

XVIII The Apparent Victory of Democracy

97. The Advance of Democracy after 1919

pp. 740-745

A. Gains of Democracy and Social Democracy

The years following the war were characterized by problems of demobilization amid a post-war depression lasting until 1922—severe economic dislocation for all nations. Politically, many new states appeared, all with democratic constitutions and laws; women generally could vote, even in Eastern Europe—though France was delayed. Socialist parties were strong and labor unions powerful; the welfare state was normal, with the 8-hour day and insurance guaranteed. Only in Italy was democracy aborted, with the rise of Mussolini and his fascist party—the first of the personal dictators of post-war Europe.

B. The New States of Central and East-Central Europe

The new states were essentially accidents, without deeply felt or widely held revolutionary sentiment. Few Germans wanted a republic; few in Austria-Hungary had wanted a full break-up. The weak, inexperienced new governments had to deal with reactionaries and radicals, not to mention disaffected minorities. Most nations were formed on the basis of self-determination (14 Points), but populations were thoroughly mixed. Poland and Czechoslovakia were the most composite of these; each possessed, in particular, large minorities of Germans. But except for Yugoslavia, all the new nations were republics with the external apparatus of democracy until the 1930s (i.e. constitutions, parliaments, elections, multiple parties). Hungary, after fighting off the attempt of Bela Kun to establish a soviet republic, brought back monarchy in all but name under the dictatorship of Admiral Horthy.

C. Economic Problems of Eastern Europe: Land Reform

Most had a small middle class and a peasant mass only recently freed—and most were economically backward. They set up protective tariffs and attempted to develop factories—but the tariffs cut the circulation of goods and protected inefficient industries. Older, established industry, especially in Vienna and Prague, were hurt. Agrarian reform was attempted, attempting to create a small peasant class on the French model. In the Baltic States, the old German barons lost their land; in Czechoslovakia, German landlords also lost. A less thorough effort was made in Rumania and Yugoslavia. Finland, Bulgaria, and Greece did not need reform. Poland and Hungary had exceptionally strong landed magnates who were able to deflect change.

D. Overall: ‘The continuance of relative poverty, the obstinacy of reactionary upper classes, the new stresses and strains among the peasants themselves, the economic distortions produced by numerous tariff walls, and the lack of any sustained tradition of self-government all helped to frustrate the democratic experiments launched in the 1920’s.

98. The German Republic and the Spirit of Locarno

pp 745-751

A. Germany:

1. The Social Democrats were in control in 1918—prudent Marxists equally hated by revolutionary Marxists on the left (Spartacists) and reactionaries of the right (business, army, Junkers). The middle group was the Social Democrats and the Catholic Center party; they were appalled by stories emerging from the USSR, carried by Mensheviks and anti-Lenin Bolsheviks. The Spartacist rebellion of January 1919 (Rosa Luxembourg and Karl Liebknecht) frightened them, and the SD government suppressed the uprising using demobilized army officers and volunteer vigilantes from the army.

2. Soon thereafter elections were held for a constituent assembly; the SDs emerged as the largest party but without a majority and so formed a centrist coalition. This group by July 1919 had produced a constitution providing for a democratic republic—Weimar Republic. Immediately, a right wing putsch was attempted—Kapp Putsch. A general strike, in which the Berlin workers turned off the public utilities, ended the Putsch. However, the Weimar government was never sufficiently in control to suppress private armed bands called freikorps which were led by antidemocratic agitators. Liberals, they continued to provide free speech to the most outrageous enemies of the Republic.

3. The new Weimar constitution provided for universal suffrage, proportional representation (each party, no matter how small, received representation based on its total nation vote rather than the winner-take-all western tradition involving electoral districts), and the initiative, referendum and recall. But no revolution was worked: no industries were nationalized, no property seized, no agrarian reform undertaken; the Junkers remained intact, as did the old bureaucracy. The army, limited in size, “remained the old army in miniature, with all its essential organs intact, and lacking only in mass” There had been no revolutions.

