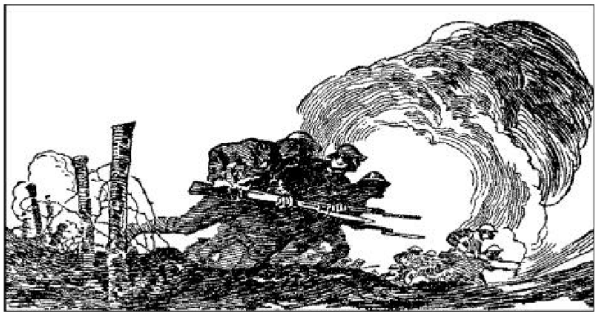
The World between the Wars (1919-1939)

The Legacy of World War I

World War I left a ruined Europe with the monumental task of rebuilding itself. About 8.5 million soldiers had been killed in battle. Another 21 million had been wounded. And more than 13 million civilians had died from starvation, disease, or slaughter. Both the victors and defeated suffered great losses.



About 8.5 million soldiers had been killed in battle.

World War I cost those nations who had fought the war more than $338 billion. The war destroyed farmland, homes, villages, and towns. Although they were on the *winning* side, both Great Britain and France had expended most of their economy on the war. In addition, both countries suffered mass destruction of their factories. The Allied nations also owed the United States more than $10 billion in loans made during the war. To rebuild their factories and repay the United States, France and Great Britain depended heavily on the war **reparations** being paid by Germany under the **Treaty of Versailles**. Despite these difficulties, most European nations, particularly Germany, were able to regain some of their economic strength during the early 1920s.

The Great Depression

In the late 1920s, the world economy depended on the economic well-being or **prosperity** of the United States. Despite great economic growth in the 1920s, the United States economy nevertheless collapsed in 1929. Many weaknesses in the economy led to this collapse, known as the **Great Depression**. This **economic depression** began in October of 1929 when the United States **stock market crashed** and sent shock waves around the world.

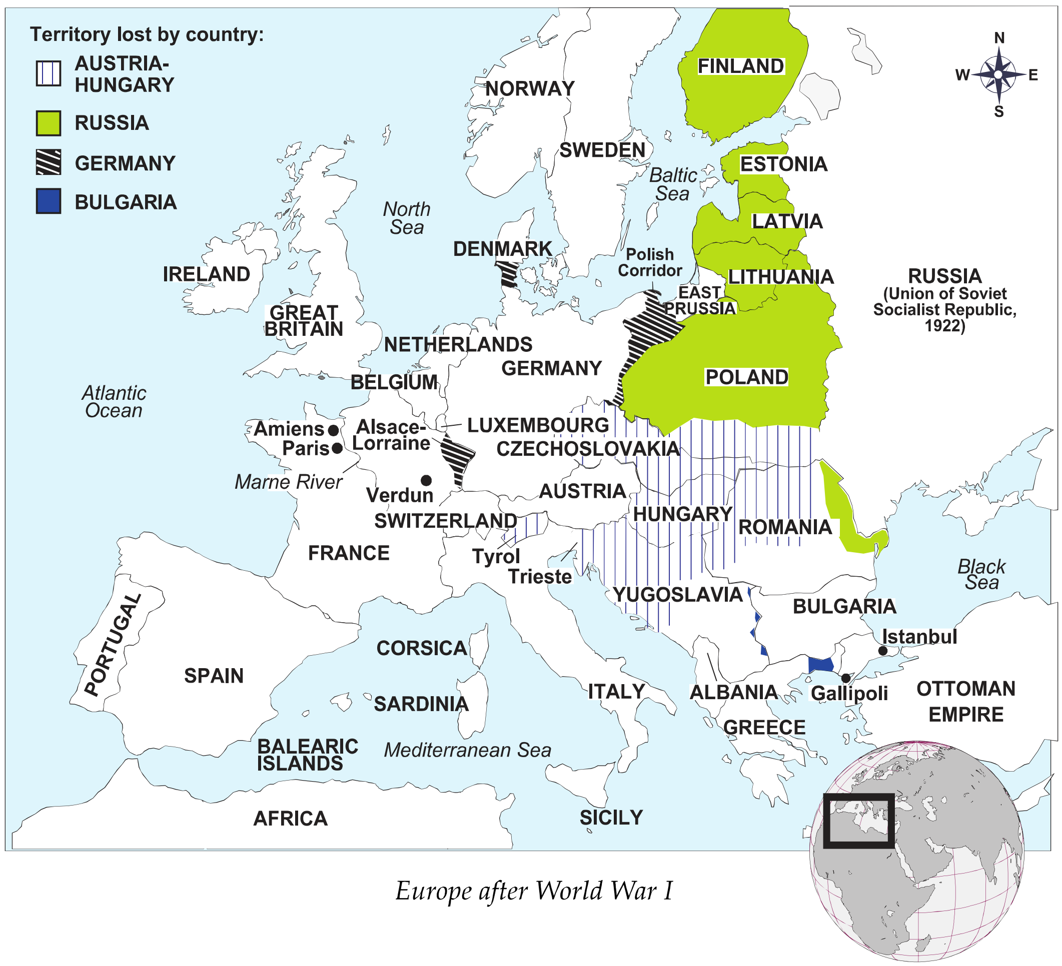
The entire world suffered economic **devastation**. Germany could no longer pay its war debt to Great Britain and France. Germany, Great

