

A Global Depression

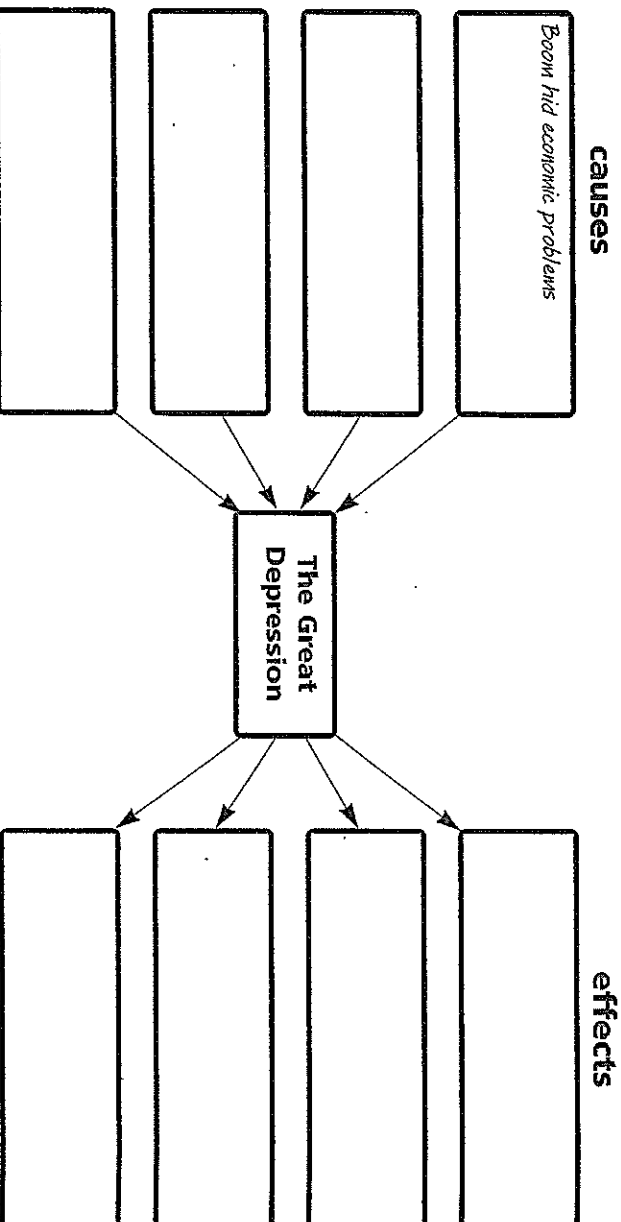
BEFORE YOU READ

In the last section, you read about new ideas in the postwar world.

In this section, you will learn about economic crisis and worldwide depression.

AS YOU READ

Use the web below to record causes and effects of the Great Depression.



TERMS AND NAMES

coalition government Temporary alliance of several political parties

Weimar Republic Government of Germany after World War I

Great Depression Severe economic downturn that followed the collapse of the U.S. stock market in 1929

Franklin D. Roosevelt President of the United States during the Depression

New Deal Roosevelt's program for creating jobs and improving the American economy

Europe After the War (pages 801–803)

What problems did Europe face after the war?

After the war, European countries were in bad political and economic shape. Even nations that had democratic governments for many years experienced problems. They had so many political parties that no one party could rule alone. Sometimes a **coalition government** had to be formed. This was an alliance of several political parties. In addition, governments lasted for such a short time that it was hard to develop policies.

The situation was worst in Germany. The people felt little loyalty to the government. Germany's government, the **Weimar Republic**, was very weak. Prices rose sharply, and money lost its value. Later, American bank loans helped the German economy recover.

World nations also took steps to try to make sure there would be lasting peace. France and Germany promised never to attack one another. Most countries of the world signed a treaty in which they *pledged* not to go to war. There was no way to enforce the treaty, however.

1. Why was the postwar situation in Germany especially bad?

The World Responds to the Crisis (pages 805–806)

How did various countries meet this crisis?

The Great Depression (pages 803–805)

Where and how did the Great Depression begin?

