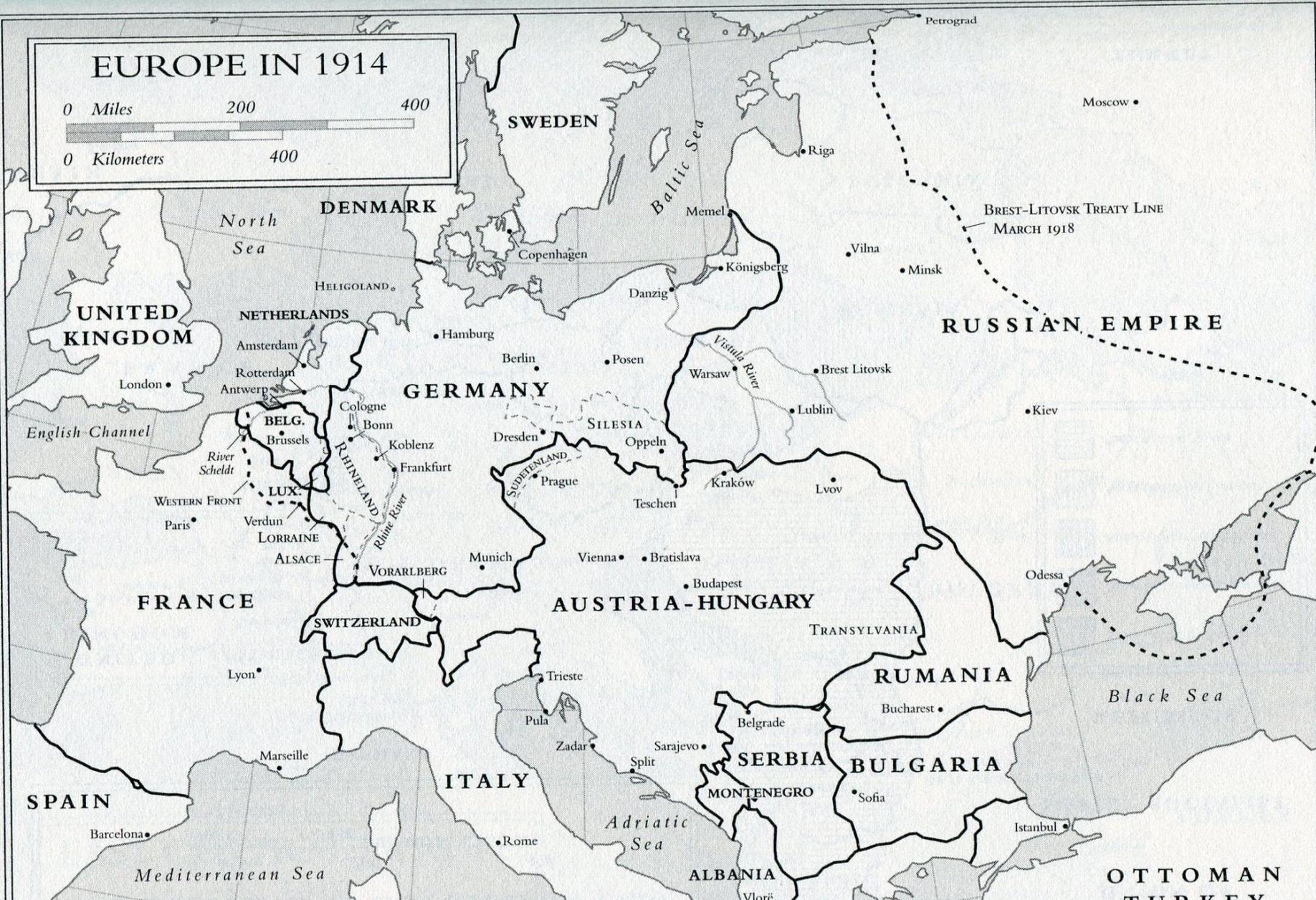
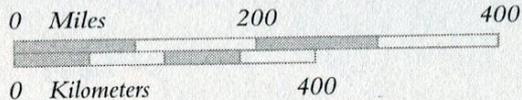


Economic Crisis and the Soviet Union



EUROPE IN 1914



North Sea

Baltic Sea

Black Sea

Mediterranean Sea

Adriatic Sea

RUSSIAN EMPIRE

BREST-LITOVSK TREATY LINE
MARCH 1918

UNITED KINGDOM

DENMARK

SWEDEN

GERMANY

AUSTRIA-HUNGARY

FRANCE

RUMANIA

SPAIN

ITALY

SERBIA

BULGARIA

OTTOMAN TURKEY

NETHERLANDS

BELG.