Britain, and France experienced high unemployment and raging **inflation**. The United States, hit as hard as any nation during the Depression, called in its loans to European nations and stopped lending money. The *Great Depression* had hit. It would not lift until America's entry into World War II.

Following the Great Depression, the United States Congress raised **tariffs** (taxes) on **imported goods** from Europe so that American dollars would stay in the United States to support American workers. This made it difficult for European countries to earn money to pay off their war debts by selling goods in the United States. When *tariffs* on imported goods are high, the price of those imports goes up. When the price goes up on *imports*, fewer of them are sold. The government was trying to force Americans to buy American goods. European countries, already suffering from *economic depression*, could not afford to lose their markets in the United States. Therefore, while the United States government wanted European countries to continue paying their debts, the United States government made this difficult by limiting foreign trade through higher tariffs. When the United States raised tariffs, other nations imposed higher tariffs as well. World trade dropped dramatically and unemployment rates soared.

Rebuilding its economies was only one problem Europe faced after World War I. The map of Europe following the war looked very different from the European map at the war's beginning in 1914. For example, Czechoslovakia and Poland appeared on the map of Europe for the first time. Redrawing national boundaries meant that different nationalities and cultures now lived together in one country. For example, many Germans who had lived on land taken from Germany suddenly found themselves living under the rule of new governments. This created new political problems for Europe and the world to resolve.

Europeans and Americans had high hopes for an era of peace, progress, and *prosperity* after World War I. But the years between World War I and World War II presented more trouble than hope for a peaceful and prosperous world.



Europe after World War I

Europe after World War I

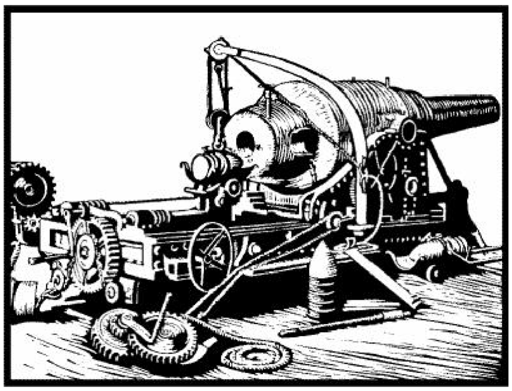
France Tries to Keep Germany Weak

If visitors had traveled to France after World War I, they would not have believed that they were in a country that had won the war. More than a million of France's soldiers and civilians had been killed. Much of the land was scarred from having been a battleground. In particular, northern France was devastated. Its buildings had been leveled. Its railroads no longer could run. And France's economy had suffered as much as its land. It owed great sums of money to its own citizens and the United States. This was money the nation had borrowed to fight the war. And, like many other European nations after the war, France suffered from inflation as prices of goods rose and money became less valuable.

Courtesy of the J. N. "Ding" Darling Foundation

France blamed its problems largely on Germany. Germany had invaded France twice in the last 50 years, most recently during World War I. Consequently, France spent much of its money securing its borders against Germany. To prevent a third invasion, France built a massive set of *fortifications* along its border with Germany called the *Maginot Line*. The fortifications consisted of 200 miles of concrete bunkers and trenches.

