

# Why was 1929 a significant turning point for Germany?

History - Weimar and Nazi Germany (1919 - 1939)

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# The Wall Street Crash

In **October 1929**, the American **stock market collapsed** in an event known as the **Wall Street Crash**. Shares in companies plummeted, meaning banks and businesses lost billions of dollars.

As a result, there was a lack of demand for products, meaning businesses lost even more money. This resulted in many workers being **sacked** and a huge rise in **unemployment**. To make matters worse, this reduced the amount of global trade which lowered the demand for products.

America needed money and asked Germany to immediately repay their loans.



# Impact on Germany

Fearing a repeat on 1923, many German people immediately withdrew their money from the banks. On the verge of collapse, the banks had to recall the loans they had provided to the businesses and farmers.

German **exports** had already massively declined meaning businesses were making less money. Facing financial ruin, many businesses either sacked their workers or lowered their wages. The **Great Depression** had arrived in Germany!

By 1933, 6.1 million Germans were unemployed compared to 1.3 million before the **Wall Street Crash**. Real wages for workers had declined by nearly 70% and there was a sharp rise in **crime** and **homelessness**.



# The Weimar Republic's response

Successive Weimar governments failed to deal with the Great Depression. The initial **Muller** government (**1928-30**) failed to agree on how to help the unemployed workers. Muller wanted to increase the cost of **Unemployment Insurance** to help cover the out of work. The Reichstag disagreed and Muller resigned.

When **Brüning** became **Chancellor** he changed approach. He decided to reduce **public spending** and increase taxes, a move which angered the majority of the people. When the Reichstag disagreed with Brüning's policies, **President Hindenburg** stepped in and used **Article 48** to support his Chancellor. This made the Weimar Republic appear undemocratic.



# Rise of the extreme parties

In the May 1928 elections, the **SPD** had nearly 3 times as many seats in the **Reichstag** as the **KPD** and **Nazi Party** combined. However, by 1932 this was no longer the case.

The Nazi Party became the most popular party in Germany and had amassed almost the same number of votes as the SPD and KPD combined. The failure of the Weimar Republic to solve the issues of the **Great Depression** created a severe lack of confidence in the Republic.

The Nazi Party specifically target this and appeared to be a strong alternative willing to make the changes the people desired.



# Glossary

**Stock market**- Where companies sell shares and exchange shares. The higher the share price, the more money the company is worth.

**Exports** - The goods made in a country which are then sold abroad.

**Great Depression** - A long and severe recession in the economy or market. This normally causes high unemployment and poverty.

**Public spending** - The amount of government a money spends on public services. Welfare benefits and education are part of public spending.

**Article 48** - Part of the Weimar Constitution which allowed the president to bypass the Reichstag to pass legislation.



# Comprehension Questions

1. How did the Wall Street Crash impact the German economy?
2. What impact did the Wall Street Crash have on the workers?
3. Why were Brüning's policies unpopular?
4. What was Article 48?
5. Challenge question: Explain why there was an increase in support for the extreme parties in the years 1929-32.

*P - There was an increase in support for the extreme parties in the years 1929-32.*

*E - This is because ...*

*E - This led to support for extremist groups increase because ...*

*L - Therefore, there was an increase in support for the extreme parties.*

