

INTERWAR ECONOMY

GLOBAL CONFLICT
c.1900 to the present

c. 1900-NOW



THIS IS THE THEMATIC FOCUS. IT'S WHAT YOU SHOULD FOCUS ON FOR THIS SECTION

THEMATIC FOCUS
Economics Systems ECN
 As societies develop, they affect and are affected by the ways that they produce, exchange, and consume goods and services.

GREAT DEPRESSION

LONG TERM REAL GROWTH IN US STOCKS

DURING THE 1920s, THE UNITED STATES DOMINATES EARTH'S ECON.

US SUCCESSFULLY TRANSITIONED FROM WAR-PEACE ECONOMY
 BY 1929, US ACCOUNTS FOR HALF OF EARTH'S INDUSTRIAL OUTPUT

US LED THE WORLD IN PRODUCTION OF CONSUMER GOODS

US SOCIETY FULLY TURNED TO CONSUMERISM

US INFRASTRUCTURE (UNTouched BY WAR) IS INVINCIBLE & STOCK PRICES HAVE REACHED WHAT LOOKS LIKE A PERMANENTLY HIGH PLATEAU

IRVING FISHER, AUGUST 1929

INTERWAR ECONOMY

MEET THE INTERVENERS

GLOBAL CONFLICT c. 1900-NOW

HISTORICAL DEVELOPMENTS

KC-6.3.I.B

Following World War I and the onset of the Great Depression, governments began to take a more active role in economic life.

KC-6.3.I.A.i

In the Soviet Union, the government controlled the national economy through the Five Year Plans, often implementing repressive policies, with negative repercussions for the population.

THE N.E.P. IS DONE. HOW WILL STALIN INTERVENE IN THE ECONOMY?

JOSEPH STALIN

PLAN	FOCUS	SUCCESS	FAILURE
1 (28-32)	COLLECTIVIZ	IND. GROWTH	1932 FAMINE
2 (33-37)	HEAVY INDUS	STEEL PRODU	COAL/OIL PROD
3 (38-41)	CONS. GOODS	IND. GROWTH	NAZI INVASION
4 (42-49)	REBUILD	UKRAINE REB	WWII CASUALTIES
5 (50-55)	REBUILD	GER. REPARAT	US/USSR-COLD

- LIST OF ECONOMIC ACHIEVEMENTS TO BE MET EVERY 5 YEARS
- RAN CONTINUOUSLY FROM 1928-1991
- COMMUNICATIONS
- AGRICULTURE
- TRANSPORTATION
- INDUSTRIAL

