

The US president now faced some tough choices. Though the economy had avoided the postwar slump that many had predicted, Truman's Democrats had fared badly in the November 1946 midterm elections, with the Republicans taking control of both Houses of Congress for the first time since 1932. In the campaign, his opponents had stigmatized Truman for being too preoccupied with helping foreign countries and for being too soft on Stalin and the Communists. With public opinion moving in different directions at the same time, Truman felt that the situation called for bold leadership. Although the president knew little about foreign affairs and understood even less, his temperament as well as his political instincts provided a way forward. Truman had been looking for means by which to confront the Soviets. In Greece and Turkey he found one. In March 1947 he addressed a joint session of Congress, in which he asked for up to \$400 million (\$4.3 billion today) in immediate US economic and military assistance to the two countries. "The very existence of the Greek state today threatened by the terrorist activities of several thousand armed men, led by Communists, who defy the government's authority," Truman said.

We shall not realize our objectives . . . unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is no more than a frank recognition that totalitarian regimes imposed upon free peoples, by direct or indirect aggression, undermine the foundations of international peace and hence the security of the United States. . . . I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.²⁴

Truman's new secretary of state, General George C. Marshall, whom the president called the most admired man in America, put the situation even more starkly in a closed meeting with Congressional leaders. "We have arrived at a situation which has not been paralleled

since ancient history," Marshall and his deputy, the suave, self-confident Dean Acheson, told them, according to a summary of the meeting. "A situation in which the world is dominated by two great powers. Not since Athens and Sparta, not since Rome and Carthage have we had such polarization of power. It is thus not a question of pulling British chestnuts out of the fire. It is a question of the security of the United States. It is a question of whether two-thirds of the area of the world . . . is to be controlled by Communists."²⁵ The Administration was following the Republican internationalist senator Arthur Vandenberg's advice to Truman: it was only through "scaring the hell out of the American people" that the White House could get what it wanted. And Truman's address—known later as the Truman Doctrine—frightened Congress enough to grant the president's wishes.

While the Soviets were busy subduing eastern Europe and the Americans debated their future role abroad, western Europe's economic situation continued to deteriorate. Very different from expectations in Washington or London, the supply situation in most of France and the Low Countries, not to mention in Germany and Italy, had not improved as the military and political situation stabilized. Instead, the winter of 1946–47 was among the worst Europeans had ever experienced, with dwindling food stocks, unstable currencies, and diminishing industrial outputs. In a note to his boss Secretary Marshall, the undersecretary of state for economic affairs, William Clayton, laid out the stark realities in May 1947:

It is now obvious that we grossly underestimated the destruction to the European economy by the war. We understood the physical destruction, but we failed to take fully into account the effects of economic dislocation on production . . . Europe is steadily deteriorating. . . . Millions of people in the cities are slowly starving. . . . Without further prompt and substantial aid from the United States, economic, social and political disintegration will overwhelm Europe. Aside from the awful implications which this would have for the future peace and security of the world, the immediate effects on our domestic economy would be disastrous:

markets for our surplus production gone, unemployment, depression.²⁶

To remedy the situation, and to rescue both the western European and the US economies, Truman decided on a gamble. He would ask Congress for an unprecedented grant for European reconstruction. Presented in June 1947 by Secretary of State George Marshall, and henceforth known as the Marshall Plan, the scheme would provide over \$12 billion (\$132 billion in 2016 dollars) over four years to European countries that signed up to receive it. The conditions seemed unrestrictive: the recipient countries would need to cooperate with each other, open up their economies for outside reporting, and accept American envoys who would help decide where the aid should be allocated. Washington knew that American control (and benefit) would mostly be secured through the Europeans buying US goods for what they received. The main western European countries jumped at the opportunity. The same month France and Britain invited other countries to assemble in Paris to discuss a European response to the American offer. The USSR and the eastern European countries were invited, too. Given the tense situation that existed, Truman expected the Soviets to turn the offer down. But he was willing to take the risk, since not to do so would have made the Marshall Plan a too obvious instrument for waging a Cold War against Moscow.

Stalin hesitated. On the one hand the Soviets and east Europeans needed funds for reconstruction, even more than what the west Europeans did. On the other hand he sensed a trap. Stalin first sent Foreign Minister Molotov to Paris with a large delegation, only to order them to walk out after a few days. Accepting the plan, Molotov declared in Paris, would lead to American hegemony in Europe and a divided continent. When the Czechoslovaks still seemed eager to explore the US offer, Stalin lambasted their pro-Soviet prime minister Klement Gottwald, leaving him shaking: "He reproached me bitterly for having accepted the invitation to participate in the Paris Conference. He does not understand how we could have done it. He says we acted as if we were ready to turn our back on the Soviet Union."²⁷

Moscow made its views clear to all eastern European governments: American assistance would be regarded as an anti-Soviet act.

One of Stalin's main anxieties around the Marshall Plan was the future of Germany. After the war ended, the country and its capital, Berlin, had been divided into four zones of occupation, with the Soviets taking control of the eastern part. Stalin believed that a neutral, or in the best case, socialist, Germany was the key to Soviet influence in Europe. In spite of what he often told his foreign interlocutors, he was not primarily concerned with German revanchism; he knew that Germany was removed as a serious military force in Europe for a long time to come. But he was concerned that the western powers—above all the United States—might turn the German territory they controlled into an arsenal for a future confrontation with the Soviet Union. The others ruled the richer part of Germany. And if they integrated it into the Marshall Plan, they would control it permanently. Stalin wanted to avoid such an eventuality, even if it meant depriving his own people and all those of eastern Europe of much-needed aid.

