

# Reparations and War Debts

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- most debts collected by European nations from German reparations go to the United States
- normal business, capital investment, and international trade difficult and expensive for Europe
- leads to discouragement of trade and production, hurting employment in Europe and the United States

# Stock Market Crash

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- Americans take money out of European investments and put them into booming stock market in 1928
- stock market crashes in 1929 as a result of virtually unregulated financial speculation
- people cannot pay back loans to banks and many banks collapse
- little money invested in Europe

# The End of Reparations

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- as German economy worsens, American president **Herbert Hoover** announces a one-year moratorium on all payments of international debts
- the Lausanne Conference in 1932 effectively ends reparations

# Problems in the Agriculture

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- collapse of grain prices mean lower incomes for European farmers
- large estates in Eastern Europe broken up for small inefficient farms
- people in Asia, South America, and Africa could no longer afford to buy finished good from industrial Europe
- commodity production outstripped world demand leading to vast unemployment and an increased depression

# Government Policies Towards the Depression

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- Orthodox economic theory felt cuts in government spending would prevent inflation
- **John Maynard Keynes** – urged government spending to expand overall demand
- private economic enterprise becomes subject to new trade, labor, and currency regulations

# Great Britain's Response to the Great Depression: The National Government

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- **Ramsay MacDonald** – headed Labour government, wanted to slash the budget, reduce government salaries, and cut unemployment benefits
- National Government – in 1931 takes three steps to end the depression
  - ◆ (1) raised taxes, cut benefits, and lowered government salaries
  - ◆ (2) took Britain off the gold standard
  - ◆ (3) **Import Duties Bill** – leveled a tariff on all imports, except those from the empire
- banking crisis that plagued most of Europe is avoided, but unemployment remains high and the economy remains stagnant

# France's Response to the Great Depression: The Popular Front

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- depression in France started later and lasted longer due in part to the stoppage of the payment of reparations
- right-wing violence
  - ◆ groups such as the Action Francaise and Croix de Feu resemble the Nazis in their opposition to parliamentary government, socialism and communism
  - ◆ large demonstration of right wingers leads to the death of fourteen demonstrators in Paris in 1934
- socialist – communist cooperation – the **Popular Front** – a coalition of left-wing parties takes over the government
- **Leon Blum** - Popular Front's elected leader
  - ◆ calls for massive labor reforms involving wages, working hours, recognition of unions and the establishment of a **National Wheat Board**, that managed the sale of grain
  - ◆ French bankers and businessmen outraged
- Popular Front dissolves in 1938, leaving France divided and faith lost in the republic

# Germany: Depression and the Rise of the Nazis

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- unemployment reaches six million in 1932
- parliamentary deadlock between Social Democrats and conservatives leads to the uprising of extreme political parties (Communists and Nazis)
- Nazi politics meant power and intimidation of the Social Democrats and Communists

# Hitler Comes to Power

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- **President von Hindenburg** – after eight months of trying to appease the Nazis without putting **Adolf Hitler** in power, in January 1933, he names Hitler chancellor
- von Hindenburg appointed several Conservatives to the cabinet including **Franz von Papen** as a way to attempt to control Hitler

# How Hitler Came to Power

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- blunders of conservative German politicians who hated the Weimer Republic put Hitler in charge
- Hitler mastered techniques of mass politics and propaganda
- support came, not just from lower classes, but war veterans, farmers and the young (particularly hurt by the depression)
- technically, Hitler came to power through legal means

# Hitler's Consolidation of Power

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- **Reichstag Fire** – mentally ill communist burns down Reichstag as a result Hitler issues **Article 48** – emergency decree suspending civil liberties and arresting suspected Communists
- **The Enabling Act** – permitted Hitler to rule by decree, giving him unlimited power
- 1933 – National Socialists the only legal party in Germany
- Internal Nazi Party Purges – Hitler orders German army to kill SA or storm troopers including leader **Ernst Roehm** because they were becoming too popular
- Hindenburg dies – Hitler names himself chancellor and president making him sole ruler of Germany and Nazi Party

