

CHAPTER 24

The West Between the Wars 1919–1939

Section 1 The Futile Search for Stability

Section 2 The Rise of Dictatorial Regimes

Section 3 Hitler and Nazi Germany

Section 4 Cultural and Intellectual Trends

MAKING CONNECTIONS



How can politics be reflected in sports?

Nazi leader Adolf Hitler wanted to use the 1936 Olympic Games in Berlin to show the superiority of the “German race.” However, African American athlete Jesse Owens of the United States shattered that plan by winning four gold medals. In this chapter you will learn how Hitler and other leaders created totalitarian states.

- In the photograph, why is Jesse Owens (at center) saluting and why is Lutz Long (at right) extending his arm?
- Do you think national pride and politics or individual accomplishments are more important to Olympic athletes today?



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

1935

1932
Sultan Ibn Sa'ud establishes
the kingdom of Saudi Arabia

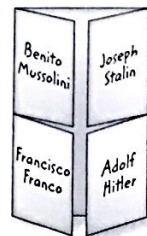


1938
Japan passes
military draft law

1939

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Study Organizer

Comparing and Contrasting Make a Four-Door Book to record the differences and similarities of the dictatorships of Mussolini, Stalin, Franco, and Hitler.



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The Futile Search for Stability

GUIDE TO READING

The BIG Idea

Competition Among Countries

Peace and prosperity were short-lived after World War I as a global depression weakened Western democracies.

Content Vocabulary

- depression (p. 792)
- deficit spending (p. 795)
- collective bargaining (p. 794)

Academic Vocabulary

- annual (p. 791)
- ratio (p. 792)

People, Places, and Events

- Ruhr Valley (p. 791)
- John Maynard Keynes (p. 795)
- Dawes Plan (p. 792)
- Franklin Delano Roosevelt (p. 795)
- Treaty of Locarno (p. 792)
- New Deal (p. 795)
- Switzerland (p. 794)
- Weimar Republic (p. 794)

Reading Strategy

Comparing and Contrasting As you read, use a table like the one below to compare France's Popular Front with the New Deal in the United States.

Popular Front	New Deal

The peace settlement of World War I left many nations unhappy, and the League of Nations proved unable to deal with the crises following the war. The brief period of prosperity that began in Europe during the early 1920s ended in 1929 with the beginning of the Great Depression. This economic collapse shook people's confidence in political democracy and paved the way for fear and the rise of extremist parties that offered solutions to the hardships that many were enduring.

Uneasy Peace, Uncertain Security

MAIN IDEA Discontent with the Treaty of Versailles and a weak League of Nations opened the door to new problems in the interwar years.

HISTORY & YOU Imagine how your life would change if the price of everything doubled each day. Read to learn how runaway inflation affected Germany after World War I.

The peace settlement at the end of World War I tried to fulfill nineteenth-century dreams of nationalism. It created new boundaries and new states. From the beginning, however, the settlement left nations unhappy. Border disputes poisoned relations in eastern Europe for years. Many Germans vowed to revise the terms of the Treaty of Versailles.

A Weak League of Nations

President Woodrow Wilson had realized that the peace settlement included unwise provisions that could serve as new causes for conflict. He had placed many of his hopes for the future in the League of Nations. This organization, however, was not very effective in maintaining the peace.

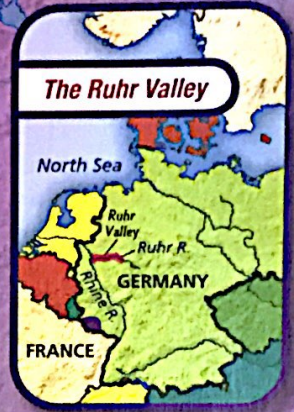
One problem was the failure of the United States to join the League. Most Americans wanted to avoid involvement in European affairs. The U.S. Senate, in spite of President Wilson's wishes, refused to ratify, or approve, the Treaty of Versailles. That meant the United States could not join the League of Nations. Without the United States, the League of Nations' effectiveness was automatically weakened. As time would prove, the remaining League members could not agree to use force against aggression.