France also strengthened its military. It sought alliances with other countries and devoted much effort making sure that Germany remained a weak nation. To insure this, the French government demanded that the Treaty of Versailles be strictly *enforced*, or obeyed. Remember from your past reading that the Versailles treaty severely punished Germany after World War I. The treaty demanded that Germany pay the Allies reparations. France depended on these payments. When Germany was not able or was unwilling to pay these reparations, France tried and failed to occupy valuable land in Germany's industrial Ruhr Valley in 1923.



The Treaty of Versailles prevented Germany from building weapons and an army again.

The French government looked to other countries to help enforce the treaty, including preventing Germany from building weapons and an army again. But most other countries could not afford or were unwilling to involve themselves in this conflict.

Great Britain and the Rest of Europe Try to Rebuild after the War

Great Britain fared little better than France after the war. Great Britain's economy was drained by debt owed to its own citizens and the United States. Unemployment was high and workers began **striking** for higher wages. Great Britain also suffered from having few overseas markets in which to sell its manufactured goods. The country was in no shape to offer France political or military support in forcing Germany to obey the Treaty of Versailles.

The Treaty of Versailles had included setting up an international organization to help resolve disputes between nations and maintain peace. The United States and the Soviet Union, however, had never joined this

League of Nations. Those countries that did join were so occupied solving their own problems that none could come to the aid of France or enforce the treaty. So, in the end, France stood alone in trying to enforce the Treaty of Versailles.

Entangling Alliances Return to Europe

The French government finally decided to form alliances with any countries it could. This policy of *forming alliances* was one of the problems which had led to World War I. The French government, however, felt that it had no choice. Therefore, France set up alliances for defense with Poland, Czechoslovakia, and other newly formed countries.

Germany and Its Unpopular Government

Under the Treaty of Versailles, Germany suffered more than any other country after World War I. Kaiser William II and his government had fallen as a result of the war. The new German government created a democratic government known as the *Weimar Republic*, which resembled the parliamentary government of Great Britain. This German government, however, faced **insurmountable** problems. Germany owed huge reparations to the Allies.

Following the war, Germany experienced high unemployment and *inflation*. Consequently, the Weimar Republic was not popular with the German people. Adding to the government's problems was the fact that many Germans believed that the Weimar Republic had been created simply to satisfy the Allies' demand for a German government elected by the people. Because the Weimer government was forced to sign the humiliating Versailles treaty, the German people also held the government responsible for much of their lost land and wealth. Germans were also very bitter about Article 231 of the Treaty of Versailles. Article 231 placed all of the blame for World War I on Germany. The Weimar Republic was doomed to failure from its beginning.

The United States after World War I

Following World War I, Americans were eager to put the war behind them and enjoy what appeared to be a better way of life. Most people did not want to become involved again in world problems. New technologies promised a more comfortable lifestyle for many Americans, and Americans were full of hope that the 1920s would be a time of great progress and prosperity.

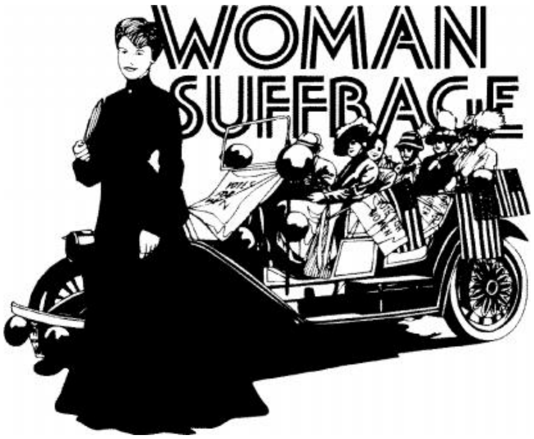
The 1920s have been called both the *Golden Twenties* and the *Age of Disillusionment*. The first expression refers to the decade's wealth and increased standard of living. The second expression refers to the many problems that plagued the country. Both terms are accurate. The 1920s brought increased wealth and a comfortable life to those fortunate to be either businessmen or skilled workers. On the other hand, many farmers or unskilled workers had difficulty making decent wages or finding jobs at all.