The controversy over the Marshall Plan reminded Stalin about the need to bring Czechoslovakia fully to heel. Even if he had not done so, the Czechoslovak Communists would have been there to remind him. By far the most powerful Communist party in east-central Europe, it had received 38 percent of the vote in a free election in 1946, making it the biggest party in the Czech lands, including in the capital, Prague. Much of the extraordinary support for Communism in Czechoslovakia was an effect of the failure of Britain and France to support the country against the German occupation of 1938–45. The feeling, which went much beyond the Communists, was that the western powers could not be trusted and that the Soviet Union was a necessary and often admired partner. Ever since 1945, the party leaders had pushed for a Czechoslovak revolution—the seizing of total power by the party and its affiliates—but until the autumn of 1947 Stalin refused to give his go-ahead, preferring a coalition government. With a more hard-line policy coming from the Soviets, the Czechoslovak Communists concluded that they had the all clear, and in February 1948 they

struck, using the threat of civil war and Soviet intervention to force the aging president, Edvard Beneš, to appoint a government fully controlled by the Communist Party. The police and security services, already in Communist hands, began rounding up "enemies of the people."

The Czechoslovak coup was a shock to many in western Europe, far beyond the anti-Communist Right. Czechoslovakia's inclusion in a Soviet sphere had in no way been seen as a given by other Europeans. There was also—especially in Britain and France—a sense of the need to stand up for the Czechoslovak people, who had been so appallingly betrayed in 1938. Most important was the feeling within the non-Communist western European Left—socialists and social-democrats—that Soviet expansionism and Communist militancy now were a direct threat to them and not only to the old elites. In Norway, for instance, where the ruling Labor Party was traditionally one of the most Left-leaning Social Democratic parties in Europe, Prime Minister Einar Gerhardsen spoke out against the Soviets and the local Communists: "The events in Czechoslovakia have not only aroused sorrow and anger among most Norwegians, but also fear and alarm. Norway's problem is, as far as I can see, primarily a domestic problem. What could threaten the freedom and democracy of the Norwegian people is the danger that the Norwegian Communist Party represents at any given time. The most important task in the struggle for Norway's independence, for democracy and the rule of law, is to reduce the influence of the Communist Party and the Communists as much as possible."²⁸

The Norwegian Communists, few in number and already politically isolated, had no chance to counter the might of a well-organized and unsparing Social Democratic movement. It was a pattern that repeated itself all over Scandinavia, in the Low Countries, and in Austria after the Czechoslovak coup.

Part of the weakness of many western European Communist parties stemmed from new instructions from Stalin. It had become clear to him that the main postwar conflict would not be between the remaining capitalist powers, but between the capitalist world, headed

by the United States, and the Soviet Union. Now, in this new state of things, an old weapon would be retooled. In September 1947, the Communist International, the Comintern, which had been dissolved during the war as a gesture of goodwill—with the war on, it did not make much sense to seek to foment revolution among your allies—was resurrected as the Cominform (Communist Information Bureau). At its inaugural meeting at Szklarska Poręba on the Polish-Czechoslovak border, Stalin's deputy for issues of ideology, Andrei Zhdanov, made clear the Boss's current thinking with a decisive clarity:

The crusade against Communism proclaimed by America's ruling circle with the backing of the capitalist monopolies, leads as a logical consequence to the attacks on the fundamental rights and interests of the American working people . . . to adventures abroad in poisoning the minds of the politically backward and unenlightened American masses with a virus of chauvinism and militarism, and in stultifying the average American with the help of all the diverse means of anti-Soviet and anti-Communist propaganda—the cinema, the radio, the church and the press. . . . The strategic plans of the United States envisage the creation in peacetime of numerous bases and vantage grounds situated at great distances from the American continent against the USSR and the countries of the new democracy. America has built, or is building, air and naval bases in Alaska, Japan, Italy, South Korea, China, Egypt, Iran, Turkey, Greece, Austria and Western Germany. . . . Economic expansion is an important supplement to the realization of America's strategical plan. American imperialism is endeavoring . . . to take advantage of the post-war difficulties of the European countries, in particular the shortage of raw materials, fuel and food in the Allied countries that suffered most from the war, to dictate to them extortionate terms for any assistance rendered.²⁹

Stalin suspected that the western European Communist parties were being seduced by the Americans and the local elites. The leaders

of the French Communist Party “have fallen prey to the fear that France would collapse without American credits,” he told his inner circle at a drunken party at his dacha in August 1947. At the Szklarska Poręba meetings the next month, the verbal attacks continued. The Soviets entrusted the Yugoslavs with launching a stinging attack on their comrades in western Europe: “After the war, certain communists thought that a peaceful, parliamentary period of appeasement of the class struggle was ahead—there was a deviation towards opportunism and parliamentarism, in the French party, the Italian party, as in other parties.”³⁰

By the beginning of 1948 a Cold War system of states was being established in Europe. A lot was still unclear, but the main characteristics were known. Communist parties would be in political control of the countries occupied by the Soviet Union at the end of World War II. The United States would remain involved in European affairs. Britain’s role was permanently reduced. Most of the western European Left would side with their governments against the Communists and the Soviets. Although neither the Soviets nor the Americans wanted war in Europe, military tension was likely to grow. The American government was increasingly thinking of European and world politics in terms of containment of the Soviet Union and Communism. Soviet leaders—essentially Stalin himself—were choosing security and ideological rectitude over any potential for limited cooperation with the United States and Britain. And while Europe was changing politically in dramatic ways, the reconstruction of its economies and social structure was taking longer than anyone had expected.

