

## Europe and the Great Depression of the 1930s

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### Overview

The Great Depression, which began in 1929, resulted in the most severe economic crisis in European economic life since the advent of industrialization. Despite the problems, mostly related to the Great War and the Versailles Treaty, a mild optimism had appeared justified. A reduction of reparation payments and a growing atmosphere of trust, suggested that Europe's troubles could be resolved peacefully. The widespread development of new products like the automobile further supported the optimistic mood. Yet these signs were misleading. The economy of the West crashed when the largely unregulated speculation on the New York stock exchanges permitted a rapid sell-off that created a ripple effect throughout the world economy. Every nation was seriously affected. In all countries that were still democratic, the assault on the parliamentary system of government. Great Britain and France managed to accept multi-party political coalitions and economic ideas not developed in the prewar era. Germany, Italy, and Russia, however, had established authoritarian governments that utilized organized and violent control over the citizenry. The economic reorganization of Russia, instituted by Stalin, brought unemployment in the West, was oiled by the blood of millions. Germany, the victim of the Depression, fell into the grasp of Hitler and the National Socialist regime which brutally eliminated opponents, real or imagined, while embarking on a rearmament program that helped reverse the economic damage caused by the economic collapse. In Italy, the impact of economic reorganization was less clear, in part because it was obscured by early mobilization for war.