Section 1: The Futile Search for Stability

I) A Bad Taste  “The Continuation of French and German Conflict”
   A) Reasons for Future Conflict
      1) League of Nations was Weak
         ⇒ No U.S. participation we were practicing Isolationism
      2) War Reparations
         (a) French attempts for security
             ⇒ France wants Germany to repay 132 billion German marks in reparations
             ⇒ Germany makes first payment of 2.5 billion marks but unable to make 2nd
             ⇒ French take over industrial, mining center to collect reparations
         (b) Germany’s response
             ⇒ Passive resistance- workers went on strike; nonviolent
             ⇒ Rise of Inflation - a decrease in the value of money and an increase in the cost of products
             ⇒ Government prints money to pay striking workers this creates a rise in prices.
                ♦ 1914  4.2 marks = $1 U.S.
                ♦ Nov 1, 1923  130 billion = $1 U.S.
                ♦ Nov 30, 1923  4.2 trillion = $1 U.S.
                ♦ Needed a wheel barrel to take home weekly pay
         (c) American Intervention
             ⇒ Dawes Plan- named after the American banker that headed the plan; lowered reparations and invested money into Europe; experienced some progress from 1924-1929
   B) Secured Peace
      1) Treaty of Locarno
         ⇒ in the spirit of cooperation, France and Germany agree upon western boarders
      2) Kellogg-Briand Pact
         ⇒ 63 nations signed an accord to renounce war as an instrument of national policy; disarmament
         ⇒ Promises not to go to war were useless because there was no way to enforce its promises

II) The Great Depression
   A) Causes of the Depression
      ⇒ Depression- a period of low economic activity and rising unemployment
      1) Series of Economic Downturns in Individual Nations
      2) Collapse of the New York Stock Exchange 1929
         ※ United States in crucial to the European Economy
      (a) United States withdrawals their investments collapsing banks and devastating the economy in Europe
   B) Economic Effects of the Depression
      1) Worldwide Unemployment - out of a job; out of work
      2) Raised Tariffs - tax on imported goods
      3) Lower wages
      4) Increased Government Activity in the Economy
C) Political Effects of the Depression

1) Increased Government Activity in the Economy
2) Rise of Communism (Renewed Interest in Marxist Doctrine) Marxism
3) Rise of Dictatorships - a country, government, or the form of government in which absolute power is exercised by a dictator
4) Democracy is on the Defensive
   ⇒ Great Britain and France the only democratic nation in the late 1930’s in Europe.

D) A Way Out of the Depression

1) Extremist Parities
2) Deficit Spending - the practice of spending funds in excess of income
   (a) John Maynard Keynes – *General Theory of Employment, Interest, and Money*
      ⇒ Believed unemployment did not come from overproduction but a decline in demand. Gov’t could help spur the economy by putting people back to work; building highways and public buildings
3) America’s “New Deal”
   (a) Franklin D. Roosevelt’s plan did not end the depression but gave people hope; the Depression did not end until the end of WWII

Questions to Answer:

1. Why was the League of Nations weak? _______________________________________________________
   _______________________________________________________________________________________

2. What were the causes of the Great Depression? _______________________________________________
   _______________________________________________________________________________________
   _______________________________________________________________________________________

3. What were two economic and political effects of the Great Depression? __________________________
   _______________________________________________________________________________________
   _______________________________________________________________________________________
   _______________________________________________________________________________________

4. What does inflation mean? __________________________________________________________________

5. What does depression mean? __________________________________________________________________

6. What is a dictatorship? ______________________________________________________________________