Reconstructions

During the 1940s and early 1950s, Europe and the rest of the world were being reconstructed in ways that would have been hard to recognize from the early part of the century. Some of this reconstruction was physical, made necessary by the ravages of war. But there was also a political and intellectual reconstruction going on, which put the Cold War between Communism and capitalism, and between the Soviet Union and the United States, at the center of world affairs. For people in most parts of the world it was increasingly as if the great power conflict had something to do with them, often at the personal level. Over and over again, events that were in origin local and specific metamorphosed into manifestations of a global struggle. The main reason for this was that both the Soviets and the Americans—as Kennan had pointed out in his Long Telegram—stood for models of human endeavor that had universalist pretensions. The Nazis had tried to rule through extermination. The colonial empires had ruled through exploitation and racial oppression. But the undoubted cruelty that both emerging Superpowers were capable of—nuclear extermination of cities or millions sent to labor camps—was offset in people’s minds by the promise each held of a better life, especially for those in the many parts of the world who had gone through hell in the first decades of the twentieth century. The reconstruction that took place in the first years after the war ended was psychological as well as physical, and it privileged a Cold War competition for people’s minds.

At first, agendas changed rather subtly, and then—as wartime attempts at cooperation faded from memory—the changes happened more and more quickly. One good example is the United Nations, the brainchild of President Roosevelt, the world organization through which he wanted to make up for the US failure to help build peace and prosperity after World War I. To begin with, the UN concentrated on rescue and relief operations in Europe and Asia; through the UN Relief and Recovery Administration much was achieved, mainly with US funding. The UN agencies dealing with food and health, the Food and Agriculture Organization and the World Health Organization, began work to study and ameliorate famine and epidemics with support by both Superpowers, and without much overt Cold War interference. Even the new world economic institutions, the International Monetary Fund and the World Bank, launched relatively smoothly, although the United States—as the biggest provider of funds—kept control of who could receive funding. Stalin at first regarded the UN simply as a concession to his wartime American partners and took little interest in its proceedings, except through the UN Security Council, where the Soviet Union used its veto to block resolutions it did not like.

It was the Americans who first discovered how the UN could serve their Cold War purposes. The text of the UN's Universal Declaration of Human Rights was passed in 1948 by a coalition of American New Dealers, western European liberals, and postcolonial elites, with the Soviets unable to block it. They in the end abstained from the vote, along with seven other states. Forty-eight voted in favor. The Chilean representative summed up the conflict in distinct terms: "The views expressed by the Polish representative and shared by the USSR delegation resulted from a different conception of life and man. The draft declaration rested on the assumption that the interests of the individual came before those of the State and that the State should not be allowed to deprive the individual of his dignity and his basic rights. The opposing conception was that the rights of the individual must give precedence to the interests of society."¹ The declaration may not have had much practical significance

in the first decades of the Cold War, but its adaptation was a victory for the United States over Soviet concepts of rights.

While words could be made into weapons at the UN, science could be made into weapons at the world's top universities and laboratories. In 1945, some observers thought that the invention of nuclear weapons would prevent armed conflict in the future. The consequences of war would simply be too great. But the Truman Administration did not heed calls for shared control of the frightful new weapons through the UN. Instead, the US military gradually began integral planning for the use of atomic bombs in warfare. "Plan Broiler" from November 1947—one of the first complete war plans against the Soviet Union drawn up by the US Joint Chiefs of Staff—envisioned thirty-four atomic bombs dropped on twenty-four Soviet cities. The White House and top military commanders were aware of the terrifying gulf that separated nuclear weapons from conventional weapons, in spite of calls from some officers and members of Congress to make atomic bombs more readily available at the potential frontlines of a war with the Soviets. Truman had read the medical reports coming in from tests made on survivors of Hiroshima and Nagasaki. The atomic bomb was not just another weapon, and the Administration was uncertain both about production and control. Still, having a nuclear monopoly gave the Americans confidence, and boosted their willingness to develop a global strategy. By the end of 1949 more than two hundred bombs had been produced, and twenty B-29 bombers had been modified to carry them.

For the Soviet Union the US nuclear monopoly was an immediate threat, even though neither Stalin nor his American counterparts believed that atomic weapons by themselves would win a war. Outwardly the Soviets used the US refusal to share nuclear technology as part of its "peace campaign," portraying the Truman Administration as warmongers, hell-bent on nuclear destruction. Internally, Stalin had started a crash program to develop a Soviet nuke. Using a combination of Soviet physics' prowess and intelligence gathered from spies within the US program, the plans made rapid progress. The first test in August 1949 was an example of what Soviet science could achieve.

Even though the Soviets were only able to develop five or six atomic bombs over the first couple of years, it started an arms race in which Moscow seemed to be catching up with Washington. In November 1952 the Americans tested the first thermonuclear weapon, the so-called hydrogen or H-bomb, a nuclear weapon 450 times more powerful than the bomb that had destroyed Hiroshima in 1945. The Soviets tested a similar weapon only nine months later.

