

## Chapter 21

### Europe and the Great Depression of the 1930s

#### I. Toward the Great Depression

##### A. The Financial Tailspin—most European nations ended up with inflated currencies after WWI

###### 1. Reparations and the war debts

- a. German reparations were to provide the means by which other nations intended to repay their debts
- b. The financial and money muddle discouraged trade and production and hurt employment

###### 2. American investments

- a. Dawes Plan smoothed the debt repayments to the U.S.
- b. In the Wall Street crash of October 1929 huge amounts of money were lost
- c. Little American capital was available for investment in Europe

###### 3. The end of reparations

- a. In May 1931, the *Kreditanstalt*, a major bank in Vienna, collapsed
- b. President Herbert Hoover announced in June 1931 a one-year moratorium on all payments of international debts
- c. The Lausanne Conference in the summer of 1932 ended the era of reparations

##### B. Problems in Agricultural Commodities

###### 1. Downturn occurred in production and trade

###### 2. The difficulty arose from agriculture

- a. Problems especially pressing in eastern Europe
- b. The collapse in the agricultural prices and the financial turmoil resulted in the stagnation and the depression for European industry

##### C. Depression and Government Policy

1. The Great Depression didn't mean absolute economic decline
2. The governments of the late 1920s and early 1930s were not well fitted in either structure or ideology to confront the depression problems
3. The length and severity of the depression, plus direct political pressure from the new mass electorates, led governments across Europe to interfere with the economy as never before

#### II. Confronting the Great Depression in the Democracies

##### A. Great Britain: The National Government

1. In 1929 a second minority Labour government, headed by Ramsay MacDonald, took office
  - a. The prime minister requested the resignations of his entire cabinet and arranged for a meeting with King George V

- b. MacDonald formed a coalition ministry, called the *National Government*
- 2. The National Government took three decisive steps to attack the depression
  - a. Raised taxes, cut insurance benefits to the unemployed and the elderly, and lowered government salaries
  - b. In September 1931, Britain went off the gold standard
  - c. Parliament passed the Import Duties Bill, which placed 10% *ad valorem* tariff (a tax levied in proportion to the value of each imported good) on all imports except those from the empire
- 3. Largest private housing boom in British history occurred
- 4. George Orwell- *The Road to Wigan Pier*
- 5. Britain had entered the depression with a stagnant economy and left the era with a stagnant economy
- 6. Sir Oswald Mosley founded the British Union of Fascists

#### B. France: The Popular Front

##### 1. Right-wing violence

- a. Leagues included the *Action Francaise* and the *Croix de Feu*, hostile to parliamentary government, socialism, and communism
  - b. On February 6, 1934, a large demonstration of the right-wing leagues took place in Paris
2. Emergence of socialist-communist cooperation, only Stalin's fear of Hitler as a danger to the Soviet Union made this new cooperation possible

##### 3. Blum's government

- a. Labour disturbances aroused new fears in the conservative business community
- b. Blum acted swiftly to bring together representatives of labor and management
- c. Blum hoped to overcome labor hostility to French society, to establish a foundation for justice in labor-management relations, and to increase the domestic consumer demand of the nation

#### III. Germany: The Nazi Seizure of Power

##### A. Depression and Political Deadlock

- 1. To resolve the parliamentary deadlock in the *Reichstag*, President von Hindenburg appointed Heinrich Brüning as chancellor
- 2. The Weimar Republic was transformed into an authoritarian regime
- 3. For the Nazis, politics meant the capture of power by terror and intimidation as well as by legal elections

##### B. Hitler Comes to Power

- 1. Hindenburg dismissed Brüning and appointed Franz von Papen as chancellor
  - a. He wanted to find some way to draw the Nazis into cooperation with them without giving power to Hitler
  - b. Hitler demanded appointment as chancellor, Hindenburg refused