French Demands

Between 1919 and 1924, desire for security led the French government to demand strict enforcement of the Treaty of Versailles.



ATLANTIC OCEAN



In 1922, the Anglo-Irish Treaty granted Ireland self-governing dominion status.

0 200 kilometers
0 200 miles
Lambert Azimuthal Equal-Area projection

Territory administered by the League of Nations

Geography SKILLS

- Regions** Compare this map to the map of Europe during World War I on page 763. List all the countries shown on this map that are not shown on the earlier map. What does your list tell you about the political results of World War I?
- Place** Where is the Ruhr Valley in relationship to France? Why was it important?

This tough policy began with the issue of reparations (payments) that the Germans were supposed to make for the damage they had done in the war. In April 1921, the Allied Reparations Commission determined that Germany owed 132 billion German marks (33 billion U.S. dollars) for reparations, payable in annual installments of 2.5 billion marks.

The new German republic made its first payment in 1921. By the following year, however, the German government faced a

financial crisis and announced that it could not pay any more reparations. Outraged, France sent troops to occupy the **Ruhr Valley**, Germany's chief industrial and mining center. France planned to collect reparations by using the Ruhr mines and factories.

Inflation in Germany

The German government adopted a policy of passive resistance to this French occupation. German workers went on strike.

The German government mainly paid their salaries by printing more paper money. This only added to the inflation (rise in prices) that had already begun in Germany by the end of the war.

The German mark soon became worthless. In 1914, 4.2 marks equaled 1 U.S. dollar. By November 1, 1923, it took 130 billion marks to equal 1 dollar. By the end of November, the ratio had increased to an incredible 4.2 trillion marks to 1 dollar.

Economic adversity led to political upheavals. Both France and Germany began to seek a way out of the disaster. In August 1924, an international commission produced a new plan for reparations. The **Dawes Plan**, named after the American banker who chaired the commission, first reduced reparations. It then coordinated Germany's annual payments with its ability to pay.

The Dawes Plan also granted an initial \$200 million loan for German recovery. This loan soon opened the door to heavy American investment in Europe. A brief period of European prosperity followed, but it only lasted from 1924 to 1929.

The Treaty of Locarno

With prosperity came a new European diplomacy. The foreign ministers of Germany and France, Gustav Stresemann and Aristide Briand, fostered a spirit of cooperation. In 1925 they signed the **Treaty of Locarno**, which guaranteed Germany's new western borders with France and Belgium.

Many viewed the Locarno pact as the beginning of a new era of European peace. On the day after the pact was concluded, headlines in the *New York Times* read "France and Germany Ban War Forever." The *London Times* declared "Peace at Last." The new spirit of cooperation grew even stronger when Germany joined the League of Nations in March 1926.

Two years later, the Kellogg-Briand Pact brought even more hope. Sixty-three nations signed this accord and pledged "to renounce war as an instrument of national policy." Nothing was said, however, about what would be done if anyone violated the pact.

✓ Reading Check Explaining Why was the League of Nations unable to maintain peace?

The Great Depression

MAIN IDEA Underlying economic problems and an American stock market crisis triggered the Great Depression.

HISTORY & YOU The U.S. stock market plunged in 2001 after terrorist attacks, but what would have happened if it had collapsed? Read to find out the consequences of the 1929 stock market crash.

The brief period of prosperity that began in Europe in 1924 ended in an economic collapse that came to be known as the Great Depression. A **depression** is a period of low economic activity and rising unemployment.

Causes of the Depression

Two factors played a major role in the start of the Great Depression. First was a series of downturns in the economies of individual nations in the second half of the 1920s. Prices for farm products, especially wheat, fell rapidly due to overproduction. U.S. farmers were hit particularly hard and faced poverty earlier than other segments of U.S. society.

