

Germany and the Great Depression

AQA AS The Development of Germany, 1871–1925

AQA AS Totalitarian Ideology in Theory and Practice, c1848–c1941

Edexcel AS From Second Reich to Third Reich: Germany 1918–45

Edexcel A2 From Kaiser to Führer: Germany 1900–45

OCR (A) AS International Relations, c1890–1941

OCR (A) AS Democracy and Dictatorship in Germany, 1919–63

OCR (A) A2 The Causes of World War II, 1918–41

Caroline Sharples explains how the Great Depression acted as a catalyst for the collapse of the Weimar Republic and paved the way for political extremism

Key concept

Change over time

Before you read this

Familiarise yourself with events in Germany following the end of the First World War and read the relevant articles in *TWENTIETH CENTURY HISTORY REVIEW* Vol. 2, No. 2 and Vol. 4, No. 2.

The German economy is doing well only on the surface. Germany is in fact dancing on a volcano. If the short-term loans are called in by America, most of our economy will collapse.

These words, uttered by the German foreign minister Gustav Stresemann shortly before his death on 3 October 1929, would prove profoundly prophetic. Just weeks later the New York Stock Exchange crashed. The ensuing Great Depression made itself felt around the world, but Germany was particularly hard hit. Millions of people lost their homes and livelihoods while challenges to the country's political system would have devastating consequences. For historians, the Great Depression holds great significance when trying to account for both the collapse of Weimar democracy and the rise of



Peter Newark's Pictures

Adolf Hitler and the Nazi Party. In terms of timing, the role of economic crisis as a key, short-term factor behind both these developments seems obvious. As a single explanation for these momentous events, however, the effects of the Great Depression perhaps require greater consideration.

The Weimar Republic: 'doomed to fail'?

For many historians, Germany's first experiment with parliamentary democracy was flawed from the start. The Weimar Republic, forged in the final throes of the First World War, was intrinsically associated with defeat and the humiliating Versailles Peace Treaty, and lacked popular legitimacy.

The early years were characterised by violence on the streets, attempted coups and high-profile political assassinations (see box on p. 5, and TWENTIETH CENTURY HISTORY REVIEW Vol. 2, No. 3). The failure to enact a thorough social revolution left many conservative critics in positions of influence, while the new electoral system of proportional representation meant no single political party was ever strong enough to govern alone. Instead, the republic faced the added insecurity of a series of weak coalition governments. Stumbling from one crisis to another, the republic, it is argued, was never going to last very long. The Wall Street Crash and the Great Depression can be seen simply as the final nail in the coffin.

Other historians, though, have been somewhat kinder to the fragile Weimar Republic. They suggest that the reasons for its eventual collapse owe much to external forces beyond the republic's control, rather than any inherent structural weaknesses. Such an argument consequently places great weight on the Great Depression to explain Weimar's failure.

The republic had certainly managed to overcome many other obstacles during its short lifetime. After the 1923 hyperinflation crisis Germany had actually proceeded to enjoy a period of relative peace, stability and prosperity during the mid-1920s. Frequently nicknamed the 'Golden Years' of the republic, this era has given us some of the most iconic imagery of Weimar Germany, with its vibrant urban culture and nightlife.

The stark contrast between these years and the scene at the turn of the decade underlines just how dramatic the effects of the Great Depression were. Under Stresemann the country had enjoyed much success at home and abroad, including entry into the League of Nations in 1926 and the renegotiation of reparations payments. Germany, it seemed, was emerging from the shadows of the First World War and re-establishing itself on the international stage. Given these achievements, would Weimar have really collapsed without the impetus of the Great Depression?

Concentrating upon just one cause behind a historical event is invariably problematic. On their own, neither of the two arguments outlined above



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serve as an entirely adequate explanation of the economic slump. Its peculiar impact on Germany therefore requires a more thorough examination.