2. On January 30, 1933, Adolf Hitler became the chancellor of Germany
3. Support for Hitler was particularly strong among groups such as farmers, war veterans, and the young

#### C. Hitler's Consolidation of Power

1. This process had three facets
  - a. The capture of full legal authority
  - b. The crushing of alternative political groups
  - c. The purging of rivals within the Nazi Party itself
2. Hitler outlawed or undermined any German institution that might have served as a rallying point for opposition- by the close of 1933, all major institutions of potential opposition had been eliminated
3. He personally ordered the murder of key SA officers, including Roehm
4. President Hindenburg died, Hitler became the sole ruler of Germany and of the Nazis Party

#### D. The Police State and Anti-Semitism

1. The Nazis excluded Jews from the civil service
2. A series of measures known as the Nuremberg Laws robbed German Jews of their citizenship
3. Finally, after war broke out, Hitler decided in 1941 and 1942 to destroy the Jews in Europe

#### E. Nazi Economic Policy

1. Besides consolidating power, Hitler still had to confront the Great Depression- by 1936, the specter of unemployment and other difficulties associated with the depression no longer haunted Germany
2. In 1936 Hitler instructed Hermann Goring to undertake a Four-Year Plan to prepare the army and the economy for war
3. The Labor Front sponsored a "Strength Through Joy" program that provided vacations and other forms of recreation for the labor force

#### F. Women in Nazi Germany

1. Hitler and other Nazis thought there were naturally separate social spheres for men and women
  - a. Men belonged to the world of action
  - b. Women belonged to the home
2. These attitudes conflicted with the social changes- German women had become much more active and assertive
3. A few Nazi feminists hoped that women could achieve new standing in the Nazi order- had only minimal influence

### IV. Italy: Fascist Economies

#### A. Syndicates

1. Sought to steer an economic course between socialism and a liberal *laissez-faire* system
2. Italian labor unions lost the right to strike and to pursue independent economic goals- management profited

#### B. Corporations

1. Included all industries relating to a major area of production, such as

agriculture or metallurgy, from raw materials through finished products and distribution

2. Didn't increase production; instead, bureaucracy and corruption proliferated

## V. The Soviet Union: Central Economic Planning and Party Purges

### A. The Decision for Rapid Industrialization

1. Russian economy grew more rapidly than any other nation of the Western world during any similar time period
2. Stalin's organizational vehicle for industrialization was a series of five-year plans starting in 1928

### B. The Collectivization of Agriculture

1. Many farmers were discontented with their position
2. In 1929 Stalin ordered party agents into the countryside to confiscate any hoarded wheat
3. As part of the plan to collectivize farming, the government decided to eliminate the *kulaks* as a class
4. The government now controlled the food supply

### C. Foreign Reactions and Repercussions

1. American writer Lincoln Steffens- "I have seen the future and it works", ignored the shortages in consumer good and the poor housing
2. New Stalinist policy allowed the formation of the Popular Front Government in France

### D. The Purges

1. Stalin's decisions aroused internal political opposition
2. In 1933, Stalin began to fear that he might lose control- these fears resulted in the Great Purges
3. On December 1, 1934, Sergei Kirov, the chief of Leningrad, was assassinated- thousands were arrested
4. The purges touched persons in all areas of party life- no one can explain why some were executed, others sent to labor camps, and others left unmolested

