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# Weimar Germany, The United States, and the Unfolding Global Crises of the 1920s and '30s

By Ajay Purohit

## AUTHOR BIOGRAPHY

Ajay Purohit is a senior at Greenhills School in Ann Arbor, Michigan. He is passionate about the study of history, politics, and philosophy. His research examines differing governmental outcomes amidst comparable economic and financial crises between Weimar Germany and the United States in the late 1920s and early 30s.

## ABSTRACT

This paper explores a comparative analysis between the financial and economic policies of the U.S. and the Weimar Republic during the late 1920s and early 1930s, examining how Weimar Germany's democracy collapsed during economic downturns while the U.S. system emerged stronger. It explores several Weimar and U.S. leaders and governmental actions with support from archival research. It argues that major anti-democratic sentiment failed to develop and penetrate deeply into American civil society in comparison with the Weimar Republic throughout the comparable economic and financial crises in Weimar Germany and America in the late 1920s and early 1930s, for several related reasons: the new and untested Weimar Constitution, the repercussions of Germany's military defeat, a diverse array of anti-democratic parties in Weimar Germany, and a profound disillusionment with Germany's republican government, especially when compared to the United States. The paper acknowledges several important contextual differences between the two countries while underscoring how a rigorous comparative lens can be used to uncover how similar crises resulted in drastically divergent governmental outcomes.

**Keywords:** *Weimar Republic, United States, Economic and Financial Crisis, Hyperinflation, Unemployment, Herbert Hoover, Constitution, Democracy, Nationalism, Government, Reichstag*

The year was 1932. Two of the leading industrial economies on the planet, two economies which had pioneered the second wave of industrialization in the late nineteenth century, Germany and the United States, seemed to be foundering. Yet, one of these countries produced the barbarous national socialist regime. The other did not succumb to extremism and instead produced the twelve year administration of Franklin D. Roosevelt and the New Deal. How did this happen? Where were these differences rooted? What were the differences and similarities both between the governmental histories, the financial and economic structures, and rather importantly, the political cultures of these countries? How could such a deep seated opposition toward democracy develop in the Weimar Republic, while the United States managed to rise out of catastrophe with its democracy shielded from such disaster?

Ultimately, major anti-democratic sentiment failed to develop and penetrate deeply into American civil society in comparison with the Weimar Republic throughout the comparable economic and financial crises in Weimar Germany and America in the late 1920s and early 1930s, for several related reasons: the new and untested Weimar Constitution, the repercussions of Germany's military defeat, a diverse array of anti-democratic parties in Weimar Germany, and a profound disillusionment with Germany's republican government, especially when compared to the United States.

One of the most notable harbingers of anti-democratic sentiment in the Weimar Republic was the public's distaste regarding their new Constitution. At the very least, Germans were indifferent toward it. The Weimar Constitution, officially named "Die Verfassung des Deutschen Reichs" or "The Constitution of the German Reich" dated back only to 1919. Such a recent creation had not taken root nor had it gained widespread acceptance in the hearts and minds of the German people. Importantly, significant elements of German society, particularly the judiciary, harbored great animosity towards the Weimar Constitution. While the Constitution paved the way for democratic government, some federal judges maintained a certain hostility toward democratic values (Evans, 2003, p. 138) and believed democracy to be an ineffective form of governance. They often ruled against the Weimar legislature and attempted to erode those parts of the Constitution which encouraged democratic practices. As Clara Maier, a Columbia political scientist put it, "The courts nonetheless succeeded in limiting the latitude of political action, and created significant legal uncertainty which further eroded the legitimacy of the fragile democratic state" (Maier, 2024, p. 674). A powerful judiciary that sought to undermine democracy certainly caused chaos in the Weimar democratic system.

Many Germans felt the Constitution was exceedingly weak. Drafted in great part by the former Minister of the Interior Hugo Preuss, the document left more questions in people's minds than answers. It did not clarify exactly what democracy would look like and was marred by ambiguities<sup>5</sup> (Schmitt, 1988, p. xxii) As this paper will explore further, the Constitution set the foundation for several other problematic precedents including

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<sup>5</sup> Schmitt's work needs to be treated with considerable care as he was a notorious anti-democratic thinker, albeit a serious intellectual.

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proportional representation leading to political instability and Article 48's problematic usage. Importantly, while it was true that the Weimar Constitution certainly allowed for the framework of a democratic system, it was deeply flawed, containing provisions that enabled government overreach and allowed for its misuse.

