Modern World: Notes: Overview of the Interwar Years

The twenty-year period between World War One and World War Two is known as the Interwar Years. This was a turbulent period marked by significant social changes, economic turmoil and the rise of dictatorships across Europe and Asia. While the standard of living for many people improved during this period, issues of social, political, and economic, chaos made this a time of anxiety and fear. More importantly, the chaos of this period, following so closely after World War One, caused many people to lose faith in the liberal systems of political democracy and economic free markets. Instead people sought new philosophies that appeared to provide political, social, and economic stability and protection that the liberal systems of democracy and capitalism seemed incapable of providing.

Mass Society

The Interwar period saw the development of mass society in Europe, the United States, and Japan. The term “mass society” refers to a society that has a culture that is standardized and identical, eliminating individualism. In essence, it is culture that is shared by an entire society. The development of mass society was a contrast to most of human history where culture and society had been regional and local issues and events shaped the music, art, and politics that people followed. For example, music lyrics referred specific places and clothing had local styles. The introduction of radio and movies during the 1920’s and 1930’s changed societies and culture from being localized to being nationalized and homogenized. The rise of jazz music is an example of both the changes in music and the power of the radio. At the beginning of the twentieth century, jazz music moved with African-Americans from the southern United States to the cities of Chicago and New York from which it spread to the rest of the United States and the rest of the world.

An important aspect of mass society was that it was based on passive entertainment rather than participation. Mass society was really culture being turned into a product that could be sold. It was designed to be consumed by anyone who could afford to pay. However, mass society was not exclusive or only for the wealthy, as people of even modest economic means could afford to own radios or go to the movies and sporting events. In fact, the affordability of these forms of entertainment gave mass society its power.

The wide-scale electrification of cities and towns in Europe, the United States, and Japan created the opportunity for mass society to develop. The development of radio broadcasting formed the basis for the development of mass society. National radio broadcast and home ownership of radio sets became common during this period. For example, the British Broadcasting Corporation was formed in 1926 and in the United States both CBS and NBC were formed in 1927. This meant that news and entertainment could be broadcast directly into the home. As a result, millions of people received their news from the same source and listened to the same music. All of these people could share in the same experience and this became the basis for mass culture. Nationalized sports also developed during this period. Broadcasts of games and events allowed people who could not attend to listen at home. It was during this period that large sports stadiums were first build in Europe and the United States for baseball and soccer. The first World Cup soccer competition was held in 1930 in Uruguay and was won by Uruguay.

Movies also led to the formation of mass society. By the early 1930’s, 90 million Americans and 20 million Britons were going to the movies every week. Movie stars, like sports heroes, became household names. In addition to providing entertainment, newsreels shown before films allowed people to see far off events and world leaders. Similar to the radio, millions of people were getting their information from the same source.

Mass society was not only about entertainment. Electrification led to the creation of the home appliances such as washing machines, refrigerators, and vacuums. These inventions liberated women from the backbreaking work of keeping house. These inventions played a role in redefining the role of women in society. Of course, these inventions, along with radio, led to the rise of advertisement and a consumer society, where social status is based on owning new products. Perhaps the most important status symbol of mass society was the automobile. During the 1920’s, cars were mass-produced and became affordable to middle class families. In cars, people, especially young people and women, could travel with greater freedom than ever before and go to places and events that were previously unreachable. America led in the production and use of automobiles. Henry Ford’s Model T became the basis for the modern automobile industry. Ford changed the automobile industry by developing the assembly line process so that the car was assembled as it moved down a production line, with each worker performing one job (prior to this cars had been assembled with teams of skilled workers putting together stationary cars). In addition, all of the parts were standardized so unskilled workers could do all of the assembly jobs. As a result, it took 93 minutes to assemble a Model T and a new one “rolled off” the
assembly line every 10 seconds. By 1930, there were 23 million cars in the United States. By 1937, the British were producing more than half a million cars a year.