ПОБЕДА ПЯТИЛЕТКИ
 THE VICTORY OF THE 5-YEAR PLAN IS A STRIKE AGAINST CAPITALISM

УДАР

INTERWAR ECONOMY

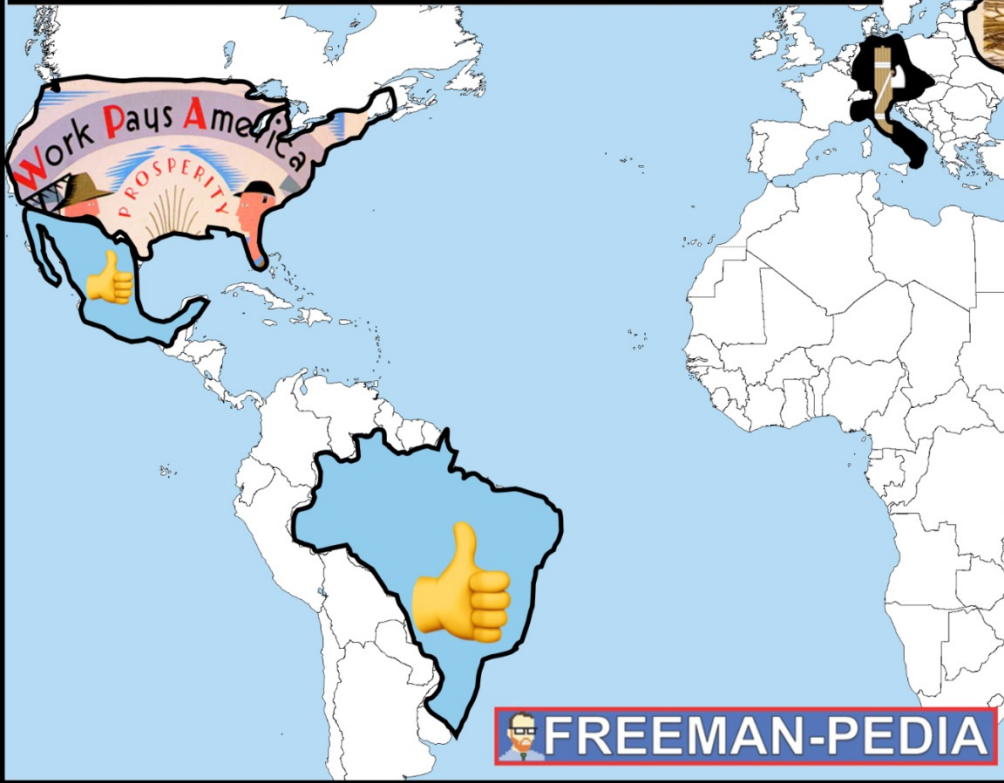
GLOBAL CONFLICT
c.1900 to the present

c. 1900-NOW

INTERWAR ECONOMY

GLOBAL CONFLICT
c.1900 to the present

c. 1900-NOW



 FREEMAN-PEDIA

WWI + GREAT DEPRESSION =
GOVERNMENTS TAKE A GREATER
ROLE IN ECONOMIC LIFE



FDR'S NEW DEAL



USSR 5 YEAR PLAN



FASCIST CORPORATE ECONOMY



GOVERNMENTS WITH STRONG
POPULAR SUPPORT (BRAZ, MEX)

GREAT DEPRE\$\$ION

QUESTION: WHOSE FAULT WAS WWI? **ANSWER:** GERMANY

QUESTION: WHO HAS TO PAY FOR IT? **ANSWER:** GERMANY



GREAT DEPRE\$\$\$ION

GERMAN REPARATIONS PAYMENTS=\$132 B (\$270B TODAY)

- MONEY MEANT TO HELP REBUILD PORTIONS OF BELGIUM/FRANCE DESTROYED ON W. FR.
- 1ST PAYMENT OF \$500M DUE AUG '21
- GERMAN PLAN: PRINT MORE \$\$\$
 - LED TO **HYPERINFLATION**



GREAT DEPRE\$\$ION

GERMAN MONEY (DEUTSCHE MARK) DEVALUED TO NOTHING



COST OF BREAD IN GERMANY

1918=LESS THAN ONE DM

1922=160 DM

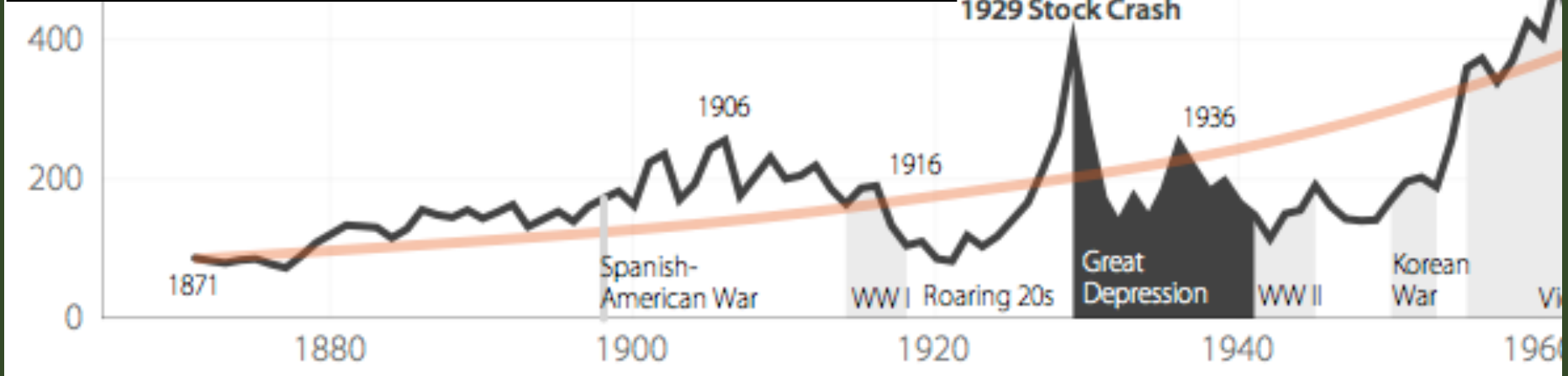
1923=200,000,000,000 DM

- FRANCE TOOK THE RUHR
 - GER INDUSTRIAL SECTOR
- DAWES PLAN (1924, USA!)
 - RESTRUCTURED DEBT
 - FR GAVE RUHR BACK
 - US LOAN TO BACK CURRENCY
 - DAWES WINS NOBEL PRIZE!
- GER ECONOMY BEGAN REBOUND
 - THEN, THE NYSE COLLAPSED

