15.2 A Worldwide Depression NAME:

WWI left \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ nearly bankrupt; only the U.S. & Japan came out of the war with better finances.

Europe’s domination had declined

1914 to 1918: Europe’s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ had been overthrown

Germany, Austria-Hungary, Russia, & Ottoman empires ended

Problems forming new democracies; \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ made it impossible for one party to win enough support

A coalition government was needed for parliamentary majority

A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of several parties occurred but didn’t last long

Parties disagreed on many policies; lacked strong leadership

\*\*\*Voters became willing to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Germany

1919: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: new democratic government

Millions of Germans blamed the Weimar government for the country’s defeat & postwar humiliation

Economic Problems: did not increase \_\_\_\_\_\_\_\_\_\_\_\_ during the war; simply \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ money to pay reparations, printed more money

Cash steadily \_\_\_\_\_\_\_\_\_\_\_ its value

Severe \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: needed more and more $ to buy goods

People saw their life savings become \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Germany’s Recovery

1924: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: headed by American banker, Charles Dawes

$ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ loan from American banks stabilized German currency and economy

1925: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: France and Germany would never again make war against each other

--Germany agreed to respect borders of France and Belgium

--Germany admitted to the league of Nations

1928: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ agreement: almost every country in the world signed and pledged to renounce war as an instrument of national policy.

Problem: had no means to enforce its provisions; League of Nations had no armed forces

Refusal of the U.S. to join \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ it

The Stock Market

Stocks: shares of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in a company

Businesses get money to operate by selling “shares” of stock to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or buyers

Companies pay \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on the invested money in the form of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to the shareholders.

1929: about 4 million Americans (\_\_\_\_\_\_\_ of the population) owned stocks

Investors began buying \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or paying a small % of the stock’s price as a down payment & \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the rest

Stockbrokers willing to lend up to \_\_\_\_\_\_\_\_\_\_\_\_\_ of a stock’s purchase price

System worked as long as prices continued to \_\_\_\_\_\_\_\_\_\_\_\_, because investors could sell their inflated stocks to make a profit and then pay off their debt to the stockbroker.

If stocks declined, there was no way to pay off the loan

Sept. 1929: Stock prices peaked and began to decline; some investors started to sell stocks

Oct. 24, 1929: “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”: Investors \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, stocks bought at high prices began to drop

Sold their stocks at whatever price they could get

Over two days, values fell about \_\_\_\_\_\_\_\_\_\_\_\_\_ and the stock market crashed

Downturn continued for \_\_\_\_\_\_\_\_\_\_\_\_\_; average value of companies in the Dow Jones Industrials Average dropped 90% (high of 381 to a low of 41)

--produced an economic slowdown that lasted over \_\_\_\_\_\_\_\_\_\_\_

--After the crash, Americans panicked and withdrew their money from banks, which could not cover their customers’ withdrawals who had invested and lost money in the stock market

--By 1933, around 6,000 banks (25% of the nation’s total) had \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Over decade: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ banks failed

1933: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ disappeared through bank failures

No \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to protect the bank accounts

Around \_\_\_\_\_\_\_\_\_\_\_\_\_\_ individual savings accounts wiped out

\_\_\_\_\_\_\_\_\_\_\_\_\_ Businesses went bankrupt

Millions of workers lose their jobs

1930: Congress passed the Hawley-Smoot Tariff Act: Designed to help American farmers and manufactures; protected products from foreign competition

Results:

Reduced the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ into the U.S.

Prevented other countries from earing American currency to buy American exports

Worsened \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ unemployment in industries that could no longer export goods to Europe

Many countries raised their own tariffs

Within a few years, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Germany and Austria were particularly hard hit due to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on U.S. loans and investments

1931: Austria’s largest bank failed

Started a financial panic in Central European countries and sent their economies plunging

1932: Unemployment rates in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_reached 25%

Over 5.5 million unemployed in Germany \*(one of the reasons democracy broke down and Adolf Hitler gained dictatorial power)\*

Industrial production worldwide \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ than it had been in 1929

What caused the Great Depression to Become a Worldwide Event?

--international monetary system tied to the price of gold made the different economies closely related

--Problems in one large economy passed on to others and eventually back to the country where the problems began

U.S.

1933: President \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ began the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

--started large \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

--helped to provide jobs for the unemployed

--New government agencies gave financial help to businesses and farms

-- Large amounts of public $ were spent on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Britain

--voted for the national government

--multi party\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

--passedd high protective tariffs

-- increased taxes

--regulated the currency

--lowered interest rates to encourage\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

France

--not as hard hit

-- didn’t rely as much on foreign trade as other countries

1935: one million French workers were unemployed

1936: moderates, Socialists and Communists formed the Popular Front a coalition \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ pay increases, holiday with pay, and a 40 hour work week.

Scandinavia

Denmark, Sweden and Norway

Built recovery programs on cooperative community action raised \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Increased unemployment insurance

Subsidies for housing and other welfare benefits