Destroying Weapons of Coal, Air and Water: A Critical

Evaluation of the American Policy of German Industrial

Demilitarization 1945-1952

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INTRODUCTION

Still, if you will not fight for the right when you can easily win without bloodshed, if you will not fight when your victory will be sure and not so costly, you may come to the moment when you will have to fight with all the odds against you and only a precarious chance for survival. There may be a worse case. You may have to fight when there is no chance of victory, because it is better to perish than to live as slaves.

Winston Churchill

0.1 Opening and Thesis Statements

The governments of Britain, France, the Soviet Union and the United States endeavoured after 1945 to create a new Germany out of the ruins of Adolf Hitler's Reich. Never again should German military formations resolve regional disputes by force of arms or penetrate the frontiers of neighbouring states in pursuit of national aggrandizement. This peacemaking or peacebuilding principle, one that terminated a perceived German predilection of violence based on an almost unnatural European distribution of industrial power[1], represented the starting point of a postwar pacification process. The policymakers targeted both the material and the immaterial elements of military power. But these men most importantly sought a new era of peace built on the disappearance of all military industrial capacities from the German body politic. This revolutionary concept redefined the geopolitical weight of the central European state and thereby represented a significant departure from the traditions of international relations and all previous approaches to the "German question". The victors no longer sought power containment. They instead advocated the creation of a gigantic vacuum.

Flanked by the smouldering ruins of the German capital, a sight that appeared to inaugurate this new course, the Allies met at Potsdam to repeat and anchor their determination to remould the defeated state. The victors on the surface appeared unified in these negotiations. Despite the difficulties involved in welding together a policy derived by officials from widely disparate political regimes, the diplomats, specialists and politicians formulated a common policy at Potsdam that emphasized denazification, decentralization, deindustrialization, democratization and demilitarization. Industrial demilitarization, a fusion of deindustrialization and demilitarization, stood at the top of this policy list.[2] A new meaning of disarmament had therefore appeared. The Allies focused on the creation of a straightforward plan that aimed to close and dismantle the facilities of war built during Hitler's reign of terror. This plan strongly resembled the conceptions of the strategic

bombing pundits during the 1920s and 1930s by accepting the possibility of imposing a state of powerlessness on the enemy's industrial system through selective destruction.

This sharp separation between the civilian and military segments of modern industry and the virtual dismissal of borderline dual-use industries purported a reality that did not accord with the economic and later military theories of the period. The experience of the bomber crews during the war cast serious doubt on the feasibility of allying state belligerence through the wreckage or paralysis of military industry. This strategy, one that predated the deliberations concerning industrial demilitarization and emerged after 1918, dictated that airpower alone could demolish the enemy's military center of gravity or the military industrial manufacturing system during wartime. The strategic bombers of the combined American-British air fleets, designed and equipped to systematically destroy the enemy's industrial system, pounded German cities and factories during World War II. The Allied "B-17s" and "Lancasters" dropped 2,690,000 metric tons of explosives and incendiaries on a long list of targets in hopes of fatally wounding armaments manufacturers. Any notion of a strict theoretical separation between civilian and military targets vanished during the war. The awareness of a complex symbiotic relationship between military productive power and all areas of modern industry instead took hold. The pundits even strove to negatively influence civilian morale and reduce productive output by killing the worker.

The Volkswagen plant in Fallersleben represented one such dual-use industrial target. The "vehicle industry", Allied policymakers constantly repeated during this period, "is a major force for war".[3] This factory had for example switched production of the civilian "KdF-Wagen" or "Käfer" to the military "Kübelwagen" used by the Wehrmacht after 1939. The plant retained the highest capacities for the production of motor vehicles in Nazi Germany and was endowed with considerable industrial equipment.[4] Yet the devastating air raids against these facilities only smashed the factory walls and more devastatingly burned much of the surrounding city to a cinder.[5] The civilians of Fallersleben, true of so many German and European cities and villages, fared less well. Over two-thirds of the factory itself, the outer shell protecting the machine-tools from the elements, burned in the fires of war. The sinews of industrial power nevertheless remained largely unaffected. Labour gangs had moved machinery to protected areas and repair crews worked diligently to mend what the bombs had battered.

The military significance of Volkswagen evaporated after 1945 despite official policy and subsequent formulations. The same crews that laboured under the tensions of

war to repair the bombing damage continued their efforts in the immediate postwar. These men and women, under the watchful eyes of Anglo-American military government officials, largely rebuilt the Fallersleben plant and generally repaired the industrial equipment in the months after defeat. The dictates of the occupation determined that the American military officials in Germany cut themselves loose from official policy in order to cope with the economic problems that gripped the country. The policy succeeded. Volkswagen returned to production and managed to build 10,000 automobiles by the end of 1946. Output soared even higher during the next year and long before the economic miracle gripped Germany.[6] The millionth "Käfer" rolled off the production lines in 1954. Western German automobile manufacturers had surpassed the production levels of Hitler's Reich by the end of the 1940s. The dual-use capacities in this important case—automobile manufacturing representing a "major force for war"—remained intact despite aerial bombing and official Allied policies of industrial restructuring.

This dissertation examines the postwar plan and course of industrial demilitarization in Germany after 1945. The pages of this inquiry therefore search for the specific formula used by the Allied military governments to try to create a unique and unprecedented industrial form known as the demilitarized industrial state. The Fallersleben contradiction demonstrates that the meaning of the program changed dramatically between the war years and 1950. The struggle to produce a meaningful definition of dual-use potential ultimately proved exceedingly difficult. Economic realities fuelled this process. The chapters of this dissertation in fact demonstrate that the Allied policy goal of a pacified Germany suffered from a serious if not insurmountable dilemma. Industrial items required for the prosecution of war, ranging from fixed nitrogen to machine-tools, included all those essential to the civilian economy. The effective American administration of a defeated Germany required a postwar policy that balanced national security concerns with sound economic policy. Washington's devotion to western European economic regeneration, a policy that hoped to resurrect markets for American export, also helped transform perspectives concerning the defeated state. A new policy emerged that advocated the retention and even expansion of the German dual-use industrial base. The widening breach between Washington and Moscow after 1945 only refocused attention on the military possibilities of the reactivation of existing German industrial capacities. These residual dual-use capacities later escalated or increased Cold War tensions as Washington scrambled to protect this industrial core from Soviet encroachment. The survival of dual-use potential

in Germany therefore acted as another factor in the bipolar split of Europe. Western German military potential itself fuelled the need to rearm the defeated state.

0.2 Historiography and Methodology

Industrial demilitarization, like all other elements of Allied policy in Germany, represented an idea whose translation into reality required the formulation of a concrete and workable program. "Ideas", Peter Novick points out, "are frequently defined with reference to what they oppose".[7] The Allied policy of demilitarization on one level confronted the rabid militarism worshipped by Nazism. The German propensity to use violence for state ends, manifested in two world wars, appeared to deviate markedly from western norms. The Allied struggle against German militarism therefore took on the spiritual qualities of a moral crusade. The prosecution at the Nuremberg trials even rejected the need for rational analysis when confronting German militarism.

> We must not become preoccupied with the niceties of a chart or details of military organization at the expense of far more important things which are matters of common knowledge...We are at grips here with something big and evil and durable; something that was not born in 1933 or even 1921; something much older than anyone here; something far more important than any individual in the dock; something that is not yet dead and that cannot be killed by a rifle or a hangman's noose.[8]

Industrial demilitarization promised to bypass the difficulties of constructing a viable disarmament system by removing the industrial capacities required for the manufacture of armaments. The program therefore seemed the perfect solution to the issues raised by Nuremberg lawyers and others throughout this period. The nobility of the enterprise should not however blind scholars to the importance of evaluating the concrete program of industrial demilitarization adopted after 1945 that included a specific definition of military industry and various procedures for extirpating German military industrial capacities. Only a detailed analysis of the operation according to strict academic standards and methods can determine whether the Allies in fact disarmed and industrially demilitarized German society.

Traditional disarmament strategies did not characterize the Allied plan to destroy German military industrial potential. Even these confront a serious dilemma. Evgeniy Gorkovskiy, the Director of the Department for Disarmament Affairs and Deputy to the Under-Secretary-General for Disarmament Affairs at the United Nations, summarized the disarmament conundrum at a conference in Mexico in April 2001:

> First of all, we have to understand the meaning of the term "disarmament." The task of arriving at a clear, working definition of this term is most challenging indeed and there is considerable misunderstanding in the world today as to what it really means.

Because there is no official legal definition of this term, it has come to mean different things to different people. The critics of disarmament have tended to view it as a romantic, rather naïve - and therefore somewhat dangerous - concept, tied to the whimsical goal of eliminating literally all weapons from the face of the Earth. This is, however, surely not an interpretation consistent with centuries of international diplomacy in this field…Real disarmament is a painstaking process, demanding a lot of perseverance, patience, honesty and good will of all partners and civil societies.[9]

Industrial demilitarization originally meant far more than disarmament. The idea held that the Allies could rip the capacity to produce weapons from German soil. Since most American policymakers did not agree with Henry Morgenthau's policy of pastoralization, the concept of industrial demilitarization did not include all industrial activity and was therefore predicated on the notion of a clear delineation between military and civilian industries. Some form of industry was meant to survive. The question related to which branches and how much capacity. This dissertation is an exploration of this distinction.

Industrial demilitarization, like the Anglo-American strategic bombing of Germany during the war, seemed a relatively straightforward exercise based primarily on the analytical determination of targets vital to the enemy's military industrial system. The strategic bombing pundits and demilitarization specialists easily located scores of potential objectives that ranged from assembly plants to refineries and power stations. This process reflected a particular understanding of modern military power. The large number of targets strewn over hundreds of square kilometres in fact overwhelmed the authorities. Concern for the future viability of the civilian economy did not however hamstring military planning prior to and during the war. The air pundits did not therefore construct a real delineation between military and civilian. On the contrary, this dissertation demonstrates in chapters one and two that military calculations combined both worlds into a symbiotically merged entity. The strategists generally understood that no truly important distinguishing characteristics divided civilian and military industrial realms.[10] The bombing of marshal ling yards actually took on greater importance than the demolition of explosives plants.

Yet Allied policymakers chose to ignore the lessons taught by the strategic bombing campaign and placed renewed faith in the ability of specialists to determine the boundaries and dimensions of military industry. This belief, that a visible gulf between civilian and military industrial production existed, permeates much of the literature devoted to the demilitarization process. Demilitarization, like denazification, seemed a relatively straightforward exercise calling for the destruction and dismantling of quantifiable phenomenon–in this case military material and production facilities. Special Allied teams combed Germany during the early stages of the occupation, rounded up millions of soldiers

and destroyed tons of armaments. The historiography hypothesizes that the victorious powers purged the German state of militarism and especially military industrial capabilities by instituting a number of measures that included the destruction of the instruments of war after 1945.[11]

The rigidity of this position does not accord with other aspects of the occupation. The historiography demonstrates that scholars expose degrees of failure in other elements of Allied postwar policy in Germany and challenge the successful implementation of decentralization or decartelization, democratization, civilian deindustrialization and even denazification. Part of the problem with denazification for example rested with the broad definition adopted. The occupation authorities energetically attempted to remove Nazi influence from the defeated state by rounding up tens of thousands of suspects and disbanding all of Hitler's institutions. The "Law for Liberation from National Socialism and Militarism" ultimately determined that the German "Spruchkammern" tried 887,252 of the 3,623,112 Germans regarded as chargeable by 30 June 1948. Only 8,385 people found themselves behind bars when the dust settled. The judicial system forced the vast majority of offenders to pay minor fines. The authorities also temporarily removed another 314,000 people from their places of employment.[12] The western military governments found denazification a far more complex operation than simply rounding up and incarcerating suspected ideological criminals. The general nature of the adopted definition threatened to remove valuable and experienced personnel from administrative positions and thereby significantly reduce the efficient management of Germany. The urgency to punish party members diminished in the years after 1945 as the victors turned to more pressing matters such as economic recovery. The historiography of the enterprise therefore generally asserts that the western democracies failed in this undertaking.[13] Thousands of "former" Nazi members freely walked the streets of Germany after 1945, returned to their lucrative former professions, and went generally unpunished for their adherence to an abhorrent political ideology.

Scholars treat other aspects of the immediate postwar period with a similar measure of scrutiny. A comprehensive range of perspectives concern when and why the Cold War began, the principal actors of this bipolar or even multipolar split, the geographical boundaries of the conflict and ultimately the impact of the Cold War on overall policy in Germany. The spirit of these debates does not curiously enough influence the accounts of western German rearmament. The traditional interpretations posit that the destabilizing events of the late 1940s such as the Berlin crisis, the Soviet atomic detonation, communist

victory in China and most importantly the Korean War heightened the fear of a military confrontation with Josef Stalin in central Europe. American military planners and government officials, according to this logic, responded to these strategic concerns by advocating a German military contribution in mid-1950. Historians link the decision to remilitarize the former enemy inexorably to the outbreak of serious political tensions between the United States and the Soviet Union. In other words, the postwar political crisis and brewing conflict inspired politicians and generals to draw on additional power bases to increase military strength. This process redefined industrial demilitarization policy in Germany.

Even marginal critics of this rigid interpretation do not depart from the central teachings. Donald Abenheim alludes to the contradiction that the Anglo-American authorities still busily dismantled a small number of factories while simultaneously planning for a German military contribution at the outset of the 1950s. The western powers, that is, still removed certain industrial facilities even though West Germany now received new stocks of machine-tools and more importantly the currency to fund a new program of rearmament as part of the 1950s American military defensive programs. The simple fact that the selective dismantling continued at so late a juncture incidentally casts severe doubt on the successful conclusion of the industrial demilitarization policy. Despite the obvious implications of a lack of direction or even a confused state of affairs, Abenheim emphasizes that the full demilitarization of Germany transpired.[14] David Clay Large goes further than Abenheim in drawing attention to severe deficiencies within the definitions of Allied industrial demilitarization policy. Large argues that the imprecise nature of the terminology and differing interpretations set the former Allies at loggerheads. The disputes that resulted helped split the former alliance.[15] Both studies cast a degree of doubt on the success of the industrial demilitarization program. A major contradiction emerges. If certain aspects of policy failed, then what percentage and what branches of the dual-use industries did the Allies in fact demilitarize.

Scholars have devoted far more energy towards analysing the fate of the German army after 1945.[16] These inquiries focus on the punishment of war criminals and the Allied policy of social engineering in Germany. American soldiers hunted down those persons who broke faith with the accepted code of ethics set into law after 1945. The military governments also "encouraged" the vanquished population to reject a concept of militarism and soldierly values deemed unique to the central European population.[17] Washington in particular, sought the "demilitarization of the German mind" as a vital component of overall

policy. Here, as in other investigations of the psychological aspects of Allied policy, Large points out that this "dubious" concept "proved unworkable because of the complexity of historical legacies and contemporary challenges faced by the victors in the postwar era".[18] While important correctives, punishment and psychological cleansing did not hammer swords into ploughshares. The academic evaluation of the success of these programs does not even recognize that mid-century states derived swords and ploughshares essentially from the same steel.

Other works cite the destruction of Nazi military hardware during and after the war and proclaim the success of demilitarization. This literature indicates that academics depend on a quantitative analysis of direct military hardware. This methodology reduces military power to a crude calculus of finished products and omits the vast dual-use industrial infrastructure—itself a complex mix of organizational ability, labour and resources—required to begin the mass production of armaments. A look at the direct destruction of weapons and the dissolution of military organizations does not assist the investigation of military industrial capacities. This dissertation asserts that these traditional modes of explanation suffer from a twisted Cartesian logic or the notion that "once you have a name for something, it is presumed to exist".[19] This incessant repetition by historians of the success of industrial demilitarization presumes a definition and quantifiable data where none exists. An investigation of the Allied program must evaluate the fate of German dual-use capacities between 1945 and 1950.

Scholars therefore view the eventual birth of the Bundeswehr in 1955 as a new starting point or break with the immediate postwar past. The story of West German remilitarization therefore follows a conventional format that is worth reiteration. According to this view, the Allies vanquished the Wehrmacht in 1945 and on 5 June 1945 the Berlin Declaration transferred all German state functions to the United Kingdom, France, the United States and the Soviet Union. The Allies took charge of a chaotic Germany reeling under massive wartime destruction. The victors stepped into the chaos and set out to remove all Nazis from positions of influence, demobilize and incarcerate the Wehrmacht's remaining personnel, destroy all military production installations and the associated scientific infrastructure, reduce what remained of the factories to a level corresponding with peaceful purposes, and then create a new democratized state totally devoid of any theoretical ability to act militarily. The traditional perspective posits that the Allies largely fulfilled these policies within one to two years.[20]

This work rejects the consideration of Germany as industrially demilitarized based on observations of direct armament production after 1945 as inclusive proof. This standard of analysis does not accord with immediate Allied postwar objectives. Later chapters demonstrate that George C. Marshall took up this argument in early 1947 to deflect attention away from the American plan for comprehensive western German industrial recovery based on indigenous dual-use capacities. The argument of German military powerlessness acted as a sop to quiet those groups agitating against the former enemy's economic rehabilitation. British conservatives of the period even looked warily on this theoretical demilitarized state as evidence of a significant increase in overall German geopolitical power. The total reduction of armament production, they believed, freed the economy from the associated drains on raw materials, investment and labour. This so-called "peace dividend" implied an improvement in the competitiveness of German firms at the expense of the victors.[21] This dissertation asks questions that penetrate the issue somewhat deeper. How did specialists understand the separation between military and civilian industries? Which branches of industry according to this logic constituted the primary targets? How did the dismantling teams proceed with their work? How and when did the politicians and specialists acknowledge Germany as industrially demilitarized?

Another major contradiction concerning western German dual-use capacities arises in appreciations of American military concerns in Germany. Why should military planners have feared the loss of a demilitarized—and therefore pacified—Ruhr industrial complex to either Soviet political or military encroachment later in the 1940s? In order to answer this question, this dissertation examines the military's strategic calculations concerning a potential Soviet offensive against western Europe and points out that the Joint Chiefs of Staff (J.C.S.) dreaded the loss of German industrial regions. The Soviet occupation of the Ruhr promised to revolutionize the global balance of power and eliminate major trading partners needed by the American economy. This fear, one expressed by all Cold War schools of though, appears utterly groundless and contrived if the dismantling teams had demilitarized German industry in the immediate postwar.

The reliance on the Office of the Military Government United States (O.M.G.U.S.) for quantitative data relating to industrial demilitarization suffers from several severe shortcomings. The Military Governor of Germany General Lucius D. Clay never received clear guidelines concerning the delineation between civilian and military industries. Nor did the governor enthusiastically embrace the hopelessly convoluted attempts by Washington bureaucrats, particularly those of the Foreign Economic Administration

(F.E.A.), to influence his management of the occupation. Clay therefore operated according to a personal definition of military industries that in no way accorded to prevailing opinion. This dissertation emphasizes that Clay and others viewed the German urban landscape in 1945 and generally believed that wartime developments had already "demilitarized" the state. German society, according to Clay, could no longer threaten Europe with a war of expansion. While this perspective proudly proclaimed Germany demilitarized, O.M.G.U.S. quantitative evidence, the reports concerning the dual-use industries, clearly indicated a contradiction with the original policies established through inter-Allied negotiation.

The Allied Control Council (A.C.C.), the administrative body granted the authority to demilitarize Germany according to a unified concept, did establish a formula for success. This dissertation examines the antecedents of this plan, the A.C.C. prototype itself, and the modifications that followed. When judged against the J.C.S. assessments of intrinsic western German military power during the late 1940s, it becomes clear that serious problems surface concerning any determination of Germany as industrially demilitarized. These statistics confirm Melvyn P. Leffler's interpretation that segments of the Truman administration actively pursued and countenanced full and unlimited German economic rehabilitation in the immediate postwar period.[22] A large number of documents from various departments in Washington demonstrate the political commitment to reconstruction. Leffler, bolstered by an army of economists, argues that the entire project of European reconstruction made absolutely no sense without considerable western German participation.[23] The overall policy of the Truman administration placed a premium on domestic economic success and tried to stimulate trade with European states to fight a return to depressed economic conditions and consolidate the democratic victory with capitalist security. This policy placed western Germany at the heart or "nexus" of policy. Traditional accounts of demilitarization cannot explain how Washington managed to balance the required dismantling of thousands of industrial facilities with the promotion of reconstruction, how widespread dismantling could ultimately benefit Europe and most importantly how a rebuilt or even "reformed" German economy—whatever that means—could be considered industrially demilitarized.

Washington's revision of the American economic policy in Germany predated the Korean War by at least three years. Only a few dissenters might question whether the inclusion of western Germany into such schemes as the Marshall Plan in early 1947 truly indicated a fundamental shift in support of economic expansion. But did the Marshall Plan,

whether intentionally or not, improve the German industrial base in order to permit at least a return to military production after a period of reorganization? This dissertation argues that the Truman administration pursued a policy of German military industrial enhancement long before the political decision to sponsor a direct military contribution echoed through the halls of Congress. The contemporary understanding of the proximity of civilian economic capacities to military potential influences this observation. The weak evidence that dismantling harmed the overall economy, in conjunction with a host of reports and analyses of the German economy, indicate further severe contradictions in the dominant explanation of Allied demilitarization policy.

This certainty glosses over the immense difficulties encountered by the Truman administration in defining the dimensions of modern military power and therefore lifting the veil obscuring the German military industrial infrastructure after 1945.[24] The occupiers initially employed primitive methods for the conversion and destruction of weapons. Allied soldiers disregarded any severe ecological risks and detonated explosives on German soil at the points of production. The Allied authorities even dumped German and Japanese chemical weapons stocks of mustard gas and other toxic substances in the Baltic Sea and near the Japanese coast after the war.[25] But American policymakers did not believe that guns, grenades and gas constitute true military strength. The Truman administration understood that war consumed military hardware at an extraordinary pace. The workers and infrastructure behind the frontlines determined military efficacy. In other words, "the success of a modern fighting force…is directly and immediately dependent upon the ability of the nation's resources". Warfare signifies a "struggle in which each side strives to bring to bear against the enemy the coordinated power of every individual and every material resource at its command".[26] The American example illustrated that a modern democratic industrial power could mobilize within months and beat a more sophisticated enemy force into the ground with brute strength.

The simple destruction of equipment furthermore corresponded to similar developments in Allied countries. The Truman administration followed the same pattern at home. Washington severely reduced the outward military power of the United States in the months after the victory against Germany and Japan. Millions of soldiers returned home, weapons were mothballed, and factories converted to civilian production. Various weapons, weapon platforms and military equipment such as trucks found easy and smooth integration into the civilian economy. The substance of Allied demilitarization strategies in Germany therefore conformed to traditionally understood forms of demobilization adopted

elsewhere. The decision by scholars to proclaim Germany the first demilitarized state in history owing to the destruction of weapons and weapons systems conflicts with the similar actions of Germany's enemies in 1945.

Reducing demilitarization to a crude definition based on a single factor and set of quantifiable statistics disregards other equally important elements of military strength. Allied demilitarization policy of course represented more than the straightforward task of collecting and destroying guns and grenades. The historical community in particular emphasizes the spiritual aspects of postwar German demilitarization. The Allied authorities either impressed more than willing German soldiers and scientific specialists into their services, imprisoned or executed the recalcitrant, and forced those who survived the purges in Germany into a different line of work. The demilitarization teams moreover dismantled or closed military bases, laboratories and production facilities. Historians seize on these activities to add support to the hypothesis that the German industrial system did not retain any significant military capabilities. The military elements of German society, from this perspective, witnessed a "Stunde Null".