The US invention of nuclear weapons made most Americans feel that their country had unique power and responsibility in the world. After the Soviets got their nukes, it also created a sense of American vulnerability. The change from isolationist American attitudes in the 1920s and '30s was palpable. Government propaganda explains just a part of this change. The experience of having been attacked at Pearl Harbor, of having fought in Europe and the Pacific during World War II, as well as the legacies of an activist state at home during the New Deal, contributed to making Americans more interventionist in their approach. Even though those in charge in the White House were Democratic liberals, they were joined in their Cold War policies by many Republicans. The Marshall Plan, a massive US investment in the future of Europe, passed a Republican-controlled House with only 74 members voting against. The assistance to Greece and Turkey was opposed by 107 congressmen. Even Republicans like Robert Taft, who had been a standard-bearer for noninterventionism in the 1930s (and who later was to oppose both NATO and the Korean War) voted for Truman's economic and military aid plans. From a US perspective, the Cold War was a bipartisan initiative.

Instead, the main challenge to Truman's decision to confront the Soviet Union came from the Left. And it was not much of a challenge. Roosevelt's former secretary of agriculture, Henry Wallace—a Democratic Party grandee who regarded himself as a leader of the Left—decided to form a separate party for the presidential elections in 1948. "The bigger the peace vote in 1948," Wallace said in declaring his candidacy, "the more definitely the world will know that the United States is not behind the bi-partisan reactionary war policy which is dividing the world into two armed camps and making inevitable the day when

American soldiers will be lying in their Arctic suits in the Russian snow."² Even though it was supported by some Democrats who felt that Truman was moving away from the legacies of the New Deal by breaking the wartime alliance with the USSR, Wallace's campaign was undermined by his own haplessness as a candidate and the rather shrill US Communist Party support for his cause. To everyone's surprise, Truman narrowly won the election against the Republican Thomas Dewey. Wallace's Progressives scored 2.5 percent of the vote, less than Strom Thurmond's Southern segregationists ticket.

Truman's second-term foreign policy was marked by increasing tension with the Soviets, the collapse of a US-supported government in China, and the outbreak of the Korean War. This was the time when the Cold War was militarized, both from a Soviet and American perspective. Truman's administration struggled to put together a comprehensive and global strategy for fighting what everyone hoped would remain a shadow war with the Soviets. There was never much doubt in the president's mind that the struggle was *both* against the Soviet Union and Communism globally. And he had little time for those among his own advisers—such as George Kennan—who warned against a global militarization of the conflict. Kennan was replaced as director of the State Department's Policy Planning Staff in 1949, and his successor, the more hawkish Paul Nitze, put together a document that attempted to set out a US Cold War strategy.³ Later known as NSC-68, the paper was radical in its recommendations and would probably not have come to reflect the Administration's policies if it had not been for the outbreak of the Korean War three months after it was first presented.

The direction of NSC-68 focused on the need for dramatic increases in US defense spending and on American willingness to intervene globally. It encouraged economic and psychological warfare as well as covert operations to target the Soviet enemy and its allies. It wanted a dramatic increase in US intelligence-gathering capabilities and in money spent on internal security and civil defense. It was even foolhardy enough to suggest that tax increases and cuts in domestic programs would be necessary to pay for these expenses. The purpose

was to put the United States on war footing in a conflict that could last for a very long time.

Still, the most striking aspect of NSC-68 was not its practical suggestions but the view of the enemy that it represented. "The defeat of Germany and Japan and the decline of the British and French Empires have interacted with the development of the United States and the Soviet Union in such a way that power increasingly gravitated to these two centers," Nitze and his colleagues explained.

The Soviet Union, unlike previous aspirants to hegemony, is animated by a new fanatic faith, anti-thetical to our own, and seeks to impose its absolute authority over the rest of the world. Conflict has, therefore, become endemic and is waged, on the part of the Soviet Union, by violent or non-violent methods in accordance with the dictates of expediency. . . . The [Soviet] design . . . calls for the complete subversion or forcible destruction of the machinery of government and structure of society in the countries of the non-Soviet world and their replacement by an apparatus and structure subservient to and controlled from the Kremlin. To that end Soviet efforts are now directed toward the domination of the Eurasian land mass. The United States, as the principal center of power in the non-Soviet world and the bulwark of opposition to Soviet expansion, is the principal enemy whose integrity and vitality must be subverted or destroyed by one means or another if the Kremlin is to achieve its fundamental design. . . . Our free society finds itself mortally challenged by the Soviet system. No other value system is so wholly irreconcilable with ours, so implacable in its purpose to destroy ours, so capable of turning to its own uses the most dangerous and divisive trends in our own society, no other so skillfully and powerfully evokes the elements of irrationality in human nature everywhere, and no other has the support of a great and growing center of military power.⁴

The long-term US aim, NSC-68 maintained, is to create "a fundamental change in the nature of the Soviet system, a change toward

which the frustration of the design is the first and perhaps the most important step. Clearly it will not only be less costly but more effective if this change occurs to a maximum extent as a result of internal forces in Soviet society." But to begin with the United States should concentrate on internal and external defense:

It is quite clear from Soviet theory and practice that the Kremlin seeks to bring the free world under its dominion by the methods of the cold war. The preferred technique is to subvert by infiltration and intimidation. Every institution of our society is an instrument which it is sought to stultify and turn against our purposes. Those that touch most closely our material and moral strength are obviously the prime targets, labor unions, civic enterprises, schools, churches, and all media for influencing opinion. The effort is not so much to make them serve obvious Soviet ends as to prevent them from serving our ends, and thus to make them sources of confusion in our economy, our culture, and our body politic.⁵

