CHAPTER TIME LINE

EUROPE AND THE UNITED STATES

1922
Lenin and the Communists create the USSR

1926
Mussolini establishes a Fascist dictatorship in Italy

1929
U.S. stock market crashes; Great Depression begins

1919

1925

1930

THE WORLD

1923
Nationalists and Communists in China form an alliance
1933: Hitler becomes chancellor of Germany
1935: Nuremberg laws in Germany exclude Jews as citizens
1932: Sultan Ibn Sa'ūd establishes the kingdom of Saudia Arabia
1938: Japan passes military draft law
Uneasy Peace, Uncertain Security

Discontent with the Treaty of Versailles and a weak League of Nations opened the door to new problems in the interwar years.
Uneasy Peace, Uncertain Security (cont.)

• The United States Senate refused to ratify the Treaty of Versailles, making it impossible for the United States to join the League of Nations.

• The German government made one payment of reparations to France, but the following year it announced it could not make any more payments due to financial crisis.
Uneasy Peace, Uncertain Security (cont.)

• In reaction, France seized the **Ruhr Valley** to collect reparations by using Ruhr mines and factories.

• The **Dawes Plan** was implemented to help both France and Germany:
  – reduced reparations
Uneasy Peace, Uncertain Security (cont.)

– coordinated Germany’s payments with their ability to pay

– granted a $200 million loan for German recovery
The foreign ministers of Germany and France signed the Treaty of Locarno, guaranteeing Germany’s new borders with France and Belgium.

Two years later, the Kellogg-Briand Pact was signed by 63 nations agreeing to renounce war as an instrument of national policy.
The Great Depression

**MAIN IDEA**

Underlying economic problems and an American stock market crisis triggered the Great Depression.
The Great Depression (cont.)

• A **depression** ended the short period of prosperity that began in 1924.

• Causes of the Great Depression:
  
  – Several nations experienced economic downturns as prices for farm products fell due to overproduction.
Unemployment, 1928–1938

The Great Depression (cont.)

– An international financial crisis occurred when the U.S. stock market crashed and U.S. investors withdrew money from Germany.
The Great Depression (cont.)

- Germany and other European nations’ banks became weak. Trade slowed, industrial production declined, and unemployment rose.
What is Hyperinflation?

**Inflation** is when money loses its value, so you need more money to pay for the same thing.

**Hyperinflation** is inflation that is very high and out of control; prices increase so fast and by enormous amounts.

Eg: the cost of a loaf of bread in Germany due to hyperinflation –

- Nov 1918: 1 mark
- Nov 1922: 163 marks
- Sep 1923: 1,500,000 marks
- Nov 1923: 200,000,000,000,000 marks
The Great Depression (cont.)

• Governments did not know how to handle the economic crisis. They made it worse by lowering wages and raising tariffs.

• Communism and Marxism became more popular, and people began to support dictators who offered solutions to the crises.
Democratic States

Although new democracies were established in Europe after World War I, the Depression shook people’s confidence in political democracy.

“"The liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it comes stronger than their democratic state itself. That, in its essence, is fascism - ownership of government by an individual, by a group."” - FDR
Democratic States (cont.)

- Most European nations had political democracies after World War I and granted more freedoms such as female suffrage. In Switzerland, however, women did not get the right to vote until 1971.

- Germany
  - Germany created a democratic state known as the Weimar Republic.
  - The Weimer Republic faced severe inflation and serious social problems.
Democratic States (cont.)

- France
  - France became the strongest European nation after World War I but eventually felt the effects of the Great Depression.
  - Political instability led to the rise of a coalition of Leftist parties called the Popular Front government.
Democratic States (cont.)

– The Popular Front started the French New Deal, which gave workers the right to collective bargaining, a 40-hour workweek, a two-week paid vacation, and a minimum wage.
Democratic States (cont.)

• Great Britain

– A new government formed by the Conservatives claimed credit for successfully dealing with the Great Depression by using the traditional policies of balanced budgets and protective tariffs.
Democratic States (cont.)

– British economist John Maynard Keynes condemned the belief that depressions should regulate themselves with little government interference.

– Keynes felt that, if necessary, government should finance projects with deficit spending.

"By a continuing process of inflation, government can confiscate, secretly and unobserved, an important part of the wealth of their citizens."

John Maynard Keynes
Democratic States (cont.)

• United States

  – Next to Germany, the United States was affected most by the Great Depression.

  – The United States elected Franklin Delano Roosevelt as president. He pursued a policy of active government intervention in the economy known as the New Deal.
Democratic States (cont.)

– A New Deal program, the Works Progress Administration, employed around 3 million people for work on bridges, roads, and airports.

– The Roosevelt administration also created the U.S. welfare system and drafted the Social Security Act.
END NOTES