GERMANY FINALLY REPAID THE DEBT... IN 2010

GREAT DEPRE\$\$\$ION

LONG TERM REAL GROWTH IN US STOCKS



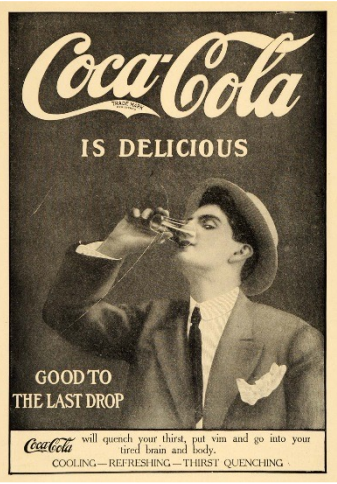
DURING THE 1920s, THE UNITED STATES DOMINATES EARTH'S ECON.



US SUCCESSFULLY TRANSITIONED FROM WAR → PEACE ECONOMY



US LED THE WORLD IN PRODUCTION OF CONSUMER GOODS



US SOCIETY FULLY TURNED TO CONSUMERISM



US INFRASTRUCTURE (UNTOUCHED BY WAR) BOOMED WITH ELECTRICITY/TELEPH.



US ECONOMY DOING SO WELL IT IS INVINCIBLE & "STOCK PRICES HAVE REACHED WHAT LOOKS LIKE A PERMANENTLY HIGH PLATEAU"

BY 1929, US ACCOUNTS FOR HALF OF EARTH'S INDUSTRIAL OUTPUT -IRVING FISHER, AUGUST 1929

GREAT DEPRE\$\$ION

Wall Street Crash on the Dow Jones Industrial Average, 1929



GREAT DEPRESSION

BROOKLYN DAILY EAGLE

And Complete Long Island News

BANK AID FAILS IN STOCK DUMPING

Court Says Warden Was Responsible in Bank Examination

George F. Baker's Losses Are Put at \$14,000,000

1,370,000 SHARES SOLD BY NEW YORK

PLANE SPEED TO HUNT CRAFT



The Milwaukee Leader

HOME EDITION

BILLIONS LOST IN NEW STOCK CRASH

May Punish Senator for Aiding Tariff Lobbyists

BANKERS' AID FAILS TO END SELLING WAVE

FIRE BRACKS INDUSTRIAL AREA

BINGHAM SAYS IT'S FRAME-UP



The Pittsburgh Press

Complete and Closing N. Y. Stock Exchange Prices On Pages 37-40

HUGE LOSSES IN WALL STREET; SALES SET ALL-TIME RECORD

Complete Wire Reports of UNITED PRESS, the Greatest World-Wide News Service

STOCKS EXTRA Complete Markets

Santa Ana Register

FINAL EDITION

BILLIONS LOST AS STOCKS CRASH

Pantages In Jail Awaits Sentence To State Prison

GUilty SAYS SENATE "FARM BLOC" STARTS BATTLE FOR HIGHER TARIFFS

JURY BELIEVES HER STORY

MAINSTAYS OF MARKET IN PLUNGE



Tyrone Daily Herald

ALL RECORDS SHATTERED IN FRENZIED STOCK MARKET TRADING

THEODORE E. BURTON DIES IN WASHINGTON AFTER LONG ILLNESS

PLANE SEARCH FOR AIR PASSENGER LOST IN SOUTHWEST

WIRELESS SHIPMENTS HELD UP

SALES ON EXCHANGE MORE THAN 8,000,000 SHARES BEFORE NOON

STOCKS CRASH



The Boston Daily Globe

MARGIN ACCOUNT DUMPING BRINGS STOCK CRASH

ANY FURTHER DIVES BANKERS PREPARE TO CHECK

BINGHAM FACES CENSURE THREAT

MRS CURLEY STURDY DENIED BY OSWALD

BANKERS' CONFER ON STOCK CRASH

Second Slump More Drastic Than Thursday's But Volume of Trading Is Cut to 9,212,800—

Washington Post.

