



**THE GREAT
DEPRESSION**

Section 3

The collapse of democracy 1928 – 1933

- 1. The impact of the Depression**
2. The appeal of Nazism and communism
3. The appointment of Hitler as Chancellor
4. The establishment of the Nazi dictatorship
January – March 1933

Key Questions

- Why did the wall street crash happen?
- How did this crash have an impact on Germany: Socially, politically, economically?

Starter



The Wall Street Crash

Watch the clip and summarise the reasons for the crash

<https://www.youtube.com/watch?v=GCQfMWAikyU>



Shares and the Stock Market

- Businesses needed investment to expand and grow
- Banks & individuals could invest in a company by buying shares
- Companies could sell their shares on the Stock Exchange (Wall Street) to raise money for investment.
- Investors would buy these shares and hoped to sell them at a higher price to make a profit.
- In the 1920s share prices went up by about 300%
- Share prices rise and fall depending on how well the companies are doing

Speculation: Investment in stocks in the hope of gain but with the risk of loss

Shares and the Stock Market

- Ordinary Americans started investing in shares as it looked like an easy way to make money
- Because more people were buying shares, demand increased so the price of shares went up
- Investors were convinced that the boom would continue so they bought shares on the margin (borrowed money) – confident they could pay back
- You only had to pay 10% of the price
- Sometimes banks loaned money using houses as a guarantee
- Banks loaned more money than they had in their deposits- because so confident it would be paid back

Buy now, pay later!

Shares and the Stock Market

Stocks and shares can be confusing. Watch this video clip to understand how the USA went from the sale of shares booming to the Wall Street Crash. The clip will then give you an overview of the impact on Germany which we will look at in more detail.

<https://www.youtube.com/watch?v=V5YAc45Ycvc>



Activity

- Fill in the 1st page of your worksheet using p66-67 of your textbook

When did the Wall Street Crash happen and what was the impact on the USA?

How did Britain suffer in comparison?

What happened as Germany's foreign trade collapsed?

What was the impact on the German economy?
Write as many bullet points as you can find.

The Wall Street Crash & Great Depression



How did the depression affect unemployment figures?

How was farming affected by the Great Depression?

FYI

The crisis of 1929 – 1933 was NOT the same as the hyperinflation crisis of 1923. In 1929 – 1933 there was a depression, industries could not sell their goods and laid off workers leading to unemployment not inflation. In fact prices fell. The depression was not a sudden event but an escalating problem.

Government Options

Which of the 2 options would you choose?
Look closely at each option and think about the benefits and dangers of each of each. Think about the individual policies, past events in Germany and potential political consequences.
Write a paragraph explaining your choice.

Laissez faire / non intervention

Wait for the natural recovery. In the meantime keep control of government finances

- Cut welfare benefits
- Cut public service wages
- Raise welfare contributions
- Raise taxes
- Ask for reparations to be suspended

Intervention / Deficit financing

Government spending to stimulate demand, help recovery and reduce misery

- Begin a programme of public works
- Maintain wages and welfare payments
- Extend welfare to those not covered
- Borrow money
- Print money

What did the Government do?

The initial response was to do very little - for a number of reasons:

- i. Like most countries there was a belief that governments were powerless
- ii. The country had recovered from a minor slump in 1926 without intervention
- iii. The coalition government could not agree on action, especially if this meant cuts. Muller's government collapsed over this in 1930
- iv. Governments were terrified by the spectre of hyperinflation – they feared that spending their way out of the depression would lead to a similar crisis to that of 1923
- v. Legal restrictions on the Reichsbank (part of the Dawes and Young Plans) meant it could not increase the amount of money printed or devalue the mark
- vi. The government struggled to borrow money. Potential German and foreign investors had no confidence in the economy

What did the Government do?

- The main approach after 1929 was to reduce government spending to cope with the fall in tax revenue
- Eventually there was more intervention – from 1931, after reparations were suspended, governments set up public works schemes and allocated unused land to the people. This was all too little, too late
- The government also adopted several protectionist measures but this led to retaliation (bad for world trade) and also caused problems and divisions at home (food and businesses exporting as opposed to those selling to Germans)

Activity: The Social impact of the depression

Create a spider diagram (similar to the one page 2 of your worksheet) detailing the social impact of the depression.

Use p67-70.

