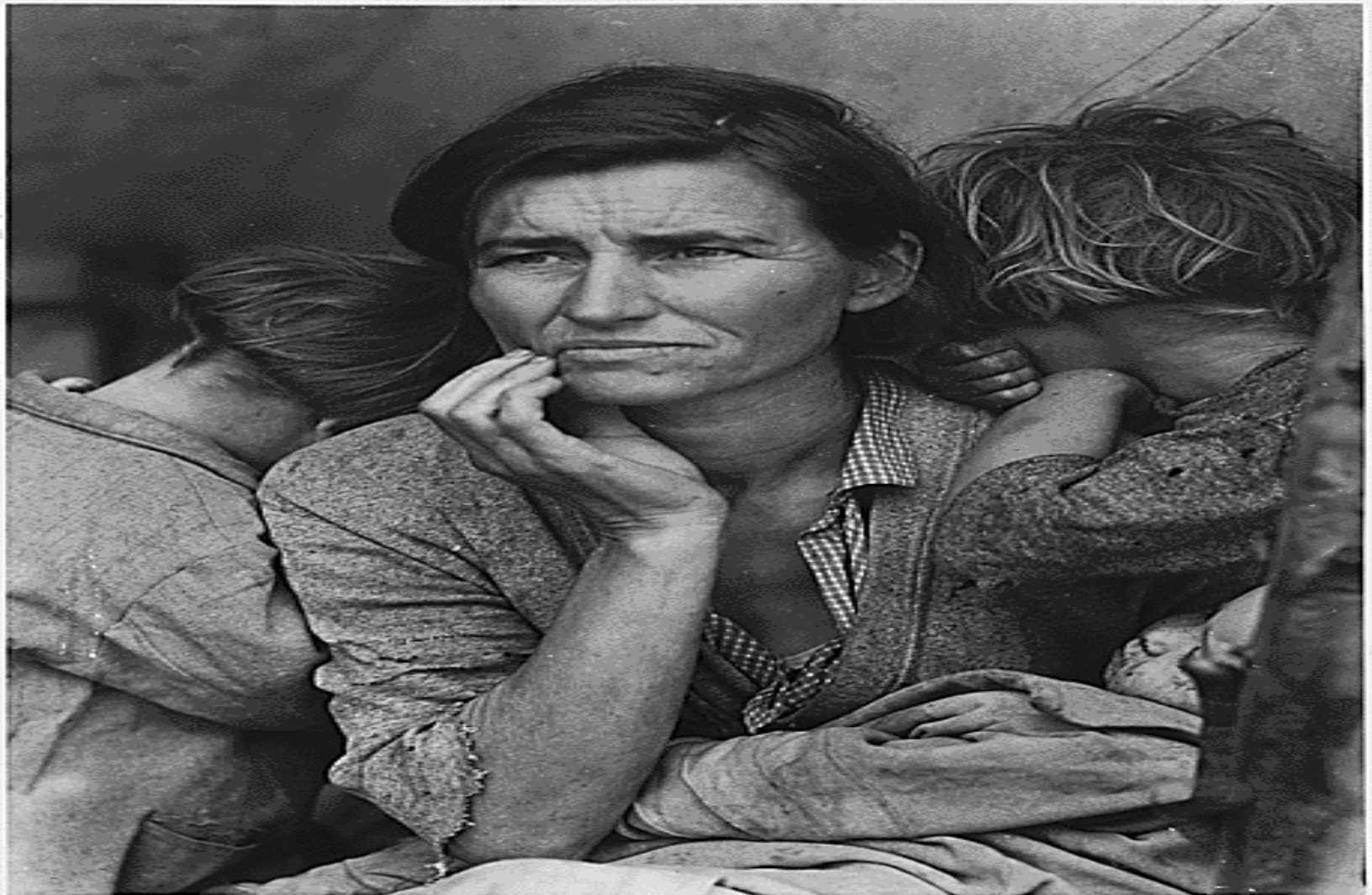


Lesson 2

A Worldwide Depression



Setting the Stage

- By the late 1920s, European nations were rebuilding war-torn economies. They were aided by loans from the more prosperous United States. Only the United States and Japan came out of the war in better financial shape than before. In the United States, Americans seemed confident that the country would continue on the road to even greater economic prosperity. One sign of this was the booming economy. Yet the American economy had serious weaknesses that would soon bring about the most severe economic downturn the world had yet known.

Postwar Europe

- In both human suffering and economic terms, the cost of World War I was immense.
- The Great War left every major European country nearly bankrupt.
- In addition, Europe's domination in world affairs declined after the war.
- The war's end saw the sudden rise of new democracies from 1914 to 1918.
- Many citizens of the new democracies had little experience with representative government.
- Frequent changes in government made it hard for democratic countries to develop strong leadership and move toward long-term goals. Eventually, authoritarian leaders emerged to take control of these fledgling democracies.

#2

As you read about postwar Europe and the global depression, note one or more reasons for each of the following developments.

1. Postwar democracies saw frequent changes in government. Pg. 491	2. In Germany, the Weimar Republic was weak from the start. Pg. 491
3. Postwar Germany suffered from severe economic inflation. Pg. 492	4. The United States had a flawed economy. Pg. 493
5. On October 29, 1929, the U.S. stock market crashed. Pg. 494	6. A long depression followed the crash in the United States. Pg. 495
7. Collapse of the U.S. economy affected countries worldwide. Pg. 496	8. In Britain, the National Government rescued the economy. Pg. 497
9. In France, the Popular Front was formed as a coalition government. Pg. 497	10. Scandinavian countries dealt with the economic crisis successfully. Pg. 497

The Great Depression

- **#3a**

- Read pg. 495-497

- **Interpret Graphs**

- 1. What nation had the highest rate of unemployment? How high did it reach? How high did unemployment reach in the U.S.? **Pg. 496**
- 2. Between 1929 and 1933, how much did world **exports** drop? What about world **imports**? **Pg. 496**
- 3. What economic and political problems did the collapse of the American economy cause in other countries? **Pg. 497**

Make a chart to show what President Roosevelt did to try to counter the effects of the Great Depression. Pg. 498

#3b