For many people, the advent of mass society represented a tremendous improvement in their standard of living. However, critics worried about how these changes would effect the functioning of society. They argued that mass society made democracy more vulnerable to instability and manipulation by powerful people. American writer Walter Lipman expressed this in 1922 in his book “Public Opinion”, where he argued that public opinion, which could be irrational or poorly informed, had the power to overwhelm individual thinking in democratic politics. Spanish writer Ortega y Gasset, wrote in his book “The Revolt of the Masses” in 1929 about the “crowd phenomenon” of modern politics. Ortega described the “mass man” who “is satisfied in being identical to others”. Ortega believed that traditionally, the “mass man” accepted the rule of “superior minorities”, people with superior talents. Ortega saw that mass society could create a “hyperdemocracy” where the masses would overwhelm the superior minorities and that government would not be based on rule of force or law, but by the power of public opinion, which could be manipulated or subject to passing whims.

The Frankfurt School in Germany, developed as Adolf Hitler rose to power, provided an insight into how modern dictators could use mass society to control large populations. The Frankfurt School described mass society as being made up of unconnected individuals that do not interact with each other, even though they are physically close to each other. A person could live in a city surrounded all day by people and yet be alone with mass society filling the void in their social life. Because people were no longer directly connected to each other, in mass society, local, cultural and class loyalties could replaced by a single mass culture produced by a “culture industry”. The culture of the society is produced by the culture industry and consumed by the population, rather than culture being produced by the interactions of people in the society. The Frankfurt School said that the danger of mass society was that anyone who controlled the culture industry could control the culture of a whole society. European dictators such as Adolf Hitler and Joseph Stalin demonstrated how the tools of mass society could be manipulated to control modern countries. Both leaders used radio and film to spread propaganda and distort information to build support for their regimes in the countries they ruled.

Women and the Right to Vote

Women in American and Europe saw large changes in their social and political situation during the Interwar year period. The change in the women’s status was a result of the effects of World War One and the advent of mass society. During the war, women had entered into the workforce to support the home front. Even though many of these women returned to their traditional rules after the war, the confidence and experience of working outside the home stayed with them. The reality was that prior to right vote, society did not see women as full legal people. Instead, in the public sphere of society, as opposed to the private world of the family, husbands and fathers represented their wives and daughters. This meant that women could not do business, own property, or be involved in legal matters with out the approval of a man.

Winning the right to vote was important because it gave women the political and legal rights that they had been denied for most of history. In North America and England, women known as suffragettes had been campaigning for the right to vote since the middle of the nineteenth century. May suffragettes had been subjected to harassment by governments for their political actions, and some were even jailed. Emmeline Pankhurst life was an example of the suffragist struggle. She organized several suffragist organizations, including the Women’s Social and Political Union (WSPU) in 1903, which was a more militant suffragist organization that valued “deeds, not words”. Pankhurst and the WSPU carried out “Women’s Parliaments” that held session when British Parliament met, large scale protests and deliberately assaulting police officers, so they could be arrested and held in jail as a protest. When these tactics did not work, they used more radical methods including throwing bricks through the windows of the Prime Minister’s house, arson and hunger strikes in jail (during which they were subject to brutal force feeding). However, when World War one began, Pankhurst and other suffragettes suspended their campaign for the right to vote and focused their attentions on supporting the war effort.

In the years following the war, women won the right to vote in most of Europe and North America. In 1918, women won the right to vote in Germany, Austria and England (for women over age 30). The following years, women in the United States(1920), Belgium, the Netherlands and the newly created countries of Hungary, Czechoslovakia and the Irish Free-State and got the right to vote. However, some countries kept women from voting for several more decades - like France, which did not give women the right to vote until 1945 (after World War Two).

This expansion of legal rights was matched by new technologies, particularly the automobile, which liberated women from their traditional roles in housekeeping and family. During the 1920’s, popular culture, as seen in movies, in Europe and America showed liberated women who smoked, drove cars, and lived their lives with the freedom traditionally held by men. While it would take decades for women’s equality to become the norm in Western societies, over the course of the twentieth century women in much of the world reached political, social, economic, equality with men.
Great Depression

Beginning during the Industrial Revolution, the interrelationship of modern industry and global trade and investment resulted in economic cycles or periods of rapid economic expansion followed by periods of economic recession. Beginning in the late nineteenth century, economic depressions had become a standard part of economic life - with a major depression happening roughly every twenty years. Following World War One, Europe and North America suffered a steep depression from 1921 to 1922. However, by 1924, the world economy began to improve and over the course of the 1920’s the world economy appeared to be recovering from the effects of the war. In 1925, England returned to the gold standard that it had been forced to abandon during the war. The gold standard linked the value of the British currency, the Pound Sterling, directly to the value of gold. Throughout the nineteenth century the size of the British Empire and the stability of its currency made the Pound the cornerstone of international trade. The return to the gold standard gave the impression that the British economy had recovered from the war. The reality was the cost of the war had greatly weakened the British economy. For example, throughout the 1920’s the British economy averaged 10% unemployment and in 1926 British workers staged a general strike to protest their wages.