As a document, NSC-68 was itself a product of a new US foreign policy coordination process centered on the White House. The National Security Council (NSC) was set up by President Truman in 1947 in order to link the various foreign policy, military, and intelligence bodies within the executive branch. At first the NSC was intended primarily as a step toward providing better and more consistent advice to the president. But, bowing to bureaucratic necessities, it increasingly took on key functions of consultation, deliberation, and—at least to some extent—policy-making. As the Cold War intensified, the NSC became the main coordinating body for how to conduct it within the US government. On intelligence, likewise, Truman aimed for centralization and effectivization. The Central Intelligence Agency (CIA), established by the same act that set up the NSC, aimed at bringing together the various intelligence-gathering bureaus and agencies that existed within the US government. In this it failed, since different branches of military intelligence as well as the signals intelligence bureau (later renamed the National Security Agency, or

NSA) remained outside CIA purview. But the new agency still became a key instrument of US Cold War capabilities, both through spying and through covert operations.

As US CAPACITY increased and expanded, so Britain's decreased and contracted. The agenda for the British government in the late 1940s and early 1950s was much narrower than its victory in World War II should have allowed for. Britain was still a great power with global interests. But it did not have the economic capacity to sustain its status for much longer. As the war ended, Britain was broke. It had lost one quarter of its national wealth, meaning that its expenditure for World War II was roughly twice that of World War I. When Churchill had spoken of all-out mobilization against the Nazis, his government had really meant it: Britain had borrowed (from the Americans), sold off foreign assets, and sacrificed civilian production at home to keep the war going. It had won, but at a cost that was too great to bear for Britain's prewar position. In order to pay back its debts and rebuild at home—not to mention prepare for the welfare state that the Labour government had promised—the UK had to introduce rationing for most goods and cut back dramatically on its overseas military engagements. Still, it was not enough. People had to line up for hours in order to get basic supplies. Bombed-out Londoners had to wait on average seven years to get a new home.⁶

Politically, Clement Attlee's government was caught in a quandary. For a while it kept on pretending that Britain could be the balancing force on the European continent, helping to contain Communism, while gradually allowing for more freedoms in the Empire and building a welfare state at home. In reality it had to choose, and—understandably enough—opted for the latter. By 1950 the British withdrawal from east of Suez was in full swing; India and Pakistan had become independent in 1947, southeast Asia was soon to follow, and Britain's position in the Middle East and the Mediterranean was much reduced. One should be careful, though, with making Britain's international weakness in the 1950s total: it still had one of the largest armies and navies in the world, it had the prestige of having stood up to

Hitler when nobody else would or could, and it had—successfully it seemed—hitched its wagon to that of the world's main power, the United States. The British may have felt that they were treated dismally by their big ally and resented the slide in their country's international prestige. But, whether they voted Labour or Conservative, they were also aware that they were getting something back: free medical care for all, universal pensions, and family allowances mattered in what was still one of the most class-ridden societies on earth.

If life in Britain was topsy-turvy after the war, its former enemy had had its existence almost obliterated. Germany was a wreck in 1945, and it took a long time for its people to begin moving out of the physical and psychological ruins Hitler had left behind. Even though German industrial production in 1945 was less than 20 percent of what it had been before the war, the psychological scars were worse than the material destruction. The Germans had, in 1933, joined up with a disastrous political project. Right to the end of the war they had embraced the lie, and the Nazi breakdown was therefore utterly demoralizing. What was the purpose of work, if death and devastation were its wages? Getting any form of economic activity going again in post-war Germany was difficult, and in the first years Germans were dependent on handouts from the victorious powers. The only way of obtaining goods beyond the bare necessities was through the black market.

The allies had a hard time deciding what to do with Germany. The French and some Americans suggested its total dismemberment as a state; one American plan proposed the abolition of its industrial potential and its reinvention as an agricultural economy. Agreeing to zones of occupation was the easy part at first. The Soviets got 40 percent in the east (reduced to 28 percent when Stalin transferred German territory to Poland). The remainder was shared between Britain (in the northwest), the United States (in the south), and a smaller zone in the southwest for France. Very soon the discussion about Germany's long-term future was overwhelmed by its immediate needs. None of the occupying powers wanted to contribute more to the German economy than what they were getting out of it—"paying

reparations to the Germans," as the cash-strapped British put it. To make things worse for the western Allies, the Potsdam agreements allowed the Soviets to receive some of their reparations from the western zones. So while the Americans in reality were paying for the upkeep of the former enemy, the Soviets—who contributed much less in their zone—were busy dismantling surviving German industries in the Ruhr and shipping them east.

In May 1946 the US military governor, General Lucius D. Clay, unilaterally suspended reparation deliveries from the American zone. The British did the same three months later. The Soviets were furious, but could do little about it. Neither could they hinder the Americans and the British from joining their two zones, for economic purposes, at the end of 1946. The so-called Bizonia was supposed to be a temporary measure. But in reality it laid the foundation for a separate West German state. At the Moscow foreign ministers' meeting in March 1947, it became clear that both the two main western allies were edging closer to Kennan's view from 1945, when he had argued that "we have no choice but to lead our section of Germany . . . to a form of independence so prosperous, so secure, so superior, that the East cannot threaten it."⁷ By mid-1947, after the authorities in Bizonia had in effect given up on the de-Nazification of German industry, some economic activity had restarted in western Germany, but it did still not show any signs of an economic recovery.

