The Great Depression

American Made, World-Wide Effects
Great Depression-America

The Great Depression: “Boom or Bust”

[Video – posted in ‘Add’l Rdg’]
Great Depression - America

Image versus Reality: the crash of October 1929 leads to Great Depression
[Text pp. 766-7]
Great Depression- World Wide

By early 1930s, effects of American ‘crash’ felt world-wide [Text 768-69]: Impact Economic and Political

- [Text distinction between ‘industrial’ and ‘non-industrial’ misleading]
- international commerce dropped more than 60% by early 1930s
- shipping itself devastated: shipyards (building), docks (loading, unloading) declined – many shut-down
- hit America, Britain – Europe in general
Great Depression- World Wide

**Economic:**
- trade tariffs erected (began with US – others followed in retaliation): prices rose
- manufacturing: lost markets (goods too expensive for consumers)
- unemployment: over 30% in many countries (more than US itself 25%)
- inflation: money lost value – contributed to declining markets, drop in personal income (where there was still ‘income’)

Great Depression – World Wide

**Industrialized countries [not limited to Europe]:**

- heavy-hit by tariffs: affected price of raw materials as well as manufactured exports
- ‘industry substitution’ (replacing imported goods with domestic products) not realistic given shrinking domestic consumer markets (unemployment, inflation)
- industry shut-downs created massive unemployment (e.g. 3million Britain, 6million Germany)
Great Depression – World Wide

Resource-based Countries:
- agriculture: crop prices world-wide fell by more than 60%
- market for ‘cash crops’ Africa, Latin America, Asia [e.g. coffee, tea, cacao, cotton, silk. . . ] quickly dried up
- food crops [e.g. grains, fruits] still in demand but prices plummeted local markets
- Minerals, forest products: tied to industry--lost markets everywhere where industry collapsed
Great Depression – World Wide

Political: [Text 767-9]
- degree of economic upheaval ensured political reactions
- isolationism of US continued: Roosevelt elected 1932 on basis of ‘New Deal’
- range of work-generating programmes to stimulate economy
- addressing overall lack of confidence in ‘capitalism’: New Deal said to have ‘saved it’
- many wondered if it should be saved
Great Depression – World Wide

Communism:

- fear that ‘Soviet Model’ [“Stalinism and Soviet Modernization” – wednesday lecture] would prove attractive
- Communists everywhere (including US) offering ‘alternative vision’
- political reactions often severe (e.g. Germany, Britain, South Africa)
Great Depression – World Wide

“Nationalism”:
- many countries in Europe, Asia, Africa, Latin America) turned to extreme ‘nationalism’
- Dictatorships (e.g. Brazil), racist, single-party ‘democracies’ (e.g. South Africa, Germany)
- military governments (e.g. Japan)
- anti-colonialist agitation (Africa)
- ‘western democracies’ all saw change in Government (e.g. US, Britain), beginnings of ‘welfare state’
Great Depression – World Wide

Recovery:
- some regions began recovery by mid-1930s but most did not see return to ‘normal’ economy until after World War II
- Crash, Depression created conditions conducive to conflict (in West and East): WWII can be seen as outcome
- War itself reflected inter-war years, increasing global economic dependency– exacerbated by rise Colonialism (Africa, Middle East)
Great Depression – World Wide

- World War II itself became major means of recovery for industrialized regions (US, parts of Latin America, South Africa, Japan)
- impact even more widespread than World War I because of domino effect of Great Depression
- fair to characterize era as one of ‘changing world order’ whose legacies shaped rest of 20th century
Great Depression – Latin America

Economy in Latin America: overwhelmingly dependent on exports in 1920s

- ‘trade dependent’ economies: small industrial sectors (e.g. Brazilian coffee, Cuban sugar, Argentinean wheat)
- left them highly vulnerable to changing conditions in world market for commodities
- between 1929-1931: value agricultural, mineral exports fell by two-thirds
Great Depression – Latin America

- major markets: US and Great Britain
- imposition of tariffs by both had immediate negative impact
- complicated system of removing their economies from Gold standard led to falling value many currencies
- Latin American countries forced to renege on debt payments to US
- in some instances, led to new US financing
  – increasing dependency: vicious cycle
Great Depression – Latin America

Politics:
- collapse of economy led to political upheaval almost everywhere
- of 20 countries: 16 knew military dictatorships or ‘strongmen takovers’ by early 1930s

“The Great Depression ... hit Latin America as hard as it hit Europe and the United States and proved a more important turning point for the region than either world war.”

[p.756]
Great Depression – Brazil

Case Study: Brazil [Text 756-7]

- like other countries: declining export economy undermined domestic economy
- “implosion”: could no longer afford imported goods
- created political instability: no faith in existing government (of Washington Luis)
Great Depression – Brazil

Coup-d’état 1930: power seized by Getulio Vargas
Great Depression – Brazil

- ‘nationalist’: re-wrote constitution 1891, limited presidents to one term (to control corruption)
- created/promoted state-owned firms, raised import duties
- tried to weaken dependency on mono-cropping: coffee
- emphasis on textiles, small manufactures: goal to become industrialized economy
Great Depression – Brazil

[translation text]

“Children! Learning, at home and in school, the cult of the Fatherland, you will bring all chances of success to life. Only love builds and, strongly loving Brazil, you will lead it to the greatest of destinies among Nations, fulfilling the desires of exaltation nestled in every Brazilian’s heart.”
Great Depression – Brazil