WASHINGTON: WEDNESDAY, OCTOBER 30, 1929. THREE CENTS.

DIZZY STOCK PLUNGE HALTS AS STRONG INTERESTS BUY; KLEIN, ON RADIO, REASSURES

Money Kings to Keep Strength in Market

Support Announced

Weather—Cloudy, probably occasional rain today and tomorrow; moderate east and southeast winds; temperature yesterday—highest, 48; lowest, 42. Weather details on page 23.

ROVER BEGINS PADLOCK WAR ON GAMBLERS

Letters to 60 Landlords Warn Them to Oust Undesirables.

Country's Basic Buying Power Is Declared to Be Unimpaired.

ALL MANNER OF VICÉ ECHOES HOOVER'S

The New York Times.

STOCKS COLLAPSE IN 16,410,030-SHARE DAY; BUT RALLY AT CLOSE CHEERS BROKERS; BANKERS OPTIMISTIC, TO CONTINUE AID

LEADERS SEE FEAR WAVING

Point to "Lifting Spots" in Trading as Sign of Bouncing Activity.

249 Shares Lost \$12,864,616.80 in Wash. Sleep in Fall Exchange List Vastly Larger

U. S. STEEL TO PAY \$1 EXTRA DIVIDEND

AMERICAN GAS TO PAY \$1 EXTRA DIVIDEND

DAILY NEWS

FINAL EDITION

BANKS CHECK WALL ST. CRASH

WILD SCENES TILL GREAT FINANCIERS COME TO RESCUE



Daily Mail

FRIDAY, OCTOBER 25, 1929

GREATEST CRASH IN WALL STREET'S HISTORY

DELUGE OF PANIC SELLING OVERWHELMS MARKET

19,000,000 SHARES CHANGE HANDS

PRICES TUMBLE LIKE AN AVALANCHE

WILD SCENES TILL GREAT FINANCIERS COME TO RESCUE

GREAT FILM FIRE AT HOLLYWOOD

ATTEMPT TO KILL PRINCE HUMBERT

SEARCH FOR NEW FRENCH PREMIER

NEGATIVES DESTROYED

NEGATIVE DESTROYED

NEGATIVE DESTROYED

DAILY NEWS

PINK EDITION

LOSS IN STOCK COLLAPSE 10 BILLION

Story on Page 2



GREAT DEPRE\$\$\$ION



EXPANSION OF CREDIT



- BOOMING STOCK INCREASES LED TO RAMPANT SPECULATION
- JAN-JUN '29: STOCKS INCREASED 37% OVER 1928 PRICES
 - STEEL & IRON DOUBLED!
- MARGIN LOANS- BANKS FRONT UP TO 90% OF A STOCK'S VALUE
- \$8.5 B WAS OUT ON LOAN
 - MORE THAN IN CIRCULATION!



AGRICULTURAL OVERPRODUCTION

- GOOD HARVESTS FROM 1928-9 CAUSED FOOD PRICES TO DROP
- NEARLY DROVE FARMERS UNDER
- UNABLE TO PAY BACK BANK LOANS
- (1934, 36, 39-40=DUST BOWL IN AMERICAN MIDWEST)

MANKIND

TM



GREAT DEPRE\$SION



FULL PRICE= \$1,600; TODAY= \$1K FOR A \$22K CAR



STANDING IN LINE FOR DISASTER RELIEF AFTER THE 1937 FLOOD IN LOUISVILLE KENTUCKY.



32 YEAR OLD MOTHER OF SEVEN WHO WERE TRAVELLING THROUGH CALIFORNIA IN SEARCH OF PEA PICKING WORK (PEA CROP HAD FROZEN & DIED IN 1936. THEY HAD JUST SOLD THEIR TIRES FOR FOOD & WERE SURVIVING ON FROZEN VEGETABLES THEY FOUND ON THE ROADSIDE & BIRDS THEIR CHILDREN KILLED.



SOUP KITCHEN IN CHICAGO SPONSORED BY AL CAPONE

INTERWAR ECONOMY

GLOBAL CONFLICT
c.1900 to the present

c. 1900-NOW

MEET THE INTERVENERS



GREAT DEPRESSION

OK. WE BROKE THE WORLD'S ECONOMY. BUT, HOW DO WE FIX IT? HERE ARE SOME PLANS...