B. The German Democracy and Versailles:

1. Germans saw the Treaty of Versailles as a *Diktat*—a ruthless, vengeful, dictated peace. The German sense of honor was outraged; neither reparations nor the eastern frontier was regarded as settled. France had desired guarantees—either the cession of the Rhineland or the guarantee of the frontier by the US and Britain—but the US

senate had rejected both Versailles and the treaty of guarantee, only desiring a strong Germany as a good customer. The League, with every nation having a veto, offered little hope—so the French turned to reparations. In 1921 the Reparations Commission set the sum at the astronomical sum of \$35 billion.

2. Germany, in response, looked to the USSR—and the result was the Treaty of Rapallo of 1922. The USSR was to receive manufactured goods from Germany, while German officers and technicians instructed the Red Army. Thus the German army was able to maintain a high standard of training and technical knowledge.

C. Reparations, the Great inflation of 1923, Recovery:

1. Blocked from collecting reparations, France sent army units to occupy the Ruhr. Germans resisted by general strikes and passive resistance—with workers benefits provided by merely printing money. The result was catastrophic inflation, wiping out all paper value, annuities, pensions, insurance policies, savings accounts, income from bonds and mortgages. Debt was wiped out- the middle class was pauperized.

2. But Germany could now start out fresh. Charles Dawes, a US banker, began a plan whereby the French would evacuate the Ruhr, reparations would be cut, and Germany would borrow from the US. The Germans would then be able to make payments to France and Britain, which in turn would be able to pay their debts to the US. The bankers, it would seem, had invented a perpetual money machine. (Dawes Plan, 1924)

D. The Spirit of Locarno

The years from 1924-1929 were called the Golden Years in Weimar Prosperity brought international calm—no issues had been dealt with fundamentally Versailles had been dented, but It was still intact. Three moderate leaders helped reduce pressures—Gustav Stresemann in Germany, Aristide Briand In France, and Ramsay MacDonald in GB. Meeting at Locarno in 1925, these leaders produced the Locarno Pacts: Germany would guarantee the French and Belgian borders, and agreed to arbitration of the eastern borders, France promised to aid Poland and Czechoslovakia against German aggression, and promised to support the Little Entente—Czechoslovakia, Yugoslavia, and Romania. Britain promised aid if the French or Belgian border was crossed, but made no promises to the east. But the “spirit of Locarno” brought great relief. In 1926 Germany joined the League of Nations, and in 1928 some 62 nations of the world signed the Pact of Paris (Kellogg—Briand) which condemned the recourse to war as a means of settling international disputes.

99. The Revolt of Asia

pp 751—761

A. Resentments in Asia

Imperialism was increasingly condemned and political consciousness was rising. Asians objected to European special privilege, use of customs revenues to pay debts, exploitation of resources and labor, the threat to ancient cultures and languages, and the idea of white racial supremacy. But there was also ambivalence, as they desire. Western science, industry, and organization. Increasingly, old monarchs were charged with subservience to the West, and replaced by national assemblies—the Persian *majlis*, the revolt of the Young Turks in 1908, the revolution of Sun Yat Sen in 1911.

B. First World War and Russian Revolution

Asians were heavily involved in World War I, for example, India provided one million troops. The nations were also stimulated to increasing output of raw materials. With the huge investment at stake, colonial governments were forced into concessions—elected legislative assemblies, consultive bodies both elected and appointed, both European and native. The Russian Revolution also provided stimulus, since colonial peoples identified capitalism with imperialism and took on a strong socialist content. The Comintern under Zinoviev worked to exploit these feelings, but nationalism was the key.