The second trigger was an international financial crisis involving the U.S. stock market. Much of the European prosperity between 1924 and 1929 was built on U.S. bank loans to Germany. Germany needed these loans to pay reparations to France and Great Britain. During the 1920s, the U.S. stock market boomed. By 1928, American investors pulled money out of Germany to invest it in the stock market. Then, in October 1929, the U.S. stock market crashed. Stock prices plunged.

In a panic, U.S. investors withdrew more funds from Germany and other European markets. This withdrawal made the banks in these European states weak. In May 1931 Vienna's well-known Creditanstalt Bank collapsed. By then, trade was slowing, industrial production was declining, and unemployment was rising.

Responses to the Depression

Economic depression was not new to Europe. However, the extent of the economic downturn after 1929 truly made this the

Great Depression. During 1932, the worst year of the Depression, nearly 1 in every 4 British workers was unemployed. About 5.5 million Germans, or roughly 30 percent of the German labor force, had no jobs. The unemployed and homeless filled the streets.

Governments did not know how to deal with the crisis. They lowered wages and raised tariffs to exclude foreign goods from home markets. These measures worsened the crisis and had serious political effects.

One effect of the economic crisis was increased government activity in the economy. Another effect was a renewed

interest in Marxist ideas. Marx's prediction that capitalism would destroy itself through overproduction seemed to be coming true. Communism thus became more popular, especially among workers and intellectuals.

Finally, the Great Depression led masses of people to follow political leaders who offered simple solutions in return for dictatorial power. Everywhere, democracy seemed on the defensive in the 1930s.

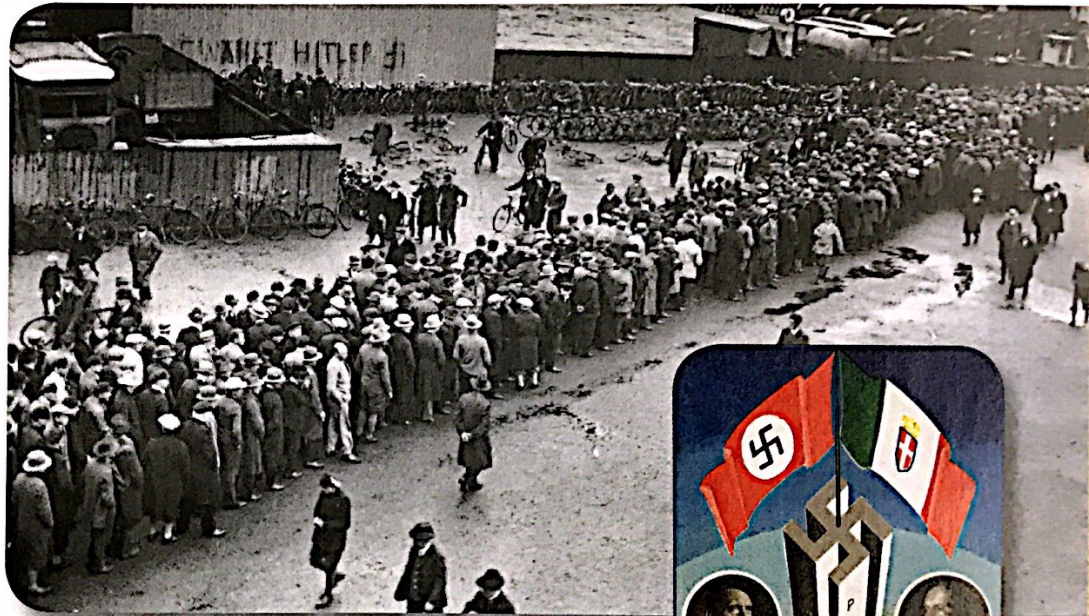
✓ Reading Check Summarizing What were the results of the Great Depression?

