Illustrations xiii

Tables xv

Abbreviations xvii

Introduction 3

The German Inflation in Collective Memory and Economic History 3 The Germany of Dr. Cornelius 11

BOOK ONE THE INFLATION IN WAR AND RECONSTRUCTION

Part I: The First World War and the Origins of the German Inflation

1. Financing the War 25

The Reichsbank, the Financial Preparations for War, and the Banking and Currency Laws of August 4, 1914 26

War Loans, War Taxes, and Exchange Controls 37

2. War Economy and Inflation 52 What Price War? 52

The Price of War 66
German Society Between War and

Peace 73

The Revolutionary Crisis and Its Limits 85

Part II: Managing the Crises: From the November Revolution to the Kapp Putsch

3. The Economics of Revolution and Revolutionary Economics 99

Revolution and Demobilization: November 1918–May 1919 99

Contents

Planning Financial and Economic Reform in the Shadow of Peacemaking, January-July 1919 131

4. The Chaotic Path to Relative Stabilization, July 1919-March 1920 156

Searching for Solutions: The Erzberger Tax Program 156

The Policies of the Economics Ministry under Schmidt and Hirsch 165

A Winter of Discontents 188

Part III: Relative Stabilization and Inflationary Reconstruction, April 1920–May 1921

5. The Trials and Tribulations of Relative Stabilization 211

The Relative Stabilization as a Historical Problem 211

The Crisis of the Summer of 1920 and Its Consequences 218

Policymaking in the Relative Stabilization 227

The Gloomy Balance of Relative Stabilization 250

 What Kind of Reconstruction? The German Business Community Faces the Future 255

A Credit Organization for German Industry? 255

Restructuring the Private Sector: The Gospel According to Stinnes? 272

Part IV: Reparations and the Domestic Management of the German Inflation

7. The Presentation of the Bill 309 Spa, Brussels, and Paris 309

Thunde	r from	London:	From	Sanctions	to
Diktat					

8. The Domestic Politics of Fulfillment, May 1921-January 1922 344 Fulfillment and Its Fiscal Limitations 344 The "Appropriation of Real Values" and the Tactics of Fulfillment 350 The Credit Action of German Industry 358 Salvation from London? 377

9. The Transition to Galloping Inflation 385 Theory and Policy 385 The Great Wage Push 406

 The Vicious Circles: From Galloping Inflation to Hyperinflation, January– July 1922 418
 The Paradoxes of Compliance 418
 Fulfillment Policy in Crisis 428

The Coming of Hyperinflation 446

 Stabilization Debates and Political Crises, August 1922–January 1923 453

Reparations and the Stabilization Issue, August-November 1922 453

The German Stabilization Debate and the Fall of Wirth 465
Business at the Helm? The Policies of the

Cuno Government 490

BOOK TWO THE HYPERINFLATION

Part V: Society, State, and Economy in the Hyperinflation of 1922

 The Year of Dr. Mabuse: The Hyperinflation and German Society in 1922 513

Mark for Mark? 515

"The Distress of the Intellectual Workers" 527

"The Most Characterless Land on Earth" 555

Facing Disaster: The State and the "Productive Estates" on the Eve of the Ruhr Occupation 576

CONTENTS

The Financial and Currency Crises 577
The Economic Crisis 597
The Social Crisis 609

Part VI: The Ruhr Crisis, End of the Mark, Currency Reform, and Stabilization

14. A Disordered Fortress: Passive Resistance, the Cuno Government, and the Destruction of the German Mark 631

The Insupportable Mark: Financing Passive Resistance 631

Crisis Mismanagement: Cuno's Foreign Policy in the Ruhr Crisis 658

Crisis Mismanagement: The Domestic Crisis of the Spring and Summer of 1923 669

- 15. The Politics of Currency Reform, August–October 1923 698 A Republic in Crisis 698 The Struggle over a Currency Reform Plan 708 Dictatorship or Enabling Act? Retaining Democratic Legitimacy 736
- 16. The Politics of Stabilization, October–November 1923 754
 "Regime Change" or Change of Regime?
 The Stresemann Government between
 Communist Insurgence and Fascist
 Putschism 754
 Introducing the Rentenmark 780
- 17. Saving the Stabilization, December 1923-April 1924 803

 Establishing Credibility 803

 A New Order: Credit Stops and Credit

Starts 821
Epilogue: A Mortgaged

Democracy 837
From Deflation to Deflation 837

ŧ,

From Geldmenschen to
Hitlermenschen 854

Notes 859

Bibliography 945

Index 969