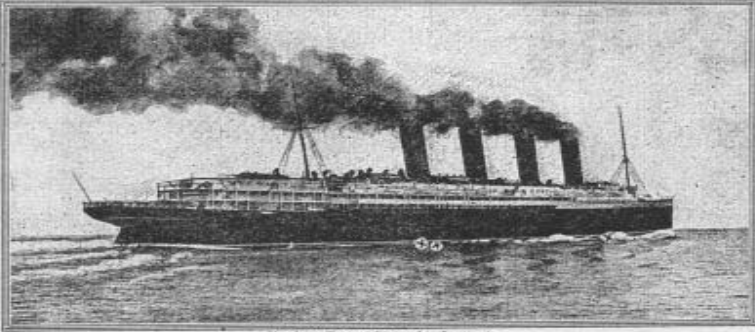
SHOCKS THE PRESIDENT
Washington Deeply Stunned by the Loss of American Lives.

BULLETINS AT WHITE HOUSE
White House Then Glowing, but is Silent on the Nation's Course.

WANTS OF CONGRESS CALL
Loss of Lusitania Recalls First Term of Our First Presidency in Germany.

CAPITAL FULL OF RUMORS
Reports That Allied Fleet in the Irish Sea must be Held Back.

Report to the War Dept.
Washington, May 8.—The news that the Lusitania, a great liner, was sunk by a submarine off the Irish coast, and that she was carrying 1,260 passengers and crew, has caused a great shock in the capital. The news is being spread by the press, and the people are in a state of great excitement. The ship was carrying 1,260 passengers and crew, and was sunk by a submarine off the Irish coast. The ship was carrying 1,260 passengers and crew, and was sunk by a submarine off the Irish coast.



THE LAST CUNARD STEAMSHIP LUSITANIA
X Where the First Torpedo Struck. R Where the Second Torpedo Struck.

SOME DEAD TAKEN HOME
Several Hundred Survivors at Queenstown and Bristol.

STEAMBOATS OF LUSITANIA
One Torpedo Struck into the Decked Liner's Bow, Another into the Engine Room.

SHIP LISTS GIVEN TO PLOT
Making it impossible for Love Many Ships, the Lusitania Must Have Been Sunk.

ATTACKED IN BROAD DAY
Passenger at London—during the War—Said to be a German Agent who had been in the ship.

Only 650 Were Saved
Few Cabin Passengers.

QUESTIONS
Also, May 8, 6:30 A. M.—The Lusitania was sunk by a submarine off the Irish coast. The ship was carrying 1,260 passengers and crew, and was sunk by a submarine off the Irish coast.

Sinking of the Lusitania Zimmermann Telegram

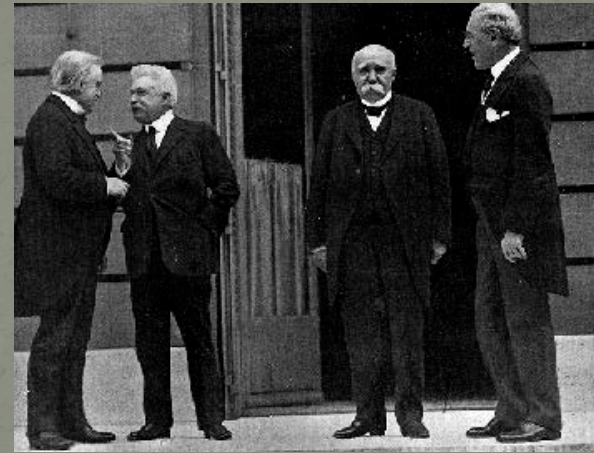
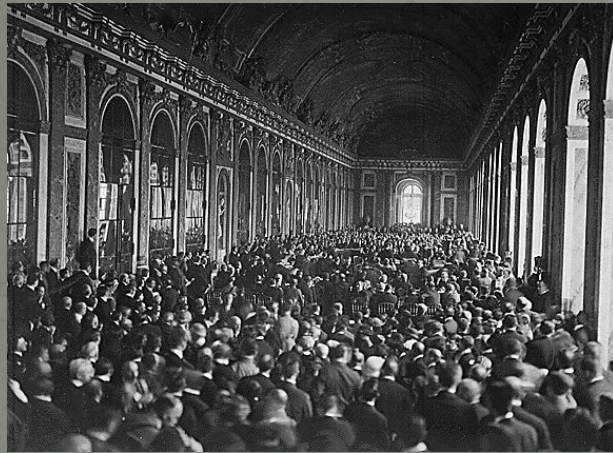
Germany Suffers Crushing Defeat



November 11, 11:00



Treaty of Versailles



Most of Wilson's ideas disregarded.
Germany must cede areas of land to victors.
Germany must pay reparations for entire war.

German Economy

Soldiers return to find few jobs.

Germany no longer on gold standard

No money for citizens let alone paying for the war.

What to do?

Germany's Answer

Print More Money!

Value of a Mark

- Pre-war: \$1 = 4.198 Marks
- 1917: \$1 = 5.53 Marks
- Feb. of 1920: \$1 = 100.5 Marks



Value of a Mark

- Oct. 1921: \$1 = 180 Marks
- March 1922: \$1 = 338 Marks
- July 1922: \$1 = 670 Marks
- Oct. 1922: \$1 = 4,500 Marks
- Dec. 1922: \$1 = 8,470 Marks

German Workers

It was at this point that workers (those fortunate to have jobs) were being paid twice a day.

Notes were printed in incredible denominations.



The Value of Money

It became cheaper to burn money for fuel than to pay for fuel itself.



The Value of Money



Some Germans used
the money as
wallpaper!

Value of a Mark

- Jan. 1923: \$1 = 48,390 Marks
- June 1923 \$1 = 193,500 Marks
- Aug. 1923 \$1 = 11.4 million Marks



No Longer Has Meaning

- Oct. 1923: \$1 = 170 million Marks
- Dec. 1923: \$1 = 5.72 billion Marks

It was at this point that single notes reached a denomination as high as

100,000,000,000,000 Marks!

Did the War End?

Many historians argue that the war never really ended and World War II was an extension of World War I. The German people were only too willing to listen to someone who said that their defeat was not their fault and a better life was at hand.

