

The Reconstruction of Europe after the Second World War

Europe was a continent in tatters after the Second World War. Tens of millions were dead, so the labor force had been depleted. Many cities were utterly destroyed, and much of the continent's infrastructure lay in ruins. The destruction extended to the land; Europeans had little to eat in the first years after the war. State treasuries were bare from wartime borrowing. Millions of refugees crisscrossed the continent, as millions of expatriate Germans were expelled back to Germany and millions of prisoners of war who had been held by the Germans tried to return home. Many Jews who had survived the Holocaust looked to leave Europe entirely and start a new life in Israel. This reading outlines the fundamental problems that faced Europe after the Second World War.

Economy

The end of the Second World War may have brought prosperity in the United States, but in Europe it heralded the return of economic depression. Industrial production had slumped badly to one-third of production levels in 1938, which were already low because of depression. Agricultural production was badly damaged from overcropping and a lack of fertilizers, so fields were depleted of nutrients. The harvest was half of 1938 levels, so food rationing persisted after the war and some countries had to even further reduce rations.

Infrastructure had been badly damaged throughout the war, and many cities had been completely destroyed; examples include Coventry, Berlin, Rotterdam, and Warsaw. There were major transportation problems; the Germans' scorched-earth policy had led to, for instance, a 300-mile stretch of the Rhine River having only one bridge. Above all, Europe had to cope with the massive loss of life from the war. An estimated 40 million Europeans had died in the war; many more had been crippled psychologically or physically from the fighting.

This added up to the complete disruption of international trade patterns and payments. Before the war the United States was increasingly dominating world commerce, and the war hastened this trend. Prior to the First World War, Britain had been the banker of the world; by the end of the Second World War, it was the biggest debtor because it had spent so much to maintain the war effort. European countries owed a huge debt in dollars to the United States, and the exchange rate further disadvantaged European countries.

What, then, could the Allies and the new governments of Europe do to get the continent back on its feet? Most people believed that everything should be back to normal in a matter of months. However, this proved unrealistic, as Europe's position in the international economy had been damaged. They needed to import goods to meet basic needs, but had no money to pay for those goods. They had nothing to export, and state economies were already in debt because of the war. As demand for food and products increased after the war, inflation rose. Europe needed outside intervention to recover.

In 1945 state borders had not all been determined and new state governments were not yet in place. Investors nonetheless wanted stability, or at least a predictable

level of risk. The huge reparations payments imposed on Germany after the First World War had had a major impact on German economy, and there was a spirited debate after the Second World War about how much the reparations should be. The Soviets wanted Germany to pay substantial reparations, having endured the greatest destruction of the war. Britain and the United States wanted less substantial reparations, however, because they did not want to weaken the position of western Europe as a whole.

Beginning in July 1945, the United States poured money into Europe through the United Nations Relief & Rehabilitation Administration (UNRRA). By 1948, aid levels had reached \$25 billion, but they had given money to Europeans indiscriminately and could not account for some of it. Much of the relief money had gone to providing food, shelter, and medical care; while crucial, these were short-term solutions to keep the population alive and would not assure long-term stability. Much of the money, moreover, was given in the form of loans, not as gifts or grants. This just increased Europe's financial problems.

In Europe, 1947 became a year of crisis. A wave of strikes and unrest swept over the continent in response to the economic instability. Communists had much success in western European elections, exploiting a backlash against right-wing politicians. The Communists had led resistance movements during the war, so these victories were partly in recognition of their work. Nonetheless, their victories frightened conservatives, in Britain and the United States especially, as they feared the spread of Communist control over the entire European continent. At the same time as these electoral victories, the Soviets were consolidating control over Eastern Europe in accordance with the wartime agreements.

There had been a harsh winter in 1946–47, and Europeans still coped with food and fuel shortages. However, 1947 witnessed a crisis of confidence in the future of Europe among the general population. They had expected victory against the Nazis would create a better Europe, but they began to believe it would never happen. No one wanted to accept recovery to 1938 economic levels, but it appeared that this was the best they could do.

At this time, there was also an international debt crisis. Investors expected European countries to pay back loans, but Europeans were still exporting very little and needed to import more. After the experience of the 1920s, when countries defaulted on their payments, investors wanted repayment in gold, U.S. dollars, or pounds; this further undermined the value of European currencies, and continued the economy's downward spiral.

The economic downturn coincided with a crisis over Greece in August 1946. The Soviets demanded certain areas in the Bosphorus; the Bosphorus is the only exit out of the Black Sea that leads to the Mediterranean, and the Soviets wanted a base there. The British feared that the Soviet base would threaten British control of the Suez Canal in Egypt. The Russian move also threatened Greece, which was considered under the British sphere of influence. Greece was embroiled in a civil war between communists and the British-supported royalist forces. By February 1947, Britain no longer had the resources to support the royalists in Greece and anti-communists in Turkey.

