

economic crisis and create even greater mass discontent. This in turn led to serious political repercussions. Increased government activity in the economy was one reaction, even in countries like the United States that had a strong *laissez-faire* tradition. Another effect was a renewed interest in Marxist doctrines, since Marx had predicted that capitalism would destroy itself through overproduction. Communism took on new popularity, especially among workers and intellectuals. Finally, the Great Depression increased the attractiveness of simplistic dictatorial solutions, especially from a new movement known as *fascism*. Everywhere in Europe, democracy seemed on the defensive in the 1930s.

## The Democratic States in the West

**Q FOCUS QUESTIONS:** How did France, Great Britain, and the United States respond to the various crises, including the Great Depression, that they faced in the interwar years? How did World War I affect Europe's colonies in Asia and Africa?

Woodrow Wilson proclaimed that World War I had been fought to make the world safe for democracy, and in 1919, there seemed to be some justification for that claim. Four major European states and a host of minor ones had functioning political democracies. In a number of nations, universal male suffrage had even been replaced by universal suffrage as male politicians rewarded women for their contributions to World War I by granting them the right to vote (except in Italy, France, and Spain, where women had to wait until the end of World War II). Women also began to enter political life as deputies to parliamentary bodies. In the new German republic, for example, almost 10 percent of the deputies elected to the Reichstag in 1919 were women, although the number dropped to 6 percent by 1926.

### Great Britain

After World War I, Great Britain went through a period of painful readjustment and serious economic difficulties. During the war, Britain had lost many of the markets for its industrial products, especially to the United States and Japan. The postwar decline of such staple industries as coal, steel, and textiles led to a rise in unemployment, which reached the 2 million mark in 1921. The continuing wartime coalition government led by Liberal David Lloyd George proved unable to change this situation.

By 1923, British politics experienced a major transformation when the Labour Party surged ahead of the Liberals as the second most powerful party in Britain after the Conservatives. In fact, after the elections of November 1923, a Labour-Liberal agreement enabled Ramsay MacDonald (1866–1937) to become the first Labour prime minister of Britain. Dependent on Liberal support, MacDonald rejected any extreme social or economic experimentation. His government lasted only ten months, however, as the Conservative Party's charge

that his administration was friendly toward communism proved to be a highly successful campaign tactic.

Under Stanley Baldwin (1867–1947) as prime minister, the Conservatives guided Britain during an era of recovery from 1925 to 1929. This recovery, however, was relatively superficial. British exports in the 1920s never compensated for the overseas investments lost during the war, and unemployment remained at a startling 10 percent level. Coal miners suffered especially as the antiquated and inefficient British coal mines were hard-hit by a world glut of coal. Attempts by mine owners to lower coal miners' wages led to a national strike (the General Strike of 1926) by miners and sympathetic trade unions. A compromise settled the strike, but many miners refused to accept the settlement and were eventually forced back to work at lower wages for longer hours.

In 1929, just as the Great Depression was beginning, a second Labour government came into power, but it failed to solve the nation's economic problems and fell in 1931. A National Government (a coalition of Liberals and Conservatives) claimed credit for bringing Britain out of the worst stages of the depression, primarily by using the traditional policies of balanced budgets and protective tariffs. By 1936, unemployment had dropped to 1.6 million after reaching a depression high of 3 million in 1932.

British politicians largely ignored the new ideas of a Cambridge economist, John Maynard Keynes (KAYNZ) (1883–1946), who published his *General Theory of Employment, Interest and Money* in 1936. He condemned the traditional view that in a free economy, depressions should be left to work themselves out. Instead, Keynes argued that unemployment stemmed not from overproduction but from a decline in demand and that demand could be increased by public works, financed, if necessary, by deficit spending to stimulate production.

### France

After the defeat of Germany, France had become the strongest power on the European continent. Its greatest need was to rebuild the devastated areas of northern and eastern France. But no French government seemed capable of solving France's financial problems between 1921 and 1926. Like other European countries, though, France did experience a period of relative prosperity between 1926 and 1929.

France began to feel the full effects of the Great Depression in 1932, and that economic instability soon had political repercussions. During a nineteen-month period in 1932 and 1933, six different cabinets were formed as France faced political chaos. During the same time, French right-wing groups, espousing policies similar to those of the Fascists in Italy and the Nazis in Germany, marched through the streets in numerous demonstrations. Riots in February 1934, fomented by a number of right-wing leagues, frightened many into believing that the extremists intended to seize power. These fears began to drive the French leftist parties together despite their differences and led in 1936 to the formation of the Popular Front.

