# Hyperinflation in Weimar Germany explained

The Weimar Government failed to pay reparations in November 1922. They were already suffering from high inflation due to the effects of the war. In response, France and Belgium occupied the Ruhr to take industrial goods as payment.

German workers followed 'passive resistance' and refused to work. The Weimar Government had no money to pay them, so printed more. However, this caused extreme hyperinflation.

Hyperinflation caused high levels of poverty. Ordinary people's savings became worthless, and wages eventually were unable to keep up with prices. Workers had to be paid twice a day because inflation was so rapid.

**Money printed during the hyperinflation crisis in 1923**

**A loaf of bread cost 250 marks in January 1923. In November, it cost 200,000 million marks!**

## Why does printing money cause inflation?

**1**

If a government prints more money, this does not actually make them richer. Inflation occurs, which means the value of money decreases.

The value of money is determined by the amount of goods/services you can buy with it.

**2**

The big issue with printing money is that it does not increase the amount of value in the economy, e.g. the value or amount of goods/services that are available to buy.

**3**

The total value of money must be tied to the total value of goods/services in an economy. Therefore if the amount of good/services stays the same, the value of each unit of money has to decrease if more money is printed.

The economy has more money in it, but the money is worth less.