- **SMOOT-HAWLEY TARIFF ACT (1930)**
 - 50% TAX ON FOREIGN GOODS
 - GOAL: GET PEOPLE TO BUY AMERICAN
- **US DEPENDS ON EXPORTING**
 - TOP TRADE PARTNERS DID THE SAME TO THE USA
 - CANADA, FRANCE, UK
- **WORLD TRADE DROPPED 65%**
 - 1932: SMOOT & HAWLEY BOTH LOST THEIR HOUSE ELECTIONS

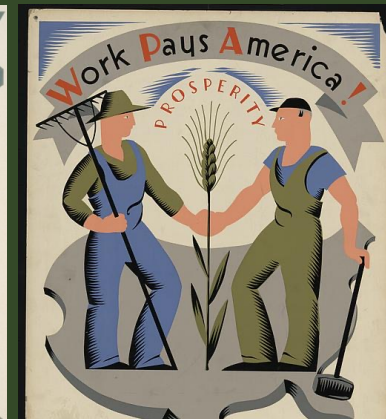
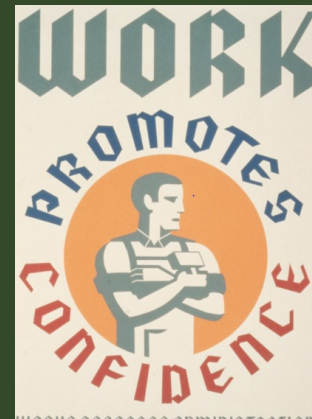


- **IN '32, PRESIDENT HOOVER LOSES IN LANDSLIDE**
 - FDR=472 ELECTORAL VOTES, 42 STATES
 - HOOVER= 59 ELECTORAL VOTES, 6 STATES
- **FDR'S PLAN=NEW DEAL**
 - SERIES OF GOV'T PROGRAMS TO GET PEOPLE BACK TO WORK
 - KEYNESIAN ECONOMICS

The New York Times

Copyright, 1930, by The New York Times Company.
NEW YORK, MONDAY, MAY 5, 1930.

WOMAN LEADS FIGHT ON LAUNDRY GANGS TO END TERRORISM Mrs. T. H. Whitney is chosen as Dictator in Move to Clean Up Brooklyn Industry.	1,028 Economists Ask Hoover To Veto Pending Tariff Bill Professors in 179 Colleges and Other Leaders Assail Rise in Rates as Harmful to Country and Sure to Bring Reprisals. <i>Special to The New York Times.</i> WASHINGTON, May 4.—Vigorous... of high tariff proposals that higher	ROOSEVELT SUBMITS LONG-RANGE PLAN TO AID EMPLOYMENT Governor, in a Letter to Local Executives, Advises Preparing for Fall and Winter.
---	--	---



INTERWAR ECONOMY

GLOBAL CONFLICT
c.1900 to the present

c. 1900-NOW

MEET THE INTERVENERS



ITALY BECAME THE FIRST STATE TO TURN TO **FASCISM**

BENITO MUSSOLINI

WWI VETERAN MARCHED TO ROME & TOOK POWER

- FORMED "BLACK SHIRTS"; ITALIAN PARAMILITARY ORGANIZATION
- GOAL: MAINTAIN ORDER
- BREAK UP COMMUNIST GROUPS
- GOV'T DOES NOT INTERFERE
- MARCHED ON ROME (BELOW)
- 7 DAY HIKE FROM NAPLES→ROME
- TOOK POWER FROM KING
- FASCISM-RADICAL
- AUTHORITARIAN NATIONALISM
- JOINED IMPERIALISM CLUB
 - TOOK ETHIOPIA AS COLONY





OKAY. BUT HOW DID HE INTERVENE IN THE ECONOMY?

BENITO MUSSOLINI

- **FASCIST CORPORATIST ECONOMY**
 - TO COMBAT THE RISE OF SOCIALISM, TURNED TO A LAISSEZ FAIRE ECONOMY (LOW TAXES, REGULATIONS)
 - EVEN SOLD OFF STATE OWNED ENTERPRISES TO PRIVATE HELD BUSINESSES
 - TELEPHONES, INSURANCE, MACHINERY
- MUSSOLINI GAINED MORE POWER AND ABANDONED LAISSEZ-FAIRE POLICIES