The United States emerged from World War One as the major world economy. Undamaged by the war, the American economy provided the base for the world economy throughout the 1920’s. In contrast to Europe, which averaged 10% to 20% unemployment, during the 1920’s the United States averaged 4% unemployment. However, this did not mean that the Americans enjoyed prosperity. During the 1920’s, almost 60% of American households lived at or below the poverty level. However, this was not immediately apparent because of the combination of economic growth and many Americans were able to live above their economic status because of increased consumer credit. This allowed people to borrow money to buy radios, cars, household appliances and repay the loans over time. The growth of consumption drove general economic growth, which made companies more profitable and more valuable to the owners of the companies. Ownership in a company is held in shares of stock, which are bought and sold on stock markets, like the New York Stock Exchange. During the 1920’s, the stock prices of many American companies began to rise in value and many Americans invested in the stock market to make money – often they bought stock on credit (with borrowed money from banks). While the rising stock market was rising, these Americans did become richer, it was a risky wealth based on the price of stocks and access to borrowed money.

By 1929, the stock market had become a Speculative Bubble, in which stocks were trading at prices far above what they were actually worth. This bubble burst, and most of this wealth was lost, in October 1929, when the New York Stock Market crashed. As stock prices fell, investors tried to pull out of the market which resulted in still lower prices. In two weeks, over $30 billion in market wealth was lost. By June 1930, stock prices were only 20% of their pre-crash level. Between 1929 and 1932, the Dow Jones Industrial Average (a measure of stock market levels) fell from 381 to 41. The stock market crash financially ruined investors. Worse, since many investors had borrowed money to buy stocks, money they were now unable to repay, the banks, that had lent the money to the investors, were forced into bankruptcy – as a result all of the deposits at these banks were lost. This had the effect of creating a “bank panic” where depositors at healthy banks went to pull their money out of these banks, which forced them into bankruptcy. In addition, many banks were forced to call in loans to good businesses to cover their losses, which forced these businesses bankruptcy.

The stock market crash not only wiped out investors, it also had a ripple effect that devastated the American economy by creating a vicious cycle in the American economy: as workers lost their jobs they stopped buying goods, as businesses were unable to sell goods they laid-off workers and went bankrupt, causing higher unemployment. The American economy collapsed into the Great Depression. By 1932, the American economy had shrunk by 47% and one third of American workers were unemployed – about 13 million people. There was little in the way of government support or protection for these unemployed workers to fall back upon. As a result, millions of Americans who considered themselves hard working members of the middle class found themselves reduced to poverty, with no hope of improving their condition.

Because the American economy supported the world economy, the Great Depression became a world-wide depression. Between 1929 and 1932, world industrial production fell by 28% and world trade declined by 60%. Unemployment in Europe averaged 20% to 30% (about 15 million people), although in some places like northern England it reached 70%. It was estimated that 25% of the British population lived on a subsistence diet. Many countries, including the United States and England, attempted to protect their economies by limiting trade with other countries – which only made the problem worse because this further reduced international trade. Both Europe and the United States suffered banking crises as financial losses forced banks to close their doors and resulted in depositors losing their savings. By 1932, 6,000 American banks closed, representing a loss of 9 million bank accounts. By the summer of 1931 most European banks had closed. This led to a 90% decline in international lending. The financial crisis also forced the United States and England off the gold standard in 1931 – which was actually a good thing because it allowed the money supply to expand (because it was no longer constrained by the government’s gold holdings), which helped the economy slowly recover.
The Great Depression also affected the underdeveloped economies of Asia, Africa, and Latin America. Since the economies of these regions were based on exporting agricultural crops or natural resources to Europe or America, the collapse of American and European economies caused trade to decline and the prices for the resources to fall. For example, prices of wheat and tea fell by two thirds. In Brazil, which produced 60% of the world coffee, people burned coffee instead of wood to power steam engines in an attempt to prevent a collapse of world coffee prices. The collapse of resource prices meant that these countries could not buy goods from Europe and America, which reduced the imports to Asia, Africa, and Latin America. For example, the British colony of the Gold Coast (modern nation of Ghana) reduced its imports by two thirds. For the people of these regions, the Great Depression was devastating, but not as crushing as it was for people in the industrialized countries of Europe and North America, because they could return to subsistence farming in order to feed themselves. In addition, many countries began to turn away from international trade and develop their own industry and economic self-sufficiency, known as autarky.

