

Part Two:

Germany and the Depression

The impact of the Depression

The Wall Street Crash in the USA led to a worldwide **depression**. Countries spent less, which meant German businesses lost export orders. Without US loans or exports, German businesses were in major trouble: 50,000 businesses went **bankrupt**, while others laid off workers to save money, meaning that unemployment rose sharply. There were 1.8 million unemployed at the start of 1929. By January 1932, over 6 million Germans were unemployed – one in three of all workers. Almost every family in Germany faced difficulties in affording food and keeping warm in winter.

What did the Weimar government do?

The Weimar government could not agree what to do about the Depression.

If the government spends more, we might have hyperinflation again. We must cut benefits, not increase them. We must raise taxes.



We *should* increase unemployment benefits for all the unemployed people, but higher taxes to pay for this would hurt big business.



The SPD refuses to allow tax increases or cuts to benefits. Unemployment benefits must increase.

DO IT!

Read this account of the impacts of the Depression on Germany and then answer these questions.

- The Depression in Germany happened because of a banking crisis in the USA. [True / False]
- Germany did not suffer too badly from the Depression because its recovery 1924–29 was built on very firm financial foundations. [True / False]
- Although the working classes suffered from unemployment, other social groups in Germany did not suffer during the Depression. [True / False]