- LAISSEZ-FAIRE REPLACED WITH GOV'T INTERVENTION
- FREE TRADE REPLACED WITH PROTECTIONISM
- FASCISTS OFFERED AN ALTERNATIVE BETWEEN CAPITALISM & COMMUNISM
 - BANNED ALL STRIKES
 - TOOK CONTROL OF LARGE BANK HOLDINGS
 - MANIPULATE PRICES & WAGES TO FAVOR THE GOVERNMENT'S ECONOMIC GOALS
 - GOV'T APPROVED BUSINESS CARTELS FORMED TO ACHIEVE THE GOVERNMENT'S GOALS
- MUSSOLINI TOOK CONTROL OF THE ECONOMY
- GUIDED IT TO HIS WILL (3/4 OF ITAL ECON=GOV CONTROL)



OKAY. BUT HOW DID HE INTERVENE IN THE ECONOMY?

BENITO MUSSOLINI

- **FASCIST CORPORATIST ECONOMY**
 - TO COMBAT THE RISE OF SOCIALISM, TURNED TO A LAISSEZ FAIRE ECONOMY (LOW TAXES, REGULATIONS)
 - EVEN SOLD OFF STATE OWNED ENTERPRISES TO PRIVATE HELD BUSINESSES
 - TELEPHONES, INSURANCE, MACHINERY
- MUSSOLINI GAINED MORE POWER AND ABANDONED LAISSEZ-FAIRE POLICIES

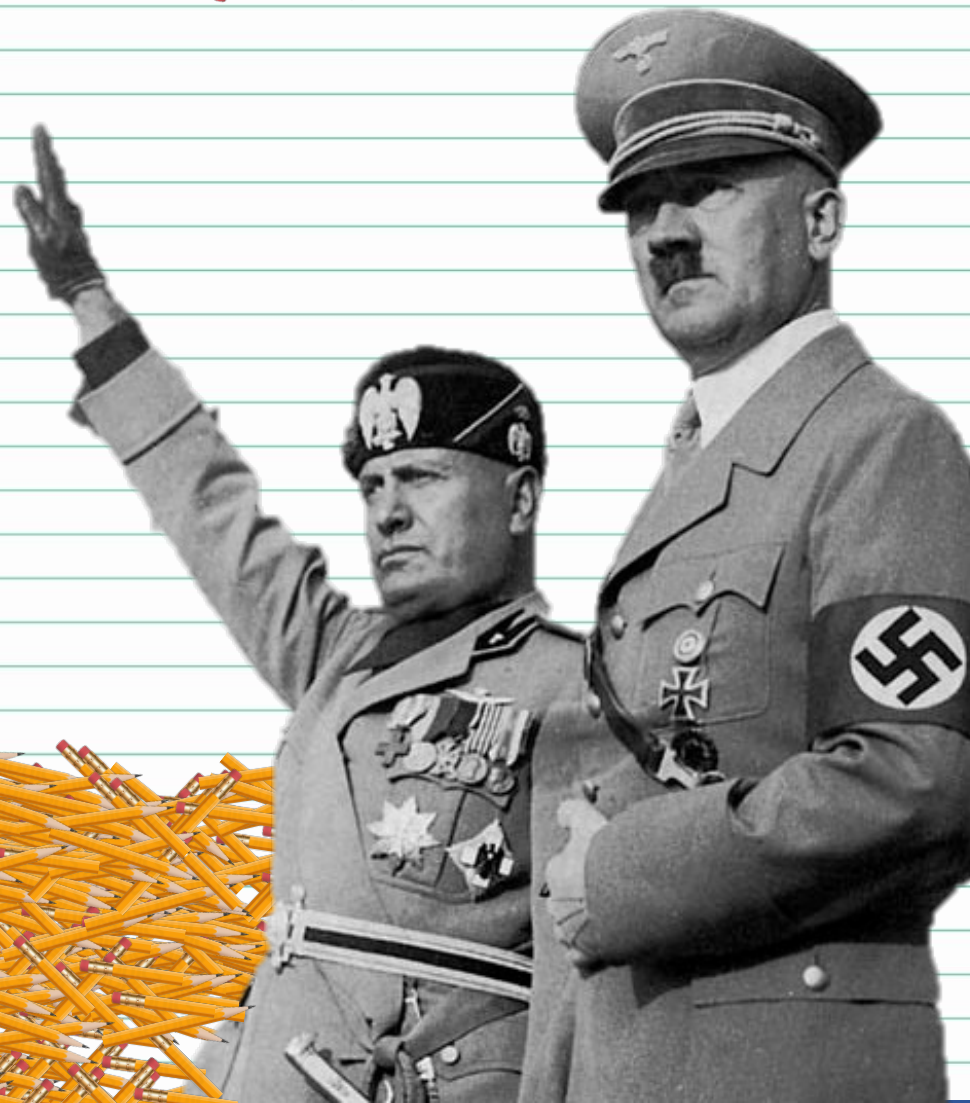
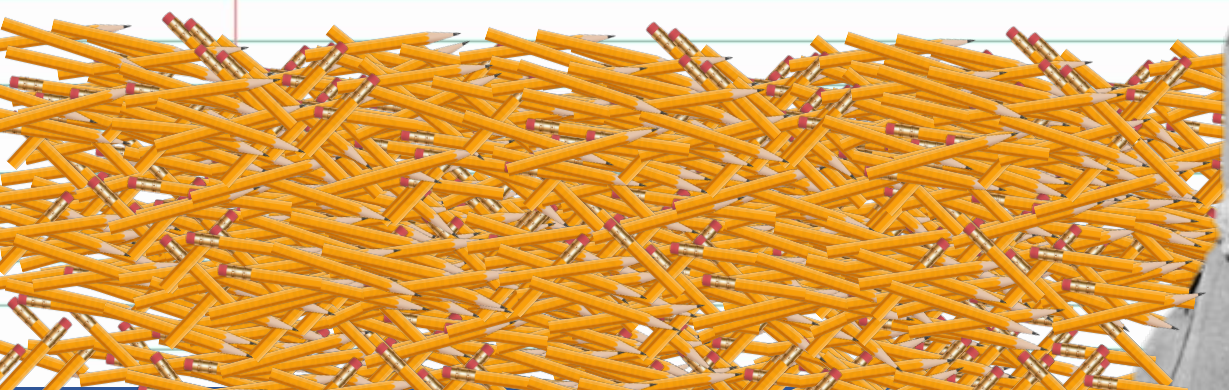
- LAISSEZ-FAIRE REPLACED WITH GOV'T INTERVENTION
- FREE TRADE REPLACED WITH PROTECTIONISM
- FASCISTS OFFERED AN ALTERNATIVE BETWEEN CAPITALISM & COMMUNISM
 - BANNED ALL STRIKES
 - TOOK CONTROL OF LARGE BANK HOLDINGS
 - MANIPULATE PRICES & WAGES TO FAVOR THE GOVERNMENT'S ECONOMIC GOALS
 - GOV'T APPROVED BUSINESS CARTELS FORMED TO ACHIEVE THE GOVERNMENT'S GOALS
- MUSSOLINI TOOK CONTROL OF THE ECONOMY
- GUIDED IT TO HIS WILL (3/4 OF ITAL ECON=GOV CONTROL)
- HITLER FOLLOWED THIS LEAD IN REBUILDING GERMANY