# Anti-Semitism and the Police State

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- SS organization – commanded by **Heinrich Himmler**, became chief vehicle of police surveillance and carried out the purges
  - attack on Jewish economic life – anti-Semitism based on biological racial theories, leads to Nazis excluding Jews from civil service and the boycotts of Jewish businesses and shops
  - **Nuremberg Laws** – German Jews robbed of citizenship, prohibited from marrying non-Jews, and publicly humiliated
  - **Kristallnacht** – Jews forbade to be in business, thousands of Jewish stores and synagogues destroyed and Jews forced to pay for the clean-up
  - **The Final Solution** – Jews forced into small ghettos, then taken to prison camps and in 1941 and 1942 the Final Solution leads to the extermination of six million eastern European Jews

# Women in Nazi Germany

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- women were expected to breed strong sons and daughters to make a pure race of Germans
- Jewish, Slavic, and Gypsy women were killed
- women who bore weak children were sterilized, killed or forced to have abortions
- motherhood emphasized, but women were encouraged to work especially as educators teaching the young about Nazi philosophy

# Nazi Economic Policy

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- Hitler's oppressive regime received support because he swiftly ended the Depression in Germany
- people would sacrifice all political and civil liberty, limit private exercise of capital in order to prepare for war and aggression
- massive public works programs
- renunciation of the Treaty of Versailles leads Hitler to appoint **Hermann Goring**, to undertake a four-year plan to prepare the army and economy for war
- trade unions crushed and outlawed

# Italy: Fascism and the Economy

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- Fascist leader **Benito Mussolini** attempted to nationalize the wheat industry – the Great Depression affected Italy anyways
- **corporatism** – planned economy linked to the private ownership of capital and to government arbitration of labor disputes
  - ◆ industry first organized into **syndicates** – two groups would negotiate labor settlements, one from labor and one from management
  - ◆ **corporations** – grouped together industries relating to a major area of production
    - production not increased, but bureaucracy and corruption increase
    - to support going to war, government requires citizens to buy government bonds

# Russia: Rapid Industrialization

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- the slowing down of economic production, leads Soviet Communist leader **Joseph Stalin** to abandon Lenin's New Economic Policy (NEP) and reject free market operations
- series of **Five-Year Plans** would rapidly increase government run heavy industries
- The State Planning Commission or **Gosplan** oversaw every aspect the economy
- economy grows 400% between 1928 and 1940, but at the cost of deplorable human conditions for the workers

# Collectivization

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- Stalin forces Russian peasants to give up their private farms and work collectively on farms owned by the state – **collectives**
- Stalin felt this policy would end the hoarding of grain and produce enough domestic food and for foreign export
- “dekulakization” – the removal of any peasants, especially those who were well off, who resisted collectivization
- millions of peasants are killed, imprisoned, exiled to Siberia or starve to death
- religious leaders of many faiths are attacked and their places of worship closed
- by 1937, 90% of the country’s grain is collectivized

# Flight to the Soviet Cities

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- between 1928 and 1932, twelve million peasants leave the countryside for the city
- many women and elderly left behind in impoverished villages

# Consumer Shortages in the Russian Cities

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- shortages of the basics – housing, food, and clothing
- cities lacked proper transportation, sewer systems, paved streets and lighting
- crime and disease widespread

# Stalin Versus Fascism

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- allowed communist and non-communist parties to work together to combat Nazis and other fascists
- supported Popular Front in France

# The Purges

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- Stalin, starting in 1933, gets rid of his enemies and opponents, both real and imagined in the **Great Purges**
- the assassination of party chief **Sergei Kirov** leads to the first purges
  - ◆ Kirov's death still a mystery
  - ◆ Killed either by party opponents or perhaps by Stalin himself
- Ex-high Soviet leader **Bukharin** along with other members of the Politburo are executed
- millions of people (family members of government leaders, ordinary Soviet citizens, members of the military) are either executed or sent to labor camps
- Stalin's thirst for power and his paranoia caused the purges
- Communist Party moves away from the philosophies of Lenin and other early Communist leaders