History teaches us that men and nations behave wisely once they have exhausted all other alternatives. (Abba Eban, Israeli diplomat)1

Summary
At the end of World War II, Germany – formerly the dominant power in continental Europe – found itself under the occupation of the victorious powers: the United States, the Soviet Union, the United Kingdom and France.

Although tensions would soon arise between the two emerging superpowers – the United States and the Soviet Union – and lead to the division of Europe into two hostile blocs, the new situation also offered a unique opportunity for reconciliation and budding co-operation especially between Germany and France, whose rivalry had underlain both world wars.

The Marshall Plan launched by the United States in 1948 kick-started economic recovery and co-operation in Western Europe, permitting democracy and a market economy to take hold. In Central and Eastern Europe, however, the Soviet political grip hardened and communist regimes posing as ‘people’s democracies’ were installed, emphasising state ownership of the means of production and central planning of the economy.

Europe’s two halves grew increasingly apart and a ‘Cold War’ ensued. The establishment of NATO under US leadership in 1949 confirmed this division and extended it to the security field.

A new departure
The fact that serious European co-operation, even integration, started shortly after World War II was not self-evident or an automatic result of what had preceded. If things had gone slightly differently, it might not have taken place at all.
On the other hand, it could hardly have happened before. European powers largely dominated the world in the eras of colonialism and, later, imperialism and competed fiercely with one another in what they saw as a ‘zero-sum game’ in the world at large and within Europe itself. Enemy images, and national histories, had been formed in centuries of warfare. Wealth was so scarce that the thought of sharing it with a rival, or trying to increase it through open trade, was virtually impossible.

Not that these struggles diminished the resourcefulness of European powers or, seen from the outside, of Europe as a whole. The American historian Paul Kennedy in his classic *The Rise and Fall of the Great Powers* makes the case that Europe rose to world domination precisely through its divisions. No power was able to dominate any other – in part also due to Europe’s inhibiting geography with criss-crossing rivers and mountains – and so each had to work hard on improving its machinery and strategies for diplomacy and war. The result was an outburst of European energy towards the rest of the world, that is to say, that energy which was not expended in such continent-wide catastrophes as the Thirty Years’ War of 1618–48. This outburst led to the domination of much of the rest of the world through competition among the European powers.

Wars were, on the whole, considered as somewhat of a game, for autocratic rulers to engage in more or less at will – *Dieu et mon droit*. There was no aerial bombing, or nuclear weapons promising mutually assured destruction. Only with the arrival of the sub-machine gun – the great killer in World War I – the aeroplane, the big guns capable of distant shelling, such as that of Paris by German guns in 1870, gas warfare and the like, did rulers (and populations) begin to realise that wars were not just a few battles to be fought glamorously on horseback or in infantry attacks, with sons and fiancés back in glory afterwards. Wars had become something far more terrible and all-encompassing than in the past, costly in terms of lives lost and destroyed, affecting the future of generations and whole countries.

The Thirty Years’ War, causing the devastation of wide swaths of central Europe, had given rise to serious reflection and a certain prudence against upsetting the European balance of power. The Napoleonic Wars had a similar, though even more profound effect, and led to over fifty years of relative peace in Europe following the 1815 Congress of Vienna (if the Crimean War is excluded, which did not put overall European peace in jeopardy).

However, the tensions, alliances and counter-alliances were still there, and Germany’s creation under Prussian domination in the 1860s (in part a reaction to the Napoleonic Wars) did not help matters, for the
newcomer filled the Northern European power vacuum on the one hand, but threatened the established powers on the other – as demonstrated to France in its defeat against Prussia in the 1870–71 war. The United Kingdom was still the dominant European and world power, with an impressive war fleet and an empire upon which ‘the sun never set’. However, Germany had begun to threaten that power, and soon German aspirations in Europe and beyond were fundamentally to upset the power balance until then so delicately upheld among the major European powers. A series of blunders and character faults among leaders and rulers – paramount among them the foolhardy bellicosity of the German Kaiser Wilhelm II – was all that was needed to provoke war in 1914. It was a European, and worldwide, conflict that was effectively to last for thirty years, albeit with a hiatus from 1919 to 1939.