With the European world seemingly crumbling, the United States moved to take a more commanding role in the world. First, President Truman established the Truman

Doctrine. Essentially, he adopted the containment strategy that George Kennan had advocated (as you read in subunit 8.3.2). The United States would take action anywhere in the world where communism threatened the growth of democracy. The Truman Doctrine guided American foreign policy – and how the United States treated the Cold War – for the next four decades.

The United States government also began a much larger relief plan for Europe – the Marshall Plan. Announced in 1948 by Secretary of State George Marshall, the plan provided for an enduring American relief presence in Europe, and underwrote the European economic miracle of the 1950s. You will read more about the Marshall Plan in the next unit.

Beginning of European Integration

As the United States began to involve itself more fully in European affairs, western European countries began to band together for mutual assistance. The first instance of this was the Treaty of Dunkerque, which Britain and France signed in March 1947. The treaty stipulated that in the event of an attack on either country by Germany, the other would come to its aid. This expressed the continuing French concern about a strong Germany. It was, however, a coup for France to be able to persuade the British to agree to this treaty. It showed the importance of France for British trade, for instance, but also Britain's insecurity; in the past, Britain had been extremely reluctant to formalize its alliance with France.

Shortly thereafter, Franco-British military cooperation expanded to include the Benelux countries (Belgium, the Netherlands, and Luxembourg). The Treaty of Brussels, which the five countries signed in March 1948, was another mutual defence treaty. If anyone attacked one of the five countries, the other four would be bound to come to their aid. This time, however, it was written to defend against more general threats, not just those from one country (i.e., Germany). This reflected the growing belief that the greatest threat to Europe came from the Soviet Union. It also, however, reflected that these countries recognized their own military weakness. Since they were unable to stand on their own, they sought each other's assistance.

Nonetheless, the five countries of the Treaty of Brussels were hardly a defensive juggernaut; they had all experienced the destruction of the war and were mired in an economic depression. European countries knew that they needed to build up their military forces again, but they could not do so given the state of their own finances. The only western European country with the potential to contribute a large army to Europe was Germany; no one wanted to rearm Germany, however, fearing that it could turn against the rest of Europe once again.

Thus, European policy-makers welcomed American suggestions for a defensive alliance, which was suggested in 1948. This, European leaders presumed, was better than a simple guarantee from the Americans to defend Europe. On April 4, 1949, the five countries of the Treaty of Brussels joined the United States, Canada, Denmark, Iceland, Italy, Norway, and Portugal in the North Atlantic Alliance. This integrated European militaries into the American Cold War fight, but, crucially for Europeans, it secured the United States' cooperation in the event of a Soviet attack.

The Minorities Problem

When the victors of the First World War sat down at the postwar peace conference in Paris to draw the map of Europe in a way that would ensure lasting peace, they proved unable to sort out the minorities scattered across the countries of eastern and central Europe.

The reasons for such large minority populations were largely historical; for centuries, eastern Europe had been the preserve of large empires; to the south, the Ottomans, in central Europe, the Habsburgs, and in the north, the Russians. Citizens were permitted to move anywhere inside these empires, and they often did, for various reasons. Germans often lived within the territories of the Habsburg Empire, for instance, because they became government administrators in occupied territories. Other groups often moved within the empire for work. Jews were restricted to the cities, and often stayed in areas where they were welcomed – in eastern Poland, for instance, or the Greek city of Salonica. In the Balkans, the large Muslim minority was a reminder of the Ottoman presence there.

When these empires disintegrated at the end of the First World War, the victorious Allies did not know how to deal with the minorities. In most cases, they accepted the principle of majority rule; if there was a majority of Czechs in the Sudetenland, for instance, then the Germans there were given legal protections but had to live under Czech rule. The minorities treaties, which the countries of the Balkans and Eastern Europe signed, were supposed to ensure that minority populations were not a problem.

However, few countries followed the precepts of the minorities treaties. The problem was compounded when the countries of Eastern Europe took territories from their neighbors. Hungary, for instance, lost much of its territory throughout the war; its people dreamed of the day when it would recover those territories. The Poles, meanwhile, conquered parts of Ukraine and Lithuania that contained only a Polish minority. Jews, who lived throughout Eastern Europe, were persecuted in most countries. The greatest problem was the Germans; the Nazis had made a big issue of the rights of Germans living outside Germany, and this was their pretext for taking over the Sudetenland in Czechoslovakia, and for invading Poland. This proved the failure of the Paris Peace Conference's attempts to deal with minorities.

