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Per. 2

“Analyze the common political and economic problems facing Western European nations in the period 1945- 1960 and discuss their responses to these problems.” (1994, #7)

Between the years of 1945 and 1960 Western Europe was in a period of major change, both politically and economically. Western Europe had to recover from the most recent war, WWII, and had to deal with the new Cold War approaching. The main recovery tool used was the Marshal Plan, made to quicken European economic recovery. American loans were relied upon to help Western Europe to rebuild. Other such tools used were The International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT). The American dollar was used as an equivalent to gold. The surfacing of the Benelux and forming the European Coal and Steel Community (ECSC) helped to aid economic recovery. The European Economic Community (EEC) was created, which allowed workers to move freely from country to country. Western Europeans were trying to rebuild their shattered political systems and destroyed businesses, but by doing this they caused a problem between the Communists and the Capitalists and their different ideas. Eventually, Europe would have to deal with all these problems.

I. Problems of Western Europe in 1945- 1960

A. Political Problems

1. France
 - a. Needed to recover after German invasion during WWII
2. Britain
 - a. Was in economic trouble after WWII
3. Germany and Italy
 - a. Both had to recover from fascism
 - b. Germany was split between Communism and Capitalism, also had to reform after the Nazis

B. Economic Problems

1. America took over European markets
2. Transportation in Europe was hurt
 - a. British's shipping services disappeared
 - b. Countries no longer needed Western European transportation, they had their own ways of getting around
3. Trade was damaged because of war
 - a. During the war Britain had depleted their overseas investments
 - b. Could not afford usual imports

II. Political Recovery

A. Great Britain

- 1. Beveridge Report of 1942**
 - a. Provided the ground work for the welfare reforms**
 - b. Outlined better insurance, social security for everyone, full unemployment, and a free society**
- 2. Labor Government gained a majority in 1945, for the first time**
 - a. Became the prime example for parliamentary socialism and became a welfare state**
 - b. Clement Attlee became prime minister**
- 3. British industry was one-fifth nationalized in major industries**
 - a. Bank of England, the coal mines, electricity and gas and iron and steel**
- 4. Conservative party gained a majority in 1951**
 - a. Economy relied in part on American loans**
 - b. Britain sold most of its oversea investments**
- 5. Major changes in Britain**
 - a. Pound was devalued, and inflation rose**
 - b. Workers demanded higher pay, went on strike often**
 - c. Britain switched from Labor to Conservative majority**

B. France

- 1. The Fourth Republic**
 - a. Created by de Gaulle**
 - i. Made himself the provisional president**
 - b. The government consisted of Communists, Socialists, and the Popular Movement (MRP), also some Christian Democrats**
 - c. Right wing parties were not permitted to vote because they cooperated with the Nazis**
 - d. The government began to fall with at one time up to 25 cabinets**
 - ii. Too many parties disabled the government, created ministerial instability**
- 3. The Fifth Republic**
 - a. After De Gaulle's resignation he was asked to become premier in France.**
 - i. The president had last word in foreign affairs.**
 - ii. This government created a stability for awhile**
 - iii. Created a new constitution in 1958**
 - c. France became the fourth top country with nuclear weapons**
 - d. France became the fifth largest economy.**
 - a. Strengthened ties with U.S. and France**

C. Italy

- 1. Had a government similar to Germany**
- 2. Good conditions helped to raise the standards of living for Italians**

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3. Parties were represented by the Christian Democrats
 - a. They supported a free enterprise economy
 - b. Alcide de Gasperi was in charge of government
 - i. Italy was completely democratic
 - c. Communist party was second largest
 - i. America funded the Christian Democrats, so the Communists never gained power
 4. Christian Democrats broke up by the 1960's
 - a. Lost Socialist support
 - b. Their leader De Gasperi disappeared from politics in 1953
 5. Communists in Italy
 - a. Wanted Italy to become part of NATO
- D. Germany**
1. Divided between German Democratic Republic and the Federal Republic of Germany
 - a. German Democratic Republic was communist and looked to the USSR
 - i. Also wanted a private industry and competitive capitalism
 - b. Labor unions cooperated and lowered their demands as to avoid more inflation
 2. Nuremburg trials
 - a. A model for standards of civilized behavior that was expected for the countries
 - b. 19 of the German Nazi leaders were put on trial and found guilty of high crimes against humanity
 - i. Other Nazi leaders who escaped were later found and also tried
 3. Two leading Parties were the Social Democrats and the Christian Democrats
 - a. Social Democrats
 - i. Were no longer Marxist
 - ii. Well liked by the younger Germans
 - iii. Wanted west Germany to strengthen ties with east Germany
 - b. Christian Democrats
 - i. Well liked by the middle class
 - ii. Tried to reinforce morals within the government
 4. Germany's Konrad Adenauer
 - a. Leader of the Christian Democrats
 - i. Was a chancellor for 14 years
 - ii. Government was stable for a time
 - iii. Wanted Germany to regain dignity and international respect
 5. Denazification
 - a. Could not exclude them from everyday life
 - i. So many leaders used to be part of Nazi organizations
 - b. Divided Germany into two German states

