

Unit Three-Lesson Two: The Post-War Global Socio- Economic Recovery and Developments

Lesson Two: Video Lecture

Brainstorming Question

What do you know about European nations in the post-war period?

Competencies

After successful completion of this lesson, you will be able to:

- Summarize trends of the changing global economy;
- Discuss the roles of the Marshall Plan and the COMECON for European economic recovery;
- Analyze the post-war classification of countries as Third World, the North and the South.

Lesson Overview

In the post-war period, Europe would be divided into two major spheres: the “West,” mainly influenced by the USA, and the “Eastern Bloc,” dominated by the Soviet Union. Western Europe was composed by all the countries liberated by the Western Allies (USA, Canada, UK, France, etc) from German occupation, the European western allies themselves, plus Italy (a former Axis Power) and the Federal Republic of Germany (informally known as West Germany) formed by the three of the four Allied Occupation Zones in Germany, namely the zones of the USA, UK, and France. Almost all countries of Western Europe received economical assistance from the United States through the Marshall Plan.

Economic Recovery

In 1948, alarmed by the establishment of Communist governments in Eastern Europe and by the vulnerability of a Western Europe that lay in economic ruin, US Secretary of State George C. Marshall proposed a program of aid designed to speed European recovery. This program of financial assistance was known as European Recovery Program (ERP) or the Marshall Plan, named after U.S. Secretary of State. Rejected by the Soviet-dominated governments to the East, the Marshall Plan made possible a miraculous economic recovery in the West. There are many suggested reasons behind America’s decision to aid West European nations. Firstly, Europe had been a great market for American goods; without a prosperous Europe, the United States might have suffered a severe economic depression. Secondly, Western Europe would be open to influence by the Soviet Union. Finally, Germany should be integrated into a larger Europe and it should be used as a buffer against Soviet expansion.

Eastern Europe

The Soviet Union created the Molotov Plan (named after Soviet Foreign Minister Molotov) in 1947 to provide aid to rebuild the countries in Eastern Europe that were politically and economically aligned with the Soviet Union. This plan was the Soviet Union's version of the Marshall Plan. The Molotov Plan was a system of bilateral trade agreements that also established the Council for Mutual Economic Assistance (COMECON or CMEA) in January 1949 to create an economic alliance of socialist countries. The original members were Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and the Soviet Union. Later, Albania, East Germany, the Republic of Mongolia, Cuba, Vietnam, Yugoslavia, Angola, and Ethiopia (with observer status) also joined it. In 1973, Finland was the first non-Communist country to sign a cooperation agreement with COMECON.

Classifying Countries into the Third World and the North-South Division

Countries were classified as Third World, North, and South. The term "Third World" arose during the Cold War to define countries that remained non-aligned with either NATO or the Warsaw Pact. According to this political and economic division, the USA, Canada, Japan, South Korea, and Western European nations and their allies represented the "First World," while the Soviet Union, China, Cuba, Vietnam, and their allies represented the "Second World." The Third World is normally seen to include many countries with colonial pasts in Africa, Latin America, and Asia. It is being replaced with terms such as developing countries, least developed countries or the Global South.

New Concepts and Terminology

- Economic Recovery
- Third World
- Molotov Plan
- Marshall Plan