Unit 07: Move to GLobal War: Germany: Assignment 03:

What economic challenges did the Weimar Republic face 1918 – 1923?

Germany's defeat in the war left it in a dire financial position - a huge debt, rising inflation, the cost of reparations and the loss of income from territories lost in the Treaty of Versailles. However, rather than financing debt by higher taxation which would have been unpopular, or by curbing unemployment benefits or salaries, the government continued to borrow and to print money hoping that unemployment would stay low and there would be economic growth. Money was also printed to pay the reparations. As you will have seen in the video above, all of this led to inflation. However, the trigger which led to the hyper-inflation was the occupation of the Ruhr by the French and Belgians in January 1923.

Task Two:

1. Watch the first 6 minutes of the following video (*Twentieth Century: Make Germany Pay World Part 2*) which gives an overview of events during the Ruhr invasion and hyper-inflation.

Task Three:

Read this Facing History Article on Hyperinflation

Answer these three questions:
Define inflation in your own words. How did inflation change daily life in Germany?

How does economic insecurity influence an individual's decision making? How might it change an individual's universe of obligation?

How might economic insecurity make democracy vulnerable?