Even though the political administrations of the United States, Britain, France and the Soviet Union placed primary emphasis on repairing the immense destruction within their specific state boundaries, or in the case of the United States avoiding an economic spiral downwards, the policymakers hoped to stabilize the international order according to their distinct perceptions of peace. Economic issues intersected with national security concerns from the outset of the postwar and generally reflected a continued concentration on military industrial matters. The priorities of defence determined specific American and Soviet notions of economic reconstruction that collided in Germany and forced a reevaluation of their policies concerning their alliance and the future of Germany.

Both the traditionalist and revisionist accounts of the American-Soviet split generally underplay the commonality of the nearly desperate postwar search for domestic stability and international security. The quest for the determining factors of the split masks any commonality of purpose. The Cold War historiography generally points out that an extremely polarized American-Soviet ideological framework influenced specific reactions to particular "trigger events" such as the form of political control in the respective zones of control or the immediately manifest European economic malaise after 1947. Much of the debate revolves around whether the extreme ideological polarization influenced the American-Soviet reactions to "trigger events" or whether these episodes widened the ideological breach. A recent trend in Cold War historiography continues this tradition.

Charles F. Pennacchio succinctly argues that the American and Soviet struggle over German reparations after 1945 culminated in the American rejection of Soviet participation in the administration of the western Zones that forced the Soviets to demand the American vacation of Berlin.[27] The reparations as a primary "trigger event" is further explored by Carolyn Eisenberg and Wilfried Mausbach. Eisenberg for example points out that the conflicting reparations conceptions promoted an immediately apparent American unwillingness to work closely with Stalin and jointly run the occupation after May 1945.[28] The inter-Allied friction regarding the matter of reparations and the administration of Germany certainly charged the international atmosphere and therefore helped promote the Cold War split.[29] But, as this chapter demonstrates, the respective American-Soviet understanding of the reparations issue reflected a common search for national security. Differences between American and Soviet policymakers concerning their respective policies in Germany reflected the wartime experience in addition to overall ideological cleavages. These differences promoted a vehemently opposed understanding of occupation priorities that drove the former allies apart.

Stalin's perceived need for German industrial resources in order to buttress Soviet industrial and military power, and the particularly destructive nature of Soviet reparations, competed with the Truman administration's conception of tying domestic and European economic success to the continuation of a viable German economy. Stalin's hard stance on German reparations helped convince American policymakers that the Soviet Union did not desire coexistence with the west or, as revisionists and some postrevisionists contend, represent a restrained world power aiming at retention and entrenchment of World War II gains. Revisionist condemnation of the traditional perspective reasonably charges the postwar American political elite with manufacturing a nonexistent Soviet grab at world domination and adopting an expansionist policy that provoked the Kremlin to respond.[30] But the revisionists fail to understand how Soviet policy in Germany forced a radical American response to protect their interests in Europe and elsewhere. The American policy of containment stopped Stalin from drastically altering the face of German society and ripping out the industrial sinews of strength which American policymakers believed vital for the economic interests of both the domestic and global economies. The traditional portrayal of Stalin's policy as brutally expansionist holds true for Germany.[31] But the orthodox image of a lumbering American giant, slow to react to Soviet policy in Germany and elsewhere, misrepresents the urgency with which United States policymakers and occupation authorities responded to steadily deteriorating economic conditions in Germany

and Europe. Stalin's plundering of eastern and central Europe, a policy which historians cannot simply trivialize through the phenomenon's classification as defensive or "reactive", nourished the already manifest anti-communism of the Truman administration by indicating that the dictator's regime placed the interests of the Soviet Union far above the creation of a viable postwar European economy deemed an essential prerequisite of continued American prosperity.[32]   Truman reacted to Stalin's destruction of eastern German society and industry in order to save western Germany and western Europe and maintain the most important market for American production.

This dissertation therefore technically falls in line with the postrevisionist portrayal of American policy in Europe as essentially credible.[33] The dissertation does not however accept the revisionist and postrevisionist contention that the United States bears mutual responsibility for forcing a negative and defensive Soviet reaction in Europe. Nor did American policymakers misperceive Soviet policy in Germany. American observation of the outward manifestation of Soviet policy in eastern and central Europe justified the anti-communist and anti-Soviet perspective of American elites. Revisionists incomprehensibly circumvent the impact of the Soviet slaughter of millions of innocent civilians, the forced movement of entire national groups, and the ravenous rape of foreign economies on American perceptions of Soviet policy. This dissertation builds on the work of international relations theorists and rejects the contention that anti-communism formed the core of American reactions to Stalin after 1945 and instead accepts to a certain degree that "non-ideological" power considerations influenced policy.[34] Ideological factors did contribute to a fundamental shift in American perceptions of the Soviet Union in 1945, but not in terms of anti-communism. The research of Gaddis demonstrates that Washington did not actually believe in an international communist conspiracy aimed at world domination.[35]

Stalin's rabid pursuit of national security in Germany and eastern Europe in 1945 shifted American perceptions within Germany in connection with a simultaneous shift in the vision of demilitarized industry. The Soviet Union and United States policies in Germany, as determined by a similar postwar demand for greater national security, clashed. In addition, the policies largely clashed because Stalin could not tolerate the continued existence of German industry for reasons of national security. Even if Stalin did not envision Soviet expansion, his policies represented a significant threat to the national security and economic viability of Europe and the United States. Nowhere was the threat more manifest than in regards to German industry.[36]

This dissertation portrays both Washington's and Moscow's postwar policies in Germany as divergent from the "consensus" achieved at Yalta, Potsdam and as manifested in the Level of Industry agreement. Stalin aimed at further enhancing Soviet national security by stripping Germany of virtually all industry even remotely linked to armaments production and leaving a rump state in total abject poverty behind. The Truman administration recognized the need to transform industrial demilitarization and placed that policy in second place to the overall health of the American economy. America promoted trade and the Soviet Union dismantling. When the United States reacted to worsening conditions in Europe with the argument of suspending efforts at industrial demilitarization in order to secure European recovery, Stalin responded in a belligerent manner because he misperceived the American actions as harming Soviet state interests. Stalin perceived American changes to the reparations and industrial provisions, both in terms of policy but more importantly in terms of substantial changes on the ground, as an attempt to rebuild German power.

This dissertation argues that simultaneous execution of divergent interpretations of how to best achieve national security ripped the wartime alliance apart. Stalin opposed the American conception of utilizing German industry to fuel European recovery in order to guarantee domestic recovery because the American occupation authorities stopped the widespread dismantling he demanded. The Truman administration opposed the imposition of a Soviet-style process of dismantling in the Ruhr to protect their European and domestic interests. Stalin, on the other hand, continued in the immediate postwar period to rape eastern Germany for Soviet benefit and therefore indicated a total disregard for American policies. Stalin viewed the actions of the American military government in Germany as indicative of an attempt to maintain German power and reacted in the clumsy and crude manner typical of his paranoid regime. Stalin fixed his attention on providing for the Soviet Union and consequently viewed all foreign attempts at blocking the realization of his goal as a threat to the security of the Soviet Union. Both states reacted to the national security aims of the other.

While appearing to support the postrevisionist contention that both states bear responsibility for the outbreak of hostilities, this dissertation rejects American guilt for moral and intellectual reasons. The dissertation takes issue with accounts of Cold War origins that do not clarify the revolutionary nature of Stalinist policy towards the German economy and how the execution of this policy influenced American perceptions. Geir Lundestad persuasively argues that frightened European public officials voluntarily lobbied

an unwilling United States to assume a leadership role in order to assist in reconstruction efforts and counter the Soviet menace.[37]   A host of investigations of foreign attitudes towards Soviet communism during the postwar generally demonstrate the widespread belief in a communist grab at world power and the plea for American support.[38]

This dissertation analyses the historical debate concerning the place of Germany in the individual national security strategies of the victorious powers and the starting point for the mutations of the respective policies. Because the immediate breakdown of consensus characterized the early postwar period, and the international community settled into the bipolar split of the Cold War, the question of responsibility necessarily colours the investigation of national security strategies. In wrestling with the national security dimension of Cold War origins, this dissertation demonstrates weaknesses in the traditional accounts of American perceptions of German demilitarization and remilitarization that have dominated the historiography of this subject.

This dissertation dismisses the orthodox conclusion by focusing on why the Truman administration adopted to assist German economic recovery in the first place. Washington of course hoped to root out and destroy militarism by addressing a complex range of elements that included a particular understanding of war industries in Germany. This concept stemmed from the realist desire to protect American industrial growth by enhancing trade with foreign markets. The conservatives in Washington realized quickly that the employment of Germany as the nexus of European economic recovery offered an opportunity to protect domestic industrial interests, enhance the American strategic position in Europe and offset the revolutionary conditions that led to the rise of the totalitarian ideologies. American policy stressed the need to solve Europe's problems quickly and cheaply. Massive German reparations that stressed an extreme shift in production threatened to unravel American designs without offering to protect Europe over the longer term. A demilitarized society by definition could furthermore not be protected against a Soviet onslaught without the expenditure of fantastic sums to recreate the infrastructure required or spending the resources on a large American contingent. The American decision to remilitarize Germany in the late 1940s grew out of the Marshall Plan. The need to rebuild from the destruction of the war influenced the decision to integrate western Germany into a European economic structure that in turn emphasized the vulnerability of that state to Soviet pressures or an outright offensive. A major problem that the Truman administration needed to overcome after May 1945 concerned the battle between various factions over the implementation of industrial demilitarization and reparations policy and

their effects on German industry. Until the partial resolution of this problem in 1947, the Truman administration could not balance industrial demilitarization and economic recovery. This conflict negatively influenced economic conditions in western Germany, Europe and ultimately the United States. The realization by high-ranking policymakers in Washington that industrial disarmament retarded general economic rehabilitation and prosperity spelled the end of the noble dream of a pacified industrial order.

0.3 The Interrelationship of Civilian and Military Industries

This dissertation acknowledges the postulate that no truly significant or substantive differences existed between the means of production of military and civilian goods during the first half of the 20th Century. Both depended on an interchangeable foundation.[39] Certain chemical compounds required for industrial, agricultural and medical applications, for example, also function as the basis of chemical weapons.[40] The German army introduced the world to chemical weapons by employing simple chlorine gas against French and Canadian troops near Ypres on 22 April 1915.[41] Chlorine of course represented a relatively harmless weapon. Other substance proved more deadly and equally simple to refine and adapt from civilian processes. Thiodiglycol for example is a component of felt pen ink and textile dyes as well as a precursor of mustard gas. Armaments producers of the period could also employ phosgene and hydrogen cyanide, used for certain plastics, for chemical weapons. Civilian industry employed Triethanolamine, another precursor for nitrogen mustard gas, for detergents, industrial lubricants and surfactants.[42] German scientists in search of pesticides for agricultural use developed far more dangerous nerve agents such as "Tabun", "Soman" and "Sarin" in the 1930s. These men derived the deadly gases from the same chemical group of organo-phosphorus compounds needed to defend crops against armies of insects.[43] Both chlorine and pesticides are nevertheless indispensable for certain industries and of course agriculture. The long list of other commodities used for either civilian or military purposes covers a list ranging from combustion engines to fertilizers. The postulate of inter-reliance is therefore based on the conclusion that "moderate technical capability and economic means" can produce a wide range of conventional, chemical and biological weapons through the adaptation of basic civilian technologies.[44]

Severely restricting a state's ability to employ civilian industrial resources for military purposes, the essence of demilitarization conceptions, obviously remains a questionable undertaking unless significant percentages of the civilian sector are themselves dismantled. Better still is the complete eradication of all industry and the return to the stone

age. The interdependency postulate indicates that disarmament theory must entail more than scrapping tanks and guns or blowing up munitions. This half-hearted approach, as pointed out by Mitchel B. Wallerstein, "is less effective when the armament in question is produced substantially on the basis of dual-use technology".[45] But mid-century industrialists derived all wartime weapons systems from rockets to nuclear bombs from the civilian sector. Clark C. Abt's remark that only "universal amnesia" could erase the knowledge of weapons construction indicates a severe problem with the logical basis of what might be termed materialist disarmament conceptions.[46] Real industrial disarmament, defined by the United Nations as "the progressive elimination of the capacity to produce new weapons and the release and integration into civilian life of military personnel",[47] by definition requires the destruction of a vast number of factories producing an endless array of consumer goods. Reconversion from military to civilian production maintains the capacities to manufacture the instruments that kill. And the number of potential candidates for industrial demilitarization in modern industrial states reaches into the thousands.[48]

Various politicians and organizations demonstrate an inability to accept the fused relationship between civilian and military industry. Two contemporary examples illustrate this point. A report issued by Doug Beason in 1995 for the American William Clinton administration of the 1990s questioned the belief in a strict separation between military and civilian sectors. The author claimed that Washington's demand to divert resources from the military to the civilian sector failed to understand that expenditures on either sector benefit the other through "spinoffs, R&D investments, re-investment, and infrastructure building".[49] Beason continued to point out that the debate over reductions in military investment set in motion by the Clinton administration reintroduced the old argument of whether state organizations or private enterprise should receive financial support for the development of industrial technologies to enhance American national security.[50] Whether or not civilian industry develops technologies of direct use by military organizations or simply increases the overall industrial strength of a state should not obscure the close connection between both in the determination of national power. In any case, the Clinton administration declared the willingness to encourage "the cost-effective development of new technologies for national defense" by deriving military technologies from developments in the civilian sector and vice versa.[51] The potential military use of civilian technologies remains an inescapable reality of the modern age.

A series of United Nations studies published during the 1970s and early 1980s also focused on the perceived negative impact of armaments production on overall civilian

sector development in industrialized countries and especially developing states. A number of scholars such as Michael Edelstein support these conclusions and argue that the wars of the 20th Century retarded normal economic growth in the industrialized states by restricting civilian consumption and investment. The United Nations specialists explained how military expenditures damaged the economy by decreasing state spending on civilian infrastructural projects or diverting labour and raw materials. "For the most part", a report from 1981 outlined, "military expenditures do not contribute to the production of capital goods and so do not increase the productive capacity of an economy".[52] Disarmament, these reports outline, promised to alleviate the tensions of declining economic growth and unemployment by increasing investment in the civilian sector and creating jobs.[53]

This dissertation does not take issue with this strong hypothesis. But the reports outline a major problem concerning dual-use industries. The United Nations experts separated military production into several categories according to their relevance to the civilian sector. The writers correctly pointed out that some products such as tank turrets and artillery shells were without civilian applications, but stressed the dual-use applications of transport vehicles and office equipment.[54] The reports however concluded that a "wide variety of industrial products...are used or consumed by the military... [and] …are otherwise indistinguishable from civil products" and that modern economies have a "considerably inbuilt capacity to convert resources from one activity to another".[55] Even in the case of tank turrets and artillery shells, the authors suggested that modern states shift productive capacities towards civilian goods as part of a normal process of economic change.[56] A change in direct production, therefore, would not significantly influence overall military industrial potential. The United Nations conclusions in fact again imply the symbiotic relationship of military and civilian industries. Investments, the allocation of human and material resources, flow interchangeably depending on political decisions.[57]

Did the mid-century American understanding of industrial demilitarization imposed on the defeated German state after 1945 acknowledge this symbiotic relationship? The evidence presented in later chapters suggests that the concept as conceived during the war years represented a political and military strategy that sought a specific objective. This objective generally disregarded the logic of fused or interrelated industries even though the issue was correctly understood on numerous levels. The disarmament conceptions conceived of modern military industry largely as a separate entity. This artificial separation did not correspond with either the dominant modes of thinking of contemporaries or recent specialists. "In its very essence", writes Clark C. Abt, "a strategy is a sequence of

hypothetical acts attempting to achieve a solution to a conflict of power, which disarmament also is".[58] Disarmament in theory reduces the direct military power of a state. However, disarmament does not necessarily touch the potential capacities of a state to reorganize civilian industry and rearm.

The Allied program of industrial demilitarization, a potential solution to the contradictions of disarmament, represented an untested concept aimed at addressing a modern problem. Several theoretical issues arise when industrial demilitarization as a concept is put under scrutiny. The scheme of unilaterally disarming German industry promised to alter the geopolitical composition of European society and therefore represented much more than a localized political or economic change. A general longing for a positive alteration to the behaviour of the global community was of course embodied in the notion of pacifying Germany. The operation attempted to define and solve the modern problem of pinpointing the elements of rearmament potential for the purposes of establishing a workable disarmament strategy to stabilize European politics. Nevertheless, the Allied plan took complex historic economic developments, such as the domestic relationship of population size with industrial agriculture or even inter-state trade, largely for granted.

The Allied policymakers also originally chose to focus predominantly on technological and industrial issues and failed to account for the complexity of modern warfare and industry.[59] Michael E. Howard demonstrates that the ability to wage war comprises four dimensions including the operational arts, logistical capabilities, social willingness and technological ability.[60] By focusing on technology and industry, two power factors that exercised the fantasies of soldiers and the public throughout the 20th Century,[61] the policymakers misunderstood the complexity of the fused industrial-military relationship. Some form of German industry would survive the postwar alterations. The German civilian capacity to rebuild factories and resurrect a new industrial system geared to war, by definition utterly non-military in appearance, took on military qualities. Industrial disarmament or even downsizing did not therefore mean peace. Which industrial branches maintained dual-use capacities and what level of reduction was necessary to ensure permanent pacification? "It is the greatest mistake to mix up disarmament with peace", Winston Churchill believed, "When you have peace you will have disarmament".[62] Disarmament like war remains an "expression of culture".[63] Effective and long-term arms control from this perspective required the compliance of all parties.[64] Industrial disarmament or pacification, as postulated by the victors, by definition demanded three

things—the destruction of all military outlays, a significant downsizing of all civilian industrial capacity and a permanent system of control.

Even the idea of industrial conversion complicated disarmament conceptions. The supporters of sweeping demilitarization, both contemporary and historically, often fail to acknowledge that the reallocation of national resources to civilian objectives in fact enhances military capabilities over the long-term. Nicholas Balabkins points out that the initial attention to the elimination of a German military potential after 1945 "led many high-level policy makers in Washington to forget, or wilfully to overlook, the fact that war potential constitutes also recuperational potential".[65] The reverse also holds true. Seen in this way, demilitarization by way of conversion paradoxically threatened to increase overall German industrial potential. Allied demilitarization concepts therefore suffered from a misplaced faith in the "peace dividend" illusion. Widespread belief that military expenditures constitute an economic burden determined the fallacious view that the conversion of military industry promised to release significant industrial capacities for the creation of a peaceful and thriving economy. The "peace dividend", when balanced by the postulate that military strength depends directly on the viability of the civilian industrial base, appears suspect. The "peace dividend", in strengthening the general economy, in fact enhances military potential.[66]

Demilitarization through dismantling alone did not of course promise short-term positive economic results. Errol A. Henderson, in analysing the association of military spending and poverty in the United States between 1959-92, points out that military conversion programs that simply cut spending instead of diverting funds reduced overall "aggregate demand" and therefore spawned an economic decline that in turn increased state poverty. Defence reductions in particular affected the highly skilled labour force associated with armaments such as "aeronautics, industrial and mechanical engineering, and metalworking". Only increased economic growth with a commensurate increase in civilian productivity in the civilian sector can, the argument goes, compensate for this industrial displacement.[67] Industrial conversion in Germany represented an important issue owing to the high levels of industrial militarization during wartime that characterized the economies of all belligerents. The destruction of military outlays threatened millions with permanent unemployment and a severe drop in national productivity unless alternatives were found.

The 20th Century witnessed the blurring of war and peace into indistinguishable elements. The world wars of the past century demanded the systematic exploitation of technological and industrial developments to enhance fighting efficacy for national security

reasons. This fusion of civilian and military technology and industry, one that represents a "comparatively recent development",[68] stands out as a dominant factor in all modern power calculations. The effective application of force demanded the creation of military institutions that both reflected the societies from which they were derived and utilized a large chunk of civilian resources. In particular, the need to exploit new technologies for national security, no matter how seemingly unimportant to direct military power, blurred the definitions of military hardware and therefore of war and peace. Advances in the synthetic production of chemical compounds such as pesticides, normally perceived as an exclusive domain of the civilian economy, forced fundamental changes in all aspects of warfare in a manner that equalled the development of more deadly explosives or even jet propulsion. The continual changes within the civilian sector sent shockwaves throughout the military and forced a high degree of adaptation.[69]

0.4 A Note on Sources

The inquiry into the postwar occupation of Germany confronts an astounding amount of primary and secondary source materials. The investigation of industrial demilitarization from the American perspective involves much more than the presidency, the State, Treasury and War Departments. Narrowing the field of inquiry to the State and War Departments and contingent organizations, the historian is nevertheless faced with a vast array of organizations and individuals including the A.C.C., C.C.S., E.A.C., J.C.S., O.M.G.U.S., S.H.A.E.F., U.S.F.E.T., the U.S.S.B.S. and a large number of State Department committees. The nature of this inquiry demanded the utiliization of a wide range of primary materials. In addition to the extensive records available on microfilm and in printed volumes such as F.R.U.S., the actors involved have handed subsequent generations a large collection of memoirs and interviews. This dissertation offers a wide selection of these documents in addition to important documents found at Auwärtiges Amt Archiv and the Landesarchiv Berlin.

CHAPTER 1

Dual-Use Industry and Military Mobilization

A commodity appears at first sight an extremely obvious, trivial thing. But its analysis
brings out that it is a very strange thing, abounding in metaphysical subtleties and
theological niceties.

Karl Marx

1.1 Introduction

The military organizations that fought Adolf Hitler's war between 1939 and 1945
relied on their respective society's technological and industrial base to equip and supply the
soldiers they trained for battle. The dependency on the civilian economy in particular
transformed the battlefield and the methods and strategies of warfare. The Prussian
regimental officer Carl von Clausewitz theorized in the 18th Century that disarming the
enemy represented the "object of war in the abstract" or "the ultimate means of
accomplishing the war's political purpose".[1] With this objective in mind, disarming and
therefore defeating an enemy in the industrial age represented a new challenge for
strategists. The large armies equipped by the means of mass production defied traditional
tactics. Civilian and military power attributes therefore seemed to fuse together. Scholars
in the present century suggest that the raw statistics of productive output have replaced
traditional qualitative indicators of military strength such as soldierly discipline as the
means of calculating national power.[2] This conclusion obscures the fantastic complexity of
modern military industry and the armed men drawn from the rank and file of workers and
the middle classes. The forward-looking Prussian offered a more comprehensive definition
and cited political, economic, technological, intellectual and social factors as the primary
components of military and national power. The symbiotic relationship between military
and civilian industrial power implied that wartime disarmament encompassed more than
striking at purely military targets such as groups of armed men or even armament
manufacturing. While highly dependent on economic capabilities and productive
capacities, armaments manufacturing also reflected a range of political choices and
therefore social or cultural values. The second of two World Wars in the first half of the
20th Century, as described in this chapter, was truly total.

