Welcome to the “Price stability – past” discovery tour

There are six questions for you to answer. The photos show you where in the museum you can find the answers. Please enter your answers in the spaces. Good luck and have fun!

1. In the past, coins made from precious metals formed the basis of the monetary system. This is why the focus of monetary policy was on determining the value, designs and, in particular, the monetary standard of coins.

Who exactly stood to make a profit or a loss from a debasement of the coinage standard?

2. The Kipper- und Wipperzeit (“the era of tipping the scales”, 1618 – 1624) at the start of the Thirty Years’ War marked one of the worst monetary crises in the Early Modern age. Enormous price hikes took their toll, especially on the people.

Why did this crisis stop after just a few years?

3. During the Seven Years’ War (1756 – 1763), Prussian King Frederick II ruled that the fineness of silver used in coins be reduced. The overall cost of the war amounted to 140 million thalers.

How much of this was Frederick II able to finance through profits made from debasing coins?
During World War I (1914 – 1918), the German government instructed the Reichsbank to grant it limitless loans, enabling it to finance one-third of the war’s cost by printing money. As a result, the money supply grew rapidly. This policy was continued after the war.

How much did a 1kg loaf of bread cost at the height of inflation in late 1923?

Deflation also causes severe economic crises. After the 1929 stock market crash, the US Federal Reserve pursued a restrictive monetary policy in spite of waning demand. This triggered a deflationary spiral: prices fell by one-third.

Why is it so dangerous when prices fall persistently across the board?

The use of banknotes and cashless payments changed the monetary system in the 18th century. Central banks were established – initially often to finance governments by printing banknotes en masse, which led to crisis after crisis.

Which measures, that are still in place today, put an end to this in the 20th century?