

Ernest Hemingway: Inflation Stories (1922)

Abstract

The renowned American author Ernest Hemingway (1899–1961) began his writing career as a foreign correspondent in Europe for several North American newspapers, including the *Toronto Star*. In the following articles from 1922, Hemingway describes his encounters with Germany's astronomical inflation. As a foreigner whose hard currency enabled him to travel handsomely in Germany, Hemingway benefited from the economic distortions caused by the inflation, as did the French and Swiss visitors whom he also observed. This discrepancy in purchasing power elicited stoic resignation and often outright hostility from Germans, many of whom felt increasingly impoverished on account of their rapidly devaluing currency. Germany began imposing "foreigner surtaxes" at hotels and "residence fees" on foreign visitors who spent any length of time in the country. By the middle of 1921, Germany had ended all its permanent trade agreements with other countries as well. The roller-coastering value of the Mark made such deals too risky, since import and export tax assessments could not keep pace with the rate of inflation.

Trade restrictions obviously created problems for the bordering countries, too, whose exports to Germany plummeted and whose domestic consumers, especially in border areas, clamored for access to cheaper German imports. Swiss citizens living near their country's northern border with Germany, for instance, had grown accustomed to crossing into Germany to buy gasoline, tobacco, beer, coffee, and other goods at rock-bottom prices. When Switzerland began severely restricting such cross-border traffic, its citizens organized to put a referendum on the ballot to overturn the government's action. (As it turns out, the referendum to lift restrictions on the Swiss side was soundly defeated when it was finally voted on in April 1923. So many Swiss businesses had suffered from German competition that 75% of voters opted to keep the tighter restrictions in place.)

Source

I. Exchange Pirates Hit by German Export Tax (1922)

Basel, Switzerland. – Germany has passed a law taxing exports that makes it impossible for foreigners to buy enormous quantities of German products and make four or five hundred percent profit on them through the low value of the German mark.

Now, when you enter Germany, you are required to furnish the German customs officials with a list of absolutely everything you take into the country. This includes pairs of socks, underclothing, shirts, and even handkerchiefs. No personal clothing is exempt. When you leave Germany, all your belongings are checked over and if you have one shirt more than when you entered the country, you pay a fat export tax on it that robs it of its value as a bargain.

As you go back into Switzerland from Germany you must present your German lists of belongings again and an import tax is levied on anything you have paid to bring out of the German republic. It is a wonderful example of getting them coming and going.

Both Germany and Switzerland have been forced to protect themselves in this manner because of the tremendous difference in value of their money. Before the export and import taxes went into effect, Germany was a happy hunting ground for Swiss exchange pirates. Anyone with a Swiss ten-franc note could buy a half basket full of German marks and it took the Swiss living along the German border about

as long as it does a cat to smell fish to realize what they should do with those marks.

A German clothing store in one of the little German towns across the Swiss borderline would open for the day with a store full of goods priced in marks at prices comparable to the wages the Germans in the town were making. A couple of Swiss who had saved two or three weeks' wages in francs and bought all the marks they could carry would enter the store and buy out its entire contents. Then they would drive their wagonload of clothing back a mile or so to the Swiss border to enter their native land and start a clothing store of their own, with prices marked down to half what their own Swiss competitors charged. These exchange pirates were ruining the market for Swiss products and the Germans in the border villages could get no clothing at all; it was all going to Switzerland. So the governments of both countries passed the present strict customs laws.

Of course there is still a big traffic in smuggled goods but it is nothing like the great days when the Swiss could buy out a clothing store and drive triumphantly home with it for the same expenditure that they would make for a pair of shoes in their own country.

Source: Ernest Hemingway, "Exchange Pirates Hit by German Export Tax," *Toronto Star Weekly*, February 25, 1922. Available online through the Archive of American Journalism:
<http://www.historicjournalism.com/ernest-hemingway-1.html>

II. Germans are Doggedly Sullen or Desperate Over the Mark (1922)

Freiberg [sic], Germany. – The German people, according to their temperaments, are watching the plunge to worthlessness of their currency with dogged sullenness or hysterical desperation.

Last November the Austrian crown stood where the German mark does today - at 800 to the dollar. Now it has dropped to 22,000 to the dollar. That is the reason the German newspapers publish the daily price of the mark in black type in the most important place on their front pages.

The debacle of the mark has made a significant change in the attitude of the Germans toward foreigners. A year ago, with the mark 130 to the dollar, British, Canadian and American correspondents were accorded all sorts of special facilities by the German foreign office. The Germans hated the French and tried to make things as hard for them as possible, but the other nations were regarded as Germany's possible friends in the future. Now there are no privileges for anyone. All foreigners are outlanders and enemies. For Germany is going to ruin and her only satisfaction is that she will probably take a nation or two, now supposedly in fairly sound financial shape, with her.