The inter-war period, with its heavy war reparations exacted especially on Germany, was characterised by a retreat from the much more benign climate for trade, investment abroad and freedom of travel that had characterised a pre-World War I era of ‘Victorian capitalism’ and stable currencies based on gold. This inter-war period had been dominated by the United Kingdom, Russia, Austria-Hungary and Germany, with the latter as the economic centre and locomotive of continental Europe in particular. Suspicion among the major powers was in the air and protectionism and mercantilism won out over open trade, eventually leading to a return to rearmament and the pre-war system of alliances and counter-alliances.

This is certainly not to belittle the importance of personalities in the historical events of the first half of the twentieth century. However, and this is the crucial point, true European co-operation and integration could scarcely have begun without the completely new reality created by the fundamental overcoming of the heritage of World War I – without, in fact, a French–German reconciliation starting from scratch. The outcome of World War II created such a ‘zero hour’.

Germany lay prostrate in defeat, occupied by the four victorious powers of the United States, the United Kingdom, France and the Soviet Union. Europe was no longer the power centre of the world. That had moved elsewhere, across the Atlantic, to the United States, which stood supreme in terms of economic might, military force and political influence. Only gradually, over the years 1945 to the early 1950s, would this ‘monopolar world’ become ‘bipolar’ with the rise, at least in military and nuclear terms, of the other superpower, the Soviet Union.

This evolving bipolar world was nuclear, as from 1945 through the United States, and from 1949 through the Soviet Union (and later on
through the United Kingdom, France, the People’s Republic of China and others). This meant that, with Europe as the evolving main battleground between the opposing economic, national, political and ideological interests of the United States and the Soviet Union, European countries would have to provide stability – as opposed to the kind of instability that had started two world wars. The only way to do that was to start to work together.

In this they were, of course, helped by the outside occupying powers – the United States in Western Europe and the Soviet Union in Central and Eastern Europe – who were themselves keen on maintaining stability in Europe, since any confrontation would rapidly risk becoming nuclear.

West Germany’s orientation towards the West – Western Europe in particular, but also North America – was facilitated by the fact that it was hermetically sealed off from its former neighbouring countries and markets in the East. An ‘Iron Curtain’ had been lowered in the heart of Europe, as Winston Churchill put it in May 1945. If West Germany wanted to survive economically and politically, it would therefore have to seek reconciliation with the West and particularly with France, which, thanks to de Gaulle’s skilful policies, had gained major-power status as an occupying power of Germany and a permanent seat on the newly formed United Nations’ Security Council. Such reconciliation was all the more easy since demands by France for war reparations from Germany had been substantially tempered by the other Western war allies – the United States and the United Kingdom – who were determined not to repeat the mistakes of the Versailles Treaty of 1919, in which enormous (though eventually reduced and abandoned) war reparations by Germany had added to German resentment vis-à-vis France and the UK and had facilitated Hitler’s rise to power.

Help from the United States

The major questions that had to be addressed immediately after the war – and which had formed the core of the negotiations between the leaders of the United States, the United Kingdom and the Soviet Union at Yalta in February 1945 – were firstly the future of Germany and secondly the dimensions of the ‘sphere of influence’ of guaranteed friendly countries that the Soviet Union could reasonably demand in order to protect itself against any German aggression in the future. The Soviet Union was still considered by many in the West as a country evolving toward democracy and so it was reasonable to believe that it would permit free and fair elections in the countries under discussion, such as Poland, the
future of which had taken up most of the time at Yalta.\textsuperscript{7}

The talks among the victorious powers continued in Potsdam near Berlin in the summer of 1945. At first the United States joined the Soviet Union in requesting stern punitive measures for Germany for its role in the war, a demand that would have been all the easier to realise considering that Germany now, unlike after World War I, had no government but was ruled by military governors in the several ‘occupation zones’ trying to work together in an Allied Control Council. The United Kingdom, however, was less keen on heavy war reparations, not least out of fear of an eventual Soviet takeover of the whole of Germany.