This chapter therefore examines the assumption that the mobilization of a state's
resources for military purposes during World War II constituted the difficult and expensive

transfer of men and resources from the civilian sector. The American and German examples demonstrate that military strategists viewed the civilian economy as the starting point of military industrial power. Both governments redirected the same raw materials and human effort that built machines and commodities for civilian markets towards constructing the weapons of war. Armaments production, seen in this way, was therefore tied to factors that influenced the civilian economy such as industrial growth rates, access to raw materials, the quality of the workforce, currency stocks and the level of technology. The historian Michael Geyer defines armament production as a politically directed social and economic activity that transfers resources from the civilian sector for a political purpose.[3] The primary difference between the production of a tank and an automobile or explosives and fertilizer, according to this logic, rests in a political choice made by politicians. Clausewitz theorized: "war is merely the continuation of policy by other means".[4] In the military industrial arena, armament production is merely the adaptation of economic and industrial policy using the same means.

1.2 American Civilian Industry and Rearmament

Historians tend to describe the tremendous increases in American armaments output after 1941 as legendary. John Keegan calls this phenomenon the "largest, most rapid and sustained expansion ever known".[5] The production statistics reveal the dimensions of the accomplishment. The United States essentially started from what might be termed a "disarmed" state—an arsenal of insignificant proportions relative to other powers in most areas except for the navy. Civilian manufacturers nevertheless responded to the needs of war and produced 303,717 aircraft, 6,500 naval vessels and 88,430 tanks during the war. This output dwarfed that of Germany. In 1943 alone, after only two years of war, the United States built 29,500 tanks or more than Germany's total wartime production of 24,050. The disparity was immense. The United States built 2.4 million trucks to Germany's 35,000, 97,810 bombers to the Luftwaffe's 18,225, and doubled Germany's totals in fighter aircraft.[6] These numbers seriously erode the hypothesis that a fascist economy devoted to military production could outperform a democratic state that emphasized investment in the civilian sector.

The unprecedented growth of the American armaments industry after 1941 did not however constitute a miracle. A far stronger and tighter bond linked the American military with civilian industrialists. The capitalist ethos of the United States impacted the thinking of military professionals. General Lucius D. Clay, working as Deputy Director of War Mobilization during the war years, later pointed out that "modern warfare is largely a war of

logistics and control of military procurement and production is essentially a part of the strategy governing the…use of our armed forces". Clay added that the centrality of industry to warfare emphasised that civilian agencies should continue to control the economy during war.[7] The rational exploitation of resources by men such as Clay should not however mask the fact that the United States was responsible for 32.2 percent of global manufacturing output prior to 1939 and significantly outperformed Germany by a factor of three to one.[8] This base technically forgave the few misguided perceptions and wasted efforts of a country so lacking in continental Europe's military traditions.[9] The strength of American civilian industry, added to the productive capacities of the other allies and balanced with those of the enemy, kicks the mystery out of any historical analysis. American achievements reflected the prewar strength of the civilian industrial base. This base mattered.

Fortified by the world's largest industrial base, American manufacturers required a mere two years to retool the automotive and chemical plants and initiate the wave of military production that turned the war irretrievably against Hitler in 1943.[10] As stated, Washington did not maintain a large arsenal during the interwar years. Prior to the Japanese attack on Pearl Harbor in December 1941, industrialists proved unwilling to back the military's mobilization plans, such as the "Industrial Mobilization Plan of 1939" and generally retarded weapons production. The lack of preparedness and the civilian nature of the economy did not however chain the emerging American juggernaut. Armaments production nevertheless peaked after only two years. The factories produced more tanks, planes, artillery pieces and munitions than all other belligerents combined. Not only did the United States assemble a huge military force on two fronts, something that German generals intensely feared since the days of Alfred Graf von Schlieffen, industrialists also supplied America's allies with finished products, critical industrial commodities such as machine-tools and millions of tons of raw materials.[11] Richard Overy's conclusion that the adaptive skills of American industry resulted in the tremendous output of military hardware offers a valid explanation of the phenomenon. His focus on bureaucratic achievements by men such as Clay however misses the point somewhat.[12] The United States maintained the world's largest industrial base prior to 1941. The prewar concentration on civilian commodities did not decrease theoretical military power.

Various comments by Franklin D. Roosevelt during the 1930s indicated that the president understood the basic military industrial advantages offered by investments in the civilian sector. Roosevelt however veiled this understanding using the standard

interpretation of his day that a fundamental difference between Nazi-Germany and the United States existed in terms of state investment. The president first lashed out at what he believed to be a Nazi rearmament program that aimed at enhancing national security and only secondly curing such depression ills as high unemployment. Speaking in Buenos Aires to the Inter-American Conference for the Maintenance of Peace on 1 December 1936, Roosevelt condemned such a policy as "false employment" since "Nations guilty of these follies inevitably face the day when either their weapons of destruction must be used against their neighbors or when an unsound economy, like a house of cards, will fall apart".[13] On another occasion, he obliquely insinuated that German state expenditures on armaments production or direct rearmament ran approximately between 30 and 50 percent of the budget. The president commented that his government focused on "bridges and boulevards, dams and reforestation, the conservation of our soil and many other kinds of useful works" and only spent about 11 percent on weapons.[14]

This perspective clouds two important points that Roosevelt understood. The United States first of all, owing to the country's high standard of living, could financially support a military at far less cost to the general population than other great powers.[15] More importantly, the president clearly appreciated that a large civilian industrial infrastructure translated directly into military potential. Roosevelt stated on numerous occasions that any rearmament program in the United States was built on the entire breadth of the nation—a breadth that even included the social and economic reforms that his government undertook to solve the economic crisis of the depression.[16] Immediately after the outbreak of war in September 1939, in an attempt to alter the embargo provisions of American neutrality legislation, the president clarified his position concerning the parallels between military and civilian industrial sectors. Roosevelt's speech demonstrated far more than a ploy to encourage trade with the democracies. The president tossed out any strict delineation between civilian and military industries and merged both in terms of national security calculations.

> Let me set forth the present paradox of the existing legislation in its simplest terms: If, prior to 1935, a general war had broken out in Europe, the United States would have sold to, and bought from, belligerent nations such goods and products of all kinds as the belligerent nations, with their existing facilities and geographical situations, were able to buy from us or sell to us. This would have been the normal practice under the age-old doctrines of international law…If a war had broken out in Europe prior to 1935, there would have been no difference, for example, between our exports of sheets of aluminum and airplane wings; today there is an artificial legal difference…Before 1935 there would have been no difference between the export of cotton and the export of gun cotton. Today there is…Before 1935 there would have been no difference between the shipment of brass tubing in pipe form and brass tubing in shell form.

> Today there is…Before 1935 there would have been no difference between the export
> of a motor truck and an armored motor truck. Today there is…Let us be factual, let us
> recognize that a belligerent nation often needs wheat and lard and cotton for the
> survival of its population just as much as it needs anti-aircraft guns and anti-submarine
> depth-charges. Let those who seek to retain the present embargo position be wholly
> consistent. Let them seek new legislation to cut off cotton and cloth and copper and
> meat and wheat and a thousand other articles from all of the nations at war.[17]

The swift expansion of the American military demonstrated the importance of the president's words. Rather than requiring years of technological development and a new generation of factories designed for a new generation of military hardware, civilian industries of all types swiftly converted to arms production in order to defend American interests and turn a profit in the process. Locomotive and automobile plants churned out tanks and truck manufacturers retooled to build aircraft engines and airplanes. The "militarization" of International Silver offers a startling but not unique example. The company manufactured tableware prior to 1941. Conversion over a three-year period resulted in a diversification of production that eventually included

> surgical instruments, Browning automatic rifles, 20-mm shells, cartridge and shell
> brass for many calibers of weapons, machine-gun clips and cartridge belts, magnesium
> bombs, gasoline bombs (3,000,000 of them monthly at peak production), adapter
> casings, combination tools, large and small rotors, contact rings, spring assemblies,
> forgings, connecting rods, trigger pins, lock bolts for all pins, flange and tube
> assemblies, front-sight forgings for guns, etc.[18]

This tableware firm revealed an impressive potential to direct capacities towards armaments manufacturing that characterized the overall American economy. Conversion and not the creation of new military outlays lay behind the successful adaptation of the world's strongest industrial system.

A dominant problem emerged during the change from peace to war that further reveals the close proximity of civilian with military industrial production. Balancing military and civilian needs for raw materials in fact proved the most complex task facing the American Munitions Board. Donald Nelson, the executive director of the Office of Production Management, had responded to the crisis of war by building some new factories but he had more importantly encouraged the lowering of civilian output to point industrialists in the right direction. New facilities did not necessarily constitute weapons assembly plants. In 1938, for example, only a single American producer of primary aluminium existed and the company maintained an annual capacity of 136 million kilograms of the commodity. The wartime expansion program erected new smelting facilities and over the course of a few years increased this total to 1.045 billion kilograms.

Filling the skies with airplanes required vast quantities of this light metal. By 1945, the United States had grabbed 42 percent of total world capacities.[19] But Nelson more importantly halted the production of automobiles after 1941 in order to free up capacities for new weapons systems. General Motors, Ford, Chrysler, Packard and other manufacturers answered the call. These factories, some of world's largest producers, were responsible for over 20 percent of total American output, and built "more than 50 percent of all aircraft engines, 33 percent of all machine guns, 80 percent of all tanks and tank parts, one-half of the diesel engines, and 100 percent of the trucks the Army moved on".[20] Civilian companies, therefore, and not necessarily a state-run military industrial complex, a term first coined by Dwight D. Eisenhower in a speech on 17 January 1961 to describe what he viewed as dangerous postwar developments, waged the war against Hitler's industrialists.[21]

American military industrial output, as impressive as it was, did not generate the impression of a colossus utterly devoted to the conflict at hand. The postwar statistics accumulated by the Bureau of the Budget in fact demonstrated that industry could have pushed the numbers much higher. Wartime armaments production did not divert more than 40 percent of American industrial capacities during the war.[22] This evidence neatly explained that the capitalist democracies and in particular the United States overwhelmed their fascist enemies using the interchangeable civilian-military potential of industry. The Bureau of the Budget understood this point with crystal clarity.

> With a long antimilitaristic tradition, we were suddenly faced in late 1941 with war against the two most militaristic nations on earth. Both enjoyed the advantage of long preliminary planning and preparations. We faced the task of preparing simultaneously for two wars—one largely a land-air operation with naval support; the other primarily a naval-air operation with land support. In both cases the battlefronts were several thousands of miles distant, imposing severe logistical problems. A third task was also thrust upon us: that of producing the supplies needed by our Allies and building a fleet of ships to carry these products to our Allies...The German leaders knew well that her productive potential was no match for a group of opponents which included the united States, and the Japanese were not unaware of the very great inferiority of their productive capacity. Both relied upon what they believed to be the "decadence" of our way of life and government to assure them that our superior resources would not be adequately employed to prevent the success of their challenge. Both relied further upon the strengthening of their economic potential by exploiting the resources of conquered territories. By the time we entered the war, Germany had brought all Western Europe into her economic orbit and Japan was in the process of vastly expanding the territory which she controlled in Asia. Both probably underestimated the time required to overcome the difficulties of such exploitation.[23]

Civilian industrial capacities mattered.

1.3 German War Industries and Rearmament

The Bureau of the Budget did not however realize that the rearmament of Germany after 1933 exhibited a similar symbiotic relationship between civilian industrial capacities and armaments output.[24] While unquestionably determined to rearm Germany after seizing power in January 1933 and pursue the twisted dream of Lebensraum.[25] Hitler's government did not divert a majority of state resources to the direct production of armaments during the 1930s. The Nazis initially invested heavily in less military and what might be termed traditional infrastructural projects. These projects aimed at creating work for the masses of unemployed and developing the structural basis on which to build a massive military.[26] Gian Peri Gentile speculates that Hitler's preoccupation with civilian morale shifted attention away from pure armament production.[27] Hitler, Albert Speer pointed out after the war, feared that the strains of remilitarization might diminish German public support for his grandiose war plans.[28] This interpretation disguises the fact that German policymakers and military experts emphasized the need to expand civilian industrial capacities and subsequently translate this base into explosive rates of armament production.

While Hitler's disregard for the welfare of the population prior to and during the war might lessen the persuasiveness of Gentile and Speer's interpretation, another explanation of the 1930s remilitarization push helps illuminate the importance that the military and Nazi leadership placed on civilian capacities as a critical component of military power. The appointment of General Werner von Blomberg as defence minister in the final days prior to Hitler's seizure of power at the start of 1933 helped revolutionize military industrial strategic concepts in Germany. The general advocated returning the military to a position of strength. He aimed at building the muscle necessary to conduct operations on multiple fronts without the assistance of allies.[29] Blomberg's strategic vision, shared by Hitler, demanded large military industrial capacities based on an enormous civilian sector. Nazi economic doctrine did not deviate from the military's argument that rearmament demanded a positive civilian economic climate. The levels of direct military expenditure after Hitler's accession to power in 1933 surprisingly only constituted 1.3 percent of Germany's national product until 1936.[30] Civilian programs were another matter altogether.

An old argument advanced during the Nuremberg trials, namely that the various branches of the German military conducted a form of secret rearmament long before the rise of Hitler or at least offered a host of ideas during the early remilitarization phase, seems

of dubious value in evaluating real military strength. The Allied lawyers immediately after 1945 focused on a range of what to the contemporary observer now appear as obscure and questionable methods of enhancing military power. These examples hoped to demonstrate the illegal activities of the German military services and not offer a solid explanation for the general success of German arms in the early years of the war. Two general observations suffice to question the real impact of secret rearmament. Hitler's new regime organized the future transfer of civilian pilots from a host of clubs and private companies to fill the ranks of a new Luftwaffe after 1933. This policy certainly represented an illegal challenge to the spirit of Versailles. However, German factories required time to build and more importantly organize the infrastructure necessary to equip the new squadrons. Until fighters and bombers poured from the factory floor, an obvious necessity in the German case since Hitler demanded a Luftwaffe capable of dealing with the world's largest and best-trained air forces, these civilian pilots hardly constituted a real rearmament measure. This argument in fact underlined the importance of a large and capable industrial infrastructure in the prosecution of 1940s warfare. Pilots could be—and in the German case were—quickly trained and impressed into combat. The qualitative and quantitative factors of design and manufacturing acted as two major ingredients in airpower proficiency. Historians cannot accurately assess the impact of "paramilitary" programs, such as glider training by the Hitlerjugend, on overall German military performance in 1939.[31] By what method can an historian gauge the impact of a six-week introductory course in glider handling on the outcome of the war or indeed as a serious militarization measure? Other states maintained large numbers of pilots far more thoroughly trained than those men coming from the rudimentary German attempts at addressing the large deficits brought on by Versailles.[32]

The lawyers also discovered that the German navy operated a host of measures after 1918 aiming at the maintenance of maritime military power. The laughable list they offered at Nuremberg must be tempered with the understanding that real quantitative and qualitative industrial and technological factors and not strangely obscure and even desperate measures determine fighting power. The bizarre list included the "[s]aving of coastal guns from destruction to removal of artillery equipment and ammunition, hand and machine weapons", the "[l]imitation of destruction in Helgoland [a naval base]", "[a]n attempt to increase the personnel strength of the Reich Navy", "[c]ontributing to the strengthening of patriotism among the people", "[p]reparation for the resurrection of the German U-boat arm", and an "[a]ttempt to strengthen our mine arm". It is hard to imagine how outdated coastal artillery could assist the prosecution of an offensive military campaign and how

even the 36 U-boats available in 1939 could underline a long-term program of subterfuge. Nazi Germany never operated a real navy in the proper sense of the word.[33]

German industrialists generally welcomed the Nazi fusion of civilian and military concerns and Hitler's approval of a colossal public works program. Invited by Reichsmarschall Hermann Göring, 25 German industrialists met with Hitler in Berlin on 20 February 1933. Hitler informed the captains of industry such as Gustav Krupp von Bohlen und Halbach that he planned a large rearmament program and the restoration of German military strength. The fateful elections of 5 March 1933 loomed on the horizon and Hitler offered a precise definition of his rearmament strategy that certainly lifted the spirits of those assembled. The future dictator of Germany stated that remilitarization required the rebuilding of "internal strength" through "internal peace".[34] A calm interlude of industrial development and expansion would precede the storm that he intended to unleash. It is not all that difficult to gauge the reaction of the industrialists to Hitler's words. The new Nazi government promised an end to the economic stagnation of the early 1930s that had driven down production levels and profit margins.[35] Krupp for one keenly set to work reorganizing German industry in line with Hitler's conceptions for the road ahead. State concentration on infrastructural projects and not just orders for new weapons filled the depleted coffers of his company. There is no reason to speculate that this trend upset the German captains of industry—or those of other countries later in the decade.

Government officials and military officers for example viewed the relatively low numbers of automobiles driving along German roads with alarm. Both groups advocated huge investments in the automotive sector to encourage the production of trucks and cars for the civilian economy. "The bigger the number of vehicles used for civilian traffic is", Wehrmacht officers argued, "all the more quickly and more inclusively can mobile military units be prepared at the outbreak of war".[36] State subsidies increased in response and production soared. The output of automobiles increased from 108,029 in 1928 to 274,849 in 1938 and the total of trucks streaming off the assembly lines rose from 8,234 to 63,470 during the same period.[37] A large civilian automotive network intentionally became the initial starting point of rearmament. Similar to their American counterparts, German automotive manufacturers such as Daimler-Benz later represented core components of the industrial war effort and, among a long list of contributions, motorized the army and supplied the air force with engines.[38]

Direct investment in the civilian economy took precedence over rearmament by way of exclusively military outlays. The production of weapons proceeded at such a slow

pace prior to 1936, Overy hypothesizes, that "German forces would have found it difficult to fight any neighbouring state".[39] Military officers, despite agreeing with the principle of investment in the civilian sector, protested the lack of attention to the production of weapons and questioned the overall utility of pouring millions of Reichsmarks into new railways, roads, bridges, barracks, refineries, docks, airbases and bunkers.[40] These civilian-oriented projects indicated that the recovery and expansion of the civilian economy remained a top priority prior to what might be termed direct rearmament after 1936.[41] The available statistics for the aeronautical industry, like that of the automotive manufacturers, underline the Nazi emphasis on the civilian economy. Only 18 percent of all aircraft produced between 1934 and 1938 represented combat types.[42] Of the 8,295 aircraft manufactured by the German aeronautical industry in 1939, the year in which Hitler unleashed his war of expansion, 3,562 constituted civilian models.[43]

The emphasis on expanding the capacity of civilian industries negated much of the need to develop large and centralized military industrial plants. Heavyweight German companies such as MAN A.G., Messerschmidt A.G., and others increasingly relied on the converted facilities of other smaller firms that included textile producers and repair shops. The political decision to divert funds to a rearmament program that stressed airplanes and cars had also induced the smaller firms to shift production and cash in on the program.[44] Ever larger industrial networks spanned the various regions of Germany and manufacturers depended heavily on the rail and road systems expanded by order of Hitler to move all of the various components required to build civilian goods and weapons systems at the assembly points. Literally tens of thousands of firms were associated with the rearmament program and they produced a dizzying array of components such as ball-bearings and engines, fertilizer and explosives, and steel wire and armoured plating.[45]

In August 1936 Hitler composed a memorandum that ordered a substantial rise in armament output and a simultaneous increase in overall industrial capacity. A grave problem, at least from the perspective of contemporaries, however surfaced as weapons and civilian commodities poured from the factories. A wide and general belief that German military preparations overheated the economy emerged.[46] German economic realities appeared to reinforce this view. By May 1936 stocks of raw materials fell so sharply that significant manufacturing capacity went unused.[47] Rubber shortages for example stalled production in 30 percent of the munitions factories alone.[48] These bottlenecks hampered overall military production. German companies could only meet 58.6 percent of military procurement orders between 1937 and the seizure of Czechoslovakia during the initial

months of 1939.[49] Clay had suggested that the allocation of raw materials represented the largest bottleneck impeding industrial performance. German industrialists experienced the same phenomenon.

Ideology played as large a role as other factors such as currency shortages. An inability to import adequate amounts of raw rubber, partly because of political resistance to foreign trade and demands for autarky, encouraged ever-larger state expenditures on synthetic production to lessen the impact of deficiencies.[50] The emerging shortages reinforced the need to address the entire industrial system and precipitated another wave of investment in infrastructure. Hitler's Four-Year Plan transformed the economy through investment in the synthetic production of raw materials such as Buna and oil on a grand scale. Overall output increased dramatically as the new synthetic facilities provided every aspect of the economy with resources in short supply.[51] Overy points out that the Nazi emphasis on autarky and synthetic plants, aiming at preparing Germany for war and the potential shortages brought by an economic blockade, did not correspond with a conventional peacetime spending program. By fusing the civilian infrastructural program with direct spending on weapons, Overy suggests that the Nazi authorities diverted 17 percent of the German national product or 52 percent of the state budget into military spending.[52]

The dividing lines between civilian and military industries were far less clear than Overy suggests. Fritz Haber and Carl Bosch, at the outset of the 20th Century, discovered a method of synthesizing ammonia from nitrogen gas taken from the atmosphere and hydrocarbons derived from coal. Coal formed the starting point of German industrial production. German coal deposits stretched across much of the country from the Dutch and Belgian border to Silesia. Even though German society developed over eight industrial regions including the North Sea ports, the Hanover-Braunschweig region, the Saar, the upper Rhine and Bavaria, and various areas in eastern Germany including Berlin, the Ruhr represented the industrial heartland prior to 1945. While the Ruhr region predominantly produced steel, the factories that surrounded the area utilized the materials and by-products of the coking and steel-making processes for chemicals and heavy engineering. Every coke oven in the Ruhr for example produced ammonia, sulphuric acid, tar, benzol and phosphates for the chemicals industry. The steel and chemical by-products manufactured by the Ruhr's mills represented the raw materials for every conceivable form of industrial production. Coal therefore represented the Ruhr's "life-blood" and that of German civilian and military industry as a whole.[53]

The Haber-Bosch process enabled chemical companies, among other things, to develop fixed nitrogen capacities for the synthetic manufacturing of fertilizer for domestic and foreign consumption. According to American postwar estimates, the German facilities produced 1.316 million tons of fixed nitrogen in 1935 and 1.71 million tons in 1937. The authorities diverted approximately 85 percent of these totals to the production of fertilizers. The process allowed chemical companies to compete against the naturally occurring compounds extracted in Chile. German firms dominated 25 percent of world fertilizer production between 1929 and 1934. Britain, France and even the United States imported the agricultural commodity from Germany. However, the Haber-Bosch process offered much more than an alternative method of increasing crop yields.[54]

Table 1: Capacities of Principle German Chemical Plants Prior to 1 May 1944 (Metric Tons per Annum)[55]		
Location	Nitrogen	Synthetic Oil
Leuna Merseburg	298,800	645,000
Ludwigshafen-Oppau	204,000	63,000
Heydebreck	24,000	3,000
Ruhrchemie (Sterkrade-Holten)	43,200	60,000
Linz	60,000	#
Hibernia (Wanne-Eickel)	49,200	38,400
Victor (Castrop-Rauxel)	49,200	60,000
Other Plants	241,200	147,000
Total	969,600	1,016,400

No oil production existed at this plant, but it was bombed as an oil target.