One of the strange results of the depreciation of German money is the money shortage. The more money is printed, the more is needed. As a result banks are frequently out of money since a factory owner with a weekly payroll to meet may come in and take out three bushels of marks. Every store has to have great packages of fifty- and hundred-mark notes for making change. The government, to meet the shortage, has printed five-hundred-mark "temporary" notes that are simply government I.O.U.'s printed on plain, white bank notepaper saying that in January, 1923, the holder of this note will receive a real five-hundred-mark note.

There is said to be wild spending because Germans have tired of seeing their money lose its purchasing power by half again and again and are buying jewels, fur coats, motor cars and other things that will have a certain amount of real value when the marks that bought them are being used for soap-wrappers.

These spending orgies, which you read about in the German papers but never encounter, are confined to Berlin, Hamburg and other places that were always more or less orgy centers. In a little town like Freiburg im Breisgau you run into a sort of dogged, blind resistance by the merchants to the fact that the mark is tobogganing, which keeps prices from going up in any sort of proportion to the fall of the

currency.

Four of us stayed four days in a Freiburg hotel and the bill amounted to 2,200 marks, or about 20 cents a day apiece. The terrific taxes that you read so much about totaled less than 15 cents on the entire stay. Tips are included.

Freiberg [sic] seemed to be going on very well. Every room in every hotel in town was filled. There were strings of German hikers with rucksacks on their backs going through the town all day long, bound for the Black Forest. Streams of clear water flowed in the deep gutters on each side of the clean, scrubbed-looking streets. The red stone gothic spire of the red stone cathedral stuck up above the red-tiled roofs of the houses. The marketplace was jammed on Saturday morning with women with white handkerchiefs over their heads selling the fruit and vegetables they had brought in ox carts from the country. All the shops were open and prices were very low. It looked peaceful, happy and comfortable.

We saw a girl in a coffee shop eating a breakfast of ice cream and pretzels, sitting across the table from an officer in full uniform with an Iron Cross on his chest, his flat back even more impressive than his lean, white face, and we saw mothers feeding their rosy-cheeked children beer out of big half-liter steins.

We saw no evidence of panic, republicanism or malnutrition. Everyone looked well fed, no one seemed panicky, no one seemed happy, and there were pictures of Frederick, King of Baden, and his queen on the walls of every inn and pub.

The alarming part of the business, and the reason that Germany has so far defied all the economic laws that indicated a complete collapse, is the way the German merchants are selling their goods. They are selling goods now at retail prices that are less than half of what the goods would cost them to buy again wholesale.

“But what can we do?” a storekeeper said to me. “If we charged any higher prices, the people would not buy. We have to sell.”

It is a solution to a problem that would set the average economist gibbering. He could have a good gibber at the problem and the German’s solution of it would intensify his gibber into the finest product of the gibberer’s art. If you have nothing else to do you might figure out what will happen to the German storekeepers when they have to replenish the stocks they are selling at half under future cost price.

The great national fire sale cannot last forever. While it is going on, however, the German storekeeper takes out his wrath on the foreigners who buy from him by acting as nastily as he can without forcing them out of the shop. He believes they are the cause of the fire, but he seems to feel he is in the position of a shopkeeper who is forced to sell goods at a fire sale to the men who set his shop on fire. That is his attitude, and he manages to be pretty nasty about it.

Source: Ernest Hemingway, “Germans are Doggedly Sullen or Desperate Over the Mark,” *Toronto Daily Star*, September 1, 1922. Available online through the Archive of American Journalism:

<http://www.historicjournalism.com/ernest-hemingway-1.html>

III. Crossing to Germany: A Way to Make Money (1922)

Kehl, Germany. – The boy in a Strasbourg motor agency where we went to make some inquiries about crossing the frontier said, “Oh yes. It is easy to get over into Germany. All you have to do is go across the bridge.”

“Don’t you need any visa?” I said.

“No. Just a permit stamp to go from the French.” He took his passport out of his pocket and showed the

back covered with rubber stamps. "See? I live there now because it is so much cheaper. It's the way to make money."

It is all right.

It is a three-mile streetcar ride from the center of Strasbourg out to the Rhine and when you get to the end of the line the car stops and everyone piles out to herd into a long picket-fenced pen that leads to the bridge. A French soldier with a fixed bayonet loafs back and forth across the road and watches the girls in the passport pen from under his steel-blue helmet. There is an ugly brick customhouse at the left of the bridge and a wooden shed at the right where the French official sits behind a counter and stamps passports.

The Rhine is swift, yellow and muddy, runs between low, green banks, and swirls and sucks at the concrete abutments of the long, iron bridge. At the other end of the bridge you see the ugly little town of Kehl looking like some dreary section of Dundas [Toronto].

If you are a French citizen with a French passport, the man back of the counter simply stamps your passport "sortie Pont de Kehl" and you go across the bridge into occupied Germany. If you are a citizen of some other of the Allied countries, the official looks at you suspiciously, asks you where you are from, what you are going to Kehl for, how long you are going to stay, and then stamps your passport with the same sortie. If you should happen to be a citizen of Kehl who has been in Strasbourg on business and is returning to dinner - and as Kehl's interests are bound up in Strasbourg's as all suburbs are to the city they are attached to, you would be bound to have to go to Strasbourg on business if you had any kind of business at all - you are held in line for fifteen to twenty minutes, your name is looked up in a card index to see if you have ever spoken against the French regime, your pedigree taken, questions put to you and finally you are given the same old sortie. Everyone can cross the bridge but the French make it very nasty for the Germans.