Work of the Allied Control Council, now joined by France under de Gaulle, soon became bogged down as France, which wanted a virtual break-up of Germany as a country as a safety measure, started vetoing all important decisions. Furthermore, Russia, insisting on major reparations, stopped supplying food to the starving populations in the western military zones as had been agreed at Potsdam, whereupon the US in April 1946 abandoned its commitment to sending war reparations from its zone to the Soviet Union. Instead it began sending food to Germany and other countries such as France. More generally, the US now joined the UK in beginning to fear Soviet intentions and was urged by its ally to maintain a military presence in Europe instead of withdrawing its troops as it had after World War I and as it had announced at Potsdam it would do this time, too.\textsuperscript{8} Meanwhile, Germany’s food situation continued to worsen, with no solution in sight.

The problems of Western Europe were so great that it is doubtful whether reconciliation between West Germany and France, and between West European countries in general, could have succeeded without the remedy eventually suggested: the Marshall Plan, announced by the US Secretary of State, George Marshall in June 1947 and enacted by Congress in April 1948 as the European Co-operation Act and, at the operational level, the European Recovery Programme.\textsuperscript{9} The functioning of the Marshall Plan was straightforward. The flow of dollars from the United States enabled receiving countries to import goods and machinery. Each government was to use its own currency to place the equivalent of the dollar amounts it received in a special fund. Virtually all the funds transferred into this account were placed at the disposal of the government, provided they were used for reconstruction and economic development. A small part could be used to cover administrative costs and/or technical assistance.\textsuperscript{10} The assistance was both material – going to agriculture, basic industries, transportation and the like – and conceptual, such as in engineering and management advice. It
was distributed through the Organisation for European Economic Co-
operation (OEEC), in which all the recipient countries participated.11

Close to US$13 billion were channelled to seventeen European coun-
tries from 1948 to 1952. All European countries had been invited to
participate, including the Soviet Union, but the latter had declined and
pressured the Central and East European countries under its influence to
do the same, no doubt out of fear of ‘capitalist contagion’ and of losing
political control over its client states.12 The UK, France, Italy and West
Germany were the most important recipients, together accounting for
some 65 per cent of the total. But also countries that had managed to
avoid the war, such as Sweden and Ireland, participated.

The Marshall Plan was a major success, so much so that its name has
been invoked many times since, such as when massive aid has been
sought in support of developing countries or a Central and Eastern Europe
country liberated from communism. One reason for the success of the
Marshall Plan in post-war Europe was the enormous demand in basic
and labour-intensive sectors of the economy at the time. This led to
considerable ‘multiplier effects’ on the economy as a whole – the recon-
struction of railroads, roads, entire cities. Furthermore, populations in
the recipient countries were not only eager to go to work and build up a
normal existence after all the war years, but also equipped with suffi-
cient education and experience of the market economy to ‘make the
Marshall Plan stick’.

There was a huge demand for all kinds of goods. This, together with
relatively low labour costs in comparison with the emerging new trading
partners, the United States and Canada, raised the national product of
most of the recipient countries, and in particular West Germany, to the
pre-1939 level already by the early 1950s. (In West Germany the
increase from 1947 to 1950 was over 300 per cent.13)

Another factor explaining the success of the Marshall Plan was the
near-total absence of competition from areas of the world outside North
America. If today Western Europe fears for the maintenance of its manu-
facturing in the face of competition from emerging economies that were
formerly developing countries, as well as from Central and Eastern
Europe (both with hard working populations and lower labour costs)
then the situation in the post-war years was entirely different, even if
Japan is included, which had yet to emerge as a major economic power.

The United States provided economic stability, permitting both intra-
European and transatlantic trade to grow on a sound footing. The US
dollar was the undisputed world reserve currency, offering a rock-steady
reference value for emerging intra-European trade. The United States
had also taken the initiative in creating the so called Bretton Woods Institutions of the World Bank (providing funds for long-term investment around the world, particularly in infrastructure) and the International Monetary Fund (for short-term assistance to countries in currency-exchange-rate difficulties).