FASCISM

- TOTALITARIAN
- ONE PARTY
- AUTHORITARIAN
- ULTRA-NAT'LIST
- NAT'L REBIRTH
- RACIAL PURITY
- H8 "OTHER"

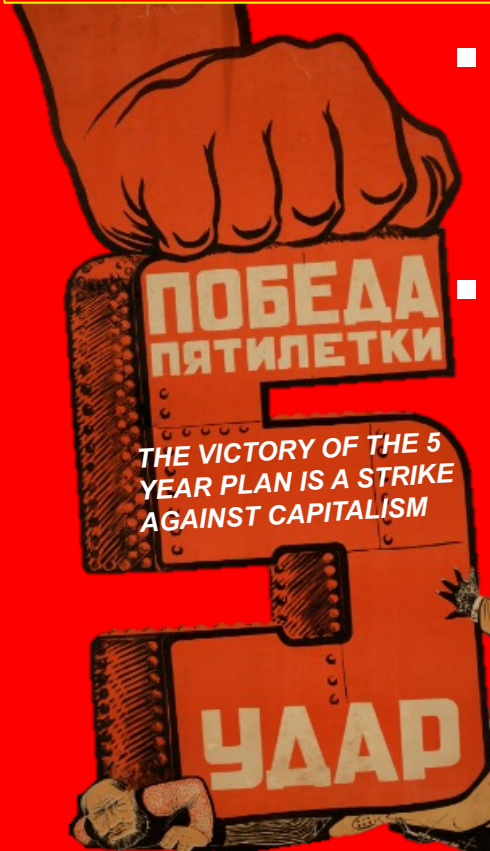
- DICTATORS
- MARTIAL LAW
- MASTER RACE
- IMPERIALISM
- POLITICAL VIOLENCE
- POLITICAL PRISONS
- GENOCIDE
- DEPORTATIONS
- STERILIZATIONS
- RASCISM
- PROPAGANDA
- ETHNIC CLEANSING



THE **N.E.P.** IS DONE. HOW WILL STALIN INTERVENE IN THE ECONOMY?