TURNING POINT

POLITICAL EFFECTS OF THE GREAT DEPRESSION

The Great Depression left millions of people unemployed and national economies in crisis. As government attempts to solve the economic problems failed, popular morale waned. Many people turned to Marxism, Nazism, or fascism for answers. Extremist political parties gained support by promising better times ahead. These results of the Great Depression were major factors leading to World War II.

Long lines of unemployed German workers seeking food or jobs bore witness to the misery of the Great Depression. ▶



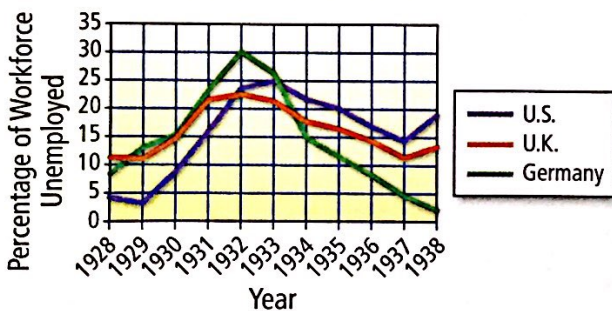
In Germany and Italy, extremist leaders rose to power by promising to return their nations to greatness.

The monument in the poster indicates that Hitler and Mussolini have dedicated their nations to peace, civilization, and work. ▶

CRITICAL THINKING SKILLS

- Identifying** Name three problems caused by the Great Depression.
- Determining Cause and Effect** How might political developments during the Depression have led nations to war?

Unemployment, 1928–1938



Sources: *European Historical Statistics, 1750–1970*; *Historical Statistics of the United States*.

Democratic States

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

HISTORY & YOU When you get stuck on a homework problem, do you look for help? Read about economic problems that sent desperate Europeans searching for answers.

President Woodrow Wilson claimed that World War I had been fought to make the world safe for democracy. In 1919 his claim seemed justified. Most European states, both major and minor, had democratic governments.

In a number of states, women could now vote. Male political leaders had rewarded women for their contributions to the war effort by granting them voting rights. (However, women could not vote until 1944 in France, 1945 in Italy, and 1971 in **Switzerland**.)

In the 1920s, Europe seemed to be returning to the political trends of the prewar

era—parliamentary regimes and the growth of individual liberties. This was not, however, an easy process. Four years of total war and four years of postwar turmoil made a “return to normalcy” difficult.

Germany

Imperial Germany ended in 1918 with Germany's defeat in the war. A German democratic state known as the **Weimar** (VY•MAHR) **Republic** was then created. The Weimar Republic was plagued by serious economic problems.

Germany experienced runaway inflation in 1922 and 1923. With it came serious social problems. Families on fixed incomes watched their life savings disappear.

To make matters worse, after a period of relative prosperity from 1924 to 1929, Germany was struck by the Great Depression. In 1930, unemployment had grown to 3 million people by March and to 4.38 million by December. The Depression paved the way for fear and the rise of extremist parties.

France

After the defeat of Germany, France became the strongest power on the European continent. However, France, too, suffered financial problems after the war. It needed to rebuild the areas that had been devastated in the war.

Because it had a more balanced economy than other nations, France did not begin to feel the full effects of the Great Depression until 1932. The economic instability it then suffered soon had political effects. During a 19-month period in 1932 and 1933, six different cabinets were formed as France faced political chaos. Finally, in June 1936, a coalition of leftist parties—Communists, Socialists, and Radicals—formed the Popular Front government.

The Popular Front started a program for workers that some have called the French New Deal. This program was named after the New Deal in the United States (discussed later in this section). The French New Deal gave workers the right to **collective bargaining** (the right of unions to negotiate with employers over wages and hours), a 40-hour workweek in industry, a two-week paid vacation, and a minimum wage.

