

Chapter 29 section 3

A worldwide depression

Postwar Europe

Unstable new democracies

- fall of kingdoms, empires creates new democracies in Europe
- people have little experience with representative government
- some form coalition government — temporary multi party alliances
- frequent changes in government create instability

The Weimar Republic

Democracy in Germany

- Weimar republic- Germany's democratic government formed in 1919
- government has serious weakness

Inflation causes crisis in Germany

- value of German currency falls drastically

Attempts at economic stability

- American loans help revive German economy

Efforts at a lasting peace

- Germany and France sign treaty pledging no more war
- many nations sign a similar agreement, the Kellogg-Briand pact

Financial collapse

A flawed US economy

- weakness in American economy cause serious problems
- wealth is distributed unevenly
- most people are too poor to buy goods produced
- factory owners cut back on production, lay off workers
- farmers produce more food than people can eat
- many farmers cannot repay loans and lose their land

The stock market crashes

- stock prices soar
- many people buy stock on credit
- investors begin selling stocks, which lowers prices
- on October 29, 1929, stock market collapses as prices fall very low

The Great Depression

Economic growth

- Great Depression- long business slump of 1930s
- marked by bank failures, loss of savings, unemployment

A global depression

- American economic problems in other countries
- world trade falls sharply

Effects throughout the world

- Germany and Austria suffer greatly, as do Asia and Latin America

The world confronts the crisis

Britain takes steps to improve its economy

- British voters elect coalition government, avoids political extremes
- government brings about slow, steady economic recovery
- preserve democracy by avoiding political extremes

France responds to economic crisis

- France has more self-sufficient economy
- preserves democracy in spite of economic troubles

Socialist governments find solutions

- public works programs help Scandinavian countries recover

Recovery in the United States

- Franklin D. Roosevelt— American president during depression
- New Deal— Roosevelt's program of government reform to improve economy