In stark contrast, the United States Constitution held, and continues to hold, a special place in the American psyche. A clear and critical advantage it held was the legitimacy it garnered simply from its longevity. Written in 1787, it was already 142 years old by the time Herbert Hoover took office in 1929. Its age by its very nature provided a sense of credibility to Americans. It has endured throughout American history, and many Americans invoked the strong Constitution as an explanation for the country's extraordinary place in the world (Ginsberg et al., 2008, p. 362). The Constitution had already proven its resilience through the tumult of early American history and its importance to American civil society had persisted through World War 1. Americans were more loyal to their Constitution than the Germans to theirs, and thus, more devoted to the democracy it promised.

Despite the economic perils of the '20s and '30s, the legitimacy of the Constitution was never seriously challenged. Hoover himself revered the Constitution and much of his laissez-faire policy was actually rooted in a fear of overbearing government control. In his speeches, he would openly declare his commitment to upholding the core values enshrined in the American founding documents. For example, in his Inaugural Address on March 4, 1929, he reiterated his commitment to the Constitution, uttering, "it appears to me that the more important further mandates from the recent election were the maintenance of the integrity of the Constitution" (Hoover, 1929). The President's statement also hints at how the public valued the Constitution amidst his election in the context of his election. He highlights how a "mandate" was given to him through the power of the Constitution. This highlights the enduring authority the founding document had for American voters. Americans were never going to abandon their long established democracy in great part due to their largely positive view of the United States Constitution itself which had established this system of government. Thus, admiration and respect toward the Constitution existed among Americans in a way that was profoundly lacking among Germans.

Also important to note, unlike the Germans, the United States did not have to face the effects of a total military defeat. Emerging from a devastating World War I loss, Germans reeled under emotions of deep humiliation and mounting anger. Not only was morale low, but the economic consequences of the military defeat weakened Weimar democracy. The traumatizing hyperinflation of 1923 was especially significant to the German public's distrust of the Weimar government. As the country's currency, the Mark, deteriorated in the first years of the Weimar Republic, prices and unemployment skyrocketed. The American historian Eric Weitz notes that by the end of November, 1923, "the mark had reached the unbelievable exchange rate of \$1 = 4.2 trillion marks. Germany's sacred hard currency had become worthless" (Weitz, 2018, p. 135). The hyperinflation was itself a very important result of Germany's defeat in the war and the reparations bill that had been presented

to the country in 1919 at the Versailles Peace Conference. Throughout the 1920s, the United States never had to face such a brutal hyperinflation. Germans, however, endured a series of economic crises such as this hyperinflation, all of which led up to the stock market crash in 1929. The newfound democracy did not create successful economic conditions, which soured Germans' perspectives on the new system of government.

As noted, the hyperinflation was in great part fueled by the war debts Germany had to finance. Not only this, but the economic conditions created by hyperinflation led to high mortality rates, particularly among children, due to disease and starvation (Vilà, 2023, pp. 361-362). The fury among the German populace from both the loss of World War I and the subsequent economic crisis which ensued led to widespread mistrust and resentment toward the national government. The effects of the 1929 stock market crash exacerbated the German public's anger. Weitz writes, "by the beginning of 1932, six million Germans were officially unemployed, about one-third of the labor force. But the statisticians probably failed to count another two million "unofficially" unemployed: (...) an almost unbelievable 40 percent of the workforce. German unemployment rates were higher than even those in the United States" (Weitz, 2018, p. 161).

This paved the way for the Nazis to gain a large percentage of votes, particularly in 1932. The Nazis were not only able to capitalize on economic distress but also took advantage of the so-called "stab-in-the-back" myth. Right-wing parties in particular encouraged this myth, in which blame for Germany's defeat in the war was often directed at Jews, left-wing parties, and other marginalized groups. This "stab-in-the-back" myth thus asserted that Germany had never actually lost the war and was betrayed by domestic forces. Weimar President Paul von Hindenburg, who appointed Hitler as Chancellor in 1933, notoriously reiterated this myth himself. Ultimately, this myth facilitated the Nazi rise to power and contributed to the destruction of Weimar democracy (Hunt, 1958, pp. 363-364).

America obviously faced no such defeat. The country did face a severe economic recession in the early 1920s but the economy rebounded soon after to produce what would soon be known as the Roaring '20s. Up until the stock market crash of 1929, the United States did not have to deal with the large-scale financial upheavals of the kind that doomed the Weimar Republic. In fact, even through the 1921 crisis the U.S. faced, the country embraced an economy based on the idea of economic rationalization: that is, an economy prioritizing efficiency and productivity. Such a system, exemplified by the River Rouge factory in Dearborn, Michigan, helped the United States maintain robust and diverse production levels throughout the 1920s (Weitz, 2018, p. 149). In this way, the U.S. victory in World War I prevented the economy from utter catastrophe through the ups and downs of the 1920s: that is, until 1929. Though the recession in 1920 was certainly devastating, it did not prove to result in long term economic devastation of the sort that Germany experienced. The American economy's resilience (in great part due to its war victory) through the early and mid 1920s helps to explain its healthy democracy (Warren, 1999, p. 117) as Americans maintained relative confidence in their

government. Unlike Weimar Germany, the milder economic turmoil in the United States provoked significantly less discontent and social upheaval.