The Haber-Bosch process in particular enabled the manufacturing of two vital resources needed by the military—explosives and oil. "The Germans waged World War II with oil, chemicals, rubber, and explosives", an American study reported in the postwar, "made largely from coal, air, and water". Coal provided the energy necessary to heat homes, propel the locomotives, drive power stations and smelt iron ore and coke into the high-carbon steel used to produce armoured plating. The same method of synthesizing nitrogen from coal also provided the chemical by-products used to manufacture trinitroluene (T.N.T.) explosives. Nitric acid, derived from ammonia, forms the starting point of all military explosives and propellants. "Germany's production of explosives and propellants", a postwar American study concluded, "was thus enmeshed with the chemical and oil industries when the war began and became more so as war continued".[56] Coal-derived chemicals such as coal tar, ammonia, and benzene formed the starting point of the synthetic organic chemical industry. This industry employed coal to generate calcium carbide, caustic soda, chlorine, ethylene methanol, fixed nitrogen, sodium carbonate, sodium cyanide, sulphuric acid and tetraethyl lead. These by-products and compounds

formed the foundation of both civilian and military industry. Chemical manufacturers required these substances for such benign products as fertilizer but also for military goods such as aircraft Plexiglas, aviation gasoline, explosives and synthetic rubber.[57]

Although the components of fertilizer and explosives represent simple chemicals, fixed nitrogen gained by the Fischer-Tropsch process was expensive and capital intensive. Nitrogen fixation required large quantities of coal and energy and therefore a modern transportation network and machine-tool industry to service both the facilities themselves and all of the associated elements. During the 1920s and 1930s, successive German governments subsidized nitrogen fixation to guarantee fertilizer for agriculture and nitrates for the armaments industry.[58] To prepare Germany for the war ahead, Hitler required an increase in fixed nitrogen synthesis far above the needs of agriculture. In 1940, German production hit approximately 86 percent of the target levels set by Hitler. German fixed nitrogen synthesis was located at over 13 plants with the principle facilities at Leuna Merseburg and Ludwigshafen-Oppau. These two facilities produced over 500,000 tons of nitrogen and 708,000 tons of synthetic fuel per annum.[59] Wartime pressures forced a further expansion of nitrogen, sulphuric acid, sodium carbonate, caustic soda and chlorine production at Ludwigshafen, Schkopau and Leverkusen and the creation of additional plants in the Harz, Upper Silesia and on the Upper Danube. These "emergency" plants however failed to keep pace with the insatiable demand for synthetic petroleum and fixed-nitrogen. Explosives output actually fell from 80,000 tons per month in 1939 to 75,800 tons per month in 1943. The expanding needs of the war more importantly outpaced any and all efforts at keeping pace with the enemy.

The common interpretation of prewar German mobilization, while valid to a certain degree, deflects attention away from the remarkably limited Nazi emphasis on the direct output of weapons systems. This dissertation already highlighted the total civilian and military German dependency on synthetically derived commodities and that civilian usages absorbed 85 percent of fixed-nitrogen prewar output. Attributing a purely militaristic purpose to nitrogen-fixation ignores the historical context and the importance of the compound in feeding the population. The typical Nazi definition of a dual-use facility such as a synthetic oil installation as exclusively military in nature did not however make it so. Wartime pressures refocused concentration on the military sector and deprived the farmer's of sufficient fertilizer to maintain harvest levels and the condition of their fields. The near famine conditions in Germany during 1946-1947, explored in later chapters, demonstrated that the central European state required considerable domestic fixed nitrogen capabilities—

at least over the short term—to compensate for these wartime developments. The undue focus on the military aspects of fixed-nitrogen—and all other elements of the German economy for that matter—denied the importance of dual-use commodities for the health of the society. Only foreign trade could substitute for the German synthetic industries in the post-1945 world and avert mass deprivation and starvation. Unfavourable postwar market conditions however characterized the German reality after Auschwitz and therefore underscored the continuing importance of an autarkic approach.

Overy's argument however also helps cloud our understanding of American and German military preparations during this period. Historians have traditionally fixed Nazi expenditures on civilian industries to Hitler's militaristic foreign policy while on the other hand arguing that the United States remained disarmed and militarily weak throughout this period. Harold J. Clem for example points out that the 1930s depression hit all aspects of American society which in turn led to an erosion of overall military capabilities in the armed forces and military industries.[60] Eisenhower, in commenting on American preparedness for war, summarized this argument more clearly in 1940.

> we were left with no munitions industry at all. Thus the people and their statesmen washed their hands of war. Only the professionals—the army, the navy—continued to practice an art that the people were confident would never again be employed in their time. In the dreary cubicles of the Army Industrial College, a handful of officers wrote dull but solid papers on how plants making adding machines, automatic lead pencils, cash registers, boats, pipe organs and lawn mowers could be turned to revolvers, ammunition components, bomb fuses, pontoon bridges, saddle frames, and shrapnel. Doggedly, the War Department allocated M-Day assignments which some vice-president, busy with other duties, filed away and forgot.[61]

The enormous American armaments output beginning after the outbreak of war largely discredits this hypothesis. The capacities remained. Hitler's odious political and military philosophies should not distort the fact that civilian capacities in both Germany and the United States translated into direct military potential in times of war. This basic fact proved Hitler's ultimate undoing.

The brief examinations of the American and German rearmament drives demonstrates the intricate relationship between civilian industrial capacities and military production. Industrialists of both countries, whether presiding over tableware, automotive, or steel and synthetic raw materials processing or manufacturing, required only a brief period of time to retool and churn out armaments. An important reality emerges from this analysis. The wartime armaments industry depended greatly on the civilian infrastructures of the respective states. The far larger American productive capacities—being three times

that of Nazi Germany—so obviously impacted the course and nature of the war that it seems unreasonable to deny any logical correlation between tableware and raw military power. The German example most importantly demonstrated how the basic requirements of the civilian sector also formed the core of military industry. From a particular perspective, coal-mining represented the starting point of the German war effort. With this in mind, industrial disarmament strategies that do not account for the complexity of modern industrial systems appear quite frail. Allied specialists nevertheless seemed ill-equipped at judging and evaluating the nature of German industry during the war years.

1.4 Misperceptions of Prewar German Mobilization

Allied intelligence officers generally misunderstood the course of Nazi mobilization and more importantly the structure of German industry. Exaggeration characterized prewar British estimates of German weapons production. Two weapons systems, tanks and airplanes, illustrate this intelligence failure. The War Office believed that the tanks in Hitler's armoury in 1939 numbered 5,000. They overestimated the true total by 1,800— hardly an insignificant sum.[62] Of that total, military intelligence set the number of medium tanks at 1400 even though only 300 existed.[63] Churchill and the Foreign Office furthermore estimated that their future enemy mustered 2,643 fighters and bombers in 1938 although contemporary research places the figure at 1,669.[64] These inflated numbers reveal a warped contemporary perception of German industrial capacity and more importantly priorities.

American and British policymakers generally believed that the German military industrial system operated at peak levels prior to the outbreak of war. "The entire economic life of the German nation", the American military attaché in Berlin informed Washington in June 1937, "is being organized on a war economy basis".[65] Churchill in particular jumped on the general belief of rampant German weapons production to convince the British government to react in kind.[66] The British aeronautical industry, already one of the largest in the world in the 1920s and 1930s,[67] received concentrated state financial support and further production by companies such as Bristol, Rolls-Royce, Hawker, Vickers and Fairey at least equalled German production levels.[68] German military stockpiles in 1939 ultimately appeared minuscule when balanced against the armouries of Britain, France and the Soviet Union.

The size and potential capacities of German industry clouded the judgement of contemporary analysts. The gargantuan dimensions of major German cartels, for example, seemed to influence opinions. The Interessengemeinschaft Farbenindustrie

Aktiengesellschaft (I.G. Farben) cartel formed in 1925 with the headquarters located in Frankfurt. The organization consisted of over 379 German and 400 foreign firms. The cartel's primary German members included BASF, Farben Fabriken Bayer, Farbwerke Hoechst, Agfa, Chemische Fabriken vorm. Weilerter Meer, and Chemische Fabrik Griesheim-Elektron—all major organizations in their own right. The cartel originally formed in response to the loss of markets after the Bolshevik seizure of power in what became the Soviet Union after 1917.[69] The large size of the cartel necessarily meant the production of a wide range of chemical compounds, pharmaceuticals, pesticides, and synthetic substances.

But British military intelligence initially underestimated the importance of critical raw materials such as oil, aluminium and fixed nitrogen on German timetables and assumed that production levels peaked during the 1930s owing to a lack of sufficient industrial capacities. The shortages in weapons systems that manifested themselves by 1941, the intelligence officers believed, indicated that German production had hit full capacity and more importantly that these shortages weakened the German ability to expand production and also to resupply and reequip military formations blooded in combat. Allied military planners believed that German industry could only sustain a military organization involved in "small and localized wars" and then only by shifting production from the civilian sector at the expense of the population.[70] Hitler, according to Allied conceptions, gambled that ferocious thrusts employing the bulk of the German military would quickly overwhelm enemy opposition and therefore avoid the strains of a prolonged conflict that the industrial facilities could not sustain. After achieving victory in a limited conflict, the German military industrial system absorbed the foreign industrial facilities and raw materials from the conquered regions and reequipped the military in preparation for the next war. British policymakers believed that Britain could outlast Germany in a protracted conflict precisely because excessive German rearmament siphoned industrial strength from the civilian sector and limited further expansion.[71] British military planners argued in February 1939 that this superior economic resiliency would ultimately lead to Nazi defeat.[72] They were right, but for the wrong reasons.

In recognition of the British experience in fighting Germany from 1939 onwards, the United States entered the war as a junior partner in military matters ranging from tactical fighting methods to intelligence. A bulk of the information collected by the British cryptanalysts at Bletchley Park, the scientists who broke the complex codes of the German communications system, covered the enemy's order of battle and operational planning.[73]

The American War Department, as latecomers, became aware of the Ultra breakthrough in mid-1943 and thereafter continued to play a marginal role in deciphering German communications until three detachments were sent to support the British efforts at Bletchley Park.[74] A high degree of British influence persisted. Throughout the war, Eisenhower placed a British G-2 intelligence formation under his command to make use of the British code breaking. This reliance on foreign interpretations of the data collected and the relative weaknesses of American military intelligence during the war raised eyebrows in the War Department itself. Secretary of War Henry L. Stimson lamented in late 1943 that "our two intelligence services are pretty bum".[75] General Hoyt Vandenberg also believed that the United States intelligence services operated far below the standards set by friends and foes.[76]

American intelligence officers, like their British counterparts, concentrated on locating German military formations for tactical and operational analysis. The Military Intelligence Training Center (M.I.T.C.) at Camp Ritchie, Maryland trained a host of specialists such as photo interpreters and linguists to help find the enemy. While over 19,000 students received training at the camp during the war, American officers in Europe still complained that the specialists exhibited a "lack of basic military training" and acted as a "kind of reference service for data rather than for professional judgments".[77] Even in the British armed forces, this new generation of intelligence officers represented an expedient. Noel Annan, equipped with a degree in history, set to work examining the German railway network even though he informed his recruiting officer that his experience was limited to information concerning the American railways that his father had provided.[78] In general, American intelligence efforts remained poor throughout the war and they did not even establish a mechanism for setting intelligence priorities until May 1945.[79]

Not only did Allied intelligence falsely interpret the capacities of German industry, the specialists could not gauge the significant organizational changes taking place in Germany. Jeffrey Fear's examination of the Messerschmitt A.G. in southern Germany demonstrates the decentralized nature of German manufacturing. The production of aircraft by the company relied heavily on converted textile and light machinery firms employing less than 100 persons. Over 130 firms shipped hulls, seats and radar sets to the assembly points. Messerschmitt itself represented the "organisatorischen Gehirn" or organizational brain that coordinated the flow of components to assembly areas that did not contain specialized equipment and could be moved to heavily forested areas to avoid detection by reconnaissance aircraft during the war.[80]

Strategic bombing doctrine, as described in the next chapter, in a rare case of stubborn Allied ideological blindness argued throughout the war that strategic bombing could unravel the tightly strung German economy with a few attacks on vital targets.[81] While this concept held true for a small number of commodities such as synthetic oil refining, the planners failed to understand that a high degree of unused capacity characterized production and whose destruction meant relatively little to the overall war effort. This tendency to focus on panacea targets even influenced a debate in the historiography concerning whether political interference with Swedish iron ore shipments to Germany could have seriously impaired the enemy's war effort. Sven-Olof Olsson however demonstrated that Swedish reliance on German coal shipments for their own purposes, part of the tightly knit European economic system, undermined the possibility of such an undertaking.[82]

Hitler's verbal declarations helped generate a significant fear amongst the democratic elites that German rearmament would create a military machine of monstrous proportions and seriously threaten European national interests and security. As early as 17 May 1933, the newly elected chancellor openly challenged the world community by insisting on German rearmament. A series of anti-disarmament proclamations induced the American Consul General George S. Messersmith to issue the State Department with a stern warning that the Nazis would rearm at all costs and without any heed to international opinions.[83] A host of American officials that included the Commercial Attaché Douglas Miller and Secretary of State Cordell Hull listened to Hitler and believed strongly in the likelihood of war within a few years.[84] Hitler's unwavering focus on a remilitarization program convinced the British Defence Requirements Sub-Committee to conclude in 1934 that Germany represented the most significant threat to British security.[85] Paris responded only a short while later and decided to extend conscript service to two years in mid-March 1935 as a precautionary measure.[86] The western democracies after 1935 appealed for German moderation but understood the need for vigilance.

Hitler's propaganda, while helping to convince others that the Nazi government poured the lion's share of state revenues into direct weapons production after 1933, achieved more than the dictator bargained for. Immediately after the outbreak of war in 1939, Hitler summarized the remilitarization efforts and declared to the world that "I have now worked on the construction of the German armed forces for over six years. In this time over 90 billion [Reichsmarks] were employed for the building of our armed forces. It is today the best equipped in all the world and stands far over every comparison with the

military of 1914".[87] This perspective, one not based on the hard evidence of armaments output, infiltrated the German military itself long before Hitler's assurances after throwing the dice and invading Poland. A speech by Generalstabchef des Heeres Franz Halder to the Wehrmachtsakademie in early 1939 demonstrated the new confidence of the armed forces—a group who until 1933 had used wooden boxes to test theories concerning military motorization. The speech, describing the tactical and strategic calculations concerning a war against Poland, trumpeted the superior training and equipment of the military. Halder even believed that the form of "limited mobilisation" adopted, bolstered by "absolute superiority in the air", might convince the western powers to avoid a war with Germany altogether.[88]

This latter perspective was totally off the mark. Historians demonstrate that the inflated intelligence estimates of German aerial strength for example influenced the British and French government's decision to appease Hitler until their own armaments production bridged an illusory gap.[89] But the production figures of the 1930s repudiate the arguments of historians such as Mark A. Stoler that Britain and France suffered from serious quantitative deficiencies in relation to the German army.[90] The statistics instead support David Edgerton's contention that Britain by itself retained economic parity with Germany during the interwar period and that France in fact maintained military superiority.[91] It was simply hard for the democratic leaders to accept the truth of Hitler's propaganda. "American and British planners", Edward C. Mann writes, "assumed that Hitler would not have started the largest war in history without first fully mobilizing his economy to fight it...This was fortunate for the Allied cause and contributed substantially to the defeat of Nazi Germany, but it does not change the fact that Allied wartime planning was based on more than one false assumption".[92]

A brief look at the troops and core weapons systems massed along the Rhine in 1940 dispels any notion of significant German quantitative superiority prior to the battle for France and the Low Countries. The rough table of statistics listed here, while acknowledging the difficulty experienced by historians in assessing the exact numbers and naturally qualitative differences,[93] demonstrates that the western Allies at least approximated the German totals. Propaganda did not correspond with reality. The form of Nazi remilitarization chosen by the elites could not negate severe economic limitations. Only in airpower did the German military obtain a slight advantage in numbers and quality—and this statistic depends on a degree of manipulation in terms of organization, effectiveness and the willingness to commit to battle in the British case.

Table 2: Battle of France 1940: Relative Strength of Major Combatants[94]				
	Germany	France	Britain	Allied*
Divisions	143	114	15	152
Artillery	7,500	10,700	1,280	13,974
Airplanes	3,500	3,000	1,850	4,850
Armour	2,493	3,254	640	3,894

*The number of divisions and artillery pieces includes forces from Belgium and Holland.

The Nazis nevertheless appeared jubilant in the months prior to war when addressing economic issues. Göring congratulated a group of aircraft industrialists on 8 July 1938 and announced that the Luftwaffe "was already superior in quality and quantity to the English".[95] This period proved the high point of any quantitative success in military industrial performance in the eventual war with Britain. Hitler's reoccupation of the Rhineland on 7 March 1936 had pushed the Prime Minister Neville Chamberlain to boost investment in aircraft production. The reorganization of British investment strategies that followed, coming over a year after Hitler's announcement of his decision to build a new air force, succeeded in outpacing the German factories by a considerable margin as early as 1940. British aircraft production closed the albeit narrow margin extremely quickly and built 4,223 more machines than Germany already in 1940. This strong performance was surprising for two reasons. Not only did the British initiate aerial rearmament later than Germany, but the interwar civilian aeronautics industries lagged far behind the United States and Hitler's Reich in terms of production and capacities.[96] Certain British specialists such as the bombing survey group concluded after the war:

> However totalitarian may have been the political and military aspects of German life, the fact is that the German war economy and the organisation of production in Germany, were less totalitarian than either their British or American counterparts. Indeed, the failure of the Germans to exploit their potential industrial resources is to many the most surprising fact that has come to light since the end of the European war. Almost to the end...German war production still possessed great reserves of capacity.[97]

The traditional assessment of the 1930s German rearmament phase, and indeed the history of the war itself, continues to stress that Hitler's Nazi system failed to feed the military system with sufficient raw materials. These shortages and not a lack of potential industrial capacity of course still placed German industry in a state of "permanent crisis" during the 1930s and especially during the war. Hypothetically, deep cuts in consumer goods production over these years could only have freed industrial capacities and resources for the war industries. The Nazi failure to adopt such a policy and only start to move in this direction at the end of the war remains a conundrum for historians. Hitler for his part

offered a comment of relative interest after the outbreak of war. "We probably have nothing to lose, only to win", the dictator accepted, "Our economic situation, owing to our limitations, is such that we can only persevere for a few years. Göring can confirm this. There is nothing more we can do. We must act".[98] The dictator's conclusion must of course be tempered by the common understanding that nearly every fibre of his being longed to command German troops and push them into battle. This desire for war, by conditioning the Nazi assessments of other powers, probably generated the worst interpretations of intelligence data ever undertaken. Hitler launched a war for which he was simply not prepared.

1.5 The Failure of German Industry in War

It is necessary to emphasize the poor performance of German military industries during the war and account for the failure to sufficiently mobilize the civilian sector. German industry clearly failed to produce the necessary weapons systems in sufficient quantity to defeat the alliance arrayed against Nazism.[99] The needs of war initiated a series of improvements, but industrialists—endowed with significant capacities and a strong political commitment—could not keep pace with other states. The growth rates in specific branches of production such as armour demonstrate the poor performance of the German war industry in relation to their enemies. Considering that the Soviet Union lost over half of their industrial base to the German assault of 1941, yet produced more weapons than the invaders in that year alone, Overy for example strongly argues that the German state suffered from significant systemic problems. The industrialists could barely feed the Wehrmacht the weapons systems required to replace losses let alone create new formations.[100] A woefully inefficient armaments procurement system obviously failed to maximize existing capacities or use them properly.[101] This observation demands a certain degree of attention owing to the large relative size of the prewar German industrial base and the fact that Nazi expansion absorbed considerable foreign capacities.[102]

The International Military Tribunal offered a simple explanation after the end of hostilities. Their view approximates that of Overy. A definite lethargic attention to direct military output in their opinion characterized the early years of the war. The Nazi government intended to create a large military machine. Hitler directed Göring on 14 October 1938 to "organize a gigantic armament program, which would make insignificant all previous achievements".[103] The dictator emphasized such offensive weapons systems as heavy tanks. But this chapter demonstrated that the number of "medium" or "heavy" tanks produced in the early rearmament period approached a fraction of those produced by

French industry and only enough to equip a single armoured division. Production of the Panzer IV (all variants) rose from 45 in 1939 to 6,625 in 1944.[104] Such statistics hardly attest to an early devotion to armaments production. And, in any case, other historians have determined that the war actually witnessed periods of throttled German production. Hitler even ordered reductions in armaments production in September 1941 in the midst of the invasion of the Soviet Union.[105] The relative ease of the early military operations blinded Hitler to the truth. A memorandum dated 9 October 1939 illustrated the dictator's vanity.

> The warlike equipment of the German people is at present larger in quantity and better in quality for a greater number of German divisions than in the year 1914. The weapons themselves, taking a substantial cross-section, are more modern than is the case of any other country in the world at this time. They have just proved their supreme war worthiness in their victorious campaign…There is no evidence available to show that any country in the world disposes of a better total ammunition stock than the Reich…The A[nti-] A[ircraft] artillery is not equalled by any country in the world.[106]

Arrogance seemed triumphant in Berlin. This arrogance lay behind a series of "managerial mistakes".[107]

The nature of the war changed dramatically in 1943. Fighting in the confined spaces of Stalingrad cost the lives of 150,000 Axis soldiers and the Soviet military took 108,000 prisoners.[108] The Axis defence of Tunisia resulted in 200,000 battle casualties and 275,000 men fell into captivity.[109] In May 1944, the German navy lost 41 U-boats and Admiral Karl Dönitz ordered the withdrawal of the underwater fleet from the North Atlantic.[110] The military situation of course appeared grim even prior to the shock of military defeats in Russia, Africa and in the U-boat war. An outspoken pessimist, Reichsminister Fritz Todt informed Hitler late in 1941 after returning from a tour of the Russian front that "[g]iven the arms and industrial supremacy of the Anglo-Saxon power, we can no longer militarily win this war". Hitler responded with surprising resignation and seemed to ignore the former engineer's conclusion.[111] But the dictator could not as easily shrug off the events of 1943. The defeats in three theatres forced Nazi officials to rethink their policy of limited devotion to the war effort.[112]

Albert Speer took charge of armaments production from Todt in February 1942. The latter minister died in a plane crash in that month. Hitler's architect capitalized on a series of administrative measures already introduced by the unlucky administrator. The deceased Todt, a former favourite in Hitler's entourage, had helped initiate a series of changes that ordered the production of standardized and less complicated weapons systems.[113] Even prior to the final capitulation of the 6th Army in Stalingrad at the

beginning of 1943, Hitler for example ordered that the civilian population now be mobilized for German industry.[114]   Joseph Goebbels furthermore demanded greater exploitation of the conquered areas in conjunction with Hitler's call for greater armaments output in Germany at the Berliner Sportpalast on 18 February 1943.[115]   Nazi officials now spoke of "total war". The new atmosphere of urgency assisted Speer. He pressed latent civilian capacities into the service of the military after 1942 and emphasized the utilization of existing capacities.[116]   Speer most importantly continued the work of Todt and minimized the interference of military allocation specialists in weapons production and brought private industry into the decision-making process.[117] Speer's concept of "Lenkung und Leitung", the fusion of technician with industrialist, dramatically improved the Wehrmacht's allocation system. He established a more rational setting of priorities in discussions with Hitler and helped determine how production bottlenecks impacted the various branches of the military—a better fusion of industrial productivity with military realities. This policy for example achieved astounding success in boosting the production of fighter aircraft at the expense of the bomber fleets.