LUX.

SWITZERLAND

RHINELAND

SUDETENLAND

SILESIA

TRANSYLVANIA

ALBANIA

MONTENEGRO

Petrograd

Moscow

Riga

Memel

Königsberg

Vilna

Minsk

Danzig

Hamburg

Berlin

Posen

Warsaw

Brest Litovsk

Lublin

Kiev

London

Amsterdam

Rotterdam

Antwerp

Cologne

Bonn

Koblenz

Frankfurt

Dresden

Prague

Teschen

Kraków

Lvov

WESTERN FRONT

Paris

Verdun

LORRAINE

ALSACE

VORARLBERG

Munich

Vienna

Bratislava

Budapest

Odessa

Lyon

Marseille

Barcelona

Rome

Trieste

Pula

Zadar

Sarajevo

Split

Belgrade

Bucharest

Sofia

Istanbul

Vlorë

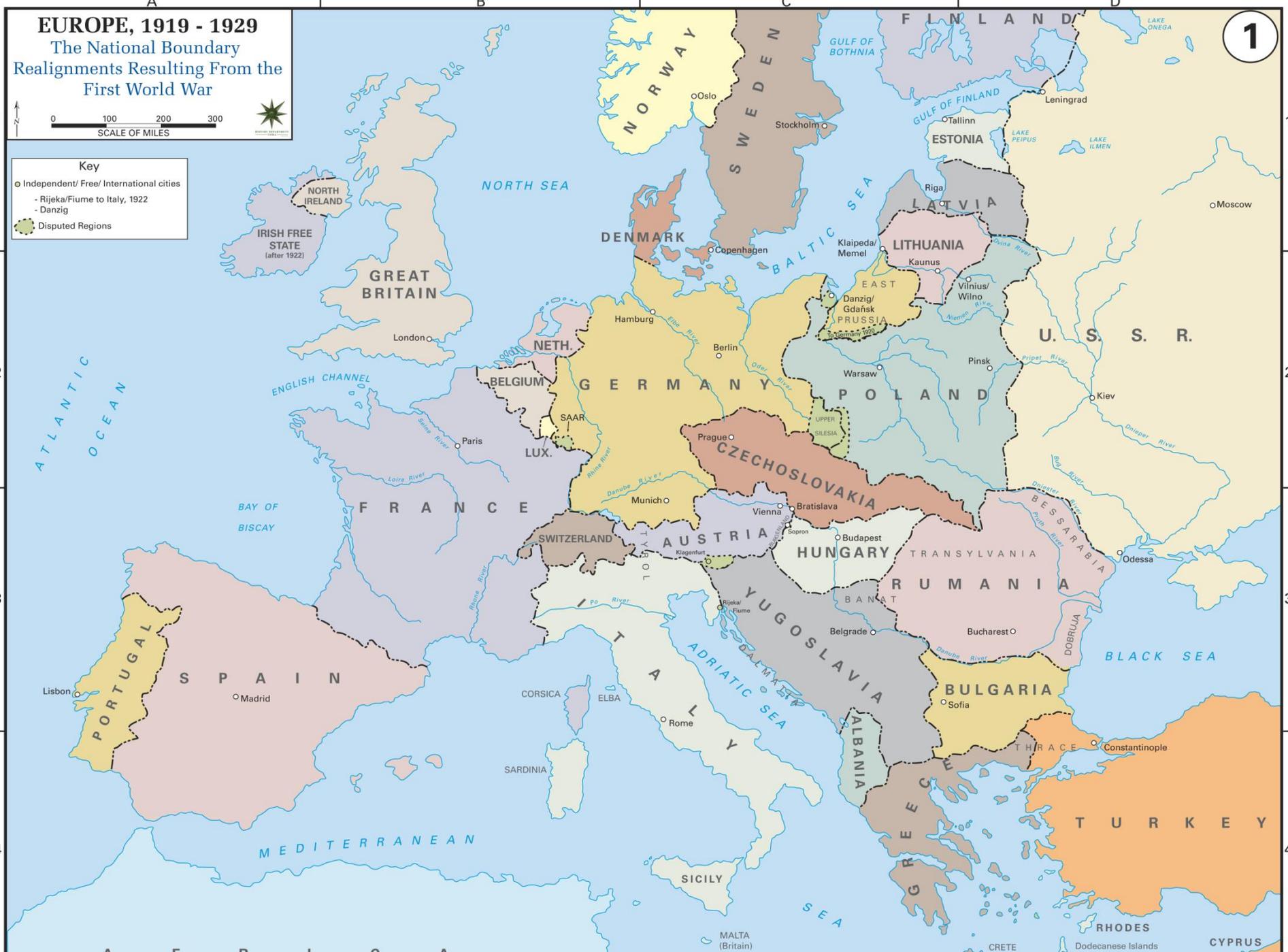
EUROPE, 1919 - 1929

The National Boundary
Realignments Resulting From the
First World War



Key

- Independent/ Free/ International cities
- Rijeka/Fiume to Italy, 1922
- Danzig
- Disputed Regions