As on so many other matters, Stalin found it difficult to decide what Soviet postwar policy toward Germany should be. He had learned from his mentor Lenin that Germany was the big prize for socialism in Europe; only with a Communist Germany, Lenin had believed, could the Soviet Union continue to exist in the long run. But instead of going socialist, Germany had been taken over by the Nazis in the 1930s and, after Stalin's attempts at accommodation had failed, had started a war in which the USSR itself almost succumbed. Even in defeat, Germany was therefore a big opportunity as well as a big danger. If a neutral Germany could gradually be linked to the Soviet Union, then the Cold War in Europe would be won. But if the Americans succeeded in turning the part of Germany it occupied—the

richest and best developed part—into an arsenal for a US-led attack on the USSR, then Communism would be stamped out. Stalin therefore had to be cautious not to misstep, again, on Germany.

As so often happens, indecision led to passivity. For a crucial year Stalin let events in Germany float. He allowed his soldiers to introduce a regime of terror in the east, not exactly conducive to the future establishment of socialism. He seemed more preoccupied with looting what could be of use to the Soviets than with establishing order in his occupation zone. If the Soviet zone, after the initial chaos, for a while seemed to work better than the west, this was due not so much to Stalin as to Red Army administrators and the German Communists who had come back with them. They were more than ready to take over the centralized planning systems that had existed in Nazi Germany and to rely on them in order to get basic infrastructure and production going wherever possible. After a while former Nazi officials at the lower levels—those the Soviets decided not to put on trial—also found it remarkably easy to collaborate; the Communist ideas of planning were not, after all, that different from those of their former masters.

Publicly, however, the new east German authorities held high the banner of anti-Fascism. They were the "good Germans"; the bad Germans, plenty of them, were all collaborating in the western occupation zones, or so German Communist propaganda claimed. Many Left-wing Germans fell for the disinformation, especially intellectuals and artists, some of whom moved east, including top names in German literature like Stefan Heym and Bertolt Brecht, who both moved there from wartime exile in the United States. In the spring of 1946 the Soviets and the German Communists forced the Social Democrats in the east into a Socialist Unity Party (SED), in which the Communists under Wilhelm Pieck and Walter Ulbricht had full control. Again, some non-Communist Left-wingers joined enthusiastically, believing that they thereby made up for the failure of the German Left to cooperate against Hitler in the 1930s. Most Social Democrats were made of sterner stuff, however, and fought to keep their party separate, even if it meant relocating to the western

occupation zones. Still, the SED scored enough successes for Stalin to be convinced that there would be a future for Soviet political influence in a united Germany.

The reasons why Stalin wanted a united Germany were exactly the same reasons why the United States, by 1947, did not. A functional German state would have to be integrated with western Europe in order to succeed, Washington found. And that could not be achieved if Soviet influence grew throughout the country. This was not only a point about security. It was also about economic progress. The Marshall Plan was intended to stimulate western European growth through market integration, and the western occupation zones in Germany were crucial for this project to succeed. Better, then, to keep the eastern zone (and thereby Soviet pressure) out of the equation. After two meetings of the allied foreign ministers in 1947 had failed to agree on the principles for a peace treaty with Germany (and thereby German reunification), the Americans called a conference in London in February 1948 to which the Soviets were not invited. Before the meeting started, it was clear that the Americans and British had agreed between themselves on German currency reform and on elections in Bizonia. The French reluctantly joined in the plans. As Bevin explained to Parliament,

Germany cannot be allowed to remain a slum in the centre of Europe. On the contrary, our policy is that she must contribute to her own recovery and keep herself, and give her share to European recovery. That is the best way to get Germany to make reparations for the devastation that she caused in the war. In accordance, therefore, with the London recommendations, Germany has been incorporated into the European Recovery Programme [the Marshall Plan]. . . . She will receive her share of aid under this programme, but in turn she must produce and be enabled to pay her share into the common pool. She cannot do it unless we proceed apace with economic rehabilitation. We must give her the tools to work with if she is to make a contribution.⁸

The division of Germany was therefore in some respects a result of the Marshall Plan. The United States regarded it as crucial to its own security to get the European economies going again. The Soviet Union and the Communist governments had, understandably, no wish to join in European recovery plans headed by the United States and implemented by US officials. The necessity of including the western part of Germany, under control of the western Allies, into the Marshall Plan therefore meant its separation from the east. The new deutschmark was a symbol of this division, and it was a dramatic step. First the western Allies agreed on a new German central bank. Then, in June 1948, they wiped out public and private debt by setting ceilings on how much old currency could be fully converted into Deutschmark. And then they pegged the new currency to the US dollar at a low exchange rate, while abolishing price controls in the western zones. The effects were spectacular. Overnight the black market virtually disappeared. Goods reappeared in the shops and production began to increase. Workers were unhappy because their wages did not increase. And savers were furious because—for the second time in the lifetimes of some—their savings were decimated. Angriest of all were the Soviets, who were now forced to introduce a separate currency in the east in order to prevent their zone being flooded with the former currency, now worthless in the west.