There is also some additional information on page 4 of the worksheet

Write a paragraph explaining what you think was the most serious social impact

Source work

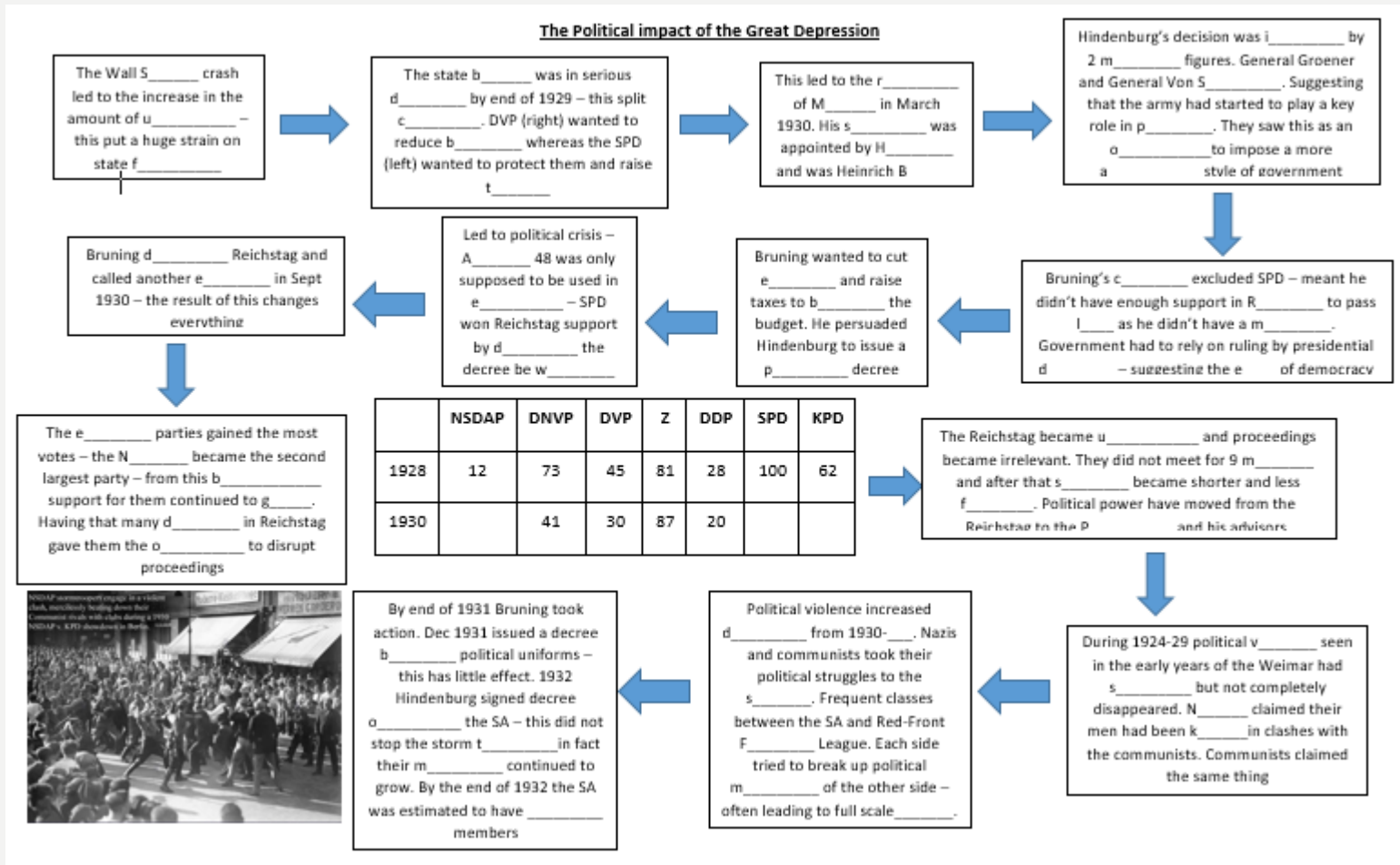
- Complete the source planning sheets
- Write up and answer for source 1 and send it to me for feedback

The political impact of the Great Depression

- The Great Depression had a significant impact on German politics
- In 1929 before the depression happened, Muller's Grand coalition had been running the country
- This was one of the most broadly based coalitions, representing 5 different political parties from the moderate left and right wing
- The depression put a huge strain on this coalition and they were split over how to deal with the economic crisis
- Mass unemployment would have an effect on how people voted
- There was an increase in hostility towards the government
- This gave extremist parties an opportunity to gain support
- There was an increase in political violence

Activity

Use p-71-73 to fill in the flow diagram



Consolidation Questions

- What split the Grand Coalition?
- Who did Hindenburg appoint as Chancellor?
- Why did Hindenburg make this decision?
- What cause for concern might be raised by his appointment?
- Why was this government forced to rely on presidential decree?
- How did the government propose to deal with the depression?
- Why was there an election in September 1930?
- What made this election a turning point?
- What happened to parliamentary government?

The political impact of the Depression

The Depression had a number of political consequences:

- End of parliamentary government – increasing use of presidential decrees
- Growth in support for extremist parties
- Increase in political violence

Rank these in order of most serious problems for the Weimar Republic and explain why you have chosen this order

Essay Question

The economic impact of the Great depression was the worst consequence. How far do you agree with this statement?

Introduction
- set out
your
argument

Paragraph 1:
Economic
impact

Paragraph 2:
Social impact

Paragraph 3:
Political
impact

Conclusion:
Which was the worst
consequence? Do any have
an effect on one another?
Can you link any? Make a
decision and explain it

Plan out an answer to this question. Then write it up under timed conditions. Remember you only have 45 minutes to write an essay. Once this has been done you need to send it to me to mark.

Revision Resources

You now need to make a revision resource on the Great Depression. Remember this is the depth study so detailed, specific knowledge is crucial. I will be checking that these are all up to date as soon as we return to school

Challenge

- Read the article 'The great economic depression in the Weimar republic, by Vladislav B. Sotirović
- Summarise his view in 10 bullet points