Letters to America Reflect the Effects of Hyperinflation in Berlin (February 1923)

Abstract

Germany's postwar financial crisis culminated in the autumn of 1923 in the worst case of hyperinflation that the world had yet seen. Few Germans could understand what was happening around them that year, but the currency chaos that had upended their lives actually had its roots nine years earlier, at the start of the war, when Germany decided to pay for a large part of its ballooning military budget by printing more money. Those printing presses continued to run after the war, as the public made new demands on the government to support war widows, orphans, and disabled veterans. In January 1923, a new expense prompted the government to shift those presses into overdrive, which shifted inflation into overdrive along with them. That month, French and Belgian troops occupied the industrial heartland of western Germany in an effort to compel German payment of war reparations. The German government responded instead by calling on its citizens in that region to engage in passive resistance—essentially to stop working altogether—and it promised to pay them for doing so. Inflation skyrocketed, reaching its peak in November, when prices often rose several times in a single day, and some places had, in desperation, turned to barter or alternative currencies.

These two letters from February 1923, written to the American composer Edgar Stillman Kelley by someone only known as Wolfgang who lived in Berlin at the time (possibly a former student of Kelley's from his time in Berlin), illustrate the way in which the spiraling prices in Germany during that period often consumed all of one's thoughts and considerations. Both letters, written just two weeks apart, focused almost entirely on the economic hardships that Wolfgang and his wife faced on a daily basis, including the cost of many necessities on that particular day. As food grew increasingly unaffordable, the resulting hunger and illness claimed ever more lives, prompting Wolfgang to add bitterly that French Prime Minister Georges Clemenceau's famous comment at the Versailles conference that there were "20 Million too many" Germans might soon no longer be the case.

At the same time, Wolfgang clearly framed the letters in a way that he hoped would elicit additional help from "Uncle Kelley." He thanked him for the $10 check, but then noted that the money did not go quite as far as Kelley might have assumed, a hint, perhaps, that he might send more. Wolfgang is even less veiled in his appeal for Edgar Stillman Kelley to bring him and his wife over to Oxford, Ohio, where Kelley lived, and he noted that he had just been laid off from his job, due to the economic turbulence. The second letter, in addition to itemizing the outrageous price increases, also included an article from that day's newspaper on how much more expensive goods were in Germany than America.

Wolfgang also referred in both letters to "Pilgrim's Progress," which was Edgar Stillman Kelley most famous composition—an oratorio that premiered in Cincinnati in 1918, based on a text by Elizabeth Hodgkinson (who based it on John Bunyan's work). Kelley had given a copy the text and sheet music to Wolfgang, who seemed intent on bringing it to a German audience.

Source

February 2nd, [19]23

Dear Uncle Kelley!

I have just received your registered letter. By now you will have heard from me about how far I have got

with “Pilgrim's Progress” and “Puritania.” I have already spoken to Professor Altmann, he is doing well again and has also asked for a German copy of “Pilgrim.” – We were all very shocked to hear about your eye problems! Hopefully it is nothing serious! In any case, a very speedy recovery from the bottom of my heart!

Now to your check, for which we all thank you very much! Only now the sum is no longer 10 dollars, but only about 3 ½ dollars!! The mark has been devalued at such a rapid pace – mainly as a result of the Ruhr occupation!! You can imagine the increase in all prices! What I received from you today is about 25 Friedensmark according to local prices. Yes, conditions are much worse than they ever were in Austria, and no one knows when it will end! I increasingly hope that what you said to me in Berlin will come true, and that you will invite my wife and me to come and live with you in Oxford. Because it is almost impossible to live a decent life here. Everywhere you hear only talk of dismissals and hardship. In our house, where many old ladies live on small pensions, almost every week someone dies of exhaustion – starved to death!!!

A liter of milk now costs 560 marks. The poor, poor German children! Clemenceau's words will come true: 20 million Germans are too many for this world! -- -- -- --

Yes, one more thing from me: about three months ago, on the day of your departure, a global company in Berlin approached me. They wanted to reorganize their literary office and hire me as head of propaganda. I accepted, of course, because the service there would only have been until 4 p.m. and I would still have been able to do our work comfortably.