West German currency reform was an integral part of the Marshall Plan, which in itself was a part of the integration of western Europe into a US-led capitalist economy. It was the completion of a process that had begun in the early part of the twentieth century, with the gradual transfer of technology, production, and management methods, and instruments for trade and investment. But it was also a response to the crisis that had been created by depression and world war. Like the New Deal in the United States, the Marshall Plan was an attempt at getting production going again, using whatever instruments were available. US advisers, many of whom were old New Dealers themselves, were willing to accept European government controls, planning, and even nationalizations if it helped put people back to

work and bring goods to market. At the core of the project, though, was the realization that the capitalist market had not existed in Europe during the war and had mostly been a disaster before it. If markets, banking, and belief in private property were to be resurrected, the United States had to offer economic assistance to Europe.

It is hard to say exactly how much Marshall Plan aid assisted with European postwar recovery, in spite of its \$12 billion size (roughly \$150 billion in today's money)—about 1.5 percent of the US GDP per year. It is likely that some growth would have begun anyway, though more in some countries and regions than others. But its psychological effect was massive everywhere. Western Europeans started believing in public and private institutions again, making spending possible and increasing employment and productivity. In economic terms, it made up for the trade deficits with the United States, which otherwise would have had a debilitating effect on European economies. It made claims for reparations from Germany less important. And it abated balance of payment difficulties between European countries, helping to get inter-European trade going again. Between 1947 and 1951 production grew on average 55 percent in Marshall Plan countries.⁹

The recipients at first approached US offers of aid gingerly. Some did not like the inclusion of Germany. Others believed that it amounted to a wholesale US takeover of the European economies. Resistance was found mostly at the far side of the Right and the Left. The Communists protested—violently, in some cases, as when dockworkers in Marseilles and Naples prevented the off-loading of American ships. “The European worker listens listlessly while we tell him we are saving Europe, unconvinced that it is his Europe we are saving,” according to one US Marshall Plan official.¹⁰ But traditional European elites were not too happy, either. They felt that the Americans were out to upset established social order and wipe out their positions within their own societies. They saw American table manners, raunchy music, and black soldiers as a threat to their European culture.

The meeting of minds was most often between American officials and the emerging European Christian Democrat or Social Democrat leaders. The Americans insisted that the Europeans themselves should

decide on the details of how Marshall Plan funds should be spent, within the frameworks established by Washington. In Britain, some of the funds were used for food imports, alleviating the shortages created by the war. In Germany and France much money was spent on the import of heavy machinery to restart industries. Everywhere governments used the new funds available for reconstructing what the war had destroyed; photos of smiling families in front of their new apartment block rising from the rubble were much used to counter Communist slogans that the Marshall Plan was simply preparation for a new war. The budget guarantees US aid offered enabled western European governments to begin constructing their modern welfare states; without it, there certainly would not have been the surpluses necessary for new social expenditure or, for that matter, for government investments in infrastructure, which helped tie the western part of the continent together.

For Americans and western European governments alike, a major part of the Marshall Plan was combatting local Communist parties. Some of it was done directly, through propaganda. Other effects on the political balance were secondary or even coincidental. A main reason why Soviet-style Communism lost out in France or Italy was simply that their working classes began to have a better life, at first more through government social schemes than through salary increases. The political miscalculations of the Communist parties and the pressure they were under from Moscow to disregard the local political situation in order to support the Soviet Union also contributed. When even the self-inflicted damage was not enough, such as in Italy, the United States experimented with covert operations to break Communist influence. The Italian election in April 1948 pitted a US-funded Christian Democracy, heavily supported by the Catholic Church and the Vatican, against a Soviet-funded and Communist-led Popular Democratic Front. Both camps were led by Italians from outside Italy: the Christian Democrat leader Alcide De Gasperi, born in Austria and not an Italian citizen until he was almost forty, against Palmiro Togliatti, the Communist leader who had spent almost twenty years in exile in the USSR. The CIA got

Italian-Americans to write letters to their relatives at home, agitating against the Communist threat, while engaging in dirty tricks' campaigns against Communist candidates. In the end the Christian Democrats won almost 50 percent of the vote. They would probably have won anyway, since the Communist coup in Czechoslovakia two months before drove a lot of voters away from the Left. But the 1948 elections symbolized the first occasion when the CIA had engaged in a big covert operation against its enemies, and the Agency was very pleased with the result.

In France the Communist Party had been thrown out of government in May 1947 after they refused to support the French reconquest of its Indochinese colonies. The French Communists, led by Maurice Thorez, had long been caught between being a responsible party leading the country and getting a more radical course of change. Their position in France was very strong; the sense that the old elites had failed during the war drove young people to the Communist party. Its support among intellectuals and students was particularly powerful, but it also had a solid working class base in the trade unions. In addition, it was helped by the positive image of the Soviet Union held by many French people—the Soviets had, after all, defeated Nazi Germany (which France itself had spectacularly failed to do). Even anti-Communist intellectuals such as Raymond Aron admitted that “every action, in the middle of the twentieth century, presupposes and involves the adoption of an attitude with regard to the Soviet enterprise.”¹¹ But the French Communists went so far in supporting the Soviet Union's ever-changing policies that they isolated themselves, in spite of being the biggest political party and the only one with mass popular support. They got no succor from Stalin. The Boss “considers the policy of the Fr[ench] party entirely wrong,” the former Comintern chief Georgi Dimitrov wrote in his diary after another evening of drinking at Stalin's dacha. “Its leaders have fallen prey to the fear that France would collapse without American credits. The Communists should have left the government with the explanation that they are against the betrayal of France's independence, instead of waiting to be thrown out.”¹²