American morale remained strong through the period as Americans mobilized during the financial downturns in the 1920s and 1930s. American exceptionalism helped to reflect a persistent respect and faith in American democracy. Herbert Hoover himself noted that the vibrant American people showed that “there was no power in autocracy equal to the voluntary effort of a free people” (Leuchtenburg, 2009, p. 40) Hoover showed how throughout even the Great Depression, Americans banded together and continued to embody the “voluntary efforts” that democracy required. This quote recalls Alexis de Tocqueville’s description of the internal strength of the American spirit that held together their democracy (Tocqueville, 1899, p. 159). Ultimately, without the military defeat and the accompanying humiliation that Germans faced, Americans had little reason to abandon their democracy. Frustration from economic crises that followed the war simply remained frustrations. In fact, victory in the war eased the burden of these crises. In contrast, defeat in the war and anger arising from Weimar Germany’s economic crises unleashed powerful anti-democratic sentiments.

As Weimar Germany stumbled through the 1920s and early 1930s, a significant number of new political parties emerged. Of these, several that garnered support throughout the decade opposed the democratic system and were in fact, blatantly anti-democratic. These anti-democratic forces were certainly not limited to the National Socialists, that is, the Nazis. For example, both the Communist Party and German National People’s Party opposed the democratic system. While these examples reflect how both left and right wing parties developed antidemocratic views, it was the right wing parties, notably the Nazis, that most explicitly revealed their authoritarian nature (Weitz, 2018, p. 92). In addition, as more Germans began to develop resentment toward democracy, a powerful and pervasive view of class differences also intensified.

Germans had long viewed themselves as a deeply class-based society, but divisions of social class became much more evident in the context of the country’s continuing economic crises. Important elements of the industrial working class had lost faith in the old Social Democratic Party, in large part due to their lackluster toleration policy (Winkler, 1990, p. 209) where they encouraged Germans to “tolerate” them so as to avoid a Nazi government takeover. Social Democratic resistance to Nazism was largely ineffective, (Barclay, 2009, p. 373) and their attempts to win over Germans were thus blunted by the support that the Nazis garnered. One example of a political party that appealed to disillusioned members of the working class was the Communist Party (Wickham, 1983, p. 315), which supposedly offered a more equitable society. The communists did not support liberal democracy and instead envisioned their communist system as the best path toward genuine socialism. The middle class, consisting of property and business owners, also turned increasingly to anti-democratic parties on the political right such as the German National People’s Party due to a number of reasons including the devastating effects of hyperinflation (Chanady, 1967, p. 68). The German National People’s Party was much more openly against Weimar democracy (Chanady, 1967, p. 65).

The voters of all these different classes eventually turned toward the Nazi party in 1930 and then significantly in 1932 amidst the carnage that followed the 1929 crash (Ohno, 1972, p. 1). These very same class differences which had led to widespread anti-democratic sentiments ultimately paved the way for the Nazis. There would not exist any widespread support for the Nazis had there not been a diverse array of support (in large part due to social class differences) for several anti-democratic parties represented in the Weimar parliament. This diverse range of parties allowed anti-democratic sentiment to grow among the Germans which then led to the rise of Adolf Hitler.

In the United States, the anti-democratic far right parties had a very difficult path to reach any kind of prominence at all. On the national scale, the United States maintained a two-party system. Americans became fed up with Hoover and the Republicans after 1929 and looked for an alternative. The election of Franklin Roosevelt in 1932 signaled that Americans were ready to embrace and vote for the Democratic party over Republican leadership. This readiness to vote for a different party is an attribute that a healthy democracy encourages. Americans demonstrated a preference for working within the two party system rather than supporting another third party alternative.

One group to highlight which did indeed gain prominence through the 1920s and 30s was the Ku Klux Klan. Notably, the far right KKK saw a large rise in terms of support and popular membership throughout this period, as racist and religiously discriminatory sentiments grew. Not only racist toward Black people, the Klan also was deeply hostile toward other groups, including Jews and Catholics. The rise of the KKK highlighted a fragmented public culture in the country, one which, theoretically, was ripe for anti-democratic sentiment.

The deep seated structure of federalism in the United States, however, prevented the Klan from attaining as widespread an influence as far right parties had experienced in Weimar. The Klan was never able to extend their influence in the American political sphere beyond the local and regional level because of the great difficulty involved in creating a unified national base (Harcourt, 2017, p. 39). Compared to the Weimar Republic, federal political power in the United States was more established and resistant to extreme movements like the KKK.

