

Chapter 11: The Great Depression and threats to international peace and collective security

11.1 THE GREAT DEPRESSION AND ITS IMPACT

Reasons for the Great Depression

- Governmental debt
 - Many governments financed their war efforts with massive loans and deficit spending
 - This led to growing inflation
- Overproduction
- Shortage of investment capital
 - Investors became reluctant about investing
 - They feared that inflation would wipe out their assets
- Excessive speculation
 - There was a boom in the American economy after World War I – the Roaring Twenties
 - There was excessive borrowing with little limits
 - Too much credit led to speculation and asset bubbles
 - Resulted in the Wall Street crash of 1929
- Over-reliance on the United States of America (USA)
 - The European economies were highly dependent on American loans
 - Europe depended heavily on American prosperity
 - The USA pumped in \$ 6 400 000 000 000 into the world economy from 1924 to 1929
 - The USA demanded the repayment of loans from governments after the Wall Street crash

Reasons for the prolonged economic leadership

- Lack of firm leadership
 - There was no coordinated plan among the national leaders in Europe
- Protectionist tendencies
 - Governments protected their own industries with tariffs – this caused economies to shrink
 - Those countries with empires could hide behind protectionism – they were self-sufficient
 - Countries without empires like Germany and Japan became resentful
- Classical economic solutions
 - Governments cut spending and employment – austerity measures
 - The Soviet Union adopted direct state intervention and planning
 - Germany and Japan adopted autarky – self-sufficiency

Impact of the Great Depression

- Collapse of the American economy

- The American stock market crashed on Black Tuesday in October 1929
- Banks failed when they recalled loans and people could not repay their debts
- Without the banks to lend money to kickstart the economy, there was a deflationary spiral
- The reparations crisis
 - Germany declared that it was financially weak and defaulted on reparation payments
 - The Nazis unilaterally rejected all reparations payments after coming to power in 1933
 - A clear failure of the League of Nations and the Versailles Treaty was the failure to force Germany to pay reparations
- Alienation of European countries
 - British and French trade barriers had a very negative impact on Eastern Europe
 - Eastern European countries began to gravitate towards Germany
- Instability of European governments
 - Countries were plagued with unstable governments
 - Democratic countries failed to intervene in aggressive countries
 - Saw the rise of radical groups
- Impact on militaries
 - Strong pressure in the United Kingdom to reduce armaments
 - Germany instead launched a conscription and rearmament programme in 1935
 - Germany increased defence spending – Keynesian economic strategy

11.2 THE MANCHURIAN CRISIS

Overview

- Part of the South Manchurian Railway under Japanese control was attacked in September 1931
- This was known as the Mukden incident – it was actually staged by the Japanese Army
- This justified the Japanese invasion of Manchuria
- The Chinese President Chiang Kai-Shek (蔣介石) ordered a policy of non-resistance
- Chiang focused more on the destruction of the Chinese Communist Party (CCP) led by Mao Zedong (毛泽东)

Reasons for **Japan's** invasion of Manchuria

- Growth of militarism in Japan
 - The Japanese Constitution favoured the growth of the military
 - The military staged terrorist attacks on civilian politicians
 - This allowed the military to dominate the government
- Failure to recognise Japan as a great power

- Japan was resentful of the Western Powers
- They felt that Japan was excluded from the great powers club
- Impact of the Great Depression
 - Japan suffered badly in the Great Depression
 - Japan was badly affected by Western protectionism
 - This created a strong belief that Japan needed a self-sufficient empire
- Resources in Manchuria
 - Manchuria had valuable coal and iron resources
 - The Japanese Kwantung Army took action to preempt their government from stopping them
 - Sought to take advantage of the weakness of the Kuomintang (國民黨) government (KMT)
- Buffer against communist Russia
 - Manchuria would act as a buffer against the spread of Soviet communism

International response to the Manchurian Crisis

- The Lytton report was published in October 1932
- It took too long to be published – Japan had already been in control for a year
- The report failed to find who carried out the bombing
- However, the report did find that there was no Manchurian demand for independence
- The League of Nations called for Japanese troops to withdraw to their railway zone
- The League of Nations refused to recognise Manchukuo as an independent country
- However the League of Nations also did not call for the application of Article 16 sanctions
- Rejected by the Japanese who withdrew from the League of Nations

Reasons for the lack of intervention by Western Powers

- It was difficult for Western governments to explain to their public why they were intervening in event so far away, especially during the Great Depression
- The Japanese military possessed an overwhelming geographical advantage and had a large battle-tested military
- France was distracted by the growing threat of Germany
- The League of Nations was more concerned about communism and the Soviet Union

The impact of the invasion of Manchuria on Europe

- This was seen as the start of the slide towards international anarchy

11.3 THE ABYSSINIAN CRISIS

Overview

- Italy invaded Abyssinia (today known as Ethiopia) on 2nd October 1935

- Italy completed the invasion by May 1936

Reasons for **Italy's** invasion of Abyssinia

- Revival of the ancient Roman Empire
 - Based on the memories of Imperial Rome which had dominated the region centuries ago
 - Some believed there was oil to be found here
 - Benito Mussolini was not actually concerned about the economic potential of Abyssinia
 - The invasion was mostly for prestige reasons
- Solution to the Great Depression
 - Distracted the Italian public from the effects of the Depression
 - A solution for Italian overpopulation
- Revenge
 - Abyssinia defeated Italy in a war in 1896
 - Italy wanted revenge
 - Only 1 537 Italians died in the invasion – Mussolini felt that this number was insufficient
- French and British failure to intervene
 - Both France and the United Kingdom tacitly agreed that they needed Italy as an ally

International response to the Abyssinian Crisis

- The League of Nations imposed a weapons embargo in July 1935 on both Abyssinia and Italy
- The League of Nations adopted a policy of escalating sanctions
- Germany and Japan ignored the sanctions entirely
- The United Kingdom did not close the Suez Canal
- The oil through the Suez Canal allowed Italy to continue their invasion

Reasons for the lack of intervention by Western Powers

- Preserving the Stresa Front
 - The United Kingdom, France and Italy formed the Stresa Front in 1935
 - They were meant to confront the growing German aggression
 - They were distracted by the remilitarisation of the Rhineland in 1936
 - Italy could pose a major threat in the Mediterranean – this was a major route to the British Empire in the East
- Lack of popular support
 - France's domestic political situation was very unstable – foreign intervention was not possible
 - British public opinion was strongly against the invasion – however they only wanted sanctions
 - The British public did not want to go to war themselves

- Abyssinia's lack of status
 - The leader of Abyssinia, Haile Selassie was a dictator
 - Abyssinia was a corruptly run, poor country
 - It did not command much international respect

The impact of the invasion of Abyssinia on Europe

- The failure to stop Mussolini was an important step to World War II
- Italy left the League of Nations in 1937
- Italy drew closer to Germany and signed the Rome-Berlin Axis in 1936
- This effectively ended the League of Nations's role as an influential body in international politics