

Chapter 17 Section 1 Notes

I. Uneasy Peace, Uncertain Security (pages 533–536)

- A.** The peace settlement at the end of World War I created repeated border disputes among new nations and left many Germans determined to change the terms of the Treaty of Versailles.
- B.** Though President Wilson and others hoped that the League of Nations could solve many of the new conflicts, the league was not able to maintain peace. One reason for this was that the United States never ratified the Treaty of Versailles and could not become a member of the League of Nations. Americans did not want to be involved in European affairs. Also, the league could not use military force and had to rely only on economic sanctions to stop aggression.
- C.** The French demanded that the Treaty of Versailles be strictly enforced. The Germans said that due to economic problems they could no longer continue to pay back the \$33 billion that was required. The French army occupied the **Ruhr Valley**, an industrial and mining center. The French planned to take the reparations by operating German industries themselves.
- D.** In response, German workers went on strike. The government paid them by printing more money. This devalued the German currency and increased the inflation that had begun before the end of the war. The German mark became completely worthless. By the end of 1923, it took more than 4 trillion marks to equal one U.S. dollar.
- E.** The huge inflation meant that people suffered terribly. The economic problems led to political unrest in Germany. Other countries stepped in to help. The **Dawes Plan** began by reducing reparation payments and coordinating Germany's payments with what the nation could afford. The plan also loaned Germany \$200 million and led to heavy American investments, which lasted between 1924 and 1929.
- F.** As Germany began to recover, the French and Germans became more cooperative. They signed the **Treaty of Locarno** in 1925, which guaranteed Germany's western borders. It was seen by many as a beginning of lasting peace.
- G.** In 1926, Germany joined the League of Nations. In 1928, 63 nations signed the Kellogg-Briand pact, in which they pledged to renounce war as an instrument of national policy.
- H.** While Germany had been forced to reduce its military, no other European nation was willing to take this step. The trust of European countries for each other did not go that far.

II. The Great Depression (page 536)

- A.** The brief period of European prosperity ended in 1929 with the onset of the Great Depression. During a **depression** there is very low economic activity and high unemployment.
- B.** The Great Depression had two main causes. One was the downturn in the economies of nations during the second half of the 1920s. The second cause was the collapse of the U.S. stock market in 1929. Since 1924, Germany had been borrowing money from U.S. banks to make reparations payments. After the stock market crashed, American investors pulled their money out of Germany. This weakened banks in Germany and other European countries.
- C.** As trade and industrial production slowed, huge numbers of people lost their jobs. Though there had been depressions in Europe before, the Great Depression was far worse. Unemployed and homeless people filled the streets of many countries.
- D.** Governments did not know how to deal with the depression. They tried to lower wages and raise tariffs on foreign goods, which made things worse. Some governments, such as in the United States, became more involved in the economy. Communism became more popular in many places.
- E.** The Great Depression led many people to follow political leaders who proposed simple solutions in return for complete power. Democratic governments were challenged everywhere.

Chapter 17 Section 1 Notes

III. Democratic States after the War (pages 537–538)

A. In 1919, many European states had democratic governments. In all states except Italy, **Switzerland**, France, and Spain, women had gained the right to vote.

B. In Germany the **Weimar Republic** was created in 1918 but had many problems. Paul von Hindenburg was elected president but was not a strong leader. The Weimar Republic also faced serious economic problems. Runaway inflation caused people to lose their incomes and savings. Then in 1929, Germany suffered under the Great Depression. Millions of people had no jobs.

C. After World War I, France became the strongest power on the European continent. France was able to avoid serious effects of the Great Depression until 1932. However, when economic instability occurred, there was political chaos. A series of cabinets came and went. In 1936, Communists, Socialists, and Radicals formed the Popular Front government. The Popular Front began programs for workers including the right to negotiate with employers (**collective bargaining**), a minimum wage, and a 40-hour work week. However, the government was not able to solve the larger problems of the depression.

D. Great Britain suffered severe unemployment in the early 1920s but rebounded somewhat between 1925 and 1929. As Britain's economic problems continued during the Great Depression, governments changed from the Labour Party to the Conservatives.

E. A British economist, **John Maynard Keynes**, argued in 1936 that unemployment came not from overproduction but from a decline in demand. He said that if people went back to work, demand would increase. Keynes proposed that the government should finance projects such as highway building to create jobs for the unemployed. Governments should finance projects even if it led to **deficit spending**, or going into debt. Most British politicians of the time ignored his ideas.

F. The United States was terribly affected by the Great Depression. Industrial production fell by 50 percent between 1929 and 1932. By 1933, 15 million people were out of work. In 1932, **Franklin Delano Roosevelt** was elected president.

G. Roosevelt instituted a policy called the **New Deal**. Under the New Deal, the government created jobs by funding programs of public works. Roosevelt also pushed through the Social Security Act, which created a system of old-age pensions and unemployment insurance.

H. While the New Deal may have prevented a social revolution in the United States, it did not solve the problem of unemployment. It was not until World War II that American workers regained full employment.