

## The Streseman Years (1923–29)

In late 1923, Gustav Streseman became Chancellor of Germany (and then Foreign Secretary from 1924–29). Following the hyper-inflation of 1923, the Weimar government reformed the German currency, in an attempt to stabilise it (November 1923).

**NOTE:** There were 4.2 marks to one US dollar in 1914; and 4.2 billion marks to the dollar by November 1923.

The banks called in all the old notes, and issued a new currency — the Rentenmark. People gradually began to trust money again, and inflation began to fall. Between 1924–29, foreign loans (mostly from America) poured into German industry.

## The Dawes Plan (1924)

It was the Dawes Plan of 1924 which really saved the German economy.

The Dawes Plan came into being as the result of a special conference in London chaired by the American representative Geeral Dawes. Ramsey MacDonald (Britain), Edouard Herriot (France), and Gustav Streseman (Germany) were the other major representatives and were eager for reconciliation.

The Dawes Plan provided an immediate loan to Germany, from the USA, of the equivalent of £40 million.

It also relaxed the fixed reparations payments Germany had to pay. In effect it allowed Germany to pay what she could afford each year.

French troops withdrew from the Ruhr once they knew that they would get their precious reparations. With the currency reformed and stabilised, the Ruhr back in Ger

## The Young Plan (1929)

The Young Plan of 1929 sought to settle the remaining problems concerning reparations.

The Dawes Plan of 1924 had eased the reparations burden for Germany, but had left uncertain the total amount

Germany was expected to pay.

Table 3: Nazi & Communist seats in the Reichstag in the 1920s and 30s

	Seats in the Reichstag		Unemployment in Millions
	Nazis	Communists	
May 1924	32	62	0.5
Dec 1924	14	45	0.5
1928	13	54	2.5
1930	107	77	4.0
Jul 1932	230	89	6.2
Nov 1932	196	120	6.0
Mar 1933	288	81	5.8

A committee chaired by the American banker Owen Young reduced the burden even further.

The Young Plan reduced reparations from £6,600 million to only £2,000 million. The new amount was to be paid on a graded scale over a 59 year period (payments were expected to be made until 1988).

But before the Plan could be put into operation, the world economy was thrown into chaos by the collapse of the

American stock market (the famous Wall Street Crash of October 1929).

### The End of German Recovery (1929)

Although the Stresemann years were a period of German economic recovery, Stresemann knew that the new-found prosperity depended solely on loans from abroad, mostly from the United States (which could be recalled at any time).

In 1929, Stresemann warned his fellow countrymen that 'Germany is dancing on a volcano'.

The volcano erupted in October 1929 when the America Wall Street Crash rocked the world economy.

The affects if the crash were felt across the world, but Germany was wirst hit because she depended more on American loans than the other major industrial nations.

When the Americans called in all short-term loans, German industry collapsed.

By 1932, over 6 million people were unemployed (nearly one in three of all German workers).

### The Fall of the Weimar Republic & the Rise of Hitler

Unfortunately for the German Weimar republic, Gustav Stresemann, its most able politician – and the man best equipped to deal with the problems which were to follow the Wall Street Crash of Occtober 1929 – died that same month.

As the German economy worsened, and unemployment rose, the Nazi party grew in strength.

Hitler told the German people that he was the man to save the Fatherland from total ruin – and millions believed him.

The following table shows the increase in Nazi seats in the Reichstag in relation to rising unemployment.

**NOTE:** In May 1924, the Nazis had 32 seats in the German Parliament. Following the influence of Gustav Stresemann, the Dawes Plan, and German economic recovery, both the Nazis and the Communists lost votes and seats. By 1928, the Nazis held only 13 seats. Following the Wall Street Crash (1929), and the Great Depression which followed, the Nazi vote rose consistently in line with rising unemployment. By July 1932, they were the largest single party in the Reichstag with 230 seats. Although the Nazi Party had been purposefully kept out of power by President Hindenburg since July 1932, the ageing President was eventually forced to recognise Hitler as Chancellor of Germany in January 1933.

The loss of votes sustained by the National Socialists in the election of November 1932 can be explained by the existence of a slight improvement on the economic front by the summer of 1932. It was not enough, however, to stop the Nazi climb to power.

In the election of 5<sup>th</sup> March 1933, with Hitler in power and able to use all the apparatus of state in order to gain votes (e. g. press and radio), the Nazis increased their seats to 288 (out of 608 in the Reichstag in total). This was still not

an overall majority; but the Nazis overcame this deficiency by getting the Reichstag to grant emergency powers to the new Chancellor, Hitler. Hitler then used these emergency powers to crush all political opposition — making an overall majority non-essential. Within months, Hitler created a one-party state.