The economy of the United States enjoyed a *boom* in the 1920s. But this growth hid problems. Consumers were unable to buy all the goods produced. When their purchases slowed, factories slowed production. Farmers faced falling food prices and slow sales. They were unable to repay loans and lost their farms. In 1929, stock prices in the United States plunged. The **Great Depression** had begun.

The depression affected other countries. Nations raised *tariffs*—taxes on goods imported from other countries—to keep import prices high. They hoped to increase sales by local companies. Unfortunately, trade between nations dropped, and unemployment shot up in many countries. The world suffered.

2. What caused the Great Depression?

Each country met the economic crisis in its own way. In Britain, a new multi-party government took over. It took steps that slowly improved the economy and cut unemployment.

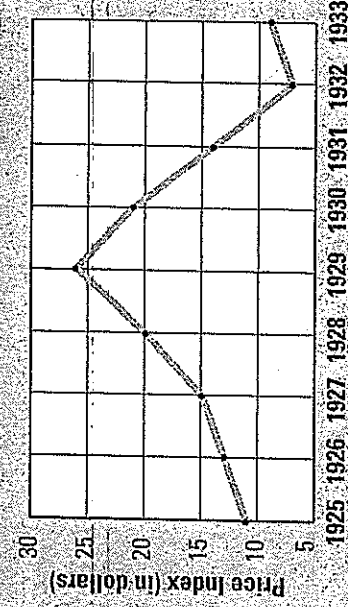
In France, the political situation was worse. After several governments lost support, *moderates* and *socialists* combined to form a government. It passed laws to help workers, but companies raised prices to cover their labor costs. Unemployment remained high.

In Sweden, Norway, and Denmark, the governments played active roles in the economy. They taxed people with jobs to have money to pay benefits to people without jobs. The governments also created jobs by hiring out-of-work people to build roads and buildings.

In the United States, **Franklin D. Roosevelt** began a program called the **New Deal**. The government spent large amounts of money on constructing roads, dams, bridges, airports, and buildings. This effort created jobs for millions. Businesses and farmers also got help from the government. The American economy got better, but the *recovery* was slow.

3. How did the United States meet the crisis?

Stock Prices, 1925–1933



Skillbuilder

Use the graph to answer the questions.

1. How did the average price per stock share change between 1925 and 1929?

2. How did the average price per share change between 1925 and 1932?

Name _____

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The Rise of Nazi Germany

After World War I, the Weimar government in Germany faced many problems as people looked for someone to blame for their defeat in the war. Extremists on the far left and on the far right threatened revolts. Also, the terrible inflation of the 1920s caused many Germans to have little faith in the government. In the 1920s, Adolph Hitler gained control of the Nazi party, a nationalistic, anti-communist, anti-Semitic organization. Hitler won popular support by blaming Jews for Germany's defeat in World War I and for its economic troubles. He claimed that the German people belonged to a superior "Aryan" race that was destined to rule the world. As the Great Depression caused unemployment to rise in the early 1930s, many desperate people found hope in the Nazi party. In 1933, Hitler used the threat of a communist uprising to gain power. He then moved against all opposition parties and set up a fascist state in Germany. Hitler used many of the methods of Stalin and Mussolini to build a totalitarian state in Germany. The Nazis preached the need for hard work, sacrifice, and service to the state. The Gestapo, or secret police, arrested anyone suspected of opposing Nazi rule. The Nazis used the press, schools, and even churches to glorify their goals. They also waged a violent campaign against Jews, sending many to concentration, or prison, camps. To end unemployment and improve the economy, Hitler launched vast building programs, banned strikes, and placed strict controls on wages and prices. He also increased the German military, a step that violated the Versailles Treaty. The League of Nations condemned German rearmament, but did little to stop Hitler as he began to realize his dream of expanding German territory.

Read the paragraph and answer the following questions.

1. What kind of problems did Germany face after WWI?
2. How did these problems affect the way the people looked the Weimar Government?
3. Unlike Mussolini Hitler had a platform for his political agenda. How did he address one of the problems German's faced and how did this aid to his rise to power?