Finally, the Americans insisted on more open trade: at European level through the OEEC as a condition for Marshall Plan money and at world level through the General Agreement on Tariffs and Trade (GATT), concluded in 1947. The International Trade Organisation (ITO) was to have formed – together with the Bretton Woods Institutions in the economic field and the United Nations (with its Security Council) in the political and security domain – the ‘triad’ for a New World Order. However, in the end the ITO was not ratified by the US Senate and so had to be turned into a simple ‘agreement’, the GATT, which nevertheless achieved a great deal on behalf of freer world trade until it became, in 1995, the World Trade Organisation (WTO).

A Europe divided in two

Although the division of Europe into two halves assisted West European co-operation and involved the United States (and Canada) firmly in European affairs, it also delivered large parts of Central and Eastern Europe to Soviet hegemony, hindering economic development not only in the countries concerned but in Europe as a whole. In the years that followed, the Soviet political grip hardened and communist coups d’état or takeovers multiplied in countries like Poland, Czechoslovakia, Hungary, Bulgaria and Romania, leading to intense international tension and fear of a new world war. Stalin, the Soviet leader, increasingly failed to distinguish between ‘friendly’ and ‘puppet’ governments in the Soviet sphere of influence.

Especially after the communist coup d’état in Prague in February 1948, tension rose to new heights. There was intense fear in Western Europe that the Soviet Union, working through the so-called Cominform established in September 1947, would stage similar events in other countries, notably France and Italy. Efforts to form a German state out of the British, US and French occupation zones accelerated. This led, in June 1948, to a currency reform in the three Western zones (and in the Western sectors in Berlin) and to the so-called Frankfurter Decisions, defining the political steps towards the establishment of a West German state. The Soviet blockade of the Western sectors of Berlin the same month – and the Western resolve not to abandon them – in turn hastened
talks in Washington in August 1948 for what a year later would become
NATO. The eastern part of the continent – after the countries there had been
forced to refuse participation in the Marshall Plan – went its own way
economically, cut off from the rest of the world. Diplomatic, trade and
even traffic links with Western Europe were severed. A new economic
system based on state ownership of the means of production was intro-
duced by force, and economics became the ‘servant’ of the political aims
of the ruling communist parties.

A Soviet economic reply to the Marshall Plan, the Council for Mutual
Economic Assistance (more widely known as Comecon) was established
in 1949, building not on material assistance but on a plan for trade
where each country would specialise in certain types of products, or
even part-components for given products, in a ‘socialist division of
labour’. This system was meant to favour the Soviet Union econom-
ically, and to bind Central and Eastern Europe closer to it as a buffer
against a Germany that only a few years earlier had invaded the Soviet
Union, and caused the death of some 20 million of its citizens. In the
end, because of the inefficiency of Soviet communism in general, and the
Comecon system in particular, the latter benefited neither Central nor
Eastern Europe, nor the Soviet Union itself. This is a matter, however, to
which we shall return later.

A new type of human being, a communist one, was to be formed,
reflecting the widespread belief at the time that humans could indeed be
moulded and reformed. All behaviour was due to the environment, none
to innate factors. The new human being would be unselfish and work
for the common weal. Thus would society evolve toward an unparal-
leled state of prosperity and happiness.

The belief in communism – as harboured by the European elites who
had taken over following the thorough purges of the traditional ruling
classes, and even more among many intellectuals in Western Europe
and, to a lesser extent in the United States – was aided by the fact that
this was the golden era of industrialism and large projects. Individual
creativity was considered far less important for economic development
than the planning and mobilisation of capital and people joining
together in the realisation of large enterprises, such as steelworks, dams
or construction plants.

The acquisition by the Soviet Union of a nuclear weapons capacity,
whether by its own effort or assisted by espionage in the United States,
seemed to confirm the strength of the communist system in general and
the Soviet Union in particular. The huge scale of Soviet and East
1945: Europe’s ‘zero hour’

European projects; the belief in massive resources and in the malleability of humans; and the vastness of the Soviet Union’s land mass awed the West and led many there to despair of the future of capitalism and democracy. In this, the post-war years resembled the 1930s, when the United Kingdom had stood virtually alone in Europe in defence of those principles against fascist Italy and Germany and the communist Soviet Union. The crucial difference between the two periods was of course the United States – the strength of its economy and military and its increasing commitment to Western Europe. The post-World War II era thus continued, from the inter-war period, to be one of ideological division and confrontation – no longer mainly between fascism and communism, but between communism on the one hand, and capitalism and democracy on the other.