The first Popular Front government was formed in June 1936 and was a coalition of the two French leftist parties, the

Socialists and the Radicals. These parties shared a belief in antimilitarism, anticlericalism, and the importance of education. But despite their name, the Radicals were a democratic party of small property owners, whereas the Socialists were nominally committed to Marxist socialism. The Socialist leader, Leon Blum (LAY-ohnh BLOOM) (1872–1950), served as prime minister. The Popular Front succeeded in initiating a program for workers that some have called the French New Deal. It established the right of collective bargaining, a forty-hour workweek, two-week paid vacations, and minimum wages. The Popular Front's policies failed to solve the problems of the depression, however. By 1938, the French were experiencing a serious decline of confidence in their political system that left them unprepared to deal with their aggressive Nazi enemy to the east.

## The Scandinavian States

The Scandinavian states were particularly successful in coping with the Great Depression. Socialist parties had grown steadily in the late nineteenth and early twentieth centuries, and between the wars, they came to head the governments of Sweden, Denmark, Norway, and Finland. These Social Democratic governments encouraged the development of rural and industrial cooperative enterprises. Ninety percent of the Danish milk industry, for example, was organized on a cooperative basis by 1933. Privately owned and managed, Scandinavian cooperatives seemed to avoid the pitfalls of either Communist or purely capitalist economic systems.

Social Democratic governments also greatly expanded social services. Not only did Scandinavian governments increase old-age pensions and unemployment insurance, but they also provided such novel forms of assistance as subsidized housing, free prenatal care, maternity allowances, and annual paid vacations for workers. To achieve their social welfare states, the Scandinavian governments required high taxes and large bureaucracies, but these did not prevent both private and cooperative enterprises from prospering. Indeed, between 1900 and 1939, Sweden experienced a greater rise in real wages than any other European country.

## The United States

After Germany, no Western nation was more affected by the Great Depression than the United States. By the end of 1932, industrial production was down almost 50 percent. By 1933, there were 15 million unemployed. Under these circumstances, the Democrat Franklin Delano Roosevelt (1882–1945) won the 1932 presidential election by a landslide.

Roosevelt and his advisers pursued a policy of active government intervention in the economy that came to be known as the New Deal. The first New Deal created a variety of agencies designed to bring relief, recovery, and reform. To support the nation's banks, the Federal Deposit Insurance Corporation was established; it insured the safety of bank deposits up to \$5,000. The Federal Emergency Relief Administration provided funds to help states and local communities meet the needs of the destitute and the homeless. The



## CHRONOLOGY The Democratic States

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| <i>Great Britain</i>                       |           |
| First Labour Party government              | 1924      |
| Conservative Party government              | 1924–1929 |
| General strike                             | 1926      |
| Second Labour Party government             | 1929–1931 |
| Beginning of National Government coalition | 1931      |
| <i>France</i>                              |           |
| Formation of the Popular Front             | 1936      |
| <i>United States</i>                       |           |
| Election of Franklin D. Roosevelt          | 1932      |
| Beginning of the New Deal                  | 1933      |
| Second New Deal                            | 1935      |

Civilian Conservation Corps employed more than 2 million people on reforestation projects and federal road and conservation projects.

By 1935, it was becoming apparent that the initial efforts of Roosevelt's administration had produced only a slow recovery at best. As his policies came under increasing criticism by people who advocated more radical change, Roosevelt inaugurated new efforts that collectively became known as the Second New Deal. These included a stepped-up program of public works, such as the Works Progress Administration (WPA), established in 1935. This government organization employed between 2 and 3 million people who worked at building bridges, roads, post offices, and airports. The Roosevelt administration was also responsible for social legislation that launched the American welfare state. In 1935, the Social Security Act created a system of old-age pensions and unemployment insurance. The National Labor Relations Act of 1935 encouraged the rapid growth of labor unions. The New Deal provided some social reform measures that perhaps averted the possibility of social revolution in the United States. It did not, however, solve the unemployment problems of the Great Depression. After partial recovery between 1933 and 1937, the economy experienced another downturn during the winter of 1937–1938. In May 1937, American unemployment still stood at 7 million; by the following year, it had increased to 11 million. Only World War II and the subsequent growth of armaments industries brought American workers back to full employment.

## European States and the World: The Colonial Empires

World War I and the Great Depression also had an impact on Europe's colonial empires. Despite the war, the Allied nations had managed to hold on to their colonial empires. Great Britain and France had even added to their empires by dividing up many of Germany's colonial possessions and, as we have seen, taking control of large parts of the Middle East through a system of mandates. In the years after the war, however, a