Speer was certainly not free of error. Under pressure from Hitler to increase tank production for the invasion of the Soviet Union in 1941, Göring attempted to downgrade the importance of rocket development to free up resources. After considerable prodding by the scientists Walter Dornberger and Wernher von Braun, Speer intervened prior to replacing Todt and secured Hitler's support for the rocket program. The extensive resources wasted in this program reflected a poor choice. The total explosive force of all the V-1s and V-2s thrown against London during the war did not succeed in damaging the infrastructure of the city to a greater degree than a single Allied bomber raid against cities such as Dresden in February 1945.[118] Worse still, the brutal employment of slave labour to manufacture the weapons in underground facilities in the Harz mountains killed approximately 20,000 people or more than double the total of British civilians who perished because of the program.[119] This waste reflected the Nazi proclivity to throw away lives in pursuit of a futile military gamble.

War production, regardless of some poor decisions, boomed.[120] Hitler's architect later questioned why the Allied bombers did not resolutely strike critical industrial facilities during the reorganization phase and prohibit the expansion of armaments output.[121] The percentage of German industry involved in weapons production soared from 22 percent in 1942 to a maximum level of 40 percent in 1944.[122] Largely unhindered by strategic bombing, the production of armour during this period soared from 1,643 (all types) for all

of 1940 to 1,854 (all types) in the month of December 1944 alone.[123] The achievement was in fact greater than these statistics suggest. Later tank models weighed two to three times that of earlier designs and the engines were far more sophisticated and powerful. The "Panthers" and "Tigers" required more steel, energy and labour than the prewar designs. The output levels of 1944 failed to support the prewar argument that overexertion during the 1930s stretched the tightly wound German war economy to the breaking point. The Allied military industrial complex nevertheless surpassed German production by a factor of between three and four even after the proclamation of "total war".[124] Speer's mobilization of industry was simply too late to compensate for the growing casualty lists reported by the military.

Speer correctly criticized the "taught string" theory.[125] Hitler's architect handed over reports to American investigators after 1945 that emphasized the under-utilization of industrial capacities for military purposes during the war. Examinations of steel production, viewed by Speer as a primary component of armaments manufacturing, revealed that the armaments industry only utilized 37.5 percent of the total output of 31.2 million tons in 1942.[126] The Reichsminister instituted a host of bureaucratic changes that streamlined the procurement process, concentrated production on critical weapons systems and cut into civilian production.[127] Speer's redirecting of steel away from the civilian sector raised the percentage to 52 percent during 1943.[128] But civilian demand and other factors still consumed much of the steel produced.[129] The fivefold increase in armaments production between 1941 and 1944 must be viewed in this context.

While the investigation of wartime German industrial accomplishments represents an issue of secondary importance to the investigation of postwar demilitarization, the explanations of industrial failure help point out a problem faced by contemporary observers in 1945. How much did the needs of war absorb civilian capacities? Overy's work attacks the hypothesis that low demand for military goods kept production down until the emergence of Speer in 1942. Hitler, according to this view, planned for total war in the largest sense and that industrialists initiated a full mobilization of strength—in terms of dual-use capacities—prior to the outbreak of war in 1939. German industry, seen in this way, responded to Hitler's demands by utilizing a high degree of civilian productive capacities or increasing dual-use capacities in order to support even higher levels of mobilization at a later date. The problem then is specifically defining why virtually every major belligerent surpassed the large German industrial system in terms of production.

Factors other than low early military output plagued the German military industrial system. Overy and others blame the Nazi subordination of efficiency to ideology and the reluctance of industrialists to embrace modern mass production methods for the low productivity. Hitler's government for example granted German companies preferential status in terms of resource allocation and slashed the production levels of foreign owned industry. These restrictions forced the German Ford Company after 1936 to import rubber and nonferrous metals from the United States in order to continue manufacturing for the civilian market. Ideological considerations also needlessly complicated production by the Opel subsidiary of General Motors.[130] Werner Abelshauser even demonstrates that Nazi concentration on fighting social unrest and an excessive attention to job creation limited remilitarization efforts.[131] Rolf-Dieter Müller like Overy confronts the German procurement system. Müller argues that Wehrmacht bureaucratic confusion kept production levels low until Speer rationalized the military industrial system after 1943.[132] The military simply failed to effectively guide war production. Too many firms developed far too many weapons systems for far too many potential scenarios. The confusing and varied designs and the large number of companies involved competed for raw materials in short supply. This lack of concentration reduced industrial output in critical systems.[133] Others speculate that the severe German labour shortage brought by conscription inhibited production. Even the horrific employment of slave labour could not compensate for the scarcity of skilled workers. Müller hypothesizes that labour shortages inhibited industry far more seriously than the strategic bombing campaign.[134]

These factors—raw material and labour shortages, a poor procurement system and twisted ideology, or even the strategic bombing campaign (taken up in the next chapter)—should not deflect attention away from the fact that Nazi-Germany did not sufficiently mobilize the civilian sector until far too late in the war and that the forces arrayed against Germany reduced the potential effectiveness of such measures anyway. Hitler's regime had built up civilian capacities during the 1930s in order to respond to this type of scenario. Here the system operated as planned. The shift upwards in output evident after 1942 demonstrated the success of these measures. Hitler's war had however spun out of his control and the same ease of civilian-military convertibility that allowed for tens of thousands of new German tanks and planes characterized the mobilization efforts of the dictator's enemies. The focus on dual-use potential without struck down Nazism.

1.6 Conclusion

This chapter emphasized that the Nazi authorities failed to sufficiently or effectively utilize existing productive capacities for the war effort. The Nazi and German military elite did exhibit a clear understanding that military and civilian industry complemented each other and that the production of armaments depended first and foremost on the same factories and more importantly machine-tools that produced automobiles or cutlery or textiles. But severe structural problems dogged the translation of a sound understanding of this relationship. Irregardless of whether Hitler planned for a series of short wars or a big short war, and setting aside the debate over how Speer increased armaments production after 1943, the failure to mobilize more than 40 percent of overall industrial capacity stands out as a dominant explanation of German wartime failure. This hypothesis demonstrates the importance of administrative control in military mobilization strategies. The effective employment of industrial capacities, from the automotive giants to the cutlery manufacturers, could under certain circumstances outweigh theoretical manufacturing ability.

For the purposes of this dissertation, it is also necessary to stress that the Allied governments generally misunderstood the nature of the German failure. This misinterpretation becomes more evident in later chapters. The American Secretary of Legation Harrison Lewis for example argued in January 1945 that the German industrial "success" in continuing the war effort related to the massive centralization and control machinery of the Nazi regime. Lewis even concluded that the elimination of the Nazi political system alone offered immediate demilitarization.[135] While this comment reflects the importance of political controls in regards to disarmament strategies, it simply did not take the realities of the regime into account. The Nazi system, as explained in the historiography, inhibited the war effort to a considerable degree.

Part of the Allied misunderstanding stemmed from Nazi propaganda and intelligence mistakes—an interrelated phenomenon. Allied policymakers, as this dissertation takes up in subsequent chapters, perceived of Nazi Germany as an armed camp with a bulk if not all of the industries geared exclusively towards armaments production. This perspective helped encourage the belief that demilitarization schemes had to uproot the entire industrial landscape in order to ensure peace. Because of the importance of synthetic oil and fixed-nitrogen to the German war machine, for example, Allied policymakers were conditioned to view these facilities as exclusively military in nature. Initial conceptions overlooked the relationship of fixed-nitrogen processing and fertilizer manufacturing. The

strategic bombing campaign, analysed in the next chapter, demonstrated the weaknesses of a strategy that aimed at reducing or destroying the broad expanse of a modern industrial state's means of production. The understanding that modern warfare depended on all elements of the industrial base determined that Allied demilitarization strategies in Germany looked at far more than just armament assembly facilities. The destroying of Germany's will and ability to resist, the essence of demilitarization, took on a uniquely military character built on the understanding—or rather lack of understanding—of dual-use industries.

CHAPTER 2

Strategic Bombing and Industrial Demilitarization

In preparing for battle I have always found that plans are useless, but planning is
indispensable.

Dwight D. Eisenhower

2.1 Introduction

The strategic bombing campaign against Germany during World War Two targeted
the broad expanse of the military industrial system concentrated in urban centres. The
belief that airpower could achieve the Clausewitzian aim of warfare, and "render the enemy
powerless" through material and psychological disarmament, defined the strategy.[1] This
chapter demonstrates that the armed forces of the democratic powers emphasized industrial
demilitarization as an end attainable through military action. Several interrelated questions
concerning strategic bombing emerge. Did the air offensive succeed in disarming the
enemy as later claimed by the pundits? Was the substantial human cost morally acceptable
considering the results achieved? Did the visible and apparent destruction of cities and
infrastructure impact perceptions of the future American occupation? Answering these
questions presents a particular problem. The United States Strategic Bombing Survey
(U.S.S.B.S.) demonstrates that politics and the need to rationalize the existence of the
American air arm helped distort the evidence collected after 1945. Flawed conclusions,
derived from institutional influences and the pockmarked landscape, distorted how
policymakers and the occupation authorities viewed priorities in the immediate postwar.
The immense visible destruction of Germany's cities influenced a specific postwar
American fear of economic collapse. This fear, growing more acute in later years,
questioned the logic of a hard peace and industrial dismantling for practical and
humanitarian reasons.

2.2 Strategic Bombing Origins and the Demilitarization Panacea

Military theorists utilized the experience of aerial bombing in the First World War
to formulate a unique doctrine based on the bomber during the 1920s and 1930s. The
immense doctrinal, organizational and technical challenge of strategic bombing required the
long-term development of this weapon system during the interwar period.[2] The statistical
data of the first bombing campaign conducted by German dirigibles and cumbersome
bombers did not seem promising. The air offensive against Britain only killed 1,413 people

and injured another 2,886 over the course of the entire war.[3] These totals represented a small percentage of the British infantry losses on the first day of the Somme offensive in 1916. The statistics collected by the airpower enthusiasts revealed that strategic bombing failed to impact the outcome of the First World War.

Conveniently averting their eyes from this failure, the strategists nevertheless claimed that bombers could pound an enemy state into submission. Selective interpretation of the data convinced men such as Gianni Caproni, Giulio Douhet, Billy Mitchell and Hugh Trenchard that bombs dropped from the sky revolutionized warfare.[4] Instead of focusing their attention on the German failure, the pundits concentrated on the British difficulties at coordinating a successful defence, the physical destruction and especially bombing's negative effects on public morale.[5] From the data they selected, the airpower advocates developed a revolutionary military doctrine espousing the bombing of urban strategic targets far beyond the frontlines.[6] The Smuts Committee Report of 1917 relied on fanciful extrapolation and pessimistically theorized that "the day may not be far off when aerial operations, with their devastation of enemy lands and destruction of the industrial and populace centres on a vast scale, may become the principal operations of war, to which the older forms of military operations may become secondary and subordinate".[7]

The relentless promotion of strategic bombing during the interwar period by Hugh Trenchard and Billy Mitchell in particular convinced the general public and politicians of the bomber's invincibility, amplified fears of the horrible nature of a future air war, and most importantly rationalized expenditure and investment on a weapon of mass destruction. Whitehall understandably reduced military expenditures after 1918 and forced the fledgling Royal Air Force to battle against the other established services for funds and for survival as a separate organization.[8] A convincing argument was needed to elicit the required cash flow. The sponsors of strategic bombing dogmatically claimed that the new weapon could completely and cost-effectively destroy an enemy's capacity to wage war by targeting the opposing military industrial system in its totality. However, partly to avoid complicated issues, the theorists failed to go beyond wild claims and certainly did not generate a clear operational policy.[9] Trenchard defensively pointed out in an August 1919 memorandum that the wartime air forces did not "evolve" sufficiently to demonstrate the true "value of independent aerial operations".[10] His unproven faith in the effectiveness of bombers against the enemy's military industrial infrastructure never wavered. Nor did the hard facts influence his interpretation of wartime experience.[11] Trenchard worked hard to establish a substitute role for airpower after the war with Germany and advocated augmenting British

military strength in the colonies. The use of "air control" against the technologically inferior challengers of British colonial policy around the globe offered a cheap and safe alternative to the deployment of ground forces and helped justify the existence and independence of airpower.[12] "Air control" meant killing people. In terms of a campaign against a real adversary with a modern industrial infrastructure, Trenchard simply targeted everything within range.[13]

Bombing remained a general and nebulous concept. British airpower advocates embraced the idea of bombing urban targets in pursuit of decisive victory without defining specific targets. The British Air Staff still believed that strategic bombing guaranteed a "swift" decision in modern warfare and could prevent a drawn out struggle, reduce casualties and save lives.[14] Scot Robertson asserts that the Air Staff planners employed the abstractions such as "Germany" instead of "a 'real' target such as a factory or even a city".[15] Interwar strategic bombing concepts did not surpass the dogmatic belief that bombers could independently bring an enemy to its knees by striking the urban military-civilian industrial infrastructure.[16] The Air Staff failed to prove their case prior to 1939 and in fact neglected to fully analyse the operational and technical aspects of any future strategic bombing offensive altogether.[17] The untested strategic bombing hypothesis instead functioned to generate political and popular support for an independent strategic bombing branch in the military.

American theorists such as Billy Mitchell refined the argument that airpower operating outside normal battlefield boundaries could inflict extensive damage on the infrastructure or "nerve centers" of an enemy at minimal cost to the attacking forces.[18] Mitchell proposed attacking city centers to "neutralize" and "destroy" an enemy's military capacity to make war. He believed that civilian and military industrial production represented a linked phenomenon and that a strike against civilian targets "would deprive armies, air forces, and navies even, of their means of maintenance".[19] "The hostile main army in the field", Mitchell wrote, "is a false objective, and the real objectives are the vital centers".[20] The theorist speculated that gas bombs or high explosives thrown onto a city center would throw industrial production into disarray and force an enemy to sue for peace.[21] The bombing strategists responded to the wartime experience in the trenches by rejecting direct military confrontation and substituting traditional targets with civilian or non-military ones. Mitchell nevertheless, like his British colleagues, expounded the industrial demilitarization of an enemy by military means.

Mitchell however understood that the new doctrine required an equally revolutionary change in moral perceptions and values. He advocated the creation of a "new set of rules for the conduct of war".[22] Mitchell turned to the American public and attempted to stimulate enthusiasm for the strategic bombing doctrine through "numerous speaking tours, articles and books".[23] This open emphasis on the destructive potential of strategic bombing against urban targets ignited public opinion in Europe and the United States and nourished a new fear.[24] British Air Commodore L.E.O. Charlton prophesied in a publication intended for civilian readers that a future air war would shatter modern industrial infrastructures and result in "undisciplined flight", "semi-starvation", and lawlessness".[25] The gloomy forecasts heightened a new sense of insecurity. The British public in particular believed that "defensive security was lost with the development of the airplane and that England existed thereafter in grave jeopardy".[26] Letters to the editors of newspapers demonstrated this concern.[27] Malcolm Smith points out that "the idea of aerial bombardment was almost as haunting an aspect of contemporary culture as nuclear weaponry was to become later".[28]

This wave of fear encouraged politicians to search for methods of controlling aerial armaments.[29] The Geneva Peace Conference (1932-34) set out to place serious restrictions on national military power by banning various weapons systems including aircraft and therefore fulfilling Article VIII of the Versailles Treaty and limiting armaments to the "lowest point consistent with national safety".[30] The conference, while reaffirming the ban on chemical and biological warfare, failed to surpass "pious platitudes regarding the goodness of disarmament" owing to a general lack of political will among the participants.[31] Developments in Germany and Japan in the early 1930s furthermore helped erode the political resolve to control bomber technology. After his rise to political power in 1933, Hitler instructed the German delegation in Geneva to undermine armament control initiatives to remove a possible impediment to remilitarization. The Japanese delegation simply withdrew altogether after the barbarous behaviour of their military in China aroused fiery world criticism. The conference adjourned permanently in June 1934 and the European states instead jettisoned arms control and initiated extensive rearmament programs in an atmosphere of fear brought on by the advent of Hitler and the new weapons technologies.[32]

Democratic leaders and military officials furthermore questioned the merits of controlling a weapon of such promise. George C. Marshall and other prominent military commanders shared the belief in bombs from the sky.[33] President Franklin D. Roosevelt

originally followed public opinion and questioned strategic bombing principles on moral grounds.[34] The president however privately hypothesized that a powerful offensive bombing force might deter Hitler from aggressive moves in Europe.[35] Roosevelt, employing a standard democratic tactic, publicly continued to stress airpower's defensive ability at spoiling any invasion of the United States.[36] He nevertheless responded to the efforts of the air pundits and helped promote strategic bombing as a military alternative that "would cost less money, would mean comparatively fewer casualties, and would be more likely to succeed than a traditional war by land or sea".[37] The manufacturing of military and civilian aircraft could also stimulate the economy and, Roosevelt argued, generate prosperity.[38] The president therefore accepted the unproven theories of the bombing pundits and became an "extraordinarily strong advocate of strategic bombing" despite the interwar moral outrage.[39] His comments also underscored a belief in the symbiotic relationship of civilian and military industries.

The American armaments industry busily designed a new generation of bombers for the democratic arsenal. Proficient engineers handed the military the tools deemed necessary for the prosecution of war against a broad range of quasi-military targets. A prototype of the Boeing B-17 heavy four-engine bomber flew on 28 July 1935. The much larger B-29 quickly followed.[40] When Roosevelt ordered the extensive increase of the air force to 10,000 aircraft and a production capacity of a further 10,000 per annum in November 1938, American industrialists set the preparatory work in motion. Roosevelt's order also pleased General Henry H. Arnold. The chief of the Army Air Corps announced that the president had granted strategic bombing its Magna Carta.[41] Roosevelt's administration sanctioned the strategic bombing doctrine and, although slow at the outset, released industrial capacities to build the infrastructure that would darken the skies over Germany and Japan.

The strategic air forces still required a succinct doctrine beyond the notion of bombing everything in sight. The American Air Corps Tactical School established the principles of strategic bombing in the 1930s that later formed the heart of wartime bombing policy. The prewar theorists hypothesized that unescorted bombers could "penetrate air defenses" without suffering "unacceptable losses" and "deliver bombs with adequate accuracy" to destroy "vital targets" and "undermine the enemy's capability and will to fight".[42] The Air War Plans Division later refined this concept. Working on the assumption of destroying critical industrial installations, the organization believed that striking at 154 electrical power, transportation and oil targets—a list that included synthetic

raw material processing and associated facilities—would paralyze the German war economy in a mere six months.[43] Factory workers that survived the bombing would sit idle without the raw materials necessary for production. The enemy war effort would collapse under the weight of high explosives. These theorists therefore strayed somewhat from the earlier conceptions of industrial demilitarization and instead advocated the pursuit of a type of intermediate economic paralysis. American theorists nevertheless agreed that the effective application of airpower would overwhelm and defeat the enemy.

British thinkers paved the road to victory somewhat differently. The deceptively simple task of dumping explosives onto enemy targets and neutralizing or destroying the capacity to wage war provoked intense debate within the Royal Air Force and British military. Ground force commanders and the more tactically minded thought in traditional terms and promoted air strikes against the transportation network in the immediate vicinity of the front in order to cripple the German capacity to deploy reserves of infantry and tanks and react to the changing conditions of the battlefield.[44] In search of a cost-effective solution, Bomber Command on the other hand preferred to set its sights directly on the heart of the military industrial system concentrated in the foundries and coke ovens of the Ruhr. Steel defined this region. Bomber Command predicted in 1938 that the destruction of 19 power plants and 26 coking plants would "bring German war-making capacity to a standstill in a fortnight".[45] British strategic bombing advocates hypothesized that the disruption of German steel manufacturing and not the disruption of finished products would alone defeat the enemy without the need to engage in a slogging and slow infantry campaign.

Arthur Harris contemplated another target built on the concept of taking the war directly to the enemy. "It was believed", for example, "that city attacks offered a means of destroying German civilian morale. It was believed that if the morale of industrial workers could be affected, or if laborers could be diverted from the factories to other purposes, such as caring for their families, repairing damage to their homes…war production would suffer".[46] For Harris, subsequently joined by Bomber Command and their American counterparts, the neutralization of war-making ability appeared a straightforward exercise of flying over the armed formations of the enemy and accurately hurling high explosives onto the productive elements of cities and not just sensitive industrial targets such as factories. The armed forces had however not yet formulated an established doctrine that clearly specific industrial facilities to be attacked by the bomber crews. The search for critical targets or the "hub of all power and movement" continued and led strategists

inexorably towards the concept of bombing cities as the "center of gravity".[47] Striking at cities with sufficient numbers of aircraft and tons of explosives promised to unravel the entire German war effort and the ground forces could "seek victory directly and immediately".[48]

Identifying German industry as the most lucrative military target represented a crude and rudimentary observation. Determining whether the strategic bombers should strike the workers, the industrial supply system, or manufacturing itself constituted the real issue for the planners. The theorists, owing to their own calculations and not just realities in Germany, confronted a bewildering number of potential targets. Instead of considering the difficulties that might arise in attempting to destroy a vast number of industrial components and hundreds of cities dispersed over thousands of kilometres, a task of Herculean proportions even without consideration of German defensive measures, the air advocates clung to the hopelessly simple utopian prewar dogma that the destruction of panacea targets would seriously impact armaments production and lead to victory.[49] This theory did not account for the fact that the full complement of the enemy's military forces survived intact or that the enemy could repair the damage or find alternative solutions such as the relocation and dispersal of production. These diverse approaches therefore could by definition only create bottlenecks in industrial production and disrupt the output of specific weapons systems through the destruction of transport and communications, petroleum production facilities, raw material processing plants, factories, assembly plants, or by lowering morale.[50] The prewar theories, predicated on the idea of reducing the factories to ashes, evolved into something more complex. The pundits on the one hand eventually proposed the temporary disarmament of the enemy rather than the outright and complete destruction of all military industrial capabilities. On the other hand, the early demand for the total incineration of the cities suggested that every element of the modern industrial system—including the human element—might actually burn away in the fires of war. Churchill in 1940 proclaimed his intention of turning Germany into a desert.[51] The latter argument, only the crystallization of prewar thought, elevated genocide to the ranks of military policy even prior to the first shots fired by the Wehrmacht in World War Two.