The United States’ creation of the North Atlantic Treaty Organisation (NATO) in 1949 together with eleven West European countries merely confirmed the American commitment to the old continent as manifested through the Marshall Plan. Based on the Washington agreement, NATO committed the participating countries to consider ‘an attack on one of them as an attack against them all’. It supplemented agreements among in particular France and the United Kingdom (the Dunkirk Treaty of 1947), but also Belgium, Luxembourg and the Netherlands (the 1948 Brussels Treaty, eventually leading, in 1955, to the creation of the Western European Union), by giving them a transatlantic dimension, and hence greater credibility vis-à-vis a Soviet Union increasingly considered as being hostile to Western Europe, after having been a doughty ally in defeating the Axis powers.16

However, in what was known at the time as ‘double containment’, NATO had the added aim to allay the fear of the Brussels Treaty parties of a revanchist Germany, encouraging countries like France and the United Kingdom to start co-operating with that country and eventually, in 1955, allowing it to become a NATO member. (The radical importance for Europe as a whole of bringing Germany into formal co-operation with France and the United Kingdom – of in fact turning those potentially quarrelsome rivals into a trio playing the same tune – would not be apparent for some time.)

In conclusion, the end of the 1940s saw a Europe as fundamentally reshaped as in the 1840–80 period. The United States was firmly in charge of the western half, the Soviet Union of the eastern half. Even Germany, indeed Berlin itself, were equally divided up. Western Europe was well on the way to recover economically, if not emotionally, from the ravages of war. There was embryonic co-operation, and an overcoming
of enmity, among Western European countries under American prodding. Central and Eastern Europe were facing a more uncertain future under complete Soviet domination and a forced economic interdependence in the East based on state communism and Soviet economic and political interests.

It was a historically unique situation, which was to prove particularly propitious to economic, and later political, co-operation and integration among a number of major European powers, prominent among them France, Germany and Italy.

Today all these circumstances have been overturned. Germany is reunified (minus the eastern part of the country, ceded to Poland after the war, and that part of the former East Prussia which is now the Kaliningrad region of Russia). Europe is no longer divided but increasingly united within an enlarging European Union. The Soviet Union no longer exists, with a resurrected Russia and many other equally reinstalled countries succeeding it. Comecon is gone. The Warsaw Pact, the Soviet Union’s riposte to NATO, has been dissolved, with NATO itself enlarging rapidly into Central and Eastern Europe and Russia being a close partner to it. One question that will occupy us in later chapters will be whether there is any risk that Europe may slide back to a geopolitical situation similar to that prevailing before the two world wars, or whether European co-operation and integration – notably through the European Union but also at a transatlantic security level through NATO – have made such a regression impossible.

Notes

1 Speech in London on 16 December 1970; as reported in *The Times* the following day.
3 See e.g. Keynes (1920, Ch. 2).
4 However, Grosser (1980, pp. 3–4) does not consider 1945 as Europe’s ‘zero hour’ or ‘year zero’, as he calls it, but only as a gradual transition from arms to politics. In US–Soviet relations he rather sees ‘year zero’ as either 1941 (when the US entered the anti-Hitler alliance) or 1949 (the establishment of NATO). Nor did 1945 mark a break, he says, in European colonial ambitions or in de Gaulle’s political struggle against his American ally and for a greater role for France in Europe and the world.
5 The Federal Republic of Germany as from 1949.
6 Quoted in McCullough (1992, p. 383), in a cable by Churchill to President Truman, and (p. 489) in a speech in March 1946 at Westminster College in Fulton, Ohio.
7 The Moscow-based British diplomat Clark Kerr in a colourful cable to London expressed the optimistic sentiments at the time concerning Soviet intentions. He wrote: ‘The Soviet Union is now in a state of high buoyancy and utterly confident of her strength. The manifestations of this confidence are often rough and boisterous. The Soviet Union tends to disport herself like a wet retriever puppy in somebody else’s drawing room, shaking herself and swishing her tail in adolescent disregard for all except herself. We must expect her thus to rampage until she feels that she is secure from any unpleasant surprises in neighbouring countries, and then we may, I think, foresee that she will emerge from her puppydom and settle down to the serious and respectable business of collaboration with her major allies’ (Ross, 1984, p. 198).