One interwar solution eventually became the template for the treatment of minorities in the late 1940s: population transfer. During the conflict between the Greeks and the Turks from 1920 to 1923, the two countries agreed to exchange minority populations. Greeks living in Turkey were forced to move to Greece, and likewise. In many situations, the "home country" had not actually been home for these people for hundreds of years.

Population transfers became the norm in post-Second World War Europe. This created a displaced-persons crisis in much of the continent. First, millions of refugees from the war were trying to get home. Citizens of every European nationality, including two million French and 1.6 million Poles, had been brought to Germany for forced labor during the war; these people had to return home. Many, however, no longer had homes

to return to. This raised fears of pandemics in the temporary settlements where people were forced to live.

More than ten million Germans lived outside Germany at the end of the Second World War; some had settled after the German army had conquered territories, while most others had been living outside Germany for a long time. They faced terrible retribution for the Nazis actions. Most were unceremoniously expelled from their homes and forced to move back to Germany in likely the largest population transfer in world history. Hundreds of thousands, perhaps millions, died in the expulsions; few Europeans had sympathy for them. Those who made it back to Germany encountered a country of rubble; more than three million homes had been destroyed in the war.

Other population transfers took place in Europe as well. Many occurred because the Soviet Union essentially moved Poland about 50 miles westward. Poland took much eastern German territory, therefore, regardless of whether the Poles had any ethnic or historical claim to it. This was intended to compensate the country for the wide swath of eastern Poland that the Soviets repatriated to Russia (today this area is part of Ukraine). For instance, Poles from the city of Lwów (today L'viv, Ukraine), which in 1945 was on the Russian side of the border, were moved to cities like Wrocław (formerly called Breslau, when it was within the borders of Germany). Seventy percent of the buildings in Wrocław had been destroyed during the war and its German population had been expelled, so it needed new inhabitants. The city took decades to rebuild, and through most of that period the Poles tried to rebrand the city as Polish.

Similar experiments took place throughout the rest of Europe as minorities were displaced. Europe's minorities problem disappeared for forty years until the disintegration of Yugoslavia, another multiethnic entity. Population transfer was a deadly solution, but its adherents thought it was effective; Germans now only lived in Germany, and countries like Poland no longer had minorities to speak of.

The Creation of Israel

Population transfer from one European state to another was not an option for the remaining Jews of Europe. Six million had died in the Holocaust, and those who remained no longer believed in the strength of European state protection. Tens of thousands of Jews had immigrated to British-controlled Palestine during the interwar period, and this option became much more inviting after the Holocaust. Europe was no longer a home for Jews; even those areas where Jews had been historically welcome, like the shtetl in eastern Poland or the city of Salonika, were tainted by the memories of the Holocaust. Moreover, some Jews who survived the war returned to their homes only to face pogroms. Others were turned away; their houses had been occupied during the war and the new owners refused to leave.

Jewish resistance groups in Palestine had begun to fight British rule as the Second World War drew to a close. The British, who were impoverished and tired of fighting, decided to pull out of Palestine in 1947. The newly formed United Nations considered the question for several months, and on November 29, 1947, released a plan to partition Palestine between Jews and Palestinian Arabs. The Jews accepted the plan, but some key Arab organizations rejected it.

The British mandate was set to expire on May 15, 1948. The day before, David Ben-Gurion, the head of the Jewish Agency, declared the formation of the State of Israel. On May 15, the armies of Egypt, Syria, Transjordan, and Iraq invaded. The war lasted about a year; the agreed ceasefire terms gave the Gaza Strip to Egypt and part of the West Bank to Jordan. The Israelis had barely prevailed, and hundreds of thousands of Palestinians were expelled.

Over the next decade, more than a million Jews immigrated to Palestine. Most came from Europe (many were Holocaust survivors) and the Arab lands, some of which had expelled all Jews. The massive influx of citizens created a housing shortage in the small country. Many immigrants – perhaps 200,000 – lived in tent cities until a reparations agreement with West Germany in 1952 brought the funds needed to build more houses.

Summary

- European economic woes continued once the war was over. Death, destruction, and debt meant that Europe was not in a position to help itself quickly; only the intervention of the United States assured the continent's economic recovery.
- Many Europeans began to support Communism as the economic depression continued. Communists had led many resistance movements against the Nazis and won much popular support in national elections. The American relief strategy was partly aimed at restricting their growth.
- Massive numbers of refugees crossed Europe in the years following the war. Millions of prisoners of war returned home, millions more ethnic Germans who lived outside Germany were expelled from their homes, and hundreds of thousands of other people moved as the borders of Eastern European countries changed once again.
- Jews no longer found Europe to be a safe home; many immigrated to the new state of Israel, which barely overcame a war that lasted its entire first year of existence.