**Industrialized Brazil: largely successful by mid-1930s**

- urbanization: attracting poor peasants, growth of slums, problems urban sprawl and poverty
- did not address issues of land: remained in hands large owners – millions of landless peasants (source of those moving to towns, above)
- political consequences: centralization generated political resistance from states
Great Depression – Brazil

An anti-Vargas poster from 1932: Image includes the São Paulo flag and a “bandeirante,” the traditional figure of São Paulo, holding the hyper-diminutive Vargas “dictadura”
Great Depression – Brazil

Creation Fascist State:
- 1939: end of Vargas ‘legal’ term as president
- another coup-d'état: suspended constitution, created ‘New State’ with himself as ‘Supreme Leader’
- abolished political parties, jailed opposition leaders, created ‘Fascist State’ similar to those emerging in Europe [Wednesday’s Lecture]
- ironically: joined Allies in World War II [Friday’s lecture]
Great Depression – Brazil

Fascism in Brazil (n.d.)
Great Depression – Africa

Economic situation arising from Great Depression revealed degree to which Africa dependent on world trade: ‘mono-crops’

- Uganda: cotton 80% exports
- Gold Coast: cocoa 79% exports
- Gambia: peanuts 98% exports
- Zanzibar: cloves 61% exports
Great Depression – Africa

Depression caused prices to drop for African-produced commodities: consequences

- wages and benefits to workers cut
- colonial governments tried to ‘recoup’ Europe’s losses from Africa: cuts to education, health, welfare
- French, British colonies ‘pushed’ to purchase only from ‘mother country’
- where profits still made: reinvested in Europe, not African colony
Great Depression – Africa

Economic crises affecting labour, consumption, ability to pay taxes: political consequences

- increasing frustrations of educated Africans with no place in upper echelons of economy, society (social status)
- led to ‘radicalization’ of both workers unions and Nationalist political movements
Great Depression – Africa

The 1929 “Aba Women’s Riots” (Southern Nigeria):
- women market traders protested against taxing women, general economic hardships
Workers’ Strikes:
Sudan: Tramway men On Strike
"There was a lightening strike of tramway men this morning and many official and businessmen were obliged to use other means of transport... This appears to be the first strike of its nature in Sudan and it is all the more regrettable as the tramway men seem to have no legitimate grounds for striking."

[British-owned Sudan Daily Herald, 19 Dec 1936]
Great Depression – Africa

Nigeria : Inspectors Strike Threatened

"Streams of sanitary inspectors were seen early this morning moving to and fro with evident signs of dissatisfaction on their faces. One of their main grievances is reported to be the placing of an untrained and illiterate sanitary inspector to supervise their work. A petition has been addressed to the Senior Resident of the Province."

[Nigeria Daily Times, 2 Dec 1936.]
Great Depression – Africa

South Africa : Strike At Krugersdorf

“Thirty nine natives on shaft sinking contracts at East Champs d'Or, Krugersdorf, refused to start work and tried to prevent others working... they wanted higher pay, although they had signed up to contract.”

[Rand Daily Mail, 5 Dec 1936].
Great Depression – South Africa

Case Study: South Africa -- industrialized, modernized commercial agriculture
- felt Depression in all sectors
- Mines (gold, diamond), factories, small enterprises, even shops: closed
- Maize (commercially grown ‘corn’) exports dropped 80%
- wages in all sectors dropped
- unemployment rose
- situation worsened by serious drought 1932-1933
Great Depression – Africa

The ‘Poor White’ Problem:
- situation complicated by issues surrounding gold standard: delay in leaving it (as Britain, US had already done) ‘cost’ economy
- longer term impact was creation of class ‘poor whites’
- driven off farms by economic conditions following Boer War, creation Union of South Africa 1910
- drawn to urban centres, industries arising from WWI
Great Depression – South Africa

“Poor Whites” in the towns
Great Depression – South Africa

Urban working class hit extremely hard by Depression:

- numbers falling into poverty climbed critically
- early 1930s: commission called to investigate problem.
- Carnegie commission reported that over 300 000 out of total population of 1.8 million whites (almost 17%) were ‘very poor’
Great Depression – South Africa

Provided ‘platform’ for the National Party:
- promised to create jobs for these unemployed poor whites
- in part by developing industry further, establishing programmes especially for this group
- in part by ‘protecting’ them from competition of black labour
Great Depression – South Africa

National Party: campaigned (1948 election) grounds of ‘separate but equal’ – Apartheid
- ‘poor white’ issue critical to platform
- considered racist, ‘fascist’ : “Broderbund” secret society directly associated with Germany’s Nazis
- ‘model’ followed Nazis political organization
- victory in 1948 marked birth of Apartheid
South Africa: like Nazi Germany, direct outcome of tensions caused by economy linked to race
Great Depression – South Africa
Great Depression – Britain

Case Study: Britain
- struggling in post WWI years, though less in debt than many other countries
- as World trade slumped, prices fell, tariffs rose and credit dried up, value of British exports halved
- industrial areas (especially in North) plunged into poverty
- by 1930, unemployment had more than doubled to 20 per cent
Great Depression – Britain

Public spending cut, taxes raised (to reduce deficit):

- depressed economy, cost even more jobs
- 1931 pound devalued by 25 per cent to help exporters, start economic recovery.
- Through the 1930s, poverty and unemployment blighted large areas of Wales northern England (coal producing regions)
- 1933 Glasgow (Scotland) 30% unemployment
Great Depression – Britain

Unemployed in front of London Workhouse, 1930
Great Depression – Japan, Germany

Continued...

[see Lecture ‘Italy, Germany, Japan – Roads to War’]