8 Instrumental in raising US suspicions of Soviet intentions was the famous ‘long telegram’ sent by George Kennan, the scholarly US chargé d’affaires in Moscow, to the State Department in early 1946. The Kremlin, Kennan wrote, had a neurotic view of the world, stemming from an atavistic sense of insecurity. The Soviet regime was ‘committed fanatically’ to the notion that no peaceful co-existence was possible with the US and that ‘it is desirable and necessary that the internal harmony of our society be disrupted, our traditional way of life destroyed, the international authority of our state broken’. Marxism, Kennan continued, was just a ‘fig leaf’ for the ambitions of the country’s leaders, who were ‘only the last of a long session of cruel and wasteful Russian rulers who have relentlessly forced their country on to ever new heights of military power in order to guarantee external security for their internally weak regime’ (McCullough, 1992, pp. 490–1).

9 The Marshall Plan was in fact the result of a year-long effort on the part of a group of visionary men in the US State Department, in particular Dean Acheson and Clark Clifford. President Truman declined to have it named after himself, arguing: ‘Anything that is sent up the Senate and House with my name on it will quiver and die’. For a detailed account of the genesis of the Marshall Plan, see Jones (1955). The main purpose of the Marshall Plan was to assist economic development and thereby political stability in Germany, but it was also meant to do the same in especially France and Italy, where the communist parties were strong and seen as subservient to the Soviet Union.

10 For a comprehensive account of the functioning of the Marshall Plan, see e.g. Gimbel (1968).

11 As from 1960, the OEEC was transformed into the OECD (Organisation for Economic Co-operation and Development) and made, with extended membership such as Japan, into a world policy-formulating institution in the economic field.

12 This was in fact what the United States had hoped for, not least to enable the Marshall Plan to pass through Congress. Especially contemptible to Stalin were conditions such as having the Plan form part of a multilateral co-operation programme, including the German occupation zones in it; and
obliging recipient countries to account for their use of funds. Molotov called the Marshall Plan ‘nothing but a vicious American scheme for using dollars to buy its way’ into the affairs of Europe. After meeting in Paris with the French and British Foreign Ministers in late June 1947 to discuss the European response to the Marshall proposal, Molotov left in anger on 2 July 1947, refusing Soviet participation. This cleared the way for the Plan’s realisation in accordance with US intentions. See e.g. Bohlen (1973, p. 264).

13 As given in von Csernatony (1973, pp. 159–60).

14 The government functions of the three Western occupation zones in April 1949 were transferred from the military governors of each zone to an Allied High Commission with its seat in Petersberg near Bonn. The Commission – with the American John Jay McCloy as the driving force – oversaw the creation of the Federal Republic of Germany and was dissolved, its mission accomplished, in 1955.

15 The Council for Mutual Economic Assistance (Comecon) was buried without fanfare in 1991, at the time of the dissolution of the Soviet Union. It never achieved much except trying to fix prices in trade between socialist countries on a bilateral basis, co-ordinating national economic plans and organising economic, scientific and technical co-operation. Still, as Bideleux (1996, p. 174) notes, ‘by 1984 its member states purportedly accounted for one-third of the world’s industrial production and, with 455 million inhabitants (385 million within European states), 10 per cent of its population’.

16 However, the Dunkirk Treaty was primarily directed against the possibility of German aggression. In its preamble it stated that it was designed to prevent the eventuality ‘that Germany should again become a danger to peace’. The Brussels Treaty, by contrast, already held out the possibility of a democratic Germany (and Spain) joining it. See e.g. Ellwood (1992, p. 102).