2.3 Bombing Operations in Wartime

American military planners refined their strategic bombing policy in December 1942 to prepare for the combined Allied air assault on Germany. The experience gained by the British aircrews during the initial year of the war, namely that enemy fighters and flak seriously impacted bombing accuracy and killed large numbers of personnel, failed to filter

through and impact American doctrine. The Committee of Operations Analysts estimated the forces and length of time necessary for strategic bombing to accomplish the significant weakening of the German state prior to an invasion of Europe. Civilian economists joined the military officers on the committee. These civilians represented a wide body of specialists including representatives from financial firms, a professor of military history, and members of the Board of Economic Warfare and the Office of Strategical Services. The committee therefore maintained strong connections to industrial firms, Roosevelt's administration, and with the experienced British officers. The committee also drew on information from civilian engineering and construction specialists who had worked in Germany prior to the war. The bombing policy derived by the committee dismissed the general failure of Bomber Command to shatter German industry and clung to the prewar vision of striking a swift deathblow to the enemy's war effort through attacks on still undefined segments of the economy.[52]

The American military rejected the British conclusion that certain operational frictions interfered with the ability of the bomber crews to strike and destroy individual targets such as factories throughout the war. The United States Strategic Air Forces, commanded by Lt. General Carl Spaatz, advocated the direct daytime bombing of the military industrial "complex" instead of switching to the area bombing of civilian centers at night like the British.[53] The principle American air force planners, Orvil A. Anderson, Haywood S. Hansell, Hoyt S. Vandenberg and Laurence S. Kuter, believed that the bombers should strike a large variety of military and industrial targets such as the airbases and aircraft production facilities to wear the recuperative powers of the enemy's industry in order to remove the primary obstacles to the bombing of more general industrial targets such as ball-bearing plant.. In August 1941, after investigating the effects of bombing using aerial reconnaissance, the Butt Report demonstrated to the British parliament that even under ideal conditions only one third of the bombs struck within eight kilometres of the target.[54] Most bombs fell onto residential zones whether intended or not. British officers pointed out that equipment malfunctions, false intelligence and adverse weather conditions interfered with operations. Summarizing the impact of weather on Allied bombing raids, Haywood Hansell pointed out that "weather was actually a greater hazard and obstacle than the German Air Force".[55] Even diversions to support the ground forces in the invasion of France, and continual changes by the Combined Chiefs of Staff in target priorities hampered Allied efforts. The technology of the period furthermore simply did not permit the accuracy required. The American "Norden" bombsight for example functioned only

under the most ideal of conditions. Stewart Halsey Ross aptly concludes that the fog of war basically eliminated the positive benefits of contemporary technology and that a "'no see, no hit' paradigm governed all of U.S. bombing operations during World War II and put the indelible lie to the concept of precision bombing".[56] The destruction of even large industrial facilities proved difficult under the most ideal of conditions.

The German military furthermore offered considerable opposition. The bombers battled their way into the designated target area against stiff fighter and flak opposition. In October 1943 alone, the Luftwaffe inflicted a 12-16 percent loss rate on the American crews. The commander of the American 8th Air Force considered these losses so high that he suspended deep bombing raids into Germany for four months.[57] German countermeasures forced the Allies to direct bombing missions against Luftwaffe airbases and the military industrial factories that sustained the fighter pilots.[58] This decision recognized the need to tackle the enemy's military defences first. The vigorous application of the P-51 Mustang, a long-range fighter escort, to protect the heavy bomber streams eventually forced German fighter pilots onto the defensive and through attrition removed the threat from the skies.[59] American application of a new weapon in a traditional military manner bled the fighter squadrons of the Luftwaffe.[60] After the destruction of the Luftwaffe and the success of Overlord in defeating the enemy on the ground in Normandy, Allied airpower turned its full attention to the destruction and paralysis of the German military industrial "complex" in September 1944.[61] Prior to the virtual elimination of the Luftwaffe as a cohesive fighting force, German countermeasures had reduced the tonnage falling on industrial targets by shooting down bombers and dispersing the bombs dropped by the aircraft that succeeded in breaking though.

The strategists, partly under the direction of the scientist Solly Zuckerman, subsequently turned to the destruction of "Germany's electric power and transportation systems, oil and petroleum resources, and the undermining of morale by attacks against civilian concentrations".[62] A British directive dated 9 June 1941 had already established the killing of civilians as a top priority.[63] A four-month bombardment of the vast communications system ensued. The plan to paralyse the German state in its entirety, considering that most targets such as railway centres were found in the densely populated cities and that the widely strewn bombing patterns resulted in extensive collateral damage, amounted to the same policy as "moral bombing".[64] No substantial difference other than in intension existed between the area bombing of cities and a strategic concentration on transportation targets. Open season was declared on women and children. The theorists

understood the importance of civilian morale in industrial production and supported the area bombing of cities provided intelligence could establish that the "inhabitants were known to be low in morale".[65] The bombing of transportation targets such as marshalling yards in cities implied that "widespread bomb spillover" would accumulate collateral damage and civilian deaths.[66] This switch in focus implied that strategists now targeted the vast industrial support structure and not just armament assembly points.

The success of this bombing strategy only marginally depended on accurate estimates of German production levels and more importantly locating potential targets and estimating damage. As stated in the previous chapter, Allied intelligence during the war proved especially skilled in gaining information vital for traditional military operations such as observing troop movements. The British in particular traced the wildly shifting positions of German divisions, air fleets and submarines to establish a more or less accurate order of battle.[67] The intelligence personnel achieved important results pertaining to the naval struggle against German submarines and gaining a clear understanding of German military strength in France prior to the invasion in June 1944. The accurate appreciation of bombing results on industrial output proved another matter altogether.

Part of the reason for the difficulties in wartime industrial damage assessment rested with the complexity of modern economic systems. In an analysis of the "fog of war", Barry D. Watts acknowledges the work of economist Friedrich von Hayek and asserts that the modern economic system encompasses too much information concerning all the myriad elements required for it to function.[68] Watts asserts that the "task of gathering this information, let alone making sense of it, is beyond any designing intelligence" without the ordering principle of the market.[69] Only the market, according to Watts, can accurately judge the success of resource allocation and industrial production. No intentional program of production can account for all of the variables associated with market success. Nor is it therefore possible to equip a central authority with the full extent of the information needed in order for them to "deliberately" control the market.[70] German weapons output, the wartime equivalent of the "market", proved a difficult subject to analyse from the skies.

Output did not detract. Precision and area bombing failed to paralyse German industrial production between 1940 and 1943 despite the sacrifice of Allied aircrews. The bombers only destroyed approximately 5 percent of produced weapons. Rationalization and German countermeasures greatly expanded output so that strategic bombing only lowered the output of an expanding base.[71] The search for more efficient and less costly strategic bombing methods led the American air force planners away from direct attacks

against German industry and towards the concentration on wider targets. Roosevelt and Winston Churchill realized the need to coordinate strategic planning. Meeting with the Combined Chiefs of Staff at Casablanca, the two leaders of democracy established a general bombing directive. Repeating the worn prewar strategic bombing doctrine, Roosevelt and Churchill directed the air forces to destroy the "German military, industrial and economic system". To bring Germany to its knees, Roosevelt and Churchill updated strategic bombing doctrine and ordered the air forces to bomb Germany around the clock and impact "the morale of the German people to a point where the capacity for armed resistance is fatally weakened".[72] Terror bombing and the deliberate targeting of civilians received official sanction. These leaders responded to the problems surfacing in bombing doctrine by calling for ever greater bomb loads to be dropped on an increasingly wider range of targets.

The military set to work formulating an operational plan to realize the Casablanca directive. Approved by the Joint Chiefs of Staff on 20 April 1943 and the Combined Chiefs of Staff at the Trident Conference in Washington on 18 May 1943, "Pointblank", code name for the combined bomber offensive of World War II, incorporated the Casablanca demand for the destruction of the German military industrial infrastructure, but added that these bombing operations would soften the enemy to "permit initiation of final combined operations on the Continent" and not single-handedly lead to the demise of Germany.[73] The army planners accepted the necessity of wrestling control from the Wehrmacht on the ground. The airmen on the other hand retained their belief that bombs alone could defeat Germany.

In operations aimed at neutralizing the German air force, the Allies nearly found a "panacea" target. In attacking the synthetic petroleum production facilities and refineries on a broad level after May 1944, the bombers deprived the entire German military apparatus of the ability to move. The lack of petrol grounded aircraft and immobilized armour. By August 1944, German aviation fuel production capabilities fell by 98 percent, and during the Battle of the Bulge in December the "German military was in such dire straits from a lack of fuel that it had to depend on the seizure of Allied fuel dumps in order to give the Ardennes offensive any chance of succeeding".[74] Serious shortages of pilots and fuel furthermore removed the benefits gained from increased industrial production. Despite desperate attempts to increase German frontline fighter strength through concentrated production and the movement of aircraft from the eastern front, German fighter strength rose from 200 to 300 between late 1943 and May 1944 while the number of

American bombers quadrupled from 300 bombers and 200 escort fighters to 1,000 bombers and 900 escort fighters.[75] The lack of fuel and pilot shortages forced the Luftwaffe to reduce training standards in order to compensate.[76] The quality of German pilots suffered considerably and the Allied fighters pulled them from the skies of Germany in increasing numbers. The systematic bombing of German cities followed.

2.4 The United States Strategic Bombing Survey and Industrial Disruption

What did this extensive effort accomplish? Originally asked by the American Air Force to determine the contribution of airpower to the Allied victory in Normandy in autumn 1944, George Ball instead proposed a broad study of strategic bombing's role in defeating Germany. Ball's project aimed at a methodical analysis of strategic bombing's role by scrutinizing the damage inflicted on industry through "on the ground" inspection. The proposal attracted the enthusiastic support of airpower advocates and Roosevelt sanctioned the undertaking in November 1944. The U.S.S.B.S. formed in Washington to establish the methodology for the project. Franklin D'Olier, the organization's chairman, typified the civilian composition of the organization. D'Olier worked as chairman of the board for the Prudential Insurance Company prior to his transfer to the government. Composed of several directorates, each examining a specific bombing target such as transportation, aviation, weaponry, cities, civilian morale and the economy, the groups operated independently of the American Air Force to amass and study the required data without allowing the military to unduly influence the results.

The analysts experienced substantial difficulties in interpreting the large body of information collected. The data did not convey a simple message. The principal writers of the survey, John K. Galbraith, George Ball, and Paul Nitze, stridently argued the results of five years of bombing. The debate concerned whether strategic airpower decisively neutralized or destroyed the enemy's industrial capacities. The debate that surfaced in 1945 rages on to this day. Noble Frankland asserts that the development of a uniform system of measurement represents the core problem. He points out that despite the exhaustive bombing surveys and years of historical analysis the specialists "lacked essential standards for judging accomplishments, a deeply comprehensive data base for making quantitative evaluations, and the techniques for exploiting comprehensive data if it had been available". Historians furthermore "fall back upon the slippery facts of experiential history and…base many of their judgments upon the intensely personal experiences and views of the participants in the conflict".[77] Historical analysis of strategic bombing since Charles Webster and Noble Frankland, the official historians of the bombing campaign, concentrate

on the deficiencies in policy and strategy and employ raw productive data or the damage to infrastructure as the standards by which to judge the operation.[78] Contemporary remarks concerning German cities, for example, stressed destruction and one British officer remarked in October 1944 that Germans would require hundreds of years to fix the damage.[79] Certain statistics also present the barbarity of the Allied operation. Jörg Friedrich points out that the bombs killed an average of 127 Germans per day in 1944. During the final months of the war, when the aircrews dropped 370,000 tons of bombs in 72,880 sorties, this figure rose to 1,023 per day.[80]

Despite the importance of the "on the ground" analysis by the survey crews, historical treatment of the results itself has tended to be quite limited. Gian Peri Gentile points out that David MacIsacc wrote the first major book length study of the survey in 1976.[81] Gentile concludes from the lack of historical attention that the survey generally appeals to scholars in part because of the "malleable" nature of the conclusions that have "readily adapted itself to the wide range of arguments found in this amalgam of postwar writings".[82] Current interpretations point out that the survey suffered from a conflict that raged between the airpower supporters such as Nitze and those who viewed strategic bombing as a failure such as Galbraith. Gentile's recent investigation of the survey demonstrates how the preconceived notions of strategic bombing influenced the results. Airpower supporters drew on warped conclusions derived from the survey to encourage the continued autonomy of the Air Force and more importantly justify the continued expenditure of huge resources on airpower in the postwar.

The survey teams strove to address the empirical weaknesses in the wartime appreciation of the levels of destruction in Germany. The data collected by Allied bomber crews and photoreconnaissance flying over Germany in wartime proved incomplete and unreliable.[83] The photos brought back by the pilots effectively illustrated the "admittedly ghastly consequences" of the bombing.[84] But reconnaissance could only determine the approximate number of bombs which had struck the target and only roughly indicate the damage to rolling stock or machine-tools. Even though the Allies operated a sophisticated system of photoreconnaissance, the Air Intelligence estimates of German aircraft production, for example, exhibited a wide margin of error. Estimates of the monthly German production of aircraft during the first half of 1941 overestimated production by 695, while the estimates of the first half of 1944 underestimated production by 941 aircraft.[85] Postwar analysis in Germany after the end of hostilities promised to solve this problem and lift the veil obscuring the real results of strategic bombing.

The experts sifted through the rubble and inspected the damage at close range. This task appeared deceptively simple. Specialist teams combed the burned out factories and assessed the residual industrial capacities. However, the rubble failed to reveal the accomplishments of strategic bombing. When Galbraith investigated a heavily bombed factory on the east bank of the Rhine in 1945, he quickly surmised that "little could be learned through inspection alone".[86] In order to establish the levels of destruction inflicted on the German economy, the U.S.S.B.S. required German cooperation and the handing over of accurate and comprehensive production data. Judgements concerning the effectiveness of airpower furthermore required a clear understanding of German industry prior to the bombing of targets in addition to how the authorities reorganized and repaired production after each raid.

Satisfactory assessment of military industrial targets by the specialists proved "hard enough to discover afterwards [even] with the aid of the German sources".[87] Dispassionate German participation in verifying industrial production data proved harder to find than expected. German industrialists distrusted Allied intelligence and the general interference in their businesses and only grudgingly handed over information related to their firms. A long tradition of muted defiance characterized German industrialists. A large number of firms, described by Neil Gregor, resisted Nazi demands for full mobilization during wartime in order to protect their business interests.[88] Daimler-Benz for example pushed hard to protect a large core of skilled workers from conscription into the military establishment during the war. The company furthermore attempted to maintain civilian production capacities by resisting the conversion of civilian production lines and the diversion of resources to the military sector in order to, they hoped, cash in on postwar demand.[89] Daimler-Benz focused on transport production in anticipation of postwar demand. Industrial policies of conservation explain part of the reason why German industry survived the war with less damage than assumed by contemporary analysts.[90] The reluctance to collaborate with the victors in 1945 moreover indicated a continued unwillingness to grant power to outside interests.

German industrialists quite plainly feared arrest and prosecution. These men understood that the postwar survival of heavy industry in particular depended on cutting the links to the Nazi past in order to "recapture a moral legitimacy and to reconstruct a positive professional identity".[91] The industrialist Alfried Krupp chose to erase his firm's sordid links to Hitler through the destruction of evidence. He ordered the burning and burial of "sensitive documents, intrafirm memoranda and correspondence, and transcripts of

conferences" prior to Allied military penetration into the Ruhr in 1945.[92] Overall, industrialists tended to influence the Allied occupation authorities using far less defiant means. Some cooperated openly with Allied officials and offered mountains of documents in addition to hours of interviews.[93] The industrialists later established a document clearinghouse in Nuremberg that assisted the Allies but also aimed at assisting and rehabilitating industrialists facing trial.[94] This soft approach hoped to weaken Allied resolve at prosecuting business leaders and reduce resistance to the survival of a legitimate German heavy industry.

The U.S.S.B.S. personnel and the occupation forces themselves required active German participation for accurate economic assessments. The authorities therefore granted German industrial organizations a wide degree of latitude in establishing reconstruction priorities partly because they relied on German sources to determine wartime production levels and postwar capabilities. The United States Forces, European Theater (U.S.F.E.T.), the headquarters located in Frankfurt, originally abolished German economic chambers, groups and regional agencies as a means to gain control over the economy. But the War Department "transferred" the functions and personnel of banned business organizations such as the statistical groups to the regional government offices located throughout the occupied zone.[95] The American military government for example recruited the former head of the German Raw Materials and Planning Department of the Speer Ministry Hans Kebel to prepare a statistical analysis of the wartime production levels of fixed nitrogen, buna, explosives, coal and steel.[96] The Germans obviously assisted the development of a pro-industry ethos that penetrated most analyses of the industrial system.

This cooperation led to other problems for Galbraith, Ball and Nitze. Their prize witness for the investigation of strategic bombing, the Reich's Minister of Armament Affairs and Munitions Albert Speer, realized immediately after the war ended that he and other top officials faced lengthy trials and harsh punishment for complicity in the horrendous Nazi war crimes. Speer, as evidence recently uncovered indicates, had originally proposed that companies utilize concentration camp inmates for slave labour in autumn 1942. Even though the industrialists initially baulked at Speer's suggestion, hostile to the involvement of the regime in their affairs, the total of slave labourers from the camps rose from 32,000 in the spring of 1944 to 600,000 at the end of the year. Working in conjunction with the general Ausländereinsatz that impressed 7.8 million people into the agricultural sector and heavy industry by the summer of 1944, the slave labourers helped

feed Germany and contributed to the growth and output of the military industrial complex.[97] The Ausländereinsatz provided one-quarter of all labourers in Germany.

Speer openly acknowledged his guilt in an obvious attempt at influencing Allied opinion. This tactic deflected attention away from his collusion with Hitler and amounted to a mask of contrition. He also formulated a crude defence that emphasized a brief attempt at drawing attention to the horrific conditions faced by slave labourers toiling in the underground factories.[98] Speer appeared compliant and at least put up a façade of cooperation whereby he told his interrogators what he believed they wanted to hear. Hitler's architect refrained from the bizarre attempts of others to prove their innocence. Alfried Krupp for example mobilized witnesses for his trial to substantiate his claim that less than half of Krupp workers engaged in munitions production after Josef Goebbels declared total war in 1943.[99] Speer, despite outward appearances, nevertheless shared the industrialist agenda. Even before the war ended, Speer sifted through the documents of his ministry in Berlin and deposited them in the safety of a Hamburg bank vault.[100] During his initial discussions with Galbraith, Ball and Nitze, Speer conveniently produced the documents necessary to underline his personal interpretation of the German war effort. He even manipulated the production statistics to solidify his arguments.[101]

Speer explained to the survey team that the Allies generally misunderstood their enemy's war economy. American and British intelligence, as examined earlier, viewed the German war economy as a "taught string" stretched to the limit by the remilitarization efforts of the 1930s.[102] This interpretation argued that the economy required further territorial expansion to acquire foreign industrial resources and raw materials for the prosecution of war. "The entire economic life of the German nation", the American military attaché in Berlin had informed Washington in June 1937, "is being organized on a war economy basis".[103] The "Blitzkrieg economics" thesis argued that an insufficient depth in industrial plant limited overall military and civilian capacities. Extensive military production furthermore seriously reduced he output of civilian commodities and wore out existing machine-tools and equipment. Limited to fighting "small and localized wars",[104] Hitler gambled that ferocious thrusts would quickly overwhelm enemy opposition and avoid straining the economy. Allied intelligence therefore theorized that strategic bombing could unravel the tightly strung German economy with a relatively small number of attacks at vital points.[105] This hypothesis represented the major premise of Allied strategic bombing conceptions on which the success of the campaign rested.

Evidence collected by the U.S.S.B.S. teams, based heavily on Speer's documents, invalidated the "Blitzkrieg economics" thesis. Speer explained that the delinquent nature of Nazi officials, motivated by an insatiable greed for power and wealth, fractured the German "Machtbereich" into competing regions that hindered the realization of a rational production system. He more importantly introduced the argument that Hitler's devotion to civilian morale retarded industrial growth through his refusal to sanction harsh reductions in peacetime production and sufficiently mobilize civilian industry for the war effort.[106] Corruption and political calculations, the architect argued, paralysed the German military industrial system. As previously stated, Speer argued that he reversed these trends and increased armaments production through rationalization schemes and the mobilization of unused capacities. Speer's arguments implied that German industry was far less "militarized" than expected—an argument that emphasized the possibilities of reconversion.

German officers and industrialists also pressed the point that strategic bombing defeated the German state in a decisive manner. The reliance on interviews with these men underscored the effectiveness of strategic bombing in strangling industrial production and destroying capacities. Based on these interviews, Wesley F. Craven and James L. Cate in fact argue that airpower accomplished its mission over Germany.[107] As true of several Nazi leaders and military officers including Hermann Göring, Karl Dönitz, and Alfred Jodl, Speer in particular credited strategic bombing with significant or primary responsibility for the defeat of the German war machine.[108] Strategic bombing, in the architect's opinion, paralysed industrial production despite his rationalization schemes and countermeasures. Speer wrote that "Pointblank" decisively reduced the military's ability to react to changing battlefield conditions by stopping the flow of petrol to the front and also by reducing critical railway nodes to a twisted mass of steel.[109] He furthermore pointed out that the concerted attacks on synthetic fuel production and transportation targets created industrial bottlenecks that "meant the end of German armaments production".[110] "Since the coal could no longer be driven into unoccupied Germany", Speer wrote in his memoirs, "The supplies of the Reichsbahn rapidly shrank, the gasworks were threatened with inaction, the oil and Magarine works faced a dead stop, and even the coke supply for hospitals became insufficient".[111]

Speer correctly pinpointed the successful elements of the strategic bombing campaign, but leapt to a conclusion that conflicted with his otherwise astute observations. Industrial bottlenecks reduced output without necessarily influencing overall productive

capacities. Speer nevertheless asserted that the machine-tools and equipment of the factories lay in ruins. Galbraith in particular entertained grave doubts concerning this theory—one that downsized the level of industrial involvement in Hitler's war and maintained that these predominantly civilian capacities no longer existed. The numbers did not add up. Galbraith lamented that his organization established the first Gross National Product (G.N.P.) figures "ever" for Germany.[112] The overall inaccuracies of the data supplied even led the Civil Affairs Division of the War Department to conclude on 2 July 1945 that the "German situation cannot be properly studied".[113] The reports issued by the responsible American organizations such as the Economic Control Agency (E.C.A.) in Germany therefore represented only "best appraisals" of industrial capacities in an environment hardly conducive to a high standard of objectivity.

The estimates by the War Department paralleled Galbraith's conclusions. Shortages of raw materials and not the destruction of plant paralysed industry and therefore the Nazi war effort. The War Department's "Summary Report of Economic Conditions in Germany" specified that the difficulties in raw material allocation, the destruction to the transportation network, agricultural shortages, the lack of price controls, housing and skilled labour shortages hamstringed German industry.[114] The report indirectly specified that the industrial equipment remained intact and even suggested that "factories can be quickly repaired where damaged". The report nevertheless concluded that industry "is functioning only on the most limited scale" and requested that the occupation authorities immediately set to work on addressing the ailments afflicting the German economy in order to initiate the "revival of a minimum civilian economy".[115] The deflection of attention away from industrial equipment onto economic performance tended to convey the impression of an utterly destroyed industrial infrastructure. Galbraith questioned the objectivity of the military observers for this reason. Even though Roosevelt originally intended that the study group compile findings independently of the Air Force, a logical attempt at avoiding the infusion of bias, Galbraith found that airpower enthusiasts such as Rensis Likert, supervising the analysis of wartime German civilian morale, permeated the ranks of those studying the postwar German economy.[116]

A lengthy look at the U.S.S.B.S. conclusions is warranted. The final report, completed in September 1945, testified that airpower's contribution to the Allied war effort was "decisive" and had resulted in the "virtual collapse" of the German economy.[117] The authors however concentrated on a host of wartime operations and bombing results that were only of marginal or even oblique importance to the air offensive against industry. The

survey trumpeted airpower's role in overwhelming the Luftwaffe and therefore removing the threat of German interdiction against Allied ground and naval forces. The air forces, in the survey's opinion, more importantly eliminated the U-boat menace in the Atlantic and tactically assisted ground forces in the drive from Normandy into Germany.[118] These three contributions demonstrated how airpower assisted the traditional naval and army branches of the military in achieving final victory. But these claims did not harmonize with the bombing strategy. Strategic bombing as a concept aimed at independently forcing a German defeat by reducing the enemy's military industrial system to rubble. The bombing pundits loathed and resisted these secondary "tactical" operations throughout the war.