C. The Turkish Revolution Kemal Ataturk

The Ottomans were stripped of their empire, and the Greeks were anxious to expand across the Aegean- Allied support Mustapha Kemal, a young army officer at Gallipoli, aroused nationalistic resistance With aid from the USSR he was able to drive off the Greeks; Istanbul was kept—and was now renamed A Turkish Republic was created in 1923, under Mustapha Kemal as President Almost a million and a half Greeks fled or were transported to Greece, with 400,000 Turks moving into Turkey-S-great hardships. The government was secularized, with women receiving nominal rights, fez and beards abolished, western dress, alphabet, calendar, metrics, and surnames adopted. The capital was moved to Ankara, and a five-year development program begun. Persia made limited changes of the same type.

D. The National Movement in India: Gandhi and Nehru

Gandhi was the leader of a new movement for Indian independence, using non-violence and passive resistance, civil

disobedience, and boycotts. He severely hurt British exports. The British maintained that the religious divisions in India would bring anarchy with independence. Many moderates agreed and wanted cooperation. Others, including Jawaharlal Nehru, were affected by Marxism and saw the USSR as a model for development. The British gradually drifted to increased Indian participation and reform. The Dutch East Indies was much quieter until after World War II. Only the efforts of the Dutch had created a nation from such a diversity of peoples, now opposition to the Dutch gave a sense of unity and cohesion.

E. The Chinese Revolution: The Three Peoples Principles

1. The Chinese revolution of 1911 brought a military dictator (Yüan Shih-kai) to power in Beijing, with Sun Yat-sen forming his Kuomintang (Nationalist Party) in the south. Yuan died in 1916 and Dr Sun was proclaimed president of a rival government in Canton. Much of China came under the rule of provincial war-lords.

2. Sun was strongly influenced by Western liberal thought, his *Three People's Principals* stressed the idea of democracy, nationalism, and livelihood. He wanted the end to unjust economic exploitation, but believed the breakdown of individual liberty was needed for cohesion. The people must be sovereign, but governed by the able. He had sympathy for Lenin, but was no Marxist, he felt eliminating foreign imperialism would end capitalistic land ownership. He wanted the state to develop industry--meaning China needed foreign loans and experts. Sun went to Versailles to attack the "treaty system" of extra-territoriality and Western privilege, and to get back German territories given to Japan. His failure led to widespread student/worker demonstrations on May 4, 1919, which heightened the anti-foreign consciousness in China. Sun now turned to the USSR, which sent military equipment, army instructors, and party organizers—and surrendered past concessions given to the Russians.

F. China: Nationalists and Communists

1. Strengthened, the KMT launched a political/military offensive, planned by Russian advisers and supported by the Chinese Communists. The leader was Chiang Kai-shek, who became KMT leader after Sun's death in 1925. By 1928 Chiang had taken Peking and transferred the capital to Nanking. He gained at least the nominal support of the provincial warlords. Western nations pledged to end extra-T and to surrender tariff control.

2. Chiang, mainly supported by wealthy, conservative elements, now broke with the Communists. He purged the left, executing many--and carrying out a large-scale massacre in Shan and brutally suppressing a revolt in Canton. Mao Tse-tung and Chu Teh now formed a Red Army in the mountains. Increasingly the KMT became conservative and opposed reforms. Mao, meanwhile, fed on popular discontent and drew support from the peasants by systematically expropriating large estates for distribution. The KMT finally launched a German-led and equipped army against Mao in 1934--leading to the famed 6000 mile Long March of Mao's forces into the north. With the attack of Japan in 1937, Chiang reluctantly agreed to a "united front" against Japanese aggression.

G. Japan: Militarism and Aggression

1. Japan was upset by rising Chinese nationalism. It had taken the German concessions in China, and during the war had replaced Europe as a source of cheap textiles. It needed raw materials and markets to survive. However, the Nationalists wanted high tariffs to develop their own industry in China. During the 1920s, Japan apparently had become a civilian, liberal, Western-oriented society. But the Diet was really weak; power was in the hands of a strong military with economic power concentrated in the hands of four great families, the Zaibatsu. Japan had a strong nationalism also, recruited from the old samurai, now army officers, who saw the West as decadent and urged expansion. Nationalist political power grew after 1927, with Japanese policy becoming increasingly aggressive.

