The Costs & Effects of WWI

Physical and Financial Costs of the War
- Food shortages
- Economic depression

Great Britain had borrowed heavily to finance the war and were now deeply in debt to lender countries like the United States.

Social/Political Costs of the War
- Refugees
- Ethnic minorities

European society was put in a state of upheaval. The political map of Europe was redrawn, often along ethnic lines. Some of these boundary changes would lead to future unrest—several Balkan states united into one Yugoslavia, for example. This led many people to leave familiar lands to find “their own kind.” Once the refugees relocated they were often rejected by their ethnic kin because of competition for food and jobs. Also, loss of land by once-powerful European Empires like Austria-Hungary led to bitter feelings toward neighboring countries.

Japan
As the war raged in Europe, imperial nations ignored their East Asian colonies. Japan saw an opportunity to step into this vacuum and expand its influence over mainland China and benefit from the country’s natural resources. As Japan expanded its empire, militaristic extremists gained in popularity and power on the island nation.

Russia
Following Lenin's death in 1924, Joseph Stalin assumed leadership of the Soviet Union. Stalin consolidated all state power in himself, then set the U.S.S.R. on a course of modernization that brought industry and order to the vast country. At the same time, his paranoia led to the imprisonment or murder of millions of people who disagreed with his policies or threatened his power.

**Germany:**
There was widespread dissatisfaction with Germany's new Weimar government. To address the $33 billion in reparations, the government simply printed more paper money. This increase in deutschmarks created hyperinflation; at one point, one billion deutschmarks equaled about one American cent. Humiliated by the concessions the Versailles Treaty had forced them to make, some Germans sought to rebuild national pride by joining extreme right-wing and nationalistic political movements, including the National Socialist Party, which came to be known as the "Nazis." Adolf Hitler, an Austrian-born German who had served as a corporal in the Great War, rose to become leader of the party and eventually dictator of Germany in 1933.

In **Italy**, the newly formed Fascist Party set out to distinguish itself from the socialists and communists by promoting an extreme nationalism and promising to restore to the nation the glory of ancient Rome. The fasces—a bundle of sticks wrapped around an axe—was one of the symbols of Rome. Benito Mussolini, the leader of the Fascists, became dictator of Italy in 1924. Though the Fascists employed brutal, repressive tactics, Mussolini's government also brought efficiency and productivity to the factories; as life improved, citizens became tolerant of the Fascist's heavy-handed regime.
After the brutality of the Great War, many Americans came to believe that U.S. interests should not be tied to those of Europe. Consequently, the U.S. became isolationist again, withdrawing from taking any major role in European affairs. When the Great Depression hit in the 1930s, the U.S. became even more isolationist as it struggled to solve economic problems at home.

While socialist and communist groups were gaining power in Europe, the U.S. became more and more suspicious of all "reds." In 1919, bombs were set off in several American cities; one of them damaged the home of Attorney General A. Mitchell Palmer. Palmer believed the bombings signaled an attempt by "radicals" and "subversives" to overthrow the government. In 1919 and 1920, Palmer directed the Justice Department to conduct raids and arrest many communists, socialists, and anarchists. Most arrested were completely innocent: only a few were convicted, but more than 500 were deported.

Post-war Europe was beset by instability. The defeat of the Central Powers resulted in the creation of new nations, new governments, and a whole new set of challenges. Dictators emerged and fascism—fostered by poor economic conditions—began to spread.