The authors employed a similar stratagem of deflection in the assessments of industrial targets. The U.S.S.B.S. reports on initial inspection substantiated Speer's claims. The authors pointed out that the bombing of oil installations and the transportation network paralyzed industrial production. "The attack on transportation beginning in September 1944", the U.S.S.B.S. report concluded, "was the most important single cause of Germany's ultimate economic collapse".[119] This assertion incorporated Speer's line of argumentation and his evidence. Historical analysis of the German industrial breakdown in 1945 largely substantiates this position.[120] Friedrich's frank writing, while he stingingly condemns the Anglo-American military planners for pursuing a clearly immoral form of warfare that unnecessarily killed hundreds of thousands of civilians, portrays the extensive destruction brought to the urban infrastructure.[121] The bombing campaign, in Air Marshall John Slessor's opinion, forced the German military onto the defensive and diverted resources away from their own strategic bombing program and into countermeasures such as flak and fighters.[122] As the German military struggled to cope with the "third front" in the skies over Germany, shipments of artillery and tanks to the traditional fronts could not keep pace with the unhindered production of the Allies. The historical assessments contend that strategic bombing destroyed approximately 20 percent of German war production during the last sixteen months of the war.[123] By pounding the German urban infrastructure with high explosives, the combined bomber offensive impeded the movement of troops to the front and created bottlenecks in resources and raw materials sorely needed in the factories.[124] Overy concludes that the actual German production targets of tanks, aircraft and trucks was reduced by 35 per cent, 31 per cent and 42 per cent respectively during 1944.[125]

Scholars cannot doubt that strategic bombing ultimately helped choke production. The matter of degree however remains an issue. German production statistics demonstrate

that the highest production levels were achieved during the final months of 1943 and that production steadily declined after the Allied victory in Normandy in 1944.[126] The influence of airpower on this development is however difficult to determine. A wide variety of factors combined to inhibit industrial production. On the domestic front, Rolf-Dieter Müller points out that the severe German labour shortage brought by conscription inhibited manufacturing more seriously than the bombing campaign.[127] Rolf Wagenführ points out that the rapidly shrinking size of the German Reich affected the allocation of critical resources and again reduced output.[128] Ludolf Herbst even argues that industrialists realized that defeat was unavoidable after 1943 and sabotaged production by reverting to civilian production and increasing capacities to prepare for the inevitable reparations and the need to rebuild during the postwar period.[129] The U.S.S.B.S. team furthermore demonstrated that the high production levels of 1944 depended on the extreme exploitation of the occupied territories.[130] The systematic plundering of Germany's occupied territories helped stock the shelves of industry with the raw materials required for the production of a wide range of commodities such as military steel alloys.[131] The occupied territories furnished the war industry with significant contributions in most areas other than armaments. But foreign industry only manufactured 5 percent of the armaments wielded by the German military during the war.[132] Nor did the horrific use of slave labour alleviate production problems owing to the desperate need for skilled workers to handle the industrial equipment. The gradual retreat of the Wehrmacht from these areas removed German access to foreign industrial facilities. It should furthermore be mentioned that the Nazi willingness to sacrifice German soldiers in hopeless military clashes potentially slowed the Allied advance to a far more significant degree than even Speer's industrial achievements.[133] Still, all of these arguments, while offering persuasive explanations of Germany's industrial defeat, in fact constrain the plausibility that bombing removed industrial capacities in the Reich.

2.5 The Impact of Strategic Bombing on Industrial Capacities

Galbraith's Economic Division revealed the failure of strategic bombing to destroy the German means of production. This group's analysis stressed the inability of airpower to substantially affect the upward swing in war production in 1944. Galbraith's work demonstrated that bombing reduced overall industrial production—and not just that of specific sectors—by the nearly trivial amount of five percent prior to the major escalations after the summer of 1944.[134] Not until the change of focus from outright attacks on industry to the targeting of infrastructure, principally synthetic oil production and more

importantly the transportation network, did airpower seriously influence the manufacturing process itself. As stated, this change in strategy precipitated bottlenecks that interrupted and complicated production. The Economic Division's report mocked airpower's stated purpose of destroying factories and the means of production. The report ironically pointed out that strategic bombing forced industrialists and planners to reorganize production and "might have helped streamline, rather than injure, the German economy".[135] Galbraith looked at the quantitative evidence and summed up the overall effectiveness of airpower during the war. The balance sheets indicated that the "aircraft, manpower, and bombs used in the campaign had cost the American economy far more in output than they had cost Germany. However, our economy being much larger, we could afford it".[136]

Industrial capacities did not fall for a number of reasons. The German authorities swiftly repaired damaged installations such as aircraft assembly facilities considered destroyed by the Allied assessment teams during wartime.[137] Field Marshall Erhard Milch explained the effects of an American raid on an aircraft assembly plant:

> During the winter of 1943, on a day when the temperature was a freezing eight degrees Centigrade, a large scale American bombing raid was carried out against a Junkers aircraft factory in central Germany which had been producing fifty Ju-88s per month. All buildings, including the factory heating installation, were totally destroyed. The aircraft, although in part totally destroyed, were to a large extent still repairable, but most of the factory equipment was inoperative. When I landed at the factory approximately 30 minutes after the attack had taken place, I found one third of the work force engaged in extinguishing the fires, one third engaged in removing the debris, and the last third repairing the damaged aircraft. The entire sight was catastrophic and I asked the assembled workers how long, in their estimation, it would take until all the damage had been repaired. Their answer was: at the latest within a month! Actually on the tenth day of the following month the factory delivered the 50 aircraft scheduled for delivery during the previous month (when the attack had occurred); the 50 aircraft scheduled for delivery during the current month were also delivered before the end of that month.[138]

The bombs gutted buildings but failed to destroy the machine-tools and equipment that represented the backbone of the military industrial complex.[139] The evidence suggested that industrial capacities actually expanded during the war despite the extensive bombing. After Speer rationalized the German war economy in 1943, and focused on the prosecution of total war, productivity increased at a greater rate than that of the United States.[140] Industrial productivity grew by 25 percent between 1943 and 1944 alone. Comparative statistics concerning individual weapons systems obscure the importance of the German achievement for the postwar period. While the Allies outproduced Nazi-Germany by a ratio of three to one in tanks and aircraft and six to one in artillery pieces,[141] leading to overwhelming military superiority and defining the outcome of the war, German industrial

potential as reflected in machine-tool numbers remained high. Considering the American advantages of unfettered access to raw materials, an industry unscathed by bombing, and a sufficiently large workforce, the increases in German industrial output appeared nearly astonishing. That is, of course, unless historians recognize the impact of 1930s investment in civilian production.

Machine-tools represented a vital ingredient of the manufacturing process in the military industrial system of the early 20th Century. The American Office of Production Management began to explore industrial mobilization issues closely in early 1941. Merrill C. Meigs, in his capacity as chair of the Joint Aircraft Committee, "found that the most serious shortage confounding defence production was the scarcity of machine tools".[142] British rearmament during the 1930s suffered from severe shortages in machine-tools and the nagging choice of diverting civilian resources at the expense of the general standard of living.[143] Henry H. Fowler, in commenting on the relationship of machine-tools to war mobilization, stressed that "anybody that's ever been in World War II in our business, or in the Korean War, has gotten machine tools engraved on their hearts".[144] Postwar American analyses of the German armaments industry stressed that the machine-tool industry "played the decisive role" in converting peacetime industry for the wartime manufacturing of weapons by all the belligerents.[145] The war efforts of all the major belligerents demanded a large stock of specialized and general-purpose machine-tools diverted from civilian production. While hardly the only component of the armaments industry, the organizers of wartime production held machine-tools in high regard.

German industry began the war with a significant number of machine-tools and represented the world's largest exporter. Overall industrial capacities expanded by 20 percent after Nazi remilitarization began in earnest in 1936.[146] During the early war years up until 1942, German industry "retained enough capacity to continue to produce peacetime machinery, and to maintain and even increase military exports".[147] This large reservoir potentially offered the strategic bombers an abundance of potential targets. The number of "war-winning" targets in fact increased along with the growing intensity of the conflict. The armaments producers increasingly diverted machine-tools from civilian usages and the military industrial system mobilized between 70 to 80 percent of total stocks by the end of the conflict.[148] Webster and Frankland however argue that the German dispersal of industry and the vital machine-tools throughout Europe complicated bombing efforts.[149] These tools also survived the heaviest raids. Aerial strikes in 1944 only damaged approximately 6.5 percent of the total number and repair teams immediately set to work.

German industry was equipped with an estimated 1,281,000 machine-tools in 1938. The western Allies uncovered 2,216,000 in their respective zones of occupation at war's end.[150] Wartime production and imports from Switzerland expanded overall stocks considerably and German industry did not suffer from shortages of general purpose tools throughout the war.[151] The basic productive capacity of Germany, as indicated by machine-tool potential, remained unaffected throughout the war. The Allied bombers could not locate and destroy those facilities imperative to their enemy's war effort for the simple reason that so many existed. The rationalization strategy adopted by Daimler-Benz for example balanced optimal short-term efficiency with the retention of long-term flexibility of capacity. The dispersal program assisted the protection of machines and tools for the postwar period.[152]

The considerable levels of prewar and wartime industrial investment meant that industrial capacity rocketed to a level far higher than in 1939. Most of this capacity offered significant practical advantages for the recovery of the civilian aspects of the German economy owing primarily to the nature of German machine-tools. While the Allies manufactured specialized equipment in accordance with a more rational armaments production policy, German industry relied heavily on general equipment that needed highly skilled labourers to work them. Specialized tools represented only 8 percent of the entire stock.[153] While German industrialists retained greater flexibility and a potential for swift retooling of production priorities, the reliance on skilled labour helped slow down production. But this choice more importantly blurred the distinction between military and civilian industrial targets since the civilian automobile industry required the same equipment that produced tanks. This lack of clarity, demonstrated in later chapters, helped hinder subsequent Allied attempts at strictly delineating the military and civilian sectors and the large capacities also meant that postwar recovery remained largely a matter of resource allocation.[154]

While the industries of the minor European powers suffered from severe shortages of this vital industrial component,[155] the major belligerents witnessed a significant increase in machine-tool stocks during the war. Whereas British industry counted 450,000 machine-tools in 1938, that figure doubled to 800,000 in 1945.[156] The Federation of British Industry pointed out that the extensive wartime expansion in industry had created a significant surplus of approximately 30 percent.[157] The statistics gathered by the Strategic Bombing Survey already listed indicated a more pronounced surplus in Germany. The large volume of machine-tools in Europe, in addition to providing the starting-point of reconstruction, impacted other important postwar considerations. The British authorities realized that their

postwar civilian economy did not require such large numbers of machine-tools. Instead of seeking material reparations from Germany in the form of machine-tools, British industrialist pushed for technical data as compensation.[158] In any case, the breadth of German industrial capacities, when measured in terms of the machines needed for production, survived the war intact.[159] A large percentage of these tools had little or no relevance for the civilian economy and therefore represented a substantial enlargement of prewar manufacturing potential.

Airpower could not obstruct this process. Since western Germany and the Ruhr represented the primary industrial targets of the strategic bombing campaign, a few select examples of particular bombing raids illustrate the ability of airpower to affect productive output without lowering capacities. The British aircrews launched an attack on the Möhne and Eder dams near Essen in 1943 in order to deprive factories of electricity and wreak general havoc. The operation aimed at closing down the German economy. On 16 May 1943 sixteen Lancasters commanded by Wing Commander Guy Gibson departed the safety of their bases in southern England and threw the weight and skill of Bomber Command against the enemy. Skipping specially constructed bombs over the water and manmade obstacles directly into the face of the dams, the aircrews succeeded in breaching the walls and flooded the lower valley with 202 million cubic metres of water. The rushing water destroyed several villages, drowned a significant number of livestock and killed 750 forced labourers and 550 German civilians.[160] The official history of the raid records that the operation was "one of the most illustrious episodes in the history of the Air Force".[161] But the assault did not dramatically impact manufacturing output. Nor could it have. The dams predominantly functioned to service the regional agricultural sector.[162] Special teams organized by Speer rebuilt the infrastructural damage within months. The German authorities employed 20,000 labourers to rebuild the dams by the end of September.[163] These precision attacks, while disastrous for the civilian population, did not result in airborne demilitarization. The official historians Webster and Frankland record that "neither the special bomb nor the resulting floods were of any great importance".[164]

Nor could the weight of bombs thrown against civilians in the densely populated Ruhr remove productive capacities. The air planners responded to the apparent economic resilience of Germany by increasing the bomb tonnage. "Effective additional damage could only be done to the already devastated cities…by an enormous expenditure of bombs," Harris argued, "as much as four or five thousand tons in a single attack and sometimes up to 10,000 tons in two attacks in close succession".[165] These successive

hammer blows could by definition only kill civilians and the British planners relegated industrial targets to a secondary objective. Harris explained that "it must be emphasized...that in no instance, except in Essen, were we aiming specifically at any one factory...the destruction of factories, which was nevertheless on an enormous scale, could be regarded as a bonus. The aiming points were usually right in the centre of the town...it was this densely built-up center which was most susceptible to area attack with incendiary bombs".[166] The air marshal, as emphasized by the U.S.S.B.S. statistics, considered the destruction of factory buildings—the outer shell protecting machines and workers from the elements—as tantamount to industrial demilitarization. The tendency to extrapolate from the pictures of burning cities that the bombing raids incinerated factories rationalized the cold expenditure of high explosives and incendiaries on destroying houses and killing civilians.

The Anglo-American air forces, either willingly or not, turned the bulk of their bombers against the civilian population. This failure reflected the devotion of the strategic bombing pundits to the bombing of cities as a "panacea target" and not fixing the sights on armaments installations. Raids against crucial military industrial centres, surprisingly few in relation to city attacks, largely failed to bring decisive results. A few successful raids demonstrated airpower's potential. The bombing of the Krupp Gustahlfabrik, responsible for 20 million metric tons of shells and heavy artillery per year, indicated that substantial successes were possible. The 16,152 tons expended on the target effectively shut down production during the final months of the conflict. Other Krupp targets confirmed another story. Sorties against the Krupp facilities such as the Borbeck munitions plant, the Grusonwerk in Magdeburg, and the Friedrich-Alfred Hütte in Rheinhausen, illustrated the poor effect of strategic bombing on industrial capacities and even output. The solitary strike on Borbeck during the war, estimated by the Allies to have 75,000 tons of machinery, was considered by military officers to have "affected" the plant's production. The U.S.S.B.S. teams found otherwise. A mere 1,465 tons of explosives hurled against the Magdeburg facilities achieved "negligible" effects. Only a meagre 100 tons fell on the Krupp Rheinhausen plant that the Allies considered "the most highly integrated steel plant in the Krupp combine" and "more important than any single Krupp plant in the Essen area". The small number of bombs did not slow production and German steel-making capacities remained.[167]

The failure to target other important dual-use sectors such as the aluminium processing and the electrical generating plants further with consistency illustrates this point.

The strategic bombing forces only dropped an astoundingly small amount of explosives on these two sectors despite the potential for significant bottlenecks and a dramatic impact on armaments production.[168] The military planners avoided bombing factories belonging to Swiss firms such as the Aluminium GmbH in Rheinfeldern Baden. This firm alone produced one-fifth of total German domestic output.[169] The electrical power grid, despite the growing strain of increased armaments production and the immense cost involved, actually increased total capacities by 6 percent over the course of the war. German industry and the railroads consumed 90 percent of the total electricity generated during the war and reserve capacity remained tight.[170] The growth rate nevertheless did not keep pace with the requirements of the military industrial sector and theoretically offered a tantalizing target for the strategic bombers. The U.S.S.B.S. survey group concluded in the postwar that "the destruction of power generating and switching installations would have had a catastrophic effect on Germany's war production".[171] The bombers nevertheless ignored these factories and instead poured the weight of their firepower onto residential areas.[172] The strategists later lamented their failure to target Germany's five principle power stations.[173]

Speer argued that the anti-friction bearing production facilities represented the most important and sensitive area of German military production.[174] The ball-bearing industry was heavily concentrated in the area of Schweinfurt and chosen by the 8th Air Force as a suitable target during the summer of 1943. On 17 August 200 American bombers struck hard. September production fell to 35 percent of the pre-bombing total. Another attack in October seemed, from the perspective of the military, to have dealt a serious blow.[175] The B-17s dumped approximately 12,000 tons of bombs, or one-half of one percent of the wartime total, onto the factories. But heavy losses forced the military to suspend the operation until the introduction of the P-51 Mustang fighter helped shield the bomber streams from Luftwaffe opposition. Speer argued that a continued concentration on ball-bearing facilities in early 1944, which he claims slowed the production of tanks in the months following the attack, might have broken the back of the German army that summer.[176] However, the bombers did not return to precision attacks against these plants and the industry recovered quickly. The U.S.S.B.S. report therefore offered another biting criticism of the bombing operation. "From examination of the records and personalities in the ball-bearing industry", the report concluded, "there is no evidence that the attacks on the ball-bearing industry had any measurable effect on essential war production".[177]

The bombing of chemical installations achieved similarly weak results. As mentioned earlier in the chapter, the bombers struck against synthetic petroleum facilities

after April 1944. These raids, dropping a total of 57,519 tons of explosives, represented the only such attacks against the entire chemical industry in Germany. The sorties also aimed exclusively at choking off the oil supply. Over 92 percent of these bombs fell on installations considered vital synthetic petroleum production centres. The "attacks on the vital German chemical industry", the teams concluded, "were purely incidental to the attacks on oil production". However, since fixed nitrogen and oil synthesis was largely located at the same facilities, oil being derived from the same process, German production remained heavily concentrated. The facilities at Leuna Merseburg and Ludwigshafen-Oppau represented the two principle Allied targets in a series of raids. These two installations were responsible for over 50 percent of German fixed nitrogen synthesis. Similarly, 89 percent of methanol production occurred in plants attacked as part of the oil offensive.[178] Bombing damage restricted nitrogen output and therefore that of oil. Synthesis of nitrogen at these plants fell to 20,000 tons by December 1944. By January 1944 "even nitrogen allocations to munitions had dropped to 20 percent of the production available early in 1944".[179] The need for explosives in particular influenced economic patterns. The amount of fixed nitrogen used for agricultural purposes fell from 54 percent of total output in 1943 to zero by the end of the war. German chemical firms scrambled to form the raw material needed to place weapons in the hands of the frontline troops. The situation deteriorated to the extent that manufacturers filled shells with mixtures of explosives and non-explosive rock salt extender. The German military ultimately ran out of ammunition.[180]

However, did the decline in production result from the destruction of capital equipment or did it reflect the dislocative effects brought by the collapse of the German transportation system? The survey pointed out that the bombing did hinder the completion of certain new facilities. Strategic bombing disrupted the creation of new nitrogen facilities in Silesia such as Auschwitz II, Heydebreck II and Koenigshuette II. However, the Silesian industrial region fell to the advancing Soviet military and owing to postwar policy played no role in the German economy after 1945. The survey, because of disrupted output and other losses, concluded that the "attack on the synthetic oil plants was also found to have cost Germany its synthetic nitrogen and methanol supply and a considerable part of its rubber supply".[181] The continued suppression of these facilities also played a greater role than outright destruction. Work crews armed with cutting torches, reinforcing plates and welding tools consistently repaired the damage and forced the bombers to return.[182] The continued attention up until May 1945 erodes any notion of significant bombing success.

There exists no simple method of verifying fixed nitrogen capacities—or other sectors for that matter—other than by examining the rebound of fixed nitrogen processing in western Germany after 1945. This task seems dogged by a host of issues. Industrialists that wanted to reorganize their production facilities in the immediate postwar period experienced a variety of obstacles. Production suffered from severe shortages in basic commodities such as coal—the basis of more than just the chemicals and steel industries. For this reason, chemical plants could only initiate the synthetic production of fertilizer on a small scale in the immediate months following German defeat.[183] However, levels of output do not necessarily indicate capacities. Other factors restricted economic performance to varying degrees. The imprisonment and trial of technocrats responsible for organizing nitrogen production might have played role. Christian Schneider and Ernst Buergin, two industrial specialists that managed I.G. Farben's nitrogen production during the war, received minimal sentences or none at all for their efforts in managing Hitler's war industries.[184] Historians cannot however attribute the drop in productivity exclusively to strategic bombing. The phenomenal growth in western German output, described in ensuing chapters, illustrates that certain U.S.S.B.S. authors mistakenly concluded from the 1945 fall in output that capacities burned away in the bombing.

Table 3: German Munitions Output[185]					
	1940	**1941**	**1942**	**1943**	**1944**
Airplanes (Nos.)	10,250	11,030	14,700	25,220	37,950
Guns (Nos.)	-	-	1,378,900	2,063,100	2,639,200
Infantry Munitions (Million Cartridges)	-	-	1,336	3,102	4,384
Light Flak (Nos.)	-	-	12,000	15,400	28,400
Munitions (Tons)	865,000	540,000	1,270,000	2,558,000	3,350,000
Tanks (Nos.)	1,643	3,790	6,180	12,063	19,002

The bomber offensive did not even significantly affect the production of armaments until the Allied armies flooded into Germany. Owing mainly to the Allied failure to target especially sensitive sectors of the German military industrial system, as pointed out, the production of select armaments actually increased dramatically.[186] The Allied inspection teams also discovered that German factories maintained larger stocks of materials than their British counterparts during the end phase of the conflict.[187] This strategy, undertaken to limit the impact of bombing on transportation targets and therefore enable production under trying circumstances, underlines the general failure of the transportation plan to

"encourage" a decisive result. The stocks survived even when the railway nodes did not. The strategic bombing planners could only focus on a select range of targets and by definition could not reduce the entire infrastructure to a heap of rubble. Noble Frankland points out that this "indeed is one of the rare occasions when a general historical assertion can be substantially proved by statistical evidence".[188] These statistics cast doubt on any truly significant wartime elimination of industrial capacities other than by the physical seizure of factories.

2.6 Urban Bombing and the Misunderstanding of the "Wasteland"

A general view that the strategic bombing campaign would seriously affect the future administration of occupied Germany took hold in late 1944. These concerns intensified as German cities and their inhabitants "reaped the whirlwind" in 1945.[189] Dresden symbolized that change. The combined forces of Bomber Command and the 8th Air Force struck Dresden for the third time during the war in mid-February 1945. In keeping with strategic bombing doctrine, the three-day air bombardment of the city aimed at more than lowering German fighting resolve. Certain accounts of the military operation discount any "outstanding" military industrial potential.[190] Allied planners nevertheless took aim at Dresden—like other cities—in order to pulverize a host of dual-use facilities such as optical goods manufacturing.[191] The air forces assembled a massive armada. The combined Anglo-American force of 1,299 bombers was dispatched from the safety of bases in Britain and the aircrews smacked 3,906.9 tons of explosives onto the target. The concentrated effort unleashed a firestorm that swept through the city and destroyed 85 percent of the city, including slaughterhouses and utilities, and killed approximately 25,000 people.

