For Money could not Keep

While sometimes it seems clichéd to bring up the German Weimar Republic of the 1920s, it's still a good lesson on what happens to a people and a nation under hyper-inflation.

Too often individuals will try to draw direct parallels to the Weimar Republic and the United States. Are there reasons to be very concerned about America's deficit spending, printing of currency, and $18 trillion national debt? Absolutely. But we are not post-World War I Germany saddled with impossible debts by the Allied victors.

Nonetheless, as we watch Venezuela grapple with hyper-inflation and empty supermarkets, we should recognize that governments will continue to repeat the mistakes of the past and we must remain vigilant.

Konrad Heiden, who called himself "one of the oldest anti-Nazis now in the United States" after fleeing Germany due to his long-running political battles against Hitler, gives us a perspective of what life was like during the Weimar Republic in his 1944 book *Der Fuehrer*:

> *"For money could not keep, the most secure of all values had become the most insecure. The mark wasn't just low, it was slipping steadily downward. Goods were still available, but there was no money; there was still labor and consumption, but no economy; you could provide for the moment, but you couldn't plan for the future. It was the end of money. It was the end of the old shining hope that everyone would be rich. The secular religion of the nineteenth century was crumbling amid the profanation of holy property.*
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> *Germany had financed her war by means of loans. The state had borrowed from its citizens approximately eighty billion marks, about a third of the so-called national wealth, and shot them into the air – without result, for the war had been*

lost. Every citizen had been forced to lend, even the propertyless out of their meager wages. Great fortunes and petty savings had been thrown down the gullet of war. And then, suddenly, the mark lost its value. The war loan was worth nothing. Savings of a lifetime were worth nothing. The great radical cure, ruthless equalization, was going into effect. It was a process which would affect the distant future, but most men failed even to suspect its full significance, for they saw only the beginnings, the first symptoms. The great prophecies of the nineteenth century were beginning to be fulfilled. A man who thought he had a small fortune in the bank might receive a politely couched letter from the directors: 'The bank deeply regrets that it can no longer administer your deposit of sixty-eight thousand marks, since the costs are out of all proportion to the capital. We are therefore taking the liberty of returning your capital. Since we have no bank-notes in small enough denominations at our disposal, we have rounded out the sum to one million marks. Enclosure: one 1,000,000-mark bill.' A canceled stamp for five million marks adorned the envelope.

The state wiped out property, livelihood, personality, squeezed and pared down the individual, destroyed his faith in himself by destroying his property – or worse: his faith and hope in property. Minds were ripe for the great destruction. The state broke the economic man, beginning with the weakest."