Stalin's advice to the French showed him at his most disingenuous. In 1945 he had advised the French Communist Party (PCF) to work within a parliamentary system. With Great Power relations in tatters, he now turned on them because they had followed Soviet instructions. But he was right about the rest of French politics (except the Communists, who remained his most loyal followers whatever opprobrium he threw at their party). The new French leaders—General Charles de Gaulle, who had resigned in a huff in 1946, and those of the Fourth Republic who followed him—were entirely dependent on US aid. Since almost all Frenchmen still believed that their country was a Great Power, this was a difficult position to be in. Germany had humiliated France in 1940. The United States was, in the eyes of many Frenchmen, humiliating France now simply by being in a so much more powerful position than France itself was. “The United States . . . is infatuated with its own weight,” wrote the philosopher Jean-Paul Sartre. “The richer it is, the heavier it is. Weighed down with fat and pride, it lets itself be rolled towards war with its eyes closed.”¹³

But while French anti-Americanism was shared by many Frenchmen outside of the Communist Party, its government became increasingly closely linked with the United States. Marshall Plan aid was crucial for France, which mostly spent it making long overdue investments in French industry, thereby laying the groundwork for an industrial revival in the 1950s. But the links with Washington were also essential in security terms. The leaders of the Fourth Republic knew that in case of war the Red Army would be heading straight for Paris. American influence may be a danger to France's soul, but Soviet power was a danger to its heart. And France needed assistance against what its leaders saw as a distinct security threat. In March 1948 its government signed the Brussels Pact with Britain, the Netherlands, Belgium, and Luxembourg, providing for mutual assistance in case of an attack by others. But it was clear to many non-Communist French leaders—with Soviet forces standing only one hundred miles from the Rhine—that this was not enough. After the Czechoslovak coup and the crises over Germany, French leaders who at first had wanted to work with the Communists—such as the wartime head of the French

resistance, Georges Bidault, who had insisted on Communist participation in his postwar government—sought a US commitment to French security. Bidault became a key figure among European Christian Democrats in the discussion about a western European defense treaty with the United States.

The Soviet reaction to western economic policies in Germany helped convince French leaders that the Soviets and not the Germans would be the biggest threat to their country's security in the future. Stalin was furious about the introduction of the deutschmark and what he saw as US attempts at keeping Germany divided for its own purposes. He wanted to strike back, but in a manner that did not risk outright war with the western countries. The German strategy arrived at in Moscow in 1948 was split into many different parts. Stalin wanted to solidify his grip on the east by taking full control of Berlin. He also began reaching out to "real Germans," as he put it, those who had followed Hitler and the NSDAP, through Soviet-sanctioned nationalist propaganda in Germany against the United States. If German nationalism could prevent US control of western Germany, then it would objectively serve Soviet interests. The National Democratic Party of Germany, set up under Communist control in the east in order to attract former Nazis to the Soviet cause, declared in its program: "America violated the Treaty of Potsdam and plunged us Germans . . . in the biggest national distress of our history. . . . But the American war may and shall not take place! Germany must live! That's why we National Democrats demand: the Americans to America. Germany for the Germans. . . . Peace, independence and prosperity for our entire German fatherland."¹⁴

Alongside their propaganda for a plebiscite on the unification and neutrality of Germany, Soviet and German Communists developed a somewhat rudimentary plan for forcing the western powers out of Berlin. Stalin had stressed the centrality of Communist control of Berlin in order to show the Germans that unification could only happen under the auspices of the Soviet Union. In the spring of 1948 Red Army commanders had started harassing western Allied transports heading in and out of the German capital. In June, after the

introduction of the new currency, the Soviets prohibited its use in Berlin and threatened sanctions against the western zones. With Berlin as an island within Soviet-held territory, such threats held some credibility. When the deutschmark started appearing in Berlin, the Soviets cut off all surface traffic between western Germany and the capital. In the days that followed they also terminated all deliveries of food or electricity to western Berlin. Stalin had decided on the first real showdown of the Cold War.

The Berlin blockade, which lasted for almost a year, was a Soviet political failure from start to finish. It failed to make west Berlin destitute; a US and British air-bridge provided enough supplies to keep the western sectors going. On some days aircraft landed at Tempelhof Airport at three minute intervals. Moscow did not take the risk of ordering them to be shot down. But worse for Stalin: the long-drawn-out standoff confirmed even to those Germans who had previously been in doubt that the Soviet Union could not be a vehicle for their betterment. The perception was that Stalin was trying to starve the Berliners, while the Americans were trying to save them. On the streets of Berlin more than half a million protested Soviet policies. When the SED chased councilors from other parties out of City Hall, located in east Berlin, they reconvened in the west and elected a Social Democrat mayor, the formidable trade unionist Ernst Reuter. Communist and Social Democrat workers fought each other in the streets, with the latter giving as good as they got. The young Willy Brandt, a German Social Democrat who had taken up arms against Hitler's regime and who returned to Berlin in 1946 as a Norwegian officer, helped organize the resistance. But even he was in doubt about the final outcome: "Would the western democracies risk a world war in the interest of a few million Berliners?" Brandt wrote.¹⁵

The need to reassure not just Berliners but other Europeans about US staying power was a key reason why the Truman Administration in the fall of 1948 began discussing a formal alliance treaty with the countries in western Europe. The President was fully aware of how difficult such a process would be. Americans were not naturally given to forming foreign alliances in peacetime—its founding fathers had