

# Inflation in Germany during the 1920s

*What is going on in Europe during the 1920s?*



50 000 000 German Mark Note (The German "Mark" is their system of currency)

## How does Inflation work?

- **The less there is of one thing, the more that thing is worth.**  
**Example: If I only have one donut to sell, people will be willing to spend more money on it in order that they might have the rare donut. However, if I had 100 donuts to sell, and only 5 people wanted a donut, they would not be willing to pay too much money for it.**

## The same works for money . . .

- **The more printed money there is in a country, the less that money will be worth.**

- **Therefore: More printed money = more money for people to have = people having more money to spend = things costing more because there is more money around to spend on it.**

**What was going on in Germany during the 1920s?**

**Germany was in massive debt after World War One, and in order to help generate more wealth the German government decided to simply print more money. Because there was so much money around, businesses started raising their prices. By 1923, you needed a lot of German Marks in order to purchase anything (people were bringing wheel-barrels full of money to do their shopping).**

**German Exchange Rate in the early 1920s (compared to American dollars):**

<b>Date</b>	<b><i>One American dollar would buy you . . .</i></b>
<b>1919</b>	<b>32.85 German Marks</b>
<b>1920</b>	<b>57.11 German Marks</b>
<b>1921</b>	<b>83.02 German Marks</b>
<b>1922</b>	<b>430.48 German Marks</b>
<b>1923</b>	<b>50,000.00 German Marks</b>
<b>1924</b>	<b>4,329,000,000,000.00 German Marks</b>

**German money was worthless, and couldn't buy anything internationally. The German economy crashed, causing widespread poverty – to get a paycheck in Germany was meaningless.**



<b>Date:</b>	<b>German Marks needed to buy one ounce of gold</b>
Jan 1919.....	170.00
Sept 1919.....	499.00
Jan 1920.....	1,340.00
Sept 1920.....	1,201.00
Jan 1921.....	1,349.00
Sept 1921.....	2,175.00
Jan 1922.....	3,976.00
Sept 1922.....	30,381.00
Jan 1923.....	372,477.00
Sept 1923.....	269,439,000.00
Oct 2, 1923.....	6,631,749,000.00
Oct 9, 1923.....	24,868,950,000.00
Oct 16, 1923.....	84,969,072,000.00
Oct 23, 1923.....	1,160,552,882,000.00
Oct 30, 1923.....	1,347,070,000,000.00
Nov 5, 1923.....	8,700,000,000,000.00
Nov 30, 1923.....	87,000,000,000,000.00