Lastly, and perhaps most significantly, a deep sense of governmental betrayal existed in Weimar society, in stark contrast with the more positive sentiments that ordinary Americans felt toward their political system. In the Weimar Republic, as this paper has argued earlier, Germans had already felt humiliated by the 1919 Treaty of Versailles. They felt it had significantly shrunk German power domestically and abroad (Marks, 2013, p. 635). The Treaty of Versailles was arguably the most significant cause of German anger after losing the war. It was perceived as exceedingly punitive against the German people, criticized for the excessive reparations it demanded, and responsible for the humiliating burdens it placed on ordinary Germans (Marks, 2013, p. 643). Moreover,

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throughout the 1920s and early 1930s, Article 48 of the German Constitution was frequently invoked as well, with fateful results. This provision of the Constitution granted emergency powers to the President in times of emergency. It was, however, not always used in this way. The Weimar Republic's first President, Friedrich Ebert, used this article more than 135 times to circumvent the German parliament. In fact, no effective guardrails protected against Presidential overuse or unnecessary implementation of this power, again undermining popular distrust toward the country's political institutions (Evans, 2003, p. 80). It did not help that the Germans democratically elected President Ebert. Thus, doubt was sparked as to how democratic their system really was if their elected leader (who clearly supported democracy) could still bypass the government when he so desired. These are examples of how a German distrust of government developed, paving the way for further anti-democratic sentiment.

Americans did not feel this way. First, the United States system of checks and balances set powerful limits on federal power. Americans have generally held faith in the checks and balances system, which would ensure that the executive branch would be balanced by Congress and the judiciary. Additionally, democracy served as a corrective tool in America. The election of Roosevelt signaled that *because* of the democratic system, Americans felt that they could influence the development of more robust changes. Germans felt that the Nazi party represented the most powerful catalyst for change, as it was evidently the most intensely anti-democratic group in the country.

Herbert Hoover's failures were ultimately less associated with American democracy itself. Hoover, at the very least, was still proclaiming the importance of individualism, something Americans held dear. At the very worst, they could vote him out of office through the democratic system, which they did. When Americans decided they needed change, they utilized the ballot box rather than rejecting the system. The meeting between Hoover and Roosevelt on the day of the latter's inauguration in 1933 underscored the strength of the peaceful transfer of power which American democracy upheld. In fact, Hoover strongly disliked FDR himself, but did not let that stand in the way of his own commitment to informing Roosevelt of the country's matters so as to maintain a smooth Presidential transition (Leuchtenburg, 2009, pp. 143-144). After losing the election of 1932, Hoover himself gloomily remarked, "democracy is a harsh employer" (Leuchtenburg, 2009, p. 146). Unlike Hoover, leaders in Germany did not encourage people to unite behind democracy. Several different parties fostered a sense that the democratic system had betrayed them, and contrary to the United States, many ordinary Germans did not feel that democracy could correct the problems German society faced.

Thus, major anti-democratic sentiment failed to form and penetrate significantly into American civil society despite the comparable economic and financial crises that the two countries faced in the late 1920s and early 1930s. In contrast to the United States, Germany had to deal with a novel Constitution, the effects of military defeat, a wide array of anti-democratic parties, and a deep seated distrust and anger with the government. At the turn of the 1930s, the U.S. and the Weimar Republic thus faced starkly differing political

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and economic scenarios despite the similarity of the crises that they encountered. By no means does this mean that there was a lack of anger and distaste toward the United States government among Americans and no support for a strong Weimar democracy among Germans. Rather, the major attitudes and trends this research paper observes that resulted from comparable global catastrophes led to profound anti-democratic feelings in the Weimar Republic, and less so in the United States.

This paper has addressed economic crises during the early twentieth century, but it has focused on the administration of Herbert Hoover between 1929 and 1933 as a reference point for analyzing comparative public policies and anti-democratic political sentiments in the United States and Germany. The pivotal time period before World War II continues to demonstrate to the world that political structures are often shaped by underlying national feelings. The ruthless rise of the National Socialists and the destruction of Weimar Democracy as a whole is a powerful example of this phenomenon. In the wake of comparable national catastrophe, one nation's embrace of Franklin D. Roosevelt and the other's appointment of Adolf Hitler inevitably raises the question of how such a drastically divergent result could take place. It takes a great deal to build up faith in the effectiveness of democracy, while democratic systems themselves are often fragile. As the world moves through an age of rising polarization and discontent, political systems around the world will once again be tested and encounter critical choices that in turn will affect the future of democracy.

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