Once across the muddy Rhine you are in Germany, and the end of the bridge is guarded by a couple of the meekest and most discouraged-looking German soldiers you have ever seen. Two French soldiers with fixed bayonets walk up and down and the two German soldiers, unarmed, lean against a wall and look on. The French soldiers are in full equipment and steel helmets, but the Germans wear the old loose tunics and high-peaked, peacetime caps.

I asked a Frenchman the functions and duties of the German guard. "They stand there," he said.

There were no marks to be had in Strasbourg, the mounting exchange had cleaned the bankers out days ago, so we changed some French money in the railway station at Kehl.

For ten francs I received 670 marks. Ten francs amounted to about ninety cents in Canadian money. That ninety cents lasted Mrs. Hemingway and me for a day of heavy spending and at the end of the day we had one hundred and twenty marks left!

Our first purchase was from a fruit stand beside the main street of Kehl where an old woman was selling apples, peaches and plums. We picked out five very good-looking apples and gave the old woman a fifty-mark note. She gave us back thirty-eight marks in change. A very nice-looking, white-bearded old gentleman saw us buy the apples and raised his hat.

"Pardon me, sir," he said, rather timidly, in German, "how much were the apples?"

I counted the change and told him twelve marks.

He smiled and shook his head. "I can't pay it. It is too much."

He went up the street walking very much as white-bearded old gentlemen of the old regime walk in all countries, but he had looked very longingly at the apples. I wish I had offered him some. Twelve marks, on that day, amounted to a little under two cents. The old man, whose life savings were probably, as most of the non-profiteer classes are, invested in German pre-war and war bonds, could not afford a twelve-mark expenditure. He is the type of people whose income does not increase with the falling purchasing value of the mark and the krone.

With marks at 800 to the dollar, or 8 to a cent, we priced articles in the windows of the different Kehl shops. Peas were 18 marks a pound, beans 16 marks a pound, a pound of Kaiser coffee –there are still many “Kaiser” brands in the German republic – could be had for 34 marks. Gersten coffee, which is not coffee at all but roasted grain, sold for 14 marks a pound. Fly paper was 150 marks a package. A scythe blade cost 150 marks, too, or 18-3/4 cents! Beer was 10 marks a stein, or 1-1/4 cents.

Kehl’s best hotel, which is a very well-turned-out place, served a five-course table d’hôte meal for 120 marks, which amounts to 15 cents in our money. The same meal could not be duplicated in Strasbourg, three miles away, for a dollar.

Because of the customs regulations, which are very strict on persons returning to Germany, the French cannot come over to Kehl and buy up all the cheap goods they would like to. But they can come over and eat. It is a sight every afternoon to see the mob that storms the German pastry shops and tea place. The Germans make very good pastries, wonderful pastries, in fact, that, at the present tumbling mark rate, the French of Strasbourg can buy for a less amount than the smallest French coin, the one-sou piece. This miracle of exchange makes a swinish spectacle where the youth of the town of Strasbourg crowd into the German pastry shop to eat itself sick and gorged on fluffy, cream-filled slices of German cake at five marks the slice. The contents of a pastry shop are swept clean in half an hour.

In a pastry shop we visited, a man in an apron, wearing blue glasses, appeared to be the proprietor. He was assisted by a typical “boche”-looking German with close-cropped head. The place was jammed with French people of all ages and descriptions, all gorging cakes, while a young girl in a pink dress, silk stockings, a pretty, weak face and pearl earrings in her ears took as many of their orders for fruit and vanilla ices as she could fill.

She didn’t seem to care very much whether she filled the orders or not. There were soldiers in town and she kept going over to look out the window.

The proprietor and his helper were surly and didn’t seem particularly happy when all the cakes were sold. The mark was falling faster than they could bake.

Meanwhile out in the street a funny little train jolted by, carrying the workmen with their dinner pails home to the outskirts of the town, profiteers’ motorcars tore by raising a cloud of dust that settled over the trees and the fronts of all the buildings, and inside the pastry shop young French hoodlums swallowed their last cake and French mothers wiped the sticky mouths of their children. It gave you a new aspect on exchange.

As the last of the afternoon tea-ers and pastry eaters went Strasbourg ward across the bridge, the first of the exchange pirates coming over to raid Kehl for cheap dinners began to arrive. The two streams passed each other on the bridge and the two disconsolate-looking German soldiers looked on. As the boy in the motor agency said, “It’s the way to make money.”

Source: Ernest Hemingway, "Crossing to Germany: A Way to Make Money," *Toronto Daily Star*, September 19, 1922. Available online through the Archive of American Journalism:
<http://www.historicjournalism.com/ernest-hemingway-1.html>

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