But now – after three months, the company has had to rescind their job offer. They have closed down that office completely because the costs are too high! – A small but significant sign! – And on top of that, France’s invasion of the Ruhr, Germany without coal or iron! – Dear Uncle Kelley, let me be silent about what my fatherland, what we all suffer. May God reward you for all the good you have done for the three of us!

Warmest regards from all of us

to Mrs. Kelley and you, and thanks

for all that has been and all that is to come.

Your faithful and obedient

Wolfgang

By the way, the letters are going very slowly, about 20 days!

February 17, [1923]

Dear Uncle Kelley!

The enclosed article from today’s newspaper will certainly be of interest to you too. I can add a little to what he says. However, I don't know the American prices, but according to the current dollar exchange rate (19,000), the most important foodstuffs cost

From today's [unreadable] newspaper:

Meat: 15 to 18 cents for a pound

Fat (butter, etc.): 30 to 35 cents per pound

1 egg = 2 cents !!!

Fish: 6 to 15 cents per pound

1 loaf of bread = 20 cents

Coal: 45 cents for 1 hundredweight

Berlin has gone completely insane!

— But please do not misunderstand these lines. They are intended to serve as proof of what I have written so far. –

Tomorrow I will start “gluing” the 48 pilgrims, the sample is ready.

Warmest regards to Mrs. Kelley

and you from your faithful

Wolfgang

Enclosed article clipped from the *Mittagszeitung* of 17 February 1923

The patriotism of price cuts.

Restriction of trade credit by the major banks.

The business silence of Berlin, which has now lasted for weeks, has developed into a real cemetery silence in the last few days. – The last category of buyers that was left, the richest German upper class and foreigners, have now happily disappeared. The former because their last stock market losses prohibit even them from making luxury purchases – and with the persistent failure of shop prices to adjust to the new market value, every purchase becomes a senseless luxury – and the latter because Berlin has now become by far the most expensive city in the world for a whole range of consumer goods. To cite just a few examples:

In a large silk shop, white shirting silk of medium quality was still being sold yesterday at 165,000 marks or 8½ dollars per meter, i.e. 17 dollars for the two meters needed for a blouse, for which price you can already get three to four very well-cut and sewn women’s blouses made of very good Chinese silk in New York.

A simple iron 2-liter cooking pot still cost 30,000 marks or 1.60 dollars yesterday; in New York, you could even get such pots in Woolworth’s 5- and 10-cent bazaar, and they still don’t cost more than 60 cents over there.

Here, shoes still cost between 60,000 and 120,000 marks or 3½ to 6½ dollars, while we have just seen an advertisement in a New York newspaper in which a Broadway store is offering shoes from all the well-known American brands at a standard price of 3.95 dollars.

It is hardly necessary to point out the enormous differences in shop rents, wages, etc. between New York and Berlin. The most characteristic thing is the behavior of some of the large men’s tailors: until last week they demanded payment for imported fabrics in pounds, explaining that they had to pay for them in pound notes and therefore had to cover themselves with the same number of pound notes again on the day of the sale. Today they demand payment for the cloth in marks, basing their calculation on the pound exchange rate of the previous week!

It is quite clear that every attempt to buy is not so much the result of conscious greed for profit as of a business brain that has lost its balance. If you object to the price, the seller becomes hysterical and shouts: “You'll find it very cheap next week – when the dollar is back up.” They are obviously confused to the point of irrationality by the fear that after the brief spook of the market improvement, the dollar jump will occur again tomorrow. Currency speculators and currency hoarders preach this to them a thousand times a day: “Just hold on (just hold on yourselves, don’t let Germany hold on!), the Reichsbank can’t take it anymore, it has already had to stop.”

Source of original German text: Edgar Stillman Kelley Collection, Western College Memorial Archives, Oxford, Ohio, Box No. 17, Letters 1922–1924.

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