Prosperity, Depression, and the Rise of Fascism
In Europe, the first years after the war were not easy. Farms, cities, and railroad lines had been destroyed. Europeans had to rebuild and recover from the war.
Unlike Europe, the United States emerged from the war as the world’s greatest economic power. American prosperity eventually spread to Europe and the rest of the world.
The 1920s also saw the expression of new values. Women in the United States, Great Britain, and many other countries gained the right to vote and enjoyed greater freedom than ever before.
In 1929, a stock market crash in New York started a chain reaction that sent the American economy into a depression. It was so severe that it was called the Great Depression.
A depression is a severe economic contraction in which large numbers of businesses fail and many workers are unemployed over an extended period of time. Many American banks recalled loans from Europe.
European production slowed down and unemployment increased. Europeans bought less goods from their African and Asian colonies. The depression spread worldwide.
The Great Depression

**Immediate Effects**
- Millions become unemployed worldwide.
- Businesses go bankrupt.
- Governments take emergency measures to protect economies.
- Citizens lose faith in capitalism and democracy.
- Nations turn toward authoritarian leaders.

**Long-Term Effects**
- Nazis take control in Germany.
- Fascists come to power in other countries.
- Democracies try social welfare programs.
- Japan expands in East Asia.
- World War II breaks out.
A global crisis

- The economic crisis was global in nature.
- There were fewer investments available for Germany.
- Germany could not pay the reparations to Britain and France.
- Britain and France stopped paying back on their loans from the United States.
- In 1930, the government, in an attempt to protect U.S. producers, raised tariffs, sparking a trade war with the Europeans, who raised their tariffs in retaliation.
New Approaches and Alternatives

- Disillusionment with older laissez faire economics result in popularity of new approaches:
  - **Fascism**: Includes strong central planning to support the nation-state, usually with a strong military presence
  - **Communism**: Government ownership and control of major industries and, depending on area, smaller businesses as well, usually with a strong socialist or communist party. Land reform favors collective farms instead of estates or private farms.
  - **Keynesian economics**: Rise of thought of John Maynard Keynes in favor of government as supportive, guiding force in economy though techniques such as government programs. Governments can go into debt if economy grows as a result.
Law and Order vs. Revolution

• Fascism
  – Controls society but keeps existing elites power structure of estates, private industry, and state churches
  – Intensely nationalistic with strong military presence. Leadership operates through the military but may maintain the façade of monarchy or democracy.

• Communism
  – Totally restructures society in favor of working classes and peasants by limiting or eliminating the power of elites
  – Officially international, hoping an international working class revolution will eventually make the nation state unnecessary
Anti-government riots in Paris, February 1934 (far-right movements attack the parliament & democracy in general)
Renault workers on strike, 1936
The “cult of personality” surrounding Stalin

“Under the leadership of the Great Stalin – forward to communism!”
The Gulag: a network of forced labor camps in the USSR
Benito Mussolini was the first person to use the term Fascism. Fascism refers to a political system that appeared in Italy after World War I. Fascism is also used to identify similar systems such as Nazism in Germany.
The economic devastation caused by the Great Depression increased the popularity of Fascist ideas.
Fascists were extreme nationalists. They believed that the highest value was the nation. They believed that their nation was superior to other nations. Fascists were also strongly opposed to Communism.
Fascists believed that a single all-powerful leader, like Mussolini or Hitler, could best represent the national will and lead the nation.
Fascists used violence to defeat their political enemies. They believed war was necessary for national expansion. Fascists glorified war.
General Francisco Franco (1892-1975)
Mussolini promises Italian support for Franco; Hitler sends the “Legion Condor”
Guernica, a Spanish town leveled by German bombers
Exiled German communists fight alongside the Spanish Republicans

(other volunteers: the “Lincoln Brigade” from the U.S.)
The *Anschluss*: Germany’s army marches into Austria, March 1938
Jubilant crowds greet Hitler in Vienna, Austria
Anti-Semitic outbursts in Vienna:
Jews forced to clean streets by hand
The Sudetenland, Oct. 1938:

Troops greeted fanatically – Jews and socialists rounded up
The “Night of the Broken Glass,” Nov. 9, 1938
Across Germany, synagogues burnt to the ground