Similar to World War One, the Great Depression caused people to lose faith in liberal philosophies. Liberal economic philosophies were based on the work of economist Adam Smith and his book “The Wealth of Nations”. Smith had written that free markets and free trade would produce the greatest wealth for society. Liberal economists believed that economic systems were governed by natural rules and that the government should not be actively involved in the economy. This view held that an economic depression was normal part of the economic cycle and that in time the economy would improve on its own as businesses took advantage of low prices and wages. When the Depression began, economists widely believed that governments did not have to intervene to help the economy, and that the economy would recover on its own. The American Treasury Secretary Andrew Mellon famously advised President Herbert Hoover, “liquidate labor, liquidate stocks, liquidate farmers, liquidate real estate... it will purge the rottenness out of the system. High costs of living and high living will come down. People will work harder, live a more moral life. Values will be adjusted, and enterprising people will pick up from less competent people”. The basic idea was that the brutality of the Depression was a necessary pain to correct for the economic excesses that lead to the Depression and the sooner the correction happened the sooner economic growth would return. This philosophical outlook failed in the face of the crushing reality of the Depression where factories and farms stood empty and idle at the same time as people, who were willing to work, were unemployed and starving.

However, as the Depression continued for years it became clear that economy was not recovering on its own and the political pressure on governments to intervene in the economy increased. Because liberal economists could neither propose a solution nor provide a strong explanation as to why the Depression happened, many people began to turn to more radical philosophies, including communism and fascism, to find a solution to the economic crisis. The only countries that seemed immune to the effects of the Great Depression were the Soviet Union and Fascist Italy, where governments directly controlled national economies. The Great Depression was the event that led to the rise of Hitler in Germany.

In 1936, British economist John Maynard Keynes published his book “The General Theory of Employment, Interest and Money” that provided a liberal explanation of the crisis and proposed a solution. Keynes believed in the basic premise of liberal economics based on the ideas of Adam Smith, that free markets produce the greatest wealth for society, and Alfred Marshall, that economic growth would improve everyone’s standard of living. However, he also recognized that capitalism could be unstable and that, under some conditions, market economies were not self-correcting – that they could fall into long running depressions. While the economy might improve in the long run, as Keynes said, “In the long run, we’re all dead.” Keynes said that it was possible for an economy to fall into a depression from which it could not recover unless the government intervened. Keynes proposed that governments take a role in managing their national economies through controlling the levels of government spending, taxation, and the size of the money supply. The essence of Keynes’ theory was that the government should increase spending in public building projects to put people and businesses to work, which would stimulate consumer demand in the economy and move it out of depression. Keynes was opposed to complete government control of national economies, as practiced by dictatorships in Nazi Germany and the Soviet Union. Rather, he held that using government powers, economist could manage the economy like a giant machine and decrease the periods of “boom and bust” in economic cycles. The purpose of Keynes’ theories was about more than ending the Great Depression, its goal was to save liberal democracy. This was described by a student of Keynes who said, “what Keynes supplied was hope: hope that prosperity could be restored and maintained without the support of prison camps, executions, and bestial interrogations”.

Keynes’ theories became the basis for economic policy for democratic governments in Europe and the United States during Depression. An example of this was Franklin Delano Roosevelt, who became president of the United States in 1932 and instituted an economic program called the New Deal to save the American economy through government spending to create work and management of the economy. Roosevelt also used the tools of mass society, such as radio, to tell the American people of his program. Keynes’ policies reduced the worst effects of the Depression. Keynes’ influence continued long after the Depression. From World War Two through the rest of the Twentieth Century, the governments of the United States and Western Europe used Keynesian economic policies to manage their national economies and the world managed to avoid a significant global downturn until the “Great Recession” of 2008.

"The withered leaves of industrial enterprise lie on every side; farmers find no market for their produce; the savings of many years in thousands of families are gone... only a foolish optimist can deny the dark realities of the moment.”
- Franklin Delano Roosevelt