**Chapter 27:**  
**Europe and the Great Depression**  
**of the 1930's**

- 1921 Price and wage increases subsided
- 1924 **Dawes Plan** helped smooth debt repayments to the United States
- 1929 **Wall Street Crash** in New York stock market-customers took out loans to invest in stock market and then the stock prices collapsed
- 1929 Ramsay MacDonald heads the Labour government and forms the a coalition, the **National Government**
- 1929 Food shortages in the Soviet Union result in a program of **collectivization**- governments controls farms and the food supply, eliminate the **kulaks** as a class, all peasants and farmers resisted this program and turned to violence and warfare in the countryside
- 1930 Coalition dissolves; President Hindenburg appoints Heinrich Brüning as chancellor who governs through emergency presidential decrees
- 1930 The Nazis gain many seats in the Reichstag
- 1931 Britain goes off of the gold standard
- 1931 Collapse of a major bank in Vienna; U.S. President Hoover announces a 1 year moratorium on debt payments
- 1932 In France, another Radical coalition governments is elected and pursues a deflationary policy
- 1932 Britain introduces the **Import Duties Bill**, a 10% tax on all imports
- 1932 Sir Oswald Mosley founded the **British Union of Fascists** (they all wore black shirts)
- 1932 Lausanne Conference ended reparations-remaining debts were settled by other means
- 1932 Hitler first runs against Hindenburg, but loses; Hindenburg dismisses Brüning and appoints Franz von Papen as chancellor. Hitler again wins a new election into the cabinet, but demands to be chancellor, Hindenburg refuses again
- 1932 Papen resigns and Schleicher becomes chancellor. He is not trusted and the groups wanted Hitler to become chancellor. Hindenburg appoints Papen as vice-chancellor and Hitler as chancellor of Germany
- 1933 Dutch communist sets fire to the Reichstag building in Berlin; Hitler issues an **Emergency Decree** to arrest alleged communists for this crime
- 1933 Reichstag passes an **Enabling Act** which sets no limits on Hitler's exercise of power
- 1933 **Stavisky affair**- Serge Stavisky is involved in a fraudulent scheme, commits suicide, and then the investigation is halted suggesting a political coverup
- 1933 The Nazi Party seizes offices, banks and newspapers of the free trade unions and arrests their leaders; strikes become illegal; workers must participate in the **Labor Front** where vacations and other forms of recreation are provided for the labor force
- 1933 (#1) The Nazis exclude Jews from civil service
- 1933 The unemployed join the SA and they attack the Communists and Social Democrats; Ernst Röhm commands the SA, storm troopers
- 1933 **Great Purges**- Stalin fears he might lose control over party apparatus so he undergoes this plot in which previous high Soviet leaders publicly confess to political crimes (false

- confessions) and they are executed
- 1934 Hitler orders the murder of key SA officers including Roehm and Schleicher
- 1934 President Hindenburg dies and Hitler combines offices of chancellor and president and becomes the sole ruler of Germany and the Nazi Party
- 1934 **Comintern Policy**- Stalin orders the Comintern to permit communist parties to cooperate with non communist parties against Nazism and Fascism so The Soviet Union would not be isolated against Nazi Germany
- 1934 Sergei Kirov was assassinated- Stalin authorized this assassination b/c he was afraid of the Leningrad leader
- 1935 (#2) **Nuremberg Laws**- German Jews were robbed of their citizenship and further excluded from German life
- 1935 The **Popular Front** is established and tries to preserve the French republic
- 1935 Italy experiences hard economic times; government imposes a forced loan on the citizenry by requiring property owners to purchase bonds
- 1936 Leon Blum is head of the French cabinet
- 1936 Strikes occur in French industry; Blum raises wages, establishes the 49 hr. week, and offers annual paid vacations to workers in response.
- 1936 John Maynard **Keynes** publishes General Theory of Employment, Interest, and Money in which he urges the government to "spend the economy out of depression"
- 1936 Himmler becomes head of all police matters, such as the **SS**, and is second only to Hitler in power
- 1936 Hermann Goring is instructed to undertake a **Four-Year Plan** to prepare the army and the economy for war
- 1937 Blum must halt the program of reform b/c of angry business people; Blum resigns
- 1938 Radical ministry replaces Blum under Daladier
- 1938 (#3) **Kristallnacht**- Jewish stores and synagogues were burned or destroyed and business careers were forbidden to them
- 1939 Women who were previously urged to stay home and not work are now employed as the men are unable to work b/c they are preparing in the army (37%)