— Boundaries of German, Russian, and Austro-Hungarian Empires in 1914

■ New and reconstituted nations

■ Demilitarized or Allied occupation



0 100 200 miles

The Creation of a New Eastern Europe



- Collapse of Empire
 - Habsburg collapse (1918)



THE DISSOLUTION OF AUSTRIA-HUNGARY

The heavy dotted line bounds the old Austro-Hungarian Monarchy. The light dotted lines show the several provinces. The heavy solid lines bound the new states formed by the Paris Conference as follows: 1. The Republic of Austria. 2. The Republic of Hungary. 3. The Republic of Czechoslovakia. 4. Austrian territory annexed by Poland. 5. Hungarian territory annexed by Rumania. 6. The Serbo-Croat-Slovene State (Yugoslavia). 7. Austrian territory annexed by Italy

The Creation of a New Eastern Europe



- **Collapse of Empire**
 - Habsburg collapse (1918)
 - Russian collapse (1917) = Finland, Estonia, Latvia, and Lithuania
 - German collapse (1918) = Poland
 - Ottoman collapse (1918) = Saudi Arabia, Yemen, British Mandate (Palestine), French Mandate (Syria, Jordan)
- **Problems with new sovereignty**
 - Economic problems
 - Political/cultural problems; territorial problems

German Collapse & Inflation



- German currency had already begun falling during WWI
- After the Treaty of Versailles (1919) . . .
 - 47 Marks to the U.S. dollar
- June 1921 = 330 Marks to the Dollar
- 1922 = “hyperinflation”
 - Ca. 2000 printing presses working all day every day
 - By December 1922 = 8000 Marks to the Dollar
- Summer of 1923 = peak hyperinflation
 - Currency conversion changes by the hour

United States = Europe's Savior?



- **The German economy mattered**
 - Globalized economies are dependent on each other
- **Dawes Plan (1924) = Charles Dawes**
 - Meant to be temporary
 - Reorganized *Reichsbank*
 - Imposed transportation, customs, and sales taxes
 - Reduced reparations payments
 - Result = stabilized economy; attracted foreign investors
- **Young Plan (1929) = Owen Young**
 - Split debt into two parts
 - Reduced payments even more

The Great (International) Depression



- Causes?
- 1929 = American investors leave European markets for American markets
 - Weakened the European economies
- October 1929 = American stock market crash
 - Consumer spending/borrowing slowed significantly, decreasing demand, thereby decreasing production
- 1930 = Smoot-Hawley Tariff Act
 - Raised tariffs on imported goods
 - Other nations retaliate