III. Economic Recovery

A. Bretton Woods Conference

1. U.S. called an international conference in 1944
2. Reduced trade barriers
3. Wanted to restore an equivalent to the gold standard
 - a. Created a "gold-dollar standard"
 - i. American dollar was accepted instead of gold

B. General Agreement on Tariffs and Trade (GATT)

1. Provided rules to prevent discrimination in international trade
2. Set up administrative procedures for complaints
3. Also provided the structure for continuing negotiations
4. In 1947, 23 nations were involved

C. International Monetary Fund (IMF)

1. Provided loans to help with debt problems
2. Wanted to prevent the devaluation of currency

D. The Marshall Plan

1. Named after the George C. Marshall
 - a. American Secretary of State
2. All European nations were welcomed
 - a. USSR was totally against it
 - i. Called the plan "a new venture in American imperialism"
 - ii. Would not allow any Soviet Union satellites to cooperate
 - iii. Widened the gap between the soviets and the West
3. Headquarters was located in Paris
 - i. Was called Office for European Economic Cooperation (OEEC)
4. The plan covered various areas
 - a. Trade barriers were lessened
 - b. The transportation and industries were to be rebuilt
 - c. The currencies were stabilized
 - i. This provided more money for imports
5. The plan helped to satisfy humanitarian impulses within America

E. European Coal and Steel Community (ECSC)

1. Plan was designed by Jean Monnet, in 1952
2. Included France, West Germany, Italy, and the three Benelux nations
 - a. Benelux- Belgium, the Netherlands, and Luxembourg
3. Put all coal and steel industries under a common High Authority
 - a. Had extensive decision-making powers

F. The European Economic Community (EEC)

1. A successful economic organization also known as the Common Market
2. Allowed for workers to go from country to country freely
3. By 1968 members had no tariffs
4. Non members still had tariffs
5. Wanted a complete economic and political integration for its members

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6. Treaty of Rome

- a. March 25, 1957
- b. Members- France, West Germany, Belgium, Italy, Luxembourg, and the Netherlands.
- c. Britain was not included
- d. A free trade area was created

F. America's economy had greatly grown since WWII

- 1. U.S. had almost two-thirds of the world's industrial production
- 2. U.S. also owned two-thirds of the world's gold
- 3. American Loans
 - a. America loaned out billions of dollars to Europe
 - i. Loans took the form of money and goods.
 - ii. Almost all of western Europe received American aid
 - b. By 1947 most of Western Europe had recovered to pre-war status
 - i. American loans were still needed to purchase raw material and goods

E. European economy recovery

- 1. Western European countries realized their goals
 - a. Economy slowly rose between 1948- 1974, without interruption
 - b. Europe continued to improve while other markets experienced recessions
 - c. Keynes's theories on the economy were finally applied
 - i. Originally written in the 30's
 - ii. During a recession the government should spend more and lower the taxes
 - iii. During inflation the government should spend less and raise the taxes
 - d. Germany was the most benefited
 - i. By 1950 west Germany had surpassed its prewar status
 - ii. By 1958 west Germany was the leading industrial economy in western Europe

The Western European countries were drastically changed and altered. After WWII each country suffered in its own way, from Britain's loss of overseas investments to France's change in governments. Some western countries, after the horror of the war, began to prosper and regain their footing, both economically and politically. By the 1960s Western Europe accounted for one-fourth of all imports and one-fifth of all exports in the world's economy. West European's steel production exceeded that of the U.S., and at one time its exports equaled those of the U.S. and Japan. The U.S. was still the top runner of in the world's economy, but Western Europe began to overtake and close the gap between them.

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