THE INTERWAR PERIOD

Global History
THE GREAT DEPRESSION
PHOTO #1 - THIS IS ONE OF THE MOST FAMOUS PHOTOGRAPHS IN US HISTORY

- What is happening in the photo?
- Where was the photo taken?
- When was the photo taken?
MIGRANT MOTHER
- DORTHEA LANGE, 1936

- Migrant worker
- 32 years old
- Widow
- 7 children
- Lived in a makeshift camp
- Survived on frozen peas from the field and wild birds
- Photo became a symbol for the immense suffering of the 1930’s
WHAT WAS THE GREAT DEPRESSION?

• What do you think of when you hear the term “Great Depression”?
WHAT WAS THE GREAT DEPRESSION?

• Why do you think it is the “Great” Depression?
The Great Depression was a severe economic recession (or depression) that resulted in:

- huge drops in industrial production and stock market share prices
- major increases in unemployment and bank failures
- Began in the United States after the “roaring twenties” – a time of economic prosperity for Americans.
- Twenty-one million working people lost their jobs.
- At its worst in 1933, there was 25% unemployment in the United States.
PHOTO #2

• What is happening in the photo?

• Where was the photo taken?

• When was the photo taken?

http://commons.wikimedia.org/wiki/Image:Gandhi_Salt_March.jpg
1930 Salt March to Dandi in India

Led by Mohandas Gandhi

Suffering from the impact of the Great Depression, thousands of people joined Gandhi’s nonviolent protest march against the British tax on salt.
PHOTO #3

• What is happening in the photo?
• Where was the photo taken?
• When was the photo taken?

League of Nations Archives, UNOG Library
The World Economic Conference of 1933 held in London

Delegates from many different countries gathered to try to find an international solution to the economic crisis

Hendrijus Colkijn, the Dutch Prime Minister, presided at this meeting
WHAT DO THESE PHOTOS TELL US ABOUT THE GREAT DEPRESSION?
POST WWI

- Following the War, EVERY major European country was left nearly bankrupt.
- Only 2 countries came out prosperous: The US and Japan.
- WHY?
  - European countries received loans from the US.
  - Governments changed from Empires to Democracies - difficult change
1919 – Weimar Republic was organized.

- Weak democratic tradition
- Germany blamed for WWI

Large reparations = print more $ = INFLATION
The government was printing more money to pay debt that was not worth anything.

Example: Cost for a loaf of bread in marks (German dollars)

- 1918 - less than a mark
- 1922 - 160 marks
- 1923 - 200 BILLION marks

People took wheelbarrows of money to buy food.
<table>
<thead>
<tr>
<th>Date</th>
<th>German Marks needed to buy one ounce of gold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 1919</td>
<td>170.00</td>
</tr>
<tr>
<td>Sept 1919</td>
<td>499.00</td>
</tr>
<tr>
<td>Jan 1920</td>
<td>1,340.00</td>
</tr>
<tr>
<td>Sept 1920</td>
<td>1,201.00</td>
</tr>
<tr>
<td>Jan 1921</td>
<td>1,349.00</td>
</tr>
<tr>
<td>Sept 1921</td>
<td>2,175.00</td>
</tr>
<tr>
<td>Jan 1922</td>
<td>3,976.00</td>
</tr>
<tr>
<td>Sept 1922</td>
<td>30,381.00</td>
</tr>
<tr>
<td>Jan 1923</td>
<td>372,477.00</td>
</tr>
<tr>
<td>Sept 1923</td>
<td>269,439,000.00</td>
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<tr>
<td>Oct 2, 1923</td>
<td>6,631,749,000.00</td>
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<tr>
<td>Oct 9, 1923</td>
<td>24,868,950,000.00</td>
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<tr>
<td>Oct 16, 1923</td>
<td>84,969,072,000.00</td>
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<tr>
<td>Oct 23, 1923</td>
<td>1,160,552,882,000.00</td>
</tr>
<tr>
<td>Oct 30, 1923</td>
<td>1,347,070,000,000.00</td>
</tr>
<tr>
<td>Nov 5, 1923</td>
<td>8,700,000,000,000.00</td>
</tr>
<tr>
<td>Nov 30, 1923</td>
<td>87,000,000,000,000.00</td>
</tr>
</tbody>
</table>
Money was worthless. People burned it for heat.
THE GREAT DEPRESSION

