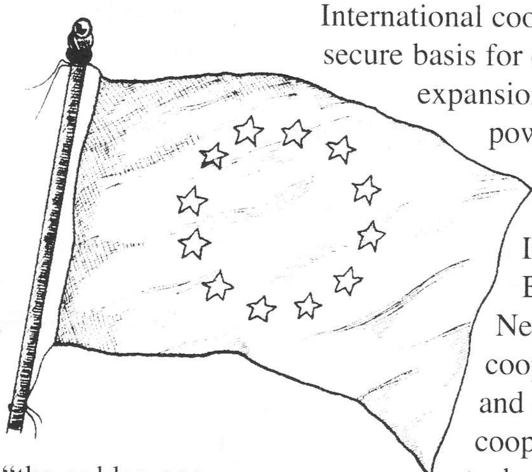
Western Europe: A New Recovery

World War II left Europe in chaos. Massive air campaigns on both sides reduced key cities to ruins. Germany—the target of repeated Allied bombings during the war—lost 95 percent of its cities. The war destroyed hundreds of vital bridges, roads, and railways. Millions of citizens became refugees, innocent victims of the war. Many faced starvation. Farming in many regions was nearly impossible during the war and, in 1945, grain harvests across Europe were half of what they had been in 1939.



Yet in just a few years after the war, Western Europe found itself not only recovering, but prospering. During the two and a half decades between 1945 and 1970, Western European nations experienced what some have called "the golden age of the European economy."

One major factor that helped to prime the economic pump for Western Europe after the war was the Marshall Plan. Between 1947 and 1950, the United States pumped nearly ten billion dollars into the West's economy. This investment by the United States in Western Europe (the Eastern European powers did not accept Marshall Plan aid, at the insistence of the Soviet Union) was a significant aid in the West's recovery.

While Europe itself had been able to channel labor and capital into reconstructing its own buildings, roads, railways, communications systems, and industrial base, Marshall Plan money helped to provide food and consumer goods to those in need. With a renewed availability of consumer items, such as automobiles, radios, washing machines, and other home devices, the demand also increased dramatically. This trend expanded Europe's industrial base and almost eliminated unemployment, making the 1950s a decade of extraordinary economic growth in the West.

Everywhere, economic growth was evident. In West Germany, the economy grew by over eight percent annually between 1950 and 1954. France saw similar growth between 1955 and 1960. Other nations, such as Italy, expanded trade and export markets, allowing for greater domestic growth.

One factor that boosted industrial output in postwar European economies was military spending. By the late 1940s, Britain and France were spending between 5.5 and 6.5 percent of their gross national product on their militaries.

International cooperation also helped provide a secure basis for economic recovery and expansion. In 1949, Western European powers began meeting together as a Council of Europe to discuss pressing problems. By 1951, Italy, France, West Germany, Belgium, Luxembourg, and the Netherlands formed an economic cooperative called the European Coal and Steel Community (ECSC). This cooperative body managed coal and steel production in member states, setting prices for both commodities.

By 1957, "the Six," as the ECSC members were called, signed a new economic agreement—the Treaty of Rome. This pact established EUROCOM, which created an atomic regulatory commission for its members. It also established the European Economic Community (EEC), which lowered or eliminated trade barriers between member nations and smoothed out trade relations between the Six. Such agreements helped to provide a solid economic base for its members who witnessed tremendous economic growth during the 1950s.

Review and Write

1. What role did consumer demand play in helping rebuild the economies of Western European nations?

2. What economic agreements did some Western powers commit themselves to in the 1950s, and what purposes did these organizations serve? Were they successful?