

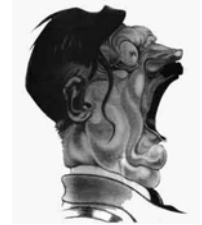
Europe in the 1920s - 1930s

General Conditions in Europe after the War:

- After WWI, European nations set to work to rebuild war torn economies. The war left every major European nation near bankruptcy. The estimated cost of the War was \$208 billion.
- The end of the war brought the growth of new nations formed from territory previously controlled by the Ottoman, Austro-Hungarian and Russian empires. The new governments struggled to establish stability and to build the economies of their new nations.
- Significant loss of life from war and the effects of the Spanish Influenza Epidemic (which current estimates say killed between 60 and 100 million world-wide) had far-reaching economic effects. Also, huge losses in war-ravaged areas as well as the loss of agricultural and industrial production left many nations in an economic crisis.

Germany:

- The Weimar Republic (new German government) was very unpopular. The period from 1919 to 1923 was economically and politically unstable. A series of revolutionary groups attempted to overthrow the government.
- Germany faced a problem of extreme *(hyper) inflation*, caused by the practice of continuing to print money (without sound backing in gold) during the war to pay all war bills. Between 1921 and 1924 the value of the German mark dropped to almost nothing. People spent all of their time and money buying the most basic items, such as bread. By December 1923, a loaf of bread cost 428 billion marks.
- Germany had to borrow heavily from U.S. banks to pay *reparations*. They were unable to pay all of the loans, causing instability in the U.S. economy. In 1922, the German government stopped paying war reparations established by the Treaty of Versailles.
- Unemployment in Germany rose quickly to six million people by the end of 1932. This gave Adolph Hitler and the Nazi Party the chance to gain control of the government. Hitler projected himself as Germany's only hope of recovery. As Germans became more and more desperate, they became more and more ready to listen to Hitler. Hitler blamed others for Germany's problems: *the Allies* (the enemy outside Germany) and *the Jews* (the enemy inside Germany).
- In the 1930s, Hitler's government forcefully intervened in the economy. The government began large public works projects such as the construction of the German national highway system (Autobahn) and the rebuilding of the German military (in violation of the Treaty of Versailles). These measures helped strengthen the German economy and reduce unemployment.



England

- England lost more than 900,000 men and the total war casualties including missing and wounded totaled 3,190,235 (of slightly over 8,000,000 deployed). This affected families with the loss of fathers, brothers, and sweethearts. This had a further impact on post-war business and industry as companies tried to gear-up for production after the War.
- Cutting off Britain's vital overseas trade links during the war placed a severe strain on the England's finances and their dependence on their colonial empire.
- England faced high unemployment and economic *recession* by 1921. England's basic industries of coal, iron, steel, textiles, and shipbuilding suffered greatly. Shipbuilding was badly hit, as orders for new ships dried up. As world trade fell, no new ships were needed. This affected the coal and steel industries, which depended on shipbuilding for many of their orders. Cotton and wool were affected by the development of man-made fibers, easier to wash and longer lasting.
- Many returning war veterans were so severely wounded that they were unable to work and this increased the burden on the health system and industry.
- England had begun some recovery by 1929, but English business and industry was tied to American investment. Politically, England was determined to avoid war if at all possible.

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France:

- During World War I, France lost 1.4 million soldiers with another 4 million injured. France also suffered immense physical destruction to its cities and countryside with over 300,000 homes and 6,000 factories destroyed and over 9,000 square miles of farm and forest land laying in waste.
- The French government used its limited economic resources to construct defenses against Germany rather than support new economic measures. These defenses, called *the Maginot Line*, were built with the idea of another trench war and only provided stationary defense positions aimed at Germany.
- France continued to struggle with *inflation, unemployment, recession* and budget *deficits*. By the 1930s, however, the French had made significant steps toward a more healthy economy.

Stock Market Crash:

In October of 1929, share prices on the U.S. Stock Market crashed to new all-time lows. This caused a widespread panic. Investors sold stocks rapidly which caused further panic. In Europe, the collapse of the Stock market added to the strains of post-war reconstruction and struggling economies.

