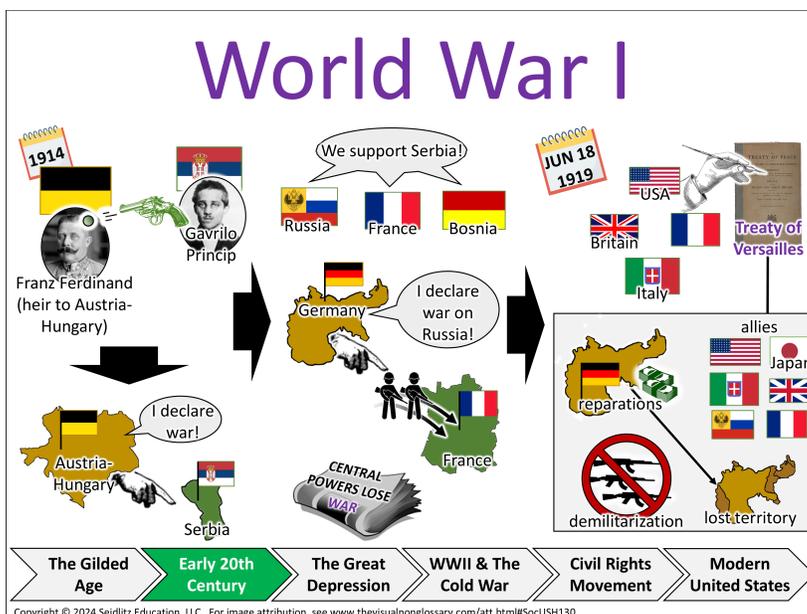


## World War I and the United States Economy

*The purpose for reading is to understand how the U.S. economy was affected by World War I.*

### Pay Attention To:

- How alliances led to U.S. involvement
- Economic changes caused by trade with Allied Powers
- How U.S. industries supported the war effort
- Role of Treaty of Versailles in ending the war
- Long-term economic effects on the U.S. after the war



In the early 1900s, countries in Europe formed military groups called **alliances**. The Allied Powers included France, Britain, and later the United States. The Central Powers included Germany, Austria-Hungary, and the Ottoman Empire. These **alliances** caused many countries to enter the **war** once it started. A small conflict quickly became a global **war**.

**World War I** started in 1914 when a man killed Archduke Franz Ferdinand of Austria-Hungary. Austria-Hungary declared **war** on Serbia. Russia, France, and Britain supported Serbia, while Germany supported Austria-Hungary. Germany invaded Belgium and France, which made the **war** grow. Soldiers from Europe's colonies also joined the fight.

At first, the United States stayed out of the **war**. But American companies sold goods to the Allies, which helped the U.S. economy. Jobs and profits increased. In 1917, the U.S. joined the **war** after Germany sank American ships and tried to get Mexico to attack the U.S.

The U.S. government quickly focused on **war** efforts. Factories began making weapons and military goods. Women and minorities filled jobs left by soldiers. The government used taxes and **war** bonds to pay for the **war**. The **War** Industries Board helped organize production. These changes helped the economy but also caused high prices and fewer workers.

**World War I** ended in 1918. The **Treaty of Versailles** made Germany pay money, lose land, and reduce its military. President Wilson helped write the treaty, but the U.S. Senate did not approve it. The U.S. chose not to join the League of Nations.

Even though it stayed out of **world** politics, the U.S. economy stayed strong. U.S. banks loaned money to Europe, and businesses kept growing. The **war** changed the **world**, and the U.S. became a powerful nation.

The **alliances** that started **World War I** had effects around the **world**. The **war** changed the U.S. economy, politics, and place in the **world**.

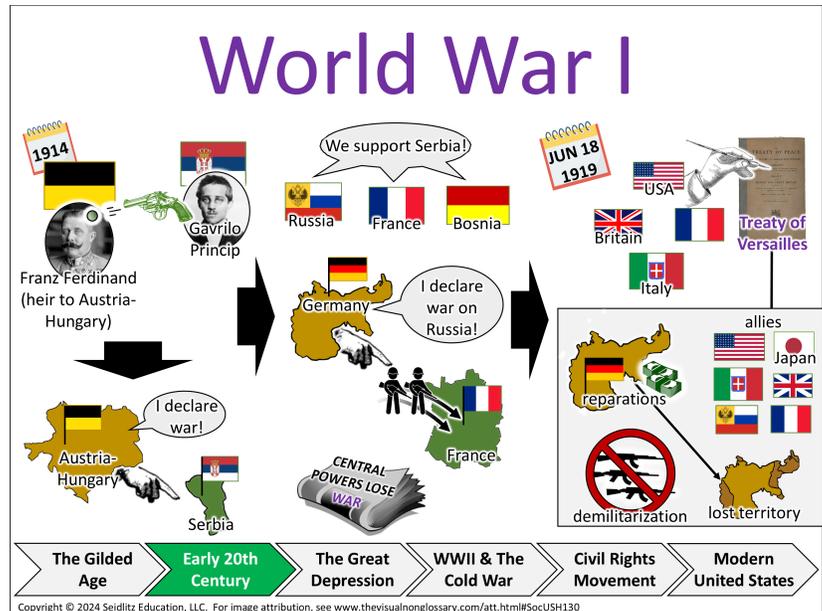


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In the early 1900s, Europe was divided into powerful military groups known as **alliances**. The Allied Powers included countries like France, Britain, and later the United States. The Central Powers included Germany, Austria-Hungary, and the Ottoman Empire. These **alliances** meant that when a conflict began between two nations, many others were quickly pulled into **war**. This complex system turned a regional dispute into a global conflict.