American Culture

After World War I, new technologies changed the way Americans enjoyed themselves. With electricity, broadcasting was possible and radios became popular. For the first time, people could listen to recorded music, sports, and news in their own homes. *Moving pictures,* or *movies*, also created a new industry. The first films were silent, but new technologies soon produced films with sound. During the 1920s, fads such as goldfish swallowing and dancing the Charleston were popular all across the United States. People wore raccoon coats, argyle sweaters, and flapper dresses.

During the 1920s, dancing the Charleston was popular all across the United States.

An Increase in Both Tolerance and Intolerance



Women in the United States gained the right to vote in 1920, when the 19th Amendment to the United States Constitution was ratified, or approved.

In 1919 the 18th Amendment to the United States Constitution changed Americans' social life. This amendment prohibited, or made illegal, the production, sale, or transport of liquor in the United States. This law, however, did not end the availability of liquor; some people continued to produce and sell it illegally. Disobeying this law was quite common because the law was unpopular with many Americans. In 1933 the 18th Amendment was repealed, or withdrawn officially, by the 21st Amendment.

Women in the United States gained the right to vote in 1920, when the 19th amendment to the United States Constitution was **ratified**, or approved. During the 1920s, however, various local governments still denied many African Americans the right to vote.

The Ku Klux Klan (KKK) was an extreme example of **intolerance** in the United States. The KKK, a violent organization capable of murder and brutality, had been started by a group of southern white men after the Civil War. The Klan was anti-African American, anti-Catholic, **anti-Semitic** (or hostile towards Jews), and anti-immigrant. Although the Klan carried out violent attacks on all these groups, their favorite target was African Americans. Fortunately, most Americans opposed the Ku Klux Klan and their intolerant and violent ways. The government investigated the Ku Klux Klan and eventually took action against the Klan.

Post-War Isolationism

After World War I, the United States began a policy of **isolationism**. This means that the country withdrew from international, and in particular, European, affairs. To keep from being drawn into European affairs, the United States decided not to join the League of Nations, the organization set up following World War I to promote worldwide peace.

Following the policy of *isolationism*, the United States government raised *tariffs*—taxes on foreign-made goods. In response, foreign countries raised their tariffs on goods made in the United States. The high tariffs on foreign goods created economic problems for both Europe and the United States. European nations needed to sell products to the United States to earn money to pay off their war debts. In the end, only Finland ever paid in full its debt to the United States.

Many of the millions of Europeans who were homeless and hungry following the war wanted to come to the United States. The United States government reacted by changing its open-immigration laws. In 1924 the United States government passed a law which greatly limited the number of immigrants it would allow to enter the country. The hungry and homeless people of Europe grew angrier at their own governments. With no place to go, these people were demanding that their governments do something. Yet, with little money, their governments were powerless to help.

Hopes for better times came to an end in October 1929—the start of the Great Depression. The Great Depression was a worldwide collapse of business and industry that lasted from 1929 until America's entry into World War II in 1941.

Fixing the European Economy

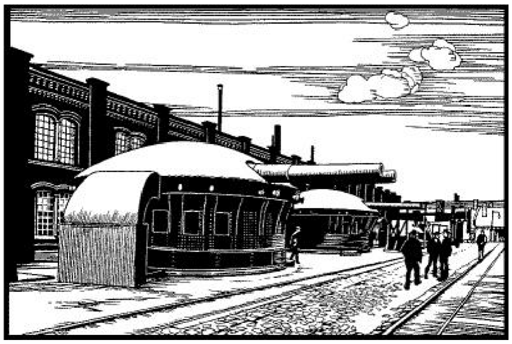
All the European countries had suffered blows to their economies *during* World War I. Even *after* the war, however, European nations faced economic hardships. Bombed-out factories needed to be rebuilt. Homes, railroads, roads—all needed to be replaced. To add to these economic problems, nearly all the European nations experienced inflation. In addition, many European nations put tariffs on imported goods, making it difficult for any nation to sell their manufactured goods to the people of another nation. Only through cooperation between nations could governments hope to improve the economy of Europe.

In 1924 an American named Charles Dawes developed a plan to help the economy of Europe. Known as the *Dawes Plan*, it had three parts.

