1929 – The CRASH

Aim: How did the Wall Street Crash lead to the growth of the Nazi Party?
What issues did the Weimar Republic face in 1928?

**International relations**
Locarno, Kellogg-Briand, League of Nations

**Extremism**
Remained on the fringe of society as Golden Age increased support for WR.

**Loans**
Money being input from Dawes Plan, but signs of problems in farming and industry.

**Economy**
Negotiated repayment terms with USA – delayed reparations (Young Plan)
“We are today in the middle of the greatest economic catastrophe ... of the modern world...

The view held in Moscow is that this ... is the last crisis of capitalism and that our existing order will not survive.

There is a possibility that when this crisis is looked back on ... it will be seen to mark one the major turning points.”

John Maynard Keynes, 1931

What is the view of this interpretation?
The Wall Street Crash resulted in fewer American loans to Europe:

- Less money available
- Decreased employment
- Some countries charge tariffs to protect industry
- Decreased international trade
- Decreased profits
Why did events in the USA cause problems in Germany?
When the US stock market (called Wall Street) crashed, in 1929, it created many problems in the USA. People lost the confidence to invest. US banks and businesses lost a lot of money. One in four people became unemployed. This also created serious problems for the countries in Europe that traded with the USA. You can see why in the diagram below.
Impact of the Great Depression:

• For this lesson, as it is so important as a turning point, your notes need to be organised into the following categories:

- **ECONOMY / BANKS**
- **WORKERS**
- **GOVERNMENT**
- **BUSINESSES**
- **RISE OF EXTREME PARTIES (Left & Right)**
• America recalled it’s loans – German businesses could not afford to repay and many closed down.

• German businesses could not sell their goods causing lower production and financial hardship.

• Factories closed down and millions lost their jobs – unemployment rose from 8.5% in 1929 to almost 30% in 1932.

• Well over 6 million Germans were homeless, shanty towns grew as did violence and theft, the people were desperate.
What the Weimar Government did

• Tried hard, but unsuccessfully, to fight the Depression.

• The only way to help the unemployed and poor was to print more money – REMEMBER HYPERINFLATION!!!!

• Unable to print money, the Bruning raised taxes. Although this gave it money to help the poor, it was a big problem for businesses and the economy.

• Reduced wages of government workers. This also helped the poor but meant even more were unable to survive.

• Chancellor Bruning was forced to reduce unemployment benefit, leading to EVEN MORE HARDSHIP.

• Bruning was forced to resign in May 1932
Stresemann had died only a month before the crash leaving no strong leadership in the crisis leading to a coalition of chaos. The Government were blamed for the hardships.

More and more Germans listened to the extremist parties that criticised the Government and promised to solve the crisis.

Bruning asked President Hindenburg to invoke Article 48 and reduce the need for the Reichstag to agree on new laws, going from 5 in 1930 to 44 in 1931 and 66 in 1932.

Communists blamed capitalism, Nazis blamed the Jews, Government and Communists

People rushed to the banks to withdraw their money leading to banks going bust adding to the crisis even further
German Businessmen

• Many businesses were forced to close as they relied heavily on US loans.
• Government increased taxes to pay for helping unemployed.

German Workers

• Many workers & farmers lost their jobs.
• By 1932, 6 million unemployed including 40% of factory workers.
• Unemployment benefit cut & many families suffered terrible poverty.
• Wages went down for the few jobs there were by up to 70%

German Young People

• By end of 1932, half of Germans between 16-30 were unemployed!
• This included over 60% of university graduates.

Weimar Republic

• Most Germans blamed the Weimar Government for allowing German economy to become too dependent on US loans.
• Criticised for failure to deal with worst effects of the depression, especially high unemployment.

Effects of the Great Depression
The Great Depression
Why was Hitler so happy in 1930?

GREAT DEPRESSION

DEATH OF STRESSEMAN

An unemployed secretary advertises to passers-by: "Hello, I'm looking for a job. I can do shorthand and typing. I can speak French and English and will accept any kind of household job..."
Look back at your 25 Point Programme.

What sections might appeal to Germans during the Depression?
Workers angry and suffering hardships were attracted to the Communist Party, with a million extra votes by 1932 as they felt they were the only party who’d defend jobs and wages against landowners and employers.

**Main reasons:**
- Rising unemployment
- Falling wages

**Moderate / Centre parties failed to deal with the crisis**

**General Elections 1928-32**

<table>
<thead>
<tr>
<th></th>
<th>May 1928</th>
<th>Sept 1930</th>
<th>July 1932</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPD</td>
<td>152</td>
<td>143</td>
<td>133</td>
</tr>
<tr>
<td>NSDAP</td>
<td>12</td>
<td>107</td>
<td>230</td>
</tr>
<tr>
<td>KPD</td>
<td>54</td>
<td>77</td>
<td>89</td>
</tr>
</tbody>
</table>

As most Germans (middle / Upper classes) were afraid of Communism and had turned their back on central parties, the only real alternative was the Nazis.

**Main reasons:**
- Fear of suffering under a communist government
- Worried about losing their land and companies from a Communist government
- Appeal of the 25 point programme grew