PEOPLE *in* HISTORY

John Maynard Keynes
1883–1946 British Economist



Few economists have had more influence than John Maynard Keynes. His 1936 book, *General Theory of Employment, Interest, and Money*, offered a new view of how economies work. Keynes believed government should take an active role in stimulating the economy by creating jobs, even if it had to borrow money to do it. Workers would then have money to spend, stimulating demand for products. Keynes's theories created a new school of thought. Until Keynes, most economists believed Say's Law that “supply creates demand.” Keynes reversed this law. He maintained that “demand creates supply.” By the 1970s, the two sides of the issue were clearly defined as “supply side” and “demand side.” Economists still debate the pros and cons of both. **How was Keynes's theory different from Say's Law?**

Great Britain

Industries such as coal, steel, and textiles declined after the war, leading to a rise in unemployment. Two million Britons were out of work in 1921.

Britain experienced limited prosperity from 1925 to 1929. However, by 1929, Britain faced the growing effects of the Great Depression. The Labour Party failed to solve the nation's economic problems and fell from power in 1931. A new government, led by the Conservatives, claimed credit for bringing Britain out of the worst stages of the Depression by using the traditional policies of balanced budgets and protective tariffs.

Political leaders in Britain largely ignored the new ideas of a British economist, **John Maynard Keynes**. Keynes argued that unemployment came from a decline in demand, not from overproduction. He believed governments could increase demand by creating jobs through **deficit spending**, or going into debt if necessary. Keynes's ideas conflicted with those of the leaders of the Austrian School of economics: Ludwig von Mises and Friedrich von Hayek. These economists advocated unrestricted laissez-faire and free markets. Their theory was that depressions should be left to resolve themselves without government interference.

The United States

After Germany, no Western nation was more affected by the Great Depression than the United States. All segments of society suffered. Unions lost much of their pre-war gains and became unorganized and ineffective. By 1932, U.S. industrial production fell by almost 50 percent from its 1929 level. By 1933, there were more than 12 million unemployed.

Under these conditions, Democrat **Franklin Delano Roosevelt** won the 1932 presidential election by a landslide. Believing in free enterprise, Roosevelt felt that capitalism must be reformed to save it. He pursued a policy of active governmental economic intervention known as the **New Deal**.

The New Deal included an increased program of public works. The Works Progress Administration (WPA), established in 1935, was a government organization employing about three million people at its peak. Workers built bridges, roads, post offices, and airports.

The Roosevelt administration instituted new social legislation that began the U.S. welfare system. In 1935 the Social Security Act created a system of old-age pensions and unemployment insurance.

These reforms may have prevented a social revolution in the United States, but they did not solve the unemployment problems. In 1938 U.S. unemployment was more than 10 million. Only World War II and the growth of weapons industries brought U.S. workers back to full employment.

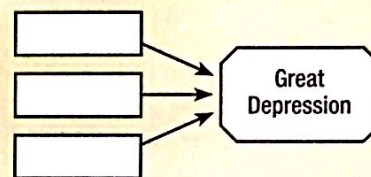
✓ Reading Check **Summarizing** How did the German people respond to the Great Depression?

Vocabulary

1. **Explain** the significance of: annual, Ruhr Valley, ratio, Dawes Plan, Treaty of Locarno, depression, Switzerland, Weimar Republic, collective bargaining, John Maynard Keynes, deficit spending, Franklin Delano Roosevelt, New Deal.

Main Ideas

2. **List** the provisions of the Dawes Plan.
3. **Summarize** the causes of the Great Depression by using a diagram like the one below.



4. **Explain** the intent of the Roosevelt administration's New Deal.

Critical Thinking

5. **The BIG Idea Determining Cause and Effect** Explain how the Great Depression weakened Western democracies.
6. **Making Inferences** Why did the American public mostly oppose joining the League of Nations after World War I?
7. **Analyzing Visuals** Examine the photograph on page 793. What does it tell you about conditions in Germany during the Great Depression?

Writing About History

8. **Informative Writing** Research and write an essay that explains how the Great Depression caused extremist political parties to emerge throughout the world.

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