**World War I** officially began in 1914 after the assassination of Archduke Franz Ferdinand of Austria-Hungary. Austria-Hungary declared **war** on Serbia, and soon, other countries joined based on their **alliances**. Russia, France, and Britain backed Serbia, while Germany supported Austria-Hungary. Germany's invasion of Belgium and France further escalated the conflict. The **war** spread across Europe and involved soldiers from colonies in Africa, Asia, and beyond.

At first, the United States stayed neutral, but American businesses sold supplies to the Allied Powers. This trade created jobs and increased profits, especially in farming,

manufacturing, and banking. However, German submarine attacks on American ships and the discovery of the **Zimmermann Telegram**, an attempt by Germany to form an **alliance** with Mexico, pushed the U.S. to enter the **war** in 1917.

Once involved, the U.S. government mobilized quickly. Factories shifted to producing weapons and military supplies. Women and minority groups filled jobs left by men who went to fight. The government introduced new taxes and sold Liberty Bonds to fund the **war**. The **War** Industries Board helped manage resources and production. These changes boosted the economy in the short term but also led to inflation and labor shortages.

**World War I** ended in 1918. The peace terms were set in the **Treaty of Versailles**, which placed heavy punishments on Germany. The treaty required Germany to pay reparations, reduce its military, and give up territory. Although President Woodrow Wilson helped negotiate the treaty, the U.S. Senate refused to ratify it. As a result, the U.S. did not join the League of Nations, a group meant to maintain **world** peace.

Despite stepping back from international politics, the U.S. economy remained strong after the **war**. American banks had loaned money to European countries, and U.S. industries continued to grow. The **war** shifted the global balance of power, and the U.S. emerged as a leading industrial and financial nation.

The system of **alliances** that contributed to the outbreak of **World War I** also created a ripple effect across the **world**. For the United States, the **war** marked a turning point, economically, politically, and globally.

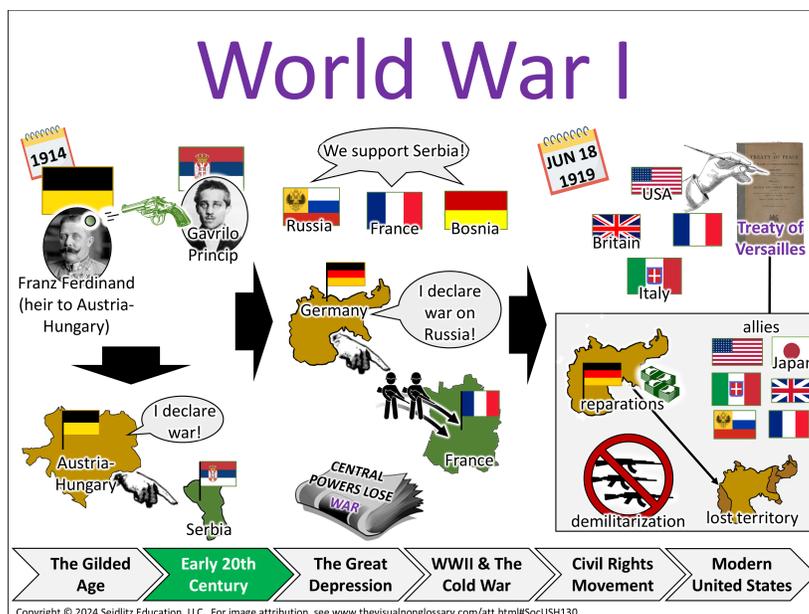


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By the early 20th century, Europe was organized into two major military **alliances**. The Allied Powers, France, Britain, and eventually the United States, opposed the Central Powers, Germany, Austria-Hungary, and the Ottoman Empire. These entangling **alliances** transformed what could have been a limited conflict into a **world war**.

The immediate cause of **World War I** was the assassination of Archduke Franz Ferdinand in 1914. Austria-Hungary declared **war** on Serbia, and a chain reaction followed. Russia, France, and Britain supported Serbia, while Germany defended Austria-Hungary. Germany's invasion of Belgium and France escalated the **war** across Europe and beyond, with colonial troops drawn from around the **world**.

Initially, the United States remained neutral, benefiting economically by exporting goods to the Allies. This trade boom strengthened the U.S. economy, especially in agriculture, manufacturing, and finance. However, repeated German submarine attacks and the intercepted **Zimmermann Telegram** ultimately pushed the U.S. to

join the **war** in 1917.

Upon entering the **war**, the federal government took significant control over the economy. Industries were directed to produce arms and supplies. Women and minorities stepped into the workforce in large numbers. The government raised funds through new taxes and the sale of Liberty Bonds, while agencies like the **War** Industries Board managed national production and resource allocation. Although this led to economic growth, it also brought challenges such as inflation and labor unrest.

The conflict ended in 1918 with the signing of the **Treaty of Versailles**. The treaty imposed harsh penalties on Germany, including financial reparations, territorial losses, and military restrictions. Although President Wilson played a central role in drafting the treaty, the U.S. Senate rejected it, and the country did not join the League of Nations.

Despite its political withdrawal, the United States maintained a robust postwar economy. American banks had become key international lenders, and industrial expansion continued. The **war** marked a shift in global power, with the U.S. emerging as a leading economic and political force.

The network of **alliances** that sparked **World War I** had long-lasting global consequences. For the United States, the **war** initiated a period of economic transformation and redefined its role on the **world** stage.