2. In 1931 Japanese army units in Manchuria began seizing Chinese arsenals and seizing territory, based on a pretext of the murder of a Japanese official. Angered at a Chinese boycott of Japanese goods, in 1932 Japan landed 70,000 troops at Shanghai and declared Manchurian independence as Manchukuo—a puppet state. The Chinese appealed to the League of Nations; a commission of inquiry under Lord Lytton announced Japan to be at fault. Japan withdrew from the League. Since the great powers saw no threat to their interests directly, the League did nothing. The world was too preoccupied with the problem of the Great Depression.

100. The Great Depression: Collapse of the World Economy

pp. 761-766

A The Prosperity of the 1920s and Its Weaknesses

1. Capitalism in the 1920s was delicate and inter-locking, with worldwide markets and regional division of labor. Much production was financed by credit, which was based on mutual confidence, mutual exchange. Prosperity was based on auto production, which spurred the demand for oil, steel, rubber, electrical equipment, roads, and a wide variety of secondary occupations. Significant also were radio and motion pictures.

2. Flaws: Much of the expansion was based on credit. Moreover, wages generally lagged behind profits and thus led to a lag in demand. Worse, there was a chronic farm crisis. The war had reduced Europe's agricultural production, over-stimulation the rest of the world. The combination of expansion of acreage plus mechanization brought a collapse of prices in the 1920s, beginning with wheat but spreading to corn, cotton, sugar, coffee, and cocoa. Some areas boomed—eggs, oranges—but no shift could result. The one man with a horse-drawn reaper could produce as much as 10 with a scythe; one reaper-binder could produce as much as 5 reapers; one tractor-harvester-thresher combine could produce as much as 5 reaper-binders. Result: 250 times production.

B. The Crash of 1929 and the Spread of Economic Crisis

The Depression began as a financial crisis; stock prices collapsed because of speculation with margin trading. Banks had loaned speculators money, and 5000 banks closed, 1929 to 1932. Export of United States capital ceased, and Americans sold foreign securities and stopped buying imports. The wave of repercussions was worldwide; production fell 38% with trade down 66 %; 30 million were unemployed, and more were underemployed. The situation threatened to become chronic and the unemployed tuned to disturbing new political ideas.

C. Reactions to the Crisis

1. Optimists like Hoover, saw the Depression as only part of a cycle, with prosperity “just around the corner.” Others saw it as the start of the collapse of capitalism. By 1936 steel production reaches the level of 1929—but much was based on rearmament.

2. Insecurity had brought a new view of government: provide work for people, lessen market uncertainties, and increase self-sufficiency—economic nationalism. The gold standard was abandoned: first came the collapse of agricultural prices and the fall of the currencies of agricultural producers; then the industrial were hit, unable to sell enough to pay for imports except by selling gold. The “flight of the pound” was English sold pounds for dollars led to the devaluation of the pound. With England off the gold standard, others soon followed to protect their trade. The result was monetary chaos, with international trade replaced by bilateral trade, often barter—Brazilian coffee for United States steel, German cameras for Yugoslav pork. Protective tariffs were raised, as the United States Hawley –Smoot; even the British abandoned free trade and formed an imperial tariff union. Nations adopted quotas, limited imports. Governments required licenses—more control, more planning—and exports only to finance imports. Fiercely competing economic systems were the rule, and attempts to weaken them failed. The International Monetary and Economic Conference, meeting in London in 1933, attempted to reopen trade; it failed, as did attempts to stabilize currency exchange rates. Soon the former Allies were forced to default on their debt payments, and Congress reacted by denying them access to United States financial markets.

3. “The era that had opened with Woodrow Wilson’s dream of international economic cooperation was ending with unprecedented intensification of economic rivalry and national self-centeredness...”