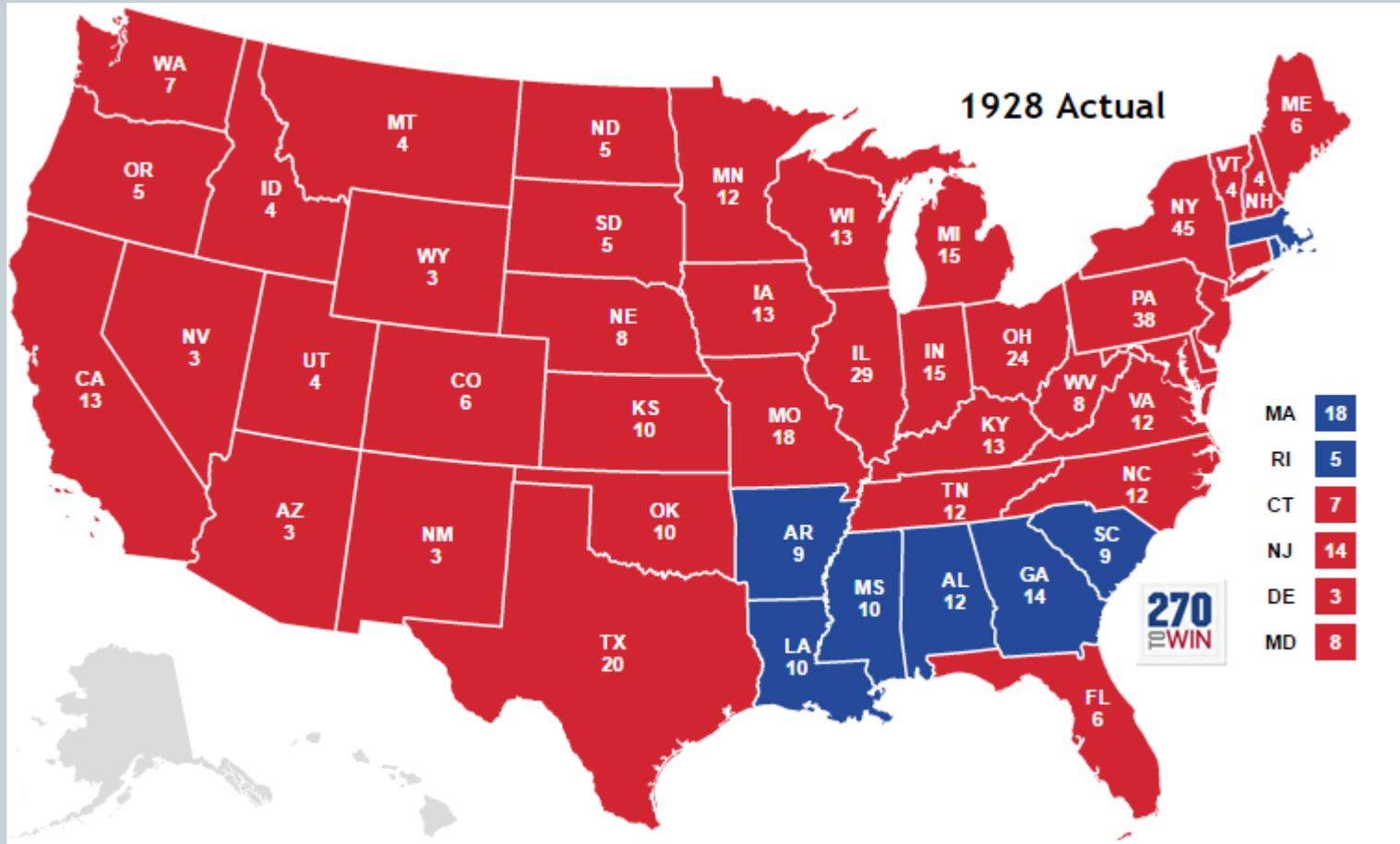


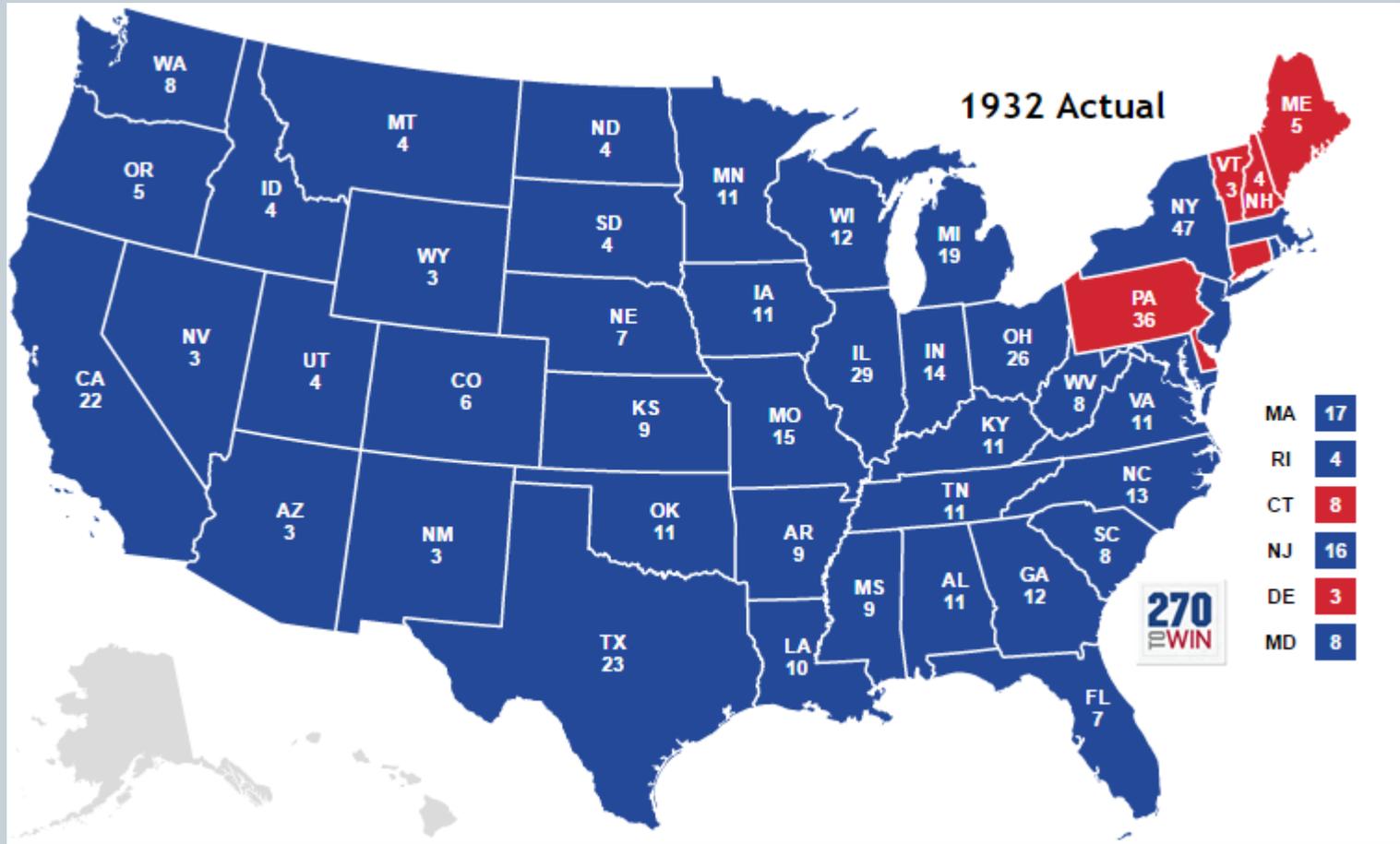
The Great (International) Depression



- **By 1932, the global economy is in very bad shape**
 - 25% of Americans unemployed; 1/3 of American banks close
 - Industrial production has tanked, internationally
 - Foreign trade declined by more than 50%
- **Political consequences . . .**
 - Everyone abandons the gold standard
 - Loss of confidence in the free market
 - Loss of confidence in free market politicians







The Great (International) Depression



- By 1932, the global economy is in very bad shape
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- Political consequences . . .
 - Everyone abandons the gold standard
 - Loss of confidence in the free market
 - Loss of confidence in free market politicians
- Internationally, most agree (at this time) that the free market can not adequately regulate itself



Consolidating Power in the Soviet Union



- 1922 = victorious Bolsheviks win Soviet civil war
- BUT, the Bolsheviks inherit a troubled Union . . .
 - Small, inefficient industrial sector
 - Declining standard of living
 - 1921-1922 = famines/epidemics
- Lenin is the undisputed leader of the Politburo
 - Other important members = Trotsky, Bukharin, Stalin
- Big Economic Question: how to plan the economy?
 - Top-down or bottom-up?
 - Lenin's middle path = autonomous unions, but state controls heavy industry