The effects of the crash

Why was Germany so badly affected by the Great Depression? Like many of Weimar's troubles, much of this can be traced back to the legacy of defeat in 1918 and the subsequent Treaty of Versailles. In an effort to meet the reparations payments demanded by the Allies, Germany had become increasingly reliant on US loans. The amount of money borrowed from the USA, in fact, far exceeded the amount actually needed to cover the costs of the war. Much of the money was used to finance long-term state building

The Treaty of Versailles would cause many of the problems that led to the Nazis' rise to power.

Wall Street Crash: in October 1929 there was panic selling on the New York Stock Exchange following an artificial boom from 1927 to 1929, fed by speculation. Many shareholders were ruined, banks and businesses failed, and US unemployment rose to approximately 17 million during the Great Depression that followed.



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A child playing with worthless German bank notes.

hyperinflation crisis: in 1923 prices for basic goods like bread became ludicrously high (250 marks in January 1923 increased to 200,000 million marks by November). Germany's currency was effectively worthless.

schemes. As a result, when the failing US banks desperately tried to call in their loans in the aftermath of the Wall Street Crash, Germany was in no position to be able to repay its debt. Caught in a vicious circle, the Weimar Republic was bankrupt — and this time the USA was in no position to be able to bail it out.

The results were shattering for German society. Fearing a repeat of the spiralling inflation that had characterised 1923, many Germans raced to withdraw their money from the banks. The scale of the panic prompted the banks themselves to close and many people's savings were wiped out. Germany was already in the grip of an agricultural recession and as the Depression took hold, industrial production also fell sharply.

All sectors of German society were affected by the crisis and at its peak 6 million people were registered as unemployed (although the real number is likely to have been much higher). Public welfare offices proved unable to cope with the scale of the disaster, while Chancellor Brüning's attempts to control the situation by raising taxes and cutting public funding proved extremely unpopular with both the ordinary population and his fellow politicians. As he struggled to maintain the confidence of the Reichstag, people began to look elsewhere for a way out of this situation. It was in this climate that political extremism began to flourish.

Political repercussions

By 1930 the Weimar political scene had already witnessed a significant shift towards the right. The left-wing Social Democratic Party (SPD), which had founded the Weimar Republic, was increasingly

excluded from power under a series of conservative chancellorships. As the German people became more and more frustrated with both the economic crisis and the government's inability to solve it effectively, voters began to listen to those offering radical alternatives. Both the Communist Party (KPD) and the National Socialist German Workers' Party (NSDAP, or Nazis) presented themselves as the answer to Germany's troubles, promising 'bread and work for all'.

Both parties saw an increase in popular support as a result, but it was the Nazis who really proved successful in capturing the public's imagination and vote. There are several reasons for this development:

- Adolf Hitler's charisma and ability as a public speaker
- the dramatic, new and exciting modes of propaganda that Josef Goebbels was able to create for the elections
- the way in which Hitler deliberately set out to win over major German industrialists into supporting (and financing) his political campaign

A long-standing fear of Bolshevism, meanwhile, hampered the KPD's ability to win over as much of the German population.

It should be remembered, though, that up to this point the NSDAP had been very much a fringe party. Since the failure of the 1923 Munich Putsch and Hitler's subsequent imprisonment, the party had been in the political wilderness and was hardly a force to be reckoned with. It was not until September 1930 that the Nazis made their electoral breakthrough and gained national support, winning just over 18% of the vote and becoming the second largest party in Germany behind the SPD. It is the timing of

Munich Putsch: on 8 November 1923 Hitler and 600 stormtroopers burst into an evening meeting at the local beer hall and forced those present to agree to rebel against the Weimar government. This led to a scuffle with the police, in which 16 Nazis were killed. Hitler fled but was later arrested.

Hitler and Goebbels exploited the economic crisis for their own gains.



The Weimar Republic's failure to enact a social revolution

When the Weimar Republic was declared on 9 November 1918 it was presented as a new era for Germany. Kaiser Wilhelm II had abdicated and parliamentary democracy replaced authoritarian rule.

