

Historical investigation – the great depression and german

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Section A: Plan of the Investigation

The investigation will explore the question: How did the Great Depression begin in Germany and what are its impacts on the economy? The scope of my research will mainly focus on the rise of the Great Depression in Germany, and its effects on the country's economy. The breadth of the research will cover between the periods of 1924 to 1933. The method used will be to gather mainly from secondary sources, such as books and websites, as well some primary sources, like pictures or autobiography written by the people in that time.

Also, I'll compare and contrast this evidence, and evaluate the origin and purpose of my source for their limitation and reliability. Two sources - an autobiography 'Children of the Unemployed' written by Margot. L and textbook 'Germany 1918-45' by Josh Brooman - will be evaluated in depth as they provide major evidences. Finally, a conclusion will be settled based upon the evidences and source evaluation.

Section B: Summary of Evidences

1. Before the Great Depression

A. Weimar Republic

Germany's Weimar Republic was formed in 1919. 1

Under the Treaty of Versailles, Germany had to pay reparations to other countries like France. 2

B. Dawes Plan

After the inflation in 1923, Germany's recovery had been brought largely by American investment, this became a direct result of Dawes Plan in 1924. 3

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Dawes Plan was formulated to help the Weimar Republic out of hyperinflation and to stabilize its economy. 4 The United State gave Germany a loan of 800 million marks to get the Dawes Plan started. 5 Under Dawes Plan, Germany agreed to pay as much reparations as it could afford each year, starting with 1000 million marks.

C. American Loans

After Germany no longer suffered from inflation, in 1924 to 1929 foreign banks were willing to lend money approximately 25000 million gold mark to German borrowers. 7

2. Economy Impacts on Germany

A. US respond to the Great Depression

In October 1929, the New York stock exchange on Wall Street crashed. They pull out their investment from Germany and demand immediate repayment. 8 America gave Germany 90 days to re-pay money loaned to them. 9 Most countries slid into depression as overseas markets suddenly declined. 10 German business that had managed without loan was badly affected. 11 In 1930, the United States started the Smoot-Hawley Tariff Act, which stopped Germany and other foreign companies from selling their products in U. S. markets. German industrialists lost access to US markets and can't obtain credit. Many industrial companies and factories either closed or shrank. 13 In the summer of 1931, the Austrian Kreditanstalt Bank fell and soon the German Norddeutsche Wollkammerei and Darmstadterbank collapsed. 14

B. Fall in Economy

The value of German exports fell by 55%, from £630 million in 1929 to £280

million in 1931. 15 In 1932, Germany's industrial output fell to 40% of the 1929 level. 16 Large mass of peasantry was affected by the fall in agricultural prices. 17

C. Unemployment

The number of unemployment rose to more than six million by the early 1932. 18. 60% of each new university graduating class was out of work. 19 Millions of German workers had to put up with low wages, short-time working and worse conditions of work. 20 German workers were paid unemployment benefit by the government for 26 weeks. 21 An unemployed German looking for work in 1930.

Her placard says, " I am a trained shorthand typist, out of work, looking for any kind of work." 22 A 13 years old girl explains the system of crisis payment from the government, " First my father went to sign for the dole. Later, when the time during which he could sign on ran out, he got ' crisis benefit'. He had to collect the money from the welfare. This was not enough to manage on. I often saw how my mother brooded over the question of clothing and feeding ourfamilyof six." 23

Section C: An Evaluation of Sources

Primary Source

L, Margot. *Die Kinder der Arbeitslosen (Children of the unemployed)*. Ruth Weiland: 1993. The origin of the source is valuable because it's a primary source. The author is a 13 years old girl, who lived in Ruth Weiland, Germany, during the period of the Great Depression from 1929 to 1933. Through her personal experiences, we have direct understanding of the <https://assignbuster.com/historical-investigation-the-great-depression-german/>

economic and social situation in Germany at that time. She explained the system of crisis benefit her father has to collect in able to run the family life.

The purpose of her autobiography was to write down what she saw and experience while Germany suffered from massive rise of unemployed. However, there are limitations to this source because the reader only can understand the situation from her perspective, but not in general. As well, she was just 13 years old when she wrote her autobiography. Therefore she might not yet fully understand the system of crisis benefit and economy downfall of that time.

Secondary Source

Brooman, Josh. Germany 1918-45. London: Pearson Education, 2005. (accessed May 5, 2013). The origin of the source is valuable because the publishing company Pearson, is one of the largest and well known publisher in the world. 24 The author they will pick and the book they will publish, must be in excellent quality and content, providing with authentic facts of history. Therefore they can able to sell the product, and attract people to buy and study about it. Moreover in this book, they provided many primary sources and understandable but detailed descriptions.