The Dawes Plan

1. The United States would loan money to Germany so it could rebuild its economy and pay its debts to other nations.
2. Reparations Germany owed to France would be made easier to pay.
3. French troops would be removed from around German factories and steel mills in the Ruhr Valley. (German workers had refused to work while French troops occupied their towns.)

The Arms Race Begins…Again



Gun turrets at a factory. The arms race had begun…again.

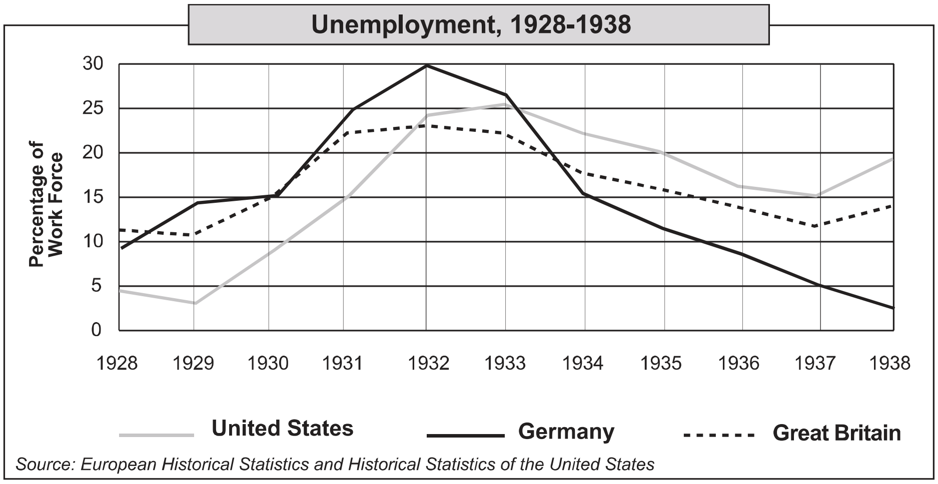
European countries, especially Great Britain, wanted to make sure that they would never again be less powerful than Germany. With this in mind, Britain began rebuilding its military. Great Britain focused on developing a strong navy to protect itself and its overseas empire. Once Britain began rebuilding, so did France, the United States, Germany, Japan, and Italy. The **arms race** had begun…again! It was as if Europeans hadn't learned their lessons from World War I.

Luckily, some Europeans and Americans realized where the *arms race* would lead. These statesmen set out to do something about it. Throughout the 1920s, conferences were held to slow down the arms race and **preserve** the peace.

In 1928 the **Kellogg-Briand Pact** was signed. The *Kellogg-Briand Pact* outlawed war as a way of solving problems between countries. This pact, or agreement, gave Europeans and Americans a *sense of security*. However, it was a *false* sense of security. Europeans still did not trust each other, and the result was that no country obeyed the agreements it had signed. The French still hated the Germans. And the British and the French could not agree on enforcing the Treaty of Versailles. The United States continued its isolationist policies and tried to remain free of European problems.

The Great Depression

During the 1920s, government leaders and bankers in the United States encouraged the growth of new businesses and industries. Owners and investors in industry and many skilled workers prospered. Others, however, did not fare as well. Farmers and unskilled workers had difficulty earning enough to support their families. Then, in 1929, even those who had prospered during the 1920s began to lose their wealth as the entire country and the world experienced hard times.

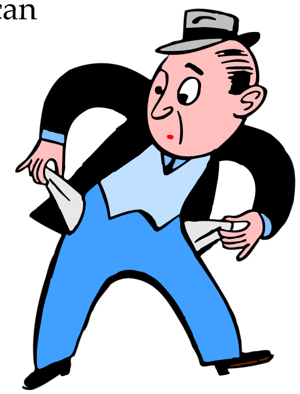


The *Great Depression* began in 1929. An economic *depression* occurs when a country has a long slump in business activity. Factories do not produce many goods, and unemployment is high. Because people have very little money to spend on goods, businesses further reduce their production, causing more unemployment. The Great Depression was the worst depression in the history of the United States and the world.

Reasons for the Great Depression

The American economy suffered from a series of economic problems in the late 1920s. Scholars who have studied the period point to a number of weakness. Three of the most often cited reasons for the Great Depression were the uneven distribution of wealth, overproduction by industry and agriculture, and a declining demand for consumer goods.