Consolidating Power in the Soviet Union



- **New Economic Policy (1921-1928) = free-market agriculture, re-introduction of money**
 - Criticized by an Oppositional Left led by Trotsky
 - Championed by Nikolai Bukharin (“enrich yourselves!”)
- **1922 = Lenin suffers a series of strokes**
 - Dies on 21 January 1924
- **Post-Lenin economic/political problems . . .**
 - NEP has problems – not producing enough food
 - 1927 = Russian economic crisis over grain supply/demand
 - Stalin uses this to oust Trotsky and Bukharin



The Stalinist State



- **Stalin, man of “steel”**
 - No Western education or experience; grew up in the East
- **Turned the cult of Lenin into a cult of Stalin**
 - Built statues of himself and Lenin everywhere for his 50th birthday (1929)
- **Five-Year Plans**
 - 1929-1932 = rapid industrialization; agricultural collectivization
 - ✦ Mixed results . . .
 - 1933-1937 = more industrialization; Soviet Union as a modern European power



The Stalinist State



- **Great Purge (1934-1938)**
 - Eliminated “class enemies” and other opponents of Stalin
 - Show trials
 - 300,000 killed; 7,000,000 imprisoned
- **Differences between Stalin and Lenin . . .**
 - “socialism in one country”
 - 1920 = abortion legalized; 1936 = abortion criminalized
 - 1917 = homosexuality decriminalized; 1930s = homosexuality re-criminalized
- **Women were to maintain the family and industrialization**