The purpose of this textbook is to educated students and people who are interest in German's history during the period of Weimar and Nazi. The limitations of the book is that this was publish in England and written in English, therefore the content might not be as accurate as the one producing and written in Germany. As well, the book only tell us about the factual stuff,

but they are possibility that it's not the truth. Moreover, we can't get any primary perspective of the people at that time.

Section D: Analysis

Before the Great Depression, Germany has a new Republic called Weimer that was formed in 1919. 25 The new republic had serious weaknesses from the start. People blamed the government because of the country's defeat and post war humiliation caused by the Treaty of Versailles. Under the Treaty of Versailles, Germany had to pay reparations to other countries like France and England in able to let those countries to build up their industry again. 26 Germany soon faces many economic problems and drastic inflation.

After the inflation in 1923, Germany's recovery had been carried largely by American investment, and this became a direct result of Dawes Plan in 1924. 27 Dawes Plan was formulated to help the Weimar Republic out of hyperinflation and to a form of stability in its economy. 28 The United State gave Germany a loan of 800 million marks to get the Dawes Plan started. 29 Under Dawes Plan, Germany agreed to pay as much reparations as it could afford each year, starting with 1000 million marks. 30 After Germany has no longer suffered from inflation. In between 1924 to 1929, foreign banks mostly American were willing to lend money approximately 25000 million gold mark to German borrowers.

However, Germany debts from the United State, later became the main reason that lead to the economic downfall in Germany during the Great Depression. In October 1929, a serious disaster struck the New York stock exchange on Wall Street. The stock value dropped severely, various

economic problems began to emerge in the United States. 32 The Americans had no option but to pull out their investment from Germany and demand immediate repayment. America gave Germany 90 days to re-pay the money that was loaned to them. 33 In this period of time, most countries in the world slid into a depression as overseas markets for their goods suddenly declined.

Thus, German's business which had managed without loaning money from the US were badly affected, too. In 1930, the United States started the Smoot-Hawley Tariff Act, which is a new law that restricted Germany and other foreign companies from selling their products in U. S. markets, 35 in able to secure their domestic demanded market, and it could efficiently decrease the unemployment rate and suppress the inflation. However, the sudden appearance of the tariff, German industrialists lost access to US markets and found that they couldn't obtain the credit anymore. 36 In result of this, many industrial companies and factories either closed or shrank.

Hence, the sudden decrease of German business led to the fall in German exports and the rise of unemployment rate. The value of German exports fell by 55%, from £630 million in 1929 to £280 million in 1931. 37 Also, large mass of peasantry was affected by the sharp fall in agricultural prices. 38 Furthermore, in the summer of 1931, under the pressure from the Great Depression, the Austrian Kreditanstalt Bank fell and followed by the German Norddeutsche Wollkammerei and Darmstadter bank also collapsed.

Millions of German workers had to start put up with low wages, short-time working and worse conditions of work. 40 The placard of an unemployed German looking for work in 1930 says, " I am a trained shorthand typist, out <https://assignbuster.com/historical-investigation-the-great-depression-german/>

of work, looking for any kind of work.” 41 Her situation told that even the trained worker or professionals were also having high chance of not getting a job. Statistic stated that 60% of each new university graduating class at that time was out of work.

The Great Depression has significantly changed impact on the employment opportunities. The number of registered unemployed rose to more than six million by early 1932. 43 Also, there were between one and three million jobless people who could not or did not register as unemployed. In total, there were between seven to nine million Germans that were out of work by 1932. 44 This significant numbers really strike Germany’s economy into downfall, approximately 23 million people were directly affected by this.

People became poorer with not enough money to survive. Hence, the government were force to subsidize and aid those German workers by paying unemployment benefit for 26 weeks. 46 Around that time, a 13 years old German girl who live during the period of the Great Depression explained the system of crisis payment in a part of her autobiography, she wrote, “ First my father went to sign for the dole. Later, when the time during which he could sign on ran out, he got ‘ crisis benefit’. He had to collect the money from the welfare. This was not enough to manage on. I often saw how my mother brooded over the question of clothing and feeding our family of six.” 47 Through her personal experiences, we know that the Weimar government could only afford specific amount of money to each German workers, the money each person got was hardly enough from maintain and survive their family.

Section E: Conclusion

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It is clear that Germany's debts from the United States played a major part to the rise of the Great Depression in Germany, and it's clear that the Great Depression impact deeply on the economy. When the Great Depression started, US demanded the immediate repayment, Germany straight away get effected, and couldn't afford the debts which led to many economic problems. The major effects are, the fell in exports product, large shrank in German's industrialist and companies, and that lead to the most significant influence, the large mass of unemployed in Germany, 1932.