The Uneven Distribution of Wealth. While American factories produced almost half of the world's industrial goods, only the richest five percent of the population in the United States benefited from these profits. Approximately 60 percent of American families earned less than $20,000 yearly. Most Americans could not afford to buy the goods being produced. A downward economic trend began when factories had to reduce their production and lay off workers.



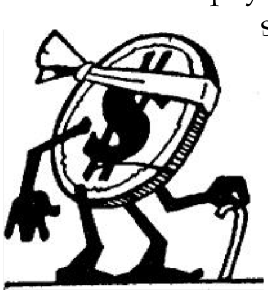
Approximately 60 percent of American families could not afford to buy the goods being produced.

Overproduction by Industry and Agriculture. While overproduction of factory goods eventually led to workers losing their jobs, a **surplus** of farm products also hurt farmers. New farming methods helped American farmers to produce more food. Competition from farmers in other countries led to a worldwide *surplus* of agricultural products. The surplus caused prices to drop and profits to decrease. When farmers were unable to sell their crops at a profit, many lost their farms because they could not pay off their bank loans.

Declining Demand for Consumer Goods. The overproduction of agricultural and industrial goods forced many businesses to go bankrupt when the demand for their goods dropped off sharply. As workers lost their jobs, more and more families bought even fewer goods. Businesses failed and were unable to pay back their bank loans. The unpaid debts caused many banks to go out of business.

The Stock Market Crash

On October 29, 1929, the stock market crashed. Many investors had purchased stocks on the New York Stock Exchange on *margin*, which means they paid a small percentage of the stock's price as a down payment and borrowed the rest from a stockbroker. When stock prices fell, many investors didn't have the money to pay off their loans. A panic began. Investors wanted to sell their stocks quickly. With few buyers willing to purchase these stocks, prices continued to sink rapidly. When the stock market crashed, billions of dollars were lost. Stocks purchased at high prices were worthless. The stock market crash resulted in



high unemployment and a sharp decline in production. Prices and wages declined as well. Thousands of businesses failed, and many banks were closed. The stock market crash created economic turmoil throughout the world.

Social and Political Effects

The Great Depression not only affected Americans economically, it also affected them socially. Men who were once millionaires could be seen selling apples or pencils on street corners. Children looked in garbage cans for food. Americans began to question their belief in the American way of life. Americans had plenty of time to think about this, since many were out of work.

By 1931 the effects of the Great Depression in the United States were felt throughout Europe. The United States stopped making loans to European countries and called in those loans it had made during and after World War I.

The political effects of the Great Depression were also felt throughout Europe and the world. **Laissez-faire** economics, which limited government interference in the economy of a nation, was replaced with government control of economics. In the United States, the presidential election of 1932 showed that the people wanted the government to help solve economic problems. When he was elected, President Franklin Delano Roosevelt immediately started the programs known as the **New Deal**. Roosevelt believed that the federal government should do everything it could to help its people during their economic hardship. Unemployed people were put to work in public works projects. New government agencies were set up to give financial help to businesses and farms. The Social Security Act of 1935 provided insurance for people who were elderly and people who were disabled. For the first time in its history, the United States government spent large amounts of money on welfare and relief programs for the poor.

Review

During World War I, European nations had used their economies to fight the war. After the war, they had to start rebuilding their devastated industries and lands, but they had little money to do so. France, in particular, and Great Britain depended heavily on German reparations and loans from the United States to rebuild. Although Europe's economy improved somewhat, high unemployment and raging inflation never permitted Europe's economy to fully recover until long after World War II.

Seeing a need to protect its overseas empire and fearing Germany, Great Britain began to build up its military. This began an arms race which France, the United States, Germany, Japan, and Italy joined. Although the Treaty of Versailles had established a League of Nations to maintain world peace, without the membership of the United States and the Soviet Union, the League failed. Even the Kellogg-Briand Pact, which called for peaceful resolution of conflict, could not stop the arms race and international tensions.

Germany's government, the Weimar Republic, was very unpopular with the German people. Although it was an elected government, Germans held it responsible for many problems following the war. The German economy suffered as much or more than any other European nation's economy.

In 1929 the Great Depression hit the world economy. Many people found themselves without work, and many of those who had been wealthy were suddenly poor. The prosperity and peace that many people throughout the world wished for after the war had never happened. People had lost hope.