Although founded by the SPD, who had long campaigned for far-reaching political and social reforms, the Weimar Republic did not introduce as much change as many left-wing supporters had wished. Many of the old conservative elites who had dominated the previous regime managed to retain their positions in public life, and the fragile republic, fearing the prospect of a communist uprising, increasingly relied upon these figures to help deal with the violence on the streets. Many left-wing commentators therefore ended up feeling bitterly disappointed that the so-called 'revolution' of 1918 had not gone far enough. This fundamental failure produced yet another social group who would remain critical of the new republic.

this change in their fortunes that renders the Great Depression a principal, short-term factor in the Nazis' rise to power. Hitler and Goebbels certainly exploited the economic crisis for their own gains and told the German electorate precisely what it wanted to hear.

Even at this late stage, however, Hitler's rise to power was far from assured. Indeed, after the Nazi vote peaked at 37% in the July 1932 elections the party's fortunes seemed to wane again. The next round of Reichstag elections in November that same year actually saw the Nazis losing votes. This decline can be attributed to different factors:

- Middle-class voters who had previously used the NSDAP to register their protest against the ineffectual Weimar government may have decided to transfer their support elsewhere, stopping short of actually putting Hitler in power.

- By November 1932 the worst effects of the Depression had been overcome and so with an end to the crisis seemingly in sight, the extremist parties began to lose their appeal.

Unrest in the early years of the Weimar Republic

The early years of the Weimar Republic were characterised by great political upheaval as various elements sought to seize power for themselves:

- On the far left, the Spartacist movement hoped to create a Bolshevik state but their revolt, in January 1919, was brutally quashed by the army and ended in the murder of the group's leaders, Rosa Luxemburg and Karl Liebknecht.

- Discontent among the political right, meanwhile, was demonstrated by the Kapp Putsch of March 1920, when a disillusioned military group marched on Berlin. The coup failed when the workers went on a general strike, bringing the city to a standstill.

- During this period there was also a growth in paramilitary organisations, made up largely of frustrated ex-soldiers. These increasingly became attached to particular political parties and would attack those linked to opposition groups. Violence became quite commonplace and a number of Weimar politicians were assassinated, including Matthias Erzberger, who had signed the Armistice in November 1918, and the foreign minister, Walter Rathenau.

This early instability is often seen as evidence of how the Weimar Republic was undermined from the start.

Political intrigue

So how did Hitler manage to become chancellor? Towards the end of the Weimar Republic it was not just the elections that could alter the course of German politics. The state was characterised increasingly by political intrigue. Against the background of the economic crisis, key individuals began to play their political rivals off against one another, to conduct secret talks behind closed doors and to compete for the ear of the ageing President Hindenburg.

By 1932 Germany had gone through a rapid succession of conservative chancellors. Brüning's inability to deal with the Depression with Reichstag support led to his resignation on 30 May 1932, although not before **Article 48** had been revived to enact policy measures. His successor, Franz von Papen, also lacked political support, despite a close relationship with Hindenburg. Two successive elections in July and November 1932 failed to earn him the necessary backing and he too was ousted from office when General Kurt von Schleicher complained to Hindenburg about the continual use of Article 48 and declared that the army would not stand idly by and support von Papen. Hindenburg was reluctantly forced to accept Papen's resignation and appoint von Schleicher as the new chancellor instead.

Von Papen, though, was not one to go quietly. Upset at the way he had been treated, he opened

Article 48: allowed the president, under certain circumstances, to take 'emergency measures' (which included putting legislative decrees into execution) without the prior consent of the Reichstag.

Questions

- Discuss the two historical theories that (a) the Weimar Republic was intrinsically weak and doomed to failure, and (b) the Weimar Republic could have survived without the advent of the Depression.

- Why did Germans turn to extreme political parties as a result of the Depression?

- To what extent was Hitler helped into power?