JOSEPH STALIN

PLAN	FOCUS	SUCCESS	FAILURE
1 ('28-'32)	COLLECTIVIZ.	IND. GROWTH	1932 FAMINE
2 ('33-'37)	HEAVY INDUS	STEEL PRODUC	COAL/OIL PROD
3 ('38-'41)	CONS. GOODS	IND. GROWTH	NAZI INVASION
4 ('45-'49)	REBUILD	UKRAINE REB	WWII CASUALTIES
5 ('50-'55)	REBUILD	GER. REPARAT.	US/USSR=COLD

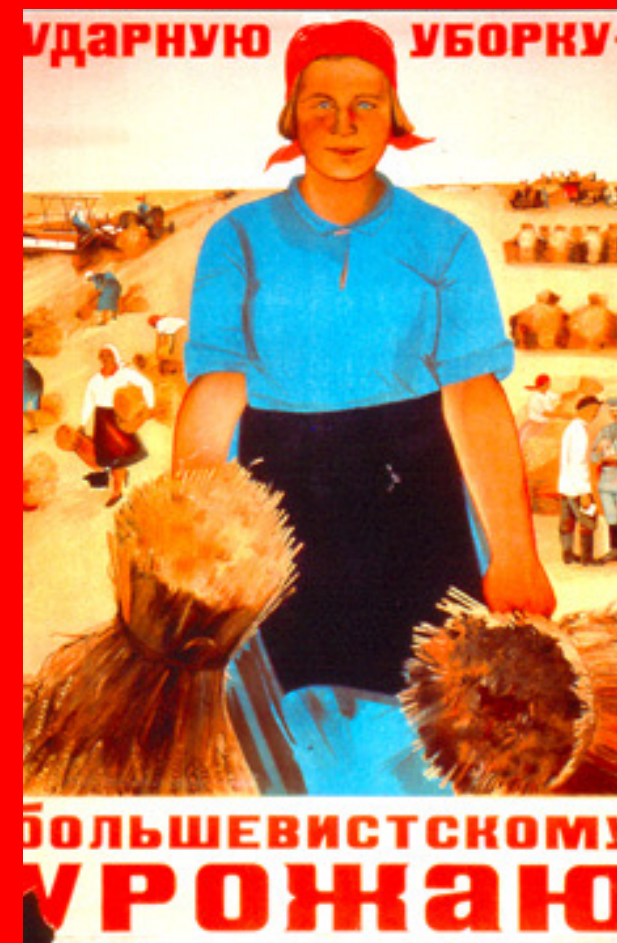


- LIST OF ECONOMIC ACHIEVEMENTS TO BE MET EVERY 5 YEARS
- RAN CONTINUOUSLY FROM 1928-1991
 - COMMUNICATIONS
 - AGRICULTURE
 - TRANSPORTATION
 - INDUSTRIAL

ONE MAJOR CHANGE HE BROUGHT WAS **AGRICULTURAL**

JOSEPH STALIN

COLLECTIVE FARMING



“GIVE FIRST PRIORITY TO GATHERING THE SOVIET HARVEST!” (1934, 2ND 5 YEAR PLAN)

- FROM 1928-40, ALL FARMS WERE COLLECTIVIZED
- “2ND SERFDOM”
- STALIN BELIEVED THIS WOULD IMMEDIATELY INCREASE FOOD OUTPUT
- 1930: 91% OF THE LAND COLLECTIVIZED
- HUGE RESISTANCE
- OUTPUT DROPPED
 - HUGE FAMINE
 - LIVESTOCK #s:
 - COW: 33M→24M
 - PIGS: 27M→22M
 - SHEEP: 114M→94M
 - #s DON'T REBOUND UNTIL LATE '50s
- TOTAL DEATHS=

12 MILLION