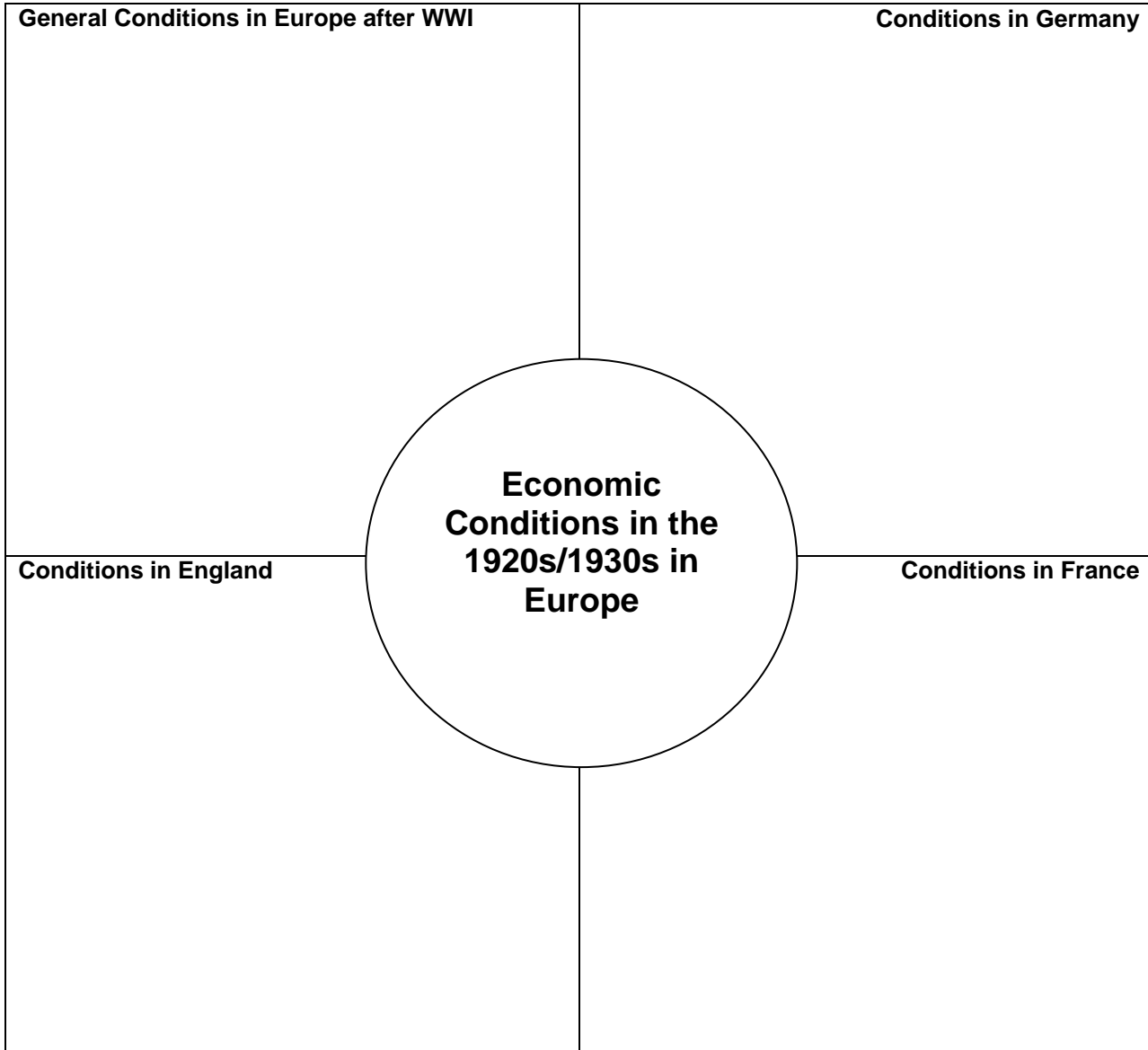
- Economic instability contributed to increased political instability.
- Politically, Socialist and Communist (workers) parties gained strength in many European nations because of declining economic conditions and the failure of European governments to handle inflation, unemployment, and other economic issues.
- Democratic governments fell in European nations because of the economic aftermath of WWI and the Great Depression. Fascist leaders like Benito Mussolini in Italy and Adolf Hitler in Germany rose to power by opposing communism and promising an end to economic depression.



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European Economic Conditions in the 1920s and 1930s

Instructions: Use the following graphic organizer to take notes on the reading.



Summary of the impact of the Stock Market Crash of 1929 on Europe