- The World’s economy was dependent on US economic prosperity.
- 1920’s = Roaring 20’s - US producing $\frac{1}{2}$ of the world’s industrial goods.
- Wall Street in New York = financial capital of the world.
- Booming US economy led to high stock prices
STOCK MARKET CRASHES.

• Middle-income Americans bought stocks on margin---they paid a small percentage of a stock’s price as a down payment and borrowed the rest from a stockbroker.

• It’s **OK** if stocks rise, **NOT** if they fall

• Prices plunged on Tuesday, October 29th—“Black Tuesday”
  • 16 million stocks were sold—and the market collapsed.
EFFECTS

• Factory production cut in half
• 1000’s of businesses failed
• Banks closed
• 9 million people lost all of the $ in the savings
• Many farmers lost their land
• By 1933, ¼ of all Americans had no jobs.
SHANTY TOWN - WHERE HOMELESS LIVED
A GLOBAL DEPRESSION

- Germany and Austria hit hard because of their dependence on American loans
- Japanese economy also slumped
- Fell heavily on Latin America
- Hit Britain severely, but were able to recover slowly by regulating currency, lowering interest rates, etc.
Why the Great Depression?

- The Great Depression was “GREAT” because of its severity on a global scale.
GROSS DOMESTIC PRODUCT (GDP)

• GDP refers to the total market value of all final goods and services produced within the borders of a country in one year.

• Final goods and services are newly produced goods that have reached their last consumer. They won’t be resold to anyone else.

• A common equation for GDP is:

\[
GDP = \text{consumption} + \text{investment} + \text{exports} - \text{imports}
\]

• Because the GDP is the value of a country’s total output, it is often used to gauge the economic health of the nation.

• GDP per capita is GDP divided by the population and indicates the average standard of living in a country.
Percentage change in GDP

- France
- Britain
- Germany
- Canada
- USA
The GDP figures given in Student Handout 1.3 are from the Organization for Economic Co-operation and Development (OECD).

Purchasing power parity rates (PPP) rather than exchange rates were used to calculate the figures. PPP is a measure of the relative purchasing power of different currencies.

By taking into account the price of the same goods in different countries, it recognizes, for example, that the United States dollar will buy a lot more in China than in the United States because of variables like cheap labor.

As a result, the GDP figures are given in fictional currency units or “International” dollars which eliminate the differences in purchasing power between countries.
PROBLEMS WITH USING GDP PER CAPITA AS A MEASURE OF WEALTH

• Since it is an average, a few very wealthy people can skew the number upwards.
• There is also some question as to whether these GDP figures are an accurate reflection of a person’s wellbeing in a country. For example the United Nations Human Development Index, which measures only recent years, includes not only GDP figures, but also criteria like life expectancy, literacy, access to health care, access to sanitation, and clean drinking water.
• Finally, few GDP figures exist for countries in Africa before 1950 because of limited data collection.
CAUSES OF THE GREAT DEPRESSION

Guiding Question – What were the causes of the Great Depression?
CAUSES OF THE GREAT DEPRESSION

• #1 Reparation Payments and War Debts
#2 Overproduction in Agriculture
CAUSES OF THE GREAT DEPRESSION

• #3 Stock Market Crash
CAUSES OF THE GREAT DEPRESSION

• #4 Inequitable Income Distribution
• #5 Protectionism
Guiding Question - How did European countries restore order after World War I?
LESSON 3: THE SEARCH FOR ORDER

• Go to cvs.schoology.com
• Open Folder – Global Crisis and Achievement
• Complete Lesson 3