- Discuss the belief that Hitler could be 'controlled' if he was offered the chancellorship.

- Germany was particularly hard hit by the Depression. Historians believe that this is significant in accounting for both the collapse of Weimar democracy and the rise of Adolf Hitler and the Nazi Party.

- Some historians see Germany's first experiment with parliamentary democracy as flawed from the start, being associated with defeat and the humiliating Versailles Peace Treaty and lacking popular legitimacy.

- Other historians suggest that the Weimar Republic's eventual collapse owed much to external forces beyond its control rather than to any inherent structural weaknesses. This argument thus places much weight on the Great Depression to explain the Weimar Republic's failure.

- Germany's financial problems can be traced back to the legacy of defeat in 1918 and the subsequent Treaty of Versailles. Germany had become increasingly reliant on US loans to meet reparations payments. When the USA called in the loans to offset the effects of the Wall Street Crash, Germany was in no position to repay debts.

- Fearing a return to hyperinflation, Germans sought to withdraw their money from the banks. The scale of the panic prompted the banks themselves to close and many people's savings were lost. An agricultural recession and falling industrial production deepened the Depression's effects.

- The political repercussions of the Depression were disastrous as succeeding administrations sought, unsuccessfully, to grapple with its economic and financial effects. Germans turned increasingly to extremist political parties: the KPD (Communists) and the NSDAP (Nazis), led by Hitler.

- Political instability was compounded by political intrigue, with increasing use of Article 48 of the Weimar Constitution, which permitted resorting to government by decree. There was also the naïve belief by the political classes that they could 'control' Hitler if they offered him the chancellorship.

talks with Hitler and the two began to devise an alternative model for government. The decline in the Nazi vote encouraged people like von Papen to believe that Hitler could be tamed. Joining with Hitler would at the same time enable the conservatives to use his popularity to give any new coalition government the appearance of national backing. After much behind-the-scenes discussion, Adolf Hitler was duly appointed chancellor on 30 January 1933, with von Papen as his vice-chancellor.

www2.facinghistory.org/Campus/weimar.nsf/home?OpenForm offers a clear overview of the troubled Weimar Republic, including key primary sources and useful revision aids, including a timeline of important events and brief sketches of notable personalities during this period.

The United States Holocaust Memorial Museum has a vast amount of material on the Nazi rise to power, including pages on the impact of the Great Depression in Germany: www.ushmm.org/outreach/en/article.php?ModuleId=10007671

Conclusions

The Great Depression had a momentous impact upon Germany. Although not the sole reason for its failure, it acted as a catalyst for the collapse of the Weimar Republic. It also created the economic, social and political conditions that enabled the NSDAP to become a truly national party. The Depression thus constituted a serious turning-point: increasing reliance on Article 48 and the shift towards authoritarian rule, together with an impoverished and exasperated population and the culmination of long-standing tensions, meant that this was one crisis Weimar would struggle to overcome.

None of this, arguably, would have sufficed to bring Hitler to power without the active conniving of other German politicians. Figures like von Papen may have been naïve or misguided, but their actions ensured that Germany's response to the Great Depression would have irreparable repercussions for the course of European history.

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Further reading

Three accessible volumes written with A-level students in mind are:

Evans, D. and Jenkins, J. (1999) *Years of Weimar and the Third Reich*, Hodder and Stoughton.

Hite, J. (2000) *Weimar and Nazi Germany*, Hodder Education.

Lee, S. J. (1998) *The Weimar Republic: Questions and Analysis in History*, Routledge.

For more academic volumes, targeted specifically on the effects of the economic crisis, see:

Evans, R. and Geary, D. (1987) *The German Unemployed: Experiences and Consequences of Mass Unemployment from the Weimar Republic to the Third Reich*, Croom Helm.

James, H. (1986) *The German Slump: Politics and Economics, 1924–1936*, Clarendon Press.

Stachura, P. (1986) *Unemployment and the Great Depression in Weimar Germany*, Macmillan.