4. Why did the people of Germany start to follow Hitler?
5. How did Hitler go about setting up his government? What is a long-term effect that you can see coming in the near future?
6. How did Hitler go about controlling the economy? Describe another leader that used this method to control his country's economy

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Nazism in Germany

In November 1918, a provisional government—socialist and democratic—was organized to negotiate a peace with the Allies. Although this government had very little input to the decisions made at the Paris Peace Conference, it did sign the Versailles Treaty and would be held responsible by conservative factions for the pact's inequities.

The *Weimar Constitution*, drafted in July 1919, set up Germany's first modern democracy by providing for a directly elected president and parliament (the *Reichstag*), by setting up a senate (the *Reichsrat*) to represent the German states, and by providing for a chancellor (prime minister), who represented the majority party of the *Reichstag*, and a cabinet to run the government.

After the *inflation of 1923*, Germany defaulted on its reparations to France, the French seized the Ruhr Valley, and German workers there went on a general strike. To pay these workers, the Weimar government printed paper currency and the prevalent inflation in the country became runaway. When debtors rushed to pay off their creditors with this worthless currency, the middle class was financially wiped out.

The disasters for the Weimar government in 1923 encouraged *Adolf Hitler* and his Nazi *Brownshirts* to seize power from the government of Bavaria, a state of Germany. Hitler, an Austrian who had fled poverty in his native land and had joined the German army at the start of World War I, helped organize the *National Socialist German Worker's Party (Nazis)* after the war. Racist, paranoid, sociopathic, and megalomaniacal, he was a brilliant orator and political strategist who played on popular discontent with the Weimar government by blaming democracy, Communism, and Jews for Germany's ills. He and *Erich Ludendorff*, a distinguished general who had led German troops to victory on the Eastern Front during the First World War, led the attempted coup in Munich at the end of 1923. It was suppressed, and Hitler was sentenced to five years in jail. He served only about a year of his already lenient term because many higher-ups in the justice system sympathized with his narrow nationalistic goals. While in prison, he wrote his blueprint for domination of Germany and eventually Europe, *Mein Kampf (My Struggle)*, which was a rambling, irrational, but convincing tract. It argued that Germany was never defeated in the First World War but was betrayed from within by Jews and socialists, that the Treaty of Versailles was a humiliation, that the Germans were a master race destined to expand into Eastern Europe to obtain *lebensraum* (living space) and to rule or exterminate inferior races such as Jews and Slavs.

After the *Dawes Plan* stabilized Germany's economy in 1924, the Nazi party's membership fell off so that by 1928 the Nazis won only twelve seats in the *Reichstag*. When the depression hit Germany in 1930, the Nazis won 107 seats and the Communists 77. Since the center parties—socialist and Christian Democrat—were unable to maintain a ruling coalition, many conservatives, including large landowners, industrialists, and army officers, threw their support to Hitler to avoid a Communist takeover. In January 1933, after a series of machinations, Hitler was invited by the aging president of the Weimar Republic, *Paul von Hindenburg*, another renowned general of the First World War, to form a government as chancellor. Hitler entered government legally, according to the constitution that he was dedicated to destroy.

1. HOW DID THE FORMATION OF THE GERMAN DEMOCRACY COMPARE WITH OTHER DEMOCRACIES UP TO THIS POINT IN HISTORY?
2. HOW DID THE GERMANS DEFAULTING ON FRENCH REPARATIONS CONTRIBUTE TO HITLER AND THE NAZI BROWNSHIRTS SEIZING POWER?
3. HOW WOULD HITLER BEING A BRILLIANT ORATOR AND POLITICAL STRATEGIST HELP HIM CONVINCE THE GERMAN PEOPLE THAT THE WEIMAR GOVERNMENT, DEMOCRACY AND THE JEWS WOULD ALL BE TO BLAME FOR GERMANY'S PROBLEMS?
4. HOW DID THE DAWES PLAN AND THE GREAT DEPRESSION AFFECT THE NAZI PARTY'S POWER?