Table 4: Allied Aerial Bombardments of the Seven Largest German Cities[192]				
City	Population (1939)	American Tonnage	British Tonnage	Total Tonnage
Berlin	4,339,000	22,090.3	45,517	67,607.3
Hamburg	1,129,000	17,104.6	22,583	39,687.6
Munich	841,000	11,471.4	7,858	27,110.9
Cologne	772,000	10,211.2	34,712	44,923.2
Leipzig	707,000	5,410.4	6,206	11,616.4
Essen	667,000	1,518.0	36,420	37,938.0
Dresden	642,000	4,441.2	2,659.3	7,100.5

The bombing tonnage thrown against Dresden in one raid, a city that accommodated targets of secondary importance, represented almost seven percent of the

entire American wartime effort against the German chemicals industry. When seen in conjunction with other city raids, such as Berlin, Hamburg or Munich, the surprising emphasis on destroying the periphery of the German armaments industry or the city centres becomes apparent. Scores of other cities shared a similar fate to that of Dresden. Berlin, Hamburg, Munich, Cologne, Leipzig and Essen joined the list of the largest urban centres obliterated by airpower. The list of additional cities and villages attacked is far too large to list here. These "smaller" operations however proved equally remorseless. A raid on the small city of Pforzheim in February 1945, for example, dropped 1,554 tons and killed approximately 20,000 of the original 65,000 inhabitants.[193]

But the Dresden operation induced a response among the western Allies that differed from that of other cities. The bombing of this Saxon city in mid-February 1945 motivated Churchill for example to question the validity of further strategic bombing operations. The prime minister informed the British Chief of Air Staff Charles Portal on 28 March 1945 that the destruction of Dresden "remains a serious query against the conduct of Allied bombing".[194] The prime minister, while in agreement with Harris throughout the war in that he "wanted German cities pulverised", expressed doubts concerning the continuation of the terror campaign in a minute to the Chiefs of Staff and argued that the "moment has come when the question of bombing German cities simply for the sake of increasing the terror, though under other pretexts, should be revised…The destruction of Dresden remains a serious query against the conduct of Allied bombing".[195] Churchill might have had his eyes fixed on more than just the morality of air offensive. On 1 April 1945 he demanded a review of strategic bombing to analyse the doctrine "from the point of view of our own interests".[196] While Churchill's doubts did not alter the course of the bombing campaign, and the systematic destruction of German cities continued unabated until the cessation of hostilities, his concerns foreshadowed a mindset that characterized postwar observations of Germany.

Dresden fomented a similar response among Americans. The press seized on the bombing of the Saxon city and presented the public with a depiction of a merciless campaign of terror against the German people. This press offensive forced the War Department onto the defensive and the air commanders scrambled to justify the operation to the Government and the public. The U.S.S.A.F. headquarters in Europe cabled Washington and reiterated the standard doctrine that, while doctrine did not tolerate the bombing of civilian targets, the city had been destroyed in accordance with the policy of reducing communications centres to rubble. The attack represented an extension of the standard

bombing methods accepted in the 1930s and refined during the war. This position coincided with the impression of high-ranking British officers such as Harris and Arthur Tedder who defended the destruction of Dresden with the view that these attacks "will hamper movement of reinforcements from other fronts".[197]

Here lies the ethical dilemma for scholars attempting to explain the bombing inferno. Certain historians, while acknowledging the distasteful aspects of the bombing, somewhat simplistically argue that the evil nature of Nazi Germany justified all efforts at destroying that state's ability to wage war.[198] Jörg Friedrich on the other hand condemns the bombing of German cities as an act of equivalent moral abandon to that of the Nazi use of slave labour. Friedrich points out that the Allied demoralization policy did not make any distinctions and actually targeted foreign labourers inside the industrial regions and not just the "enemy". The slave labourers "bildete einen Großteil des Industrieproletariats, welches Churchill und Harris als Demoralisierungs-objekt im Visier hatten".[199] However, Friedrich and the proponents of what might be termed the "blank check" school fail to come to grips with the impact of the long historical development of the bombing doctrine on the military and political decision-making process. This doctrine predated both the war and the rise of Hitler. John Terraine offers a less spectacular but more plausible explanation. He explains that the "intense desire to bring the whole business to an end as quickly as possible" strengthened Allied resolve to bomb Germany into submission.[200] This simple notion, built on a brutal prewar doctrine, pervaded prewar and wartime intensions.

Without unduly entering the moral debate concerning strategic bombing doctrine, it is wise to recall that the airpower advocates viewed urban centers as a legitimate target long before 1939. These pundits consistently demanded the obliteration of the opposing economic infrastructure, ranging from the human worker to the physical sinews of industrial power, in pursuit of decisive victory. The final months of the war offered the strategic bombing forces nearly perfect conditions for proving their theories. Bomber Command and the 8th Air Force repeatedly struck their targets without opposition from enemy fighters or an increasingly disorganized and blooded ground defence. The sorties increased to the highest levels during the war. During the four months of operations in 1945, Bomber Command alone dropped over 181,000 tons of bombs, or one-fifth of the aggregate for the whole war, on their targets. Doctrine at this point doomed the men and women on the ground to a fight for survival. The conceptual fusion of civilian and military industrial sectors into a single apparatus more than legitimized the destruction of cathedrals and hospitals. It actually lessened the importance attributed to armaments assembly

facilities. Only 0.7 percent of the 1945 total fell on industrial installations and the bulk of the bombs struck the cities—the so-called transportation targets—instead.[201] The distinctions between combatant and non-combatant, the distinction between military and civilian, vanished prior to and during the war. "The Bombing Survey concluded that all evidence indicates that the destruction of power generating and switching installations would have had a catastrophic effect on Germany's war production. The survey might have added that it would have had a catastrophic effect on Germany's civilian economy and social structure as well".[202] That last sentence, written by one of the architects of the bombing effort after 1945, was indicative of the return to more civilized concerns in the postwar. The distinction between civilian and military could not as easily be ignored during the peacetime occupation of Germany. The outcome of aerial demilitarization, in targeting the entirety of the urban infrastructure, therefore affected postwar calculations whether acknowledged by the planners or not.

The charred ruins of cities spanning Hitler's Reich, from Kiel to Munich and from Aachen to Königsberg, encouraged the promotion of a conclusion that did not square with Galbraith's results. Emphasis lay on the morale amongst average Germans. Even prior to the end of the conflict, American propagandists aimed at breaking the will to resist by stressing in pamphlets dropped from the sky that "the progressive destruction of industries" would mean the "indefinite postponement of all hopes of German economic recovery".[203] For the most part, as argued in the U.S.S.B.S. final report, about 85 percent of civilians did regard the war as lost by July 1944.[204] Civilians could not know that the rubble heaps of houses and piles of civilian dead did not affect the armaments industry. The survivors continued to work and the worsening morale did not affect production or productive capacities. How could it have? A bewildered Harris concluded in the postwar that "morale bombing was completely ineffective against so well organized a police state as Germany".[205] No totalitarian state, no matter how ruthless and disciplined, can produce armaments without a functioning military industrial system. Hitler understood this point precisely. In his last official speech to his subjects on 8 November 1943, the dictator spoke of the negligible impact on industry. "It does not in the least prevent our weapons production", he explained, "from continually increasing".[206] Harris and the U.S.S.B.S. teams—other than that of Galbraith—continued to measure bombing effectiveness in terms of armaments output even long after railway nodes and houses became the primary targets.

The physical damage to European and particularly German urban centres, stretching from Caen to Stalingrad, nevertheless appeared as "cataclysmic as the human

slaughter" and cultivated the impression that the "economic infrastructure of Europe had ceased to exist".[207] The bombers struck the cities so often that the only appreciable result was, to use a phrase later uttered by Churchill in connection with nuclear warfare, to make the rubble bounce. Millions of homeless people wandered through this rubble—estimated at over 400 million cubic metres in Germany alone.[208] Whole cities such as Goch, Julich or Xanten vanished. Almost every German city suffered some form of destruction. Only one-third of the houses in Cologne, Dresden, Kassel and Dortmund still stood when the bombing stopped. The high explosives had destroyed over 40 percent of all housing in Germany.[209] Most of the bridges lay in ruin, one-third of the railway network was twisted and impassable, thousands of sunken barges and ships obstructed rivers and ports. The infrastructure appeared in tatters.[210]

A week after VE-Day, a Supreme Headquarters, Allied Expeditionary Force (S.H.A.E.F.) officer, Colonel Joe Starnes, initiated a fact-finding mission in Germany. Starnes travelled two thousand miles across Germany to discuss postwar conditions with the "spearhead Military Government units". Destitution characterized the wide expanse. He reported that "[m]ore than 20 million Germans are homeless or without adequate shelter. The average basic ration is less than 1,000 calories. The ability to wage war in this generation has been destroyed".[211] This conclusion speaks volumes about the perceived results of strategic bombing and the nature of fighting in the world war. The destroyed houses developed into a tool to measure military capacities.

Most contemporary Allied and German experts agreed with Starnes and viewed the future of German industry with considerable pessimism. Carl Goerdeler, executed for his role in the July 1944 uprising against Hitler, contended in July 1943 after witnessing the results of bombing raids in western Germany that reconstruction would occupy "many generations".[212] Allied military personnel, policymakers and the press generally agreed. War correspondent Leonard Mosley described Hanover as "a wound in the earth rather than a city".[213] William Shirer, visiting Nuremberg at the end of the war as an American foreign correspondent, recorded in his diary that "It is gone! The lovely medieval town behind the moat is utterly destroyed. It is a vast heap of rubble, beyond description, and beyond hope of rebuilding. As the prosaic U.S. army puts it, Nuremberg is '91 percent dead.' The old town, I should say, the old Nuremberg of Duerer and Hans Sachs and the Meistersingers is 99 percent 'dead".[214] Churchill, in particular, continually referred to the destruction of Europe during the postwar. As late as 1947, despite considerable efforts at reconstruction, Churchill stated "[w]hat is Europe now? It is a rubble heap, a charnel house, a breeding

ground of pestilence and hate".[215]   Financial experts in the British Zone alleged in November 1945 that wartime destruction returned the German economy "back to the beginnings of industrialisation".[216]   Another British officer described the cities as "Pompeiis petrified by the volcano of modern war".[217]   Various calculations determined that Germans alone required sixteen years to clear the rubble of Berlin.[218]   Colonel John W. Wheeler from the American Corps of Engineers convinced Secretary of State Edward R. Stettinius on 9 April 1945 that Allied strategic bombing had completely destroyed the Ruhr industrial heartland.[219]   Not even Galbraith was immune.   On entering Germany, he recorded that "[n]ot until one got to Cologne, Hamburg, Frankfurt or Berlin did one see cities in which every building was an empty, roofless shell.   For me they remained an utterly sickening sight".[220]

The flood of eyewitness accounts in Germany intentionally or unintentionally reinforced the interpretation of strategic bombing as a decisive weapon.   American politicians experienced the destruction firsthand.   Harry S. Truman, having witnessed the carnage of World War I as an artillery officer in the trenches of France and influenced by the cultural memories of the South's demise in the American Civil War, proclaimed during a short drive from Potsdam to Berlin in July 1945, that "I never saw such destruction!".[221]   A young John F. Kennedy accompanied Navy Secretary James Forrestal in a visit to postwar Germany in the summer of 1945.   The future president, influenced by the Navy's negative interpretation of strategic bombing's results, summarized in his diary prior to the visit that "the bombing of Germany was not effective".   He soon changed his mind.   Kennedy strolled through Berlin and afterwards recorded the typical impressions that conflicted with the sterile statistics collected concerning German industry.   "The devastation is complete", he wrote, "Unter den Linden and the streets are relatively clear, but there is not a single building which is not gutted. On some of the streets the stench—sweet and sickish from dead bodies—is overwhelming".[222]

American reactions to the strategic bombing campaign, from the President downwards, therefore focused on the visible destruction of cities and supported the viewpoint of airpower enthusiasts that not much remained of German industry.   Not only did the Air Force strive to cultivate this general appreciation of airpower's role in destroying industrial equipment, but the generals also paradoxically used this argument to sanitize their careers by virtue of the fictitious conclusion.   The need to defeat Nazism justified the means.   Reasons of "conscience", "domestic policy", and "international

reputational pressures" intertwined and warped perspectives concerning the fate of German industry.[223]

Others looked on the apparent success of the bombing campaign as a justification of precision bombing. The 1950 Royal Air Force (R.A.F.) War Manual claimed that aerial bombing was "the determining factor in modern war. The three services today are wholly interdependent and must be modelled in a pattern which is primarily determined by the air factor".[224] The "basic weapon" of air power remained the bomber. British air strategists now viewed strategic bombing as the "twentieth-century successors to the Royal Navy, with the implication that the RAF's role was to preserve British power and autonomy".[225] The prewar process continued on both sides of the Atlantic. High-ranking American military personnel even failed to grasp that the bombing of transportation targets and not direct attacks on industry paralyzed the enemy's industry and military. As part of ten "fundamental principles of air power", Henry Harley Arnold argued that "we must carry our strategic precision bombing to key targets, deep in the enemy territory, such as airplane factories, oil refineries, steel mills, aluminum plants, submarine pens, Navy yards, etc".[226] The airpower pundits primarily employed this conclusion to rationalize the further expansion of the strategic bombing forces in the postwar. This form of argumentation seemed self-serving in nature. The American military faced significant restructuring during the early postwar period. The jostling for reduced resources and influence during demobilization required that the air power pundits justify continued expenditures on the expensive bombers.

Paul Nitze, the normally analytical and pragmatic Wall Street banker, gave evidence of anomalous thinking in judging the success of strategic bombing by coming to the rescue of the bomber. Nitze had collected considerable experience in wartime economic matters on the Board of Economic Warfare and in the Foreign Economic Administration during most of the war prior to becoming director of the U.S.S.B.S. in autumn 1944. An avid supporter of conventional bombing, he understood that the expansion of a nuclear force would minimize reliance on orthodox methods. Nuclear weapons, the quintessential fulfillment of saturation bombing, threatened to eliminate the need for mass bombers. Nitze attempted to shield the Air Force by downplaying the devastating effects of nuclear weapons. The weapons dropped by two solitary aircraft on Hiroshima and Nagasaki had the theoretical equivalent explosive power of hundreds of fully laden bombers. Despite the apocalyptic destruction of the two Japanese cities, interviews with the survivors were horrifically used to highlight the sort of conclusions

reached by Galbraith in Germany. Residual infrastructure, Nitze pointed out, survived the nuclear blast. City officials for example were able to organize the relatively swift recovery of railway transportation owing to the survival of the track lines.[227] This conclusion, from the perspective of Nitze, indicated that nuclear weapons could not completely eliminate all aspects of an economic infrastructure. Conventional precision bombing was needed to bolster the deterrent effect of the new weapon.[228]

This illogical argument was built on the largely correct assumption that conventional airpower could paralyse the industrial infrastructure of a state without recourse to total annihilation. The U.S.S.B.S., later bolstered by a large number of postwar memoirs, concluded that "even without the atomic bombing attacks, air supremacy over Japan could have exerted sufficient pressure to bring about unconditional surrender and obviate the need for invasion".[229] Part of the reason for this viewpoint stemmed from the Navy's accusations of Air Force immorality—itself an argument aiming at undermining political support for a rival branch of the military. In reflecting on the ultimate strategic weapon of mass destruction and the employment of nuclear weapons against Japan, Admiral William Leahy, chairman of the Joint Chiefs of Staff in 1945 and a close personal friend of Truman, wrote in his 1950 memoir "It is my opinion that the use of this barbarous weapon at Hiroshima and Nagasaki was of no material assistance in our war against Japan. The Japanese were already defeated and ready to surrender".[230] None of the parties involved seemed to understand that the conventional raids against Tokyo or Dresden did not markedly differ from nuclear immolation. The technology of the period limited the results of precision bombing strikes and in fact did not markedly differ from a nuclear blast. The air pundits nonetheless returned to the prewar tactic of trumpeting the ability of the bomber to demilitarize an opposing state through the destruction of industrial facilities.

2.6 Conclusion

This chapter began with a look at the development of strategic bombing doctrine and stressed that a major problem rested in an inability to find an accurate distinction between civilian and military industries. The pursuit of victory from the air depended, a host of theorists originally proclaimed, on severely reducing the enemy's capacity to produce armaments. The course of the war, as depicted by those granted the authority to judge the bombing offensive, illustrated that the bomber operated as a blunt weapon against specific military industrial targets such as machine-tools. For a host of reasons such as the intricacy of modern industrial systems and German industrial resiliency, the Anglo-Saxon bomber streams could not locate and destroy the appropriate machines and equipment.

That the air war ultimately reduced productive output was a consequence of the shift in emphasis against dual-use synthetic oil installations and urban targets such as railway nodes. The U.S.S.B.S. conclusions do not focus on the difficult issue of destroyed or damaged machine-tools. Galbraith's analyses had shown that the war years witnessed a significant increase in this area. The results instead focused on the number of "factory workers" killed, the severe reduction in gasoline output and the shrinking of German railway volume by 75 percent.[231]

The U.S.S.B.S. interpretation of the enemy's industrial breakdown ultimately took the destruction of machine-tools and industrial equipment for granted even though no evidence suggested that this was the case. Scholars seem drawn to this inconsistency. "Germany was a surrealist tableau of disasters", Douglas Botting explains, "a land of ruins peopled by ghosts, without government, order or purpose, without industry, communications or the proper means of existence. It was a nation that…had sunk to a level unknown in the western world for a hundred years".[232] Botting's literary remarks demonstrate a speculative link between the bombed and burning houses and a disappearance of industry. Certain historians seem constrained to adhere to this postwar observation.[233] Terraine argued in a more sophisticated manner that the bombing of transportation targets "constituted a haemorrhage which drained the life-blood of German industry and armed forces alike" and that "the bomber offensive did huge damage to the German war machine".[234] Overy credits the bombing effort with having sharply limited the expansion of Germany's wartime production.[235] Alfred E. Hurley and Robert C. Ehrhart even extrapolated that "enemy planes enjoying control of the sky over one's head can be as disastrous to one's country as its occupation by physical invasion".[236] These interpretations seem bound to the final U.S.S.B.S. assessments that the bomber could single-handedly get through to the target and pulverize the opposing nation into submission.[237]

This chapter demonstrated that the sinews of the German dual-use industrial system survived the war largely intact. Analysing what remained of the enemy's industrial infrastructure after the extensive bombing campaign signified an important step in establishing the contours of an occupation policy. The efforts of the U.S.S.B.S. study groups represented much more than an academic analysis of air power's effectiveness in defeating Nazism. The successful administration of the zones of occupation, the composition of a rational reparations concept and the transformation of postwar Germany into a demilitarized and democratic state required precise knowledge of all aspects of industry. The rifts evident in the U.S.S.B.S. conclusions that emerged after 1945 over the

levels of destruction foreshadowed the subsequent difficulties experienced by all parties involved in the administration of postwar Germany. A lack of clarity characterized these policy attitudes. Nowhere was this confusion more evident than in viewpoints expressed concerning the urban landscape. A broad and unfortunately incorrect assumption that industrial strength burned away in the fires of war accompanied the urgent need to rebuild Europe. The first calls for a moderation of Allied postwar policy, explored in subsequent chapters, occurred in connection with the observation that the victors required German industry, but that much of the enemy's manufacturing system lay in ruins.[238]

CHAPTER 3

The Origins of Industrial Demilitarization

Germany is not to be occupied for the purpose of liberation but as a defeated enemy
nation.

Joint Chiefs of Staff

3.1 Introduction

In a host of policy papers and open declarations, outlined in this chapter, Washington and Moscow agreed to dismantle and destroy the entire German military industrial complex to help facilitate European economic recovery and permanently end the perceived German menace to international stability. This confluence of general economic and security objectives in Germany appeared to offer the unique opportunity of founding a new peaceful and thriving international system based on a radical reorganization of German society. Washington however failed to formulate a specific program of demilitarization despite the apparent clarity of the policy priorities in postwar Germany. This chapter demonstrates how the historiography interprets the will to change German society to include a workable and functioning industrial demilitarization policy. Considerable concerns that the strategic bombing might invalidate wartime conceptual formulations surfaced during the planning phase of the occupation. The War and State Departments responded by watering down a more pungent definition of industrial demilitarization. The initial stage of industrial demilitarization planning only offered the barest and most simplistic of concepts.

3.2 Franklin D. Roosevelt's Policies and the German Future

Roosevelt only agreed to list the basic outline of a postwar policy concerning Germany built largely on unconditional surrender. Various core ideas concerning the future of a defeated Germany nevertheless reverberated throughout Washington and rang clearer near war's end. Two basic currents of thought ran though the heads of policymakers. The victors would first of all address the immediate problems of punishing war criminals and destroying all armaments to help assure the death of Nazism and enforce the complete surrender of the enemy's military forces. The occupying troops would secondly wipe out the spiritual and physical elements of militarism through comprehensive occupation and the destruction of the means to manufacture arms.[1] The specific elements of these vague policy

directions, the concrete form, would wait for the cessation of hostilities and the tightening grip of Allied authority over the defeated population.

Historians generally contend that pragmatism characterized Roosevelt's conceptions of a world emerging from war. The debate concerning the ideological or pragmatic nature of the president's thinking should not mask his determination to defeat Nazism at all costs.[2] Military priorities took precedence over postwar political considerations. Roosevelt, who dominated American policy formulation until his death in 1945,[3] believed that only the strength of American arms in conjunction with the Allies could overcome Hitler. The president proclaimed to the American people on 3 January 1940, a year prior to the entry of the United States in the war against Germany and the ensuing furious mobilization of industrial strength, that the United States would act as a "potent and active factor in seeking the reestablishment of world peace".[4] Roosevelt longed to actively participate in the struggle and understandably placed a premium on military strategy and effectiveness at the expense of certain postwar matters. The president left the fighting to the professionals and only seldom intervened in military decisions for political reasons.[5] "We must not relax our pressure on the enemy by taking time out to define every boundary and settle every political controversy in every part of the world", he instructed the American people during the summer of 1943, the "all-important thing now is to get on with the war and to win it".[6] The president's clear focus on victory undoubtedly pleased the generals.

Roosevelt's effort to forge an effective American military changed the substance of the nation. The president's keen interest in military preparations and advocacy of the need for armed muscle in international relations illustrated a shift away from pacifistic withdrawal to an active role built on more traditional concepts. In 1939, in preparation for the war ahead, Roosevelt ordered the military service chiefs to bypass the normal chain of command and report directly to the White House.[7] A new structure emerged. The coming war took precedence over civilian matters normally left to the State Department and the military gained a permanent voice in foreign and military policy. Roosevelt militarized policy formulation and execution. The president's administrative style, according to Hogan, cemented a system that "institutionalized the National Military Establishment as a major rival to the State Department in the field of foreign policy".[8]

The president nevertheless adapted the Wilsonian utopian vision and offered the world the hope of a brighter future even before the fires of war engulfed the United States. Roosevelt and Churchill proclaimed the Atlantic Charter aboard the "Augusta" and "Prince

of Wales" near Newfoundland during the summer of 1941. In an eight-point declaration devoted to the establishment of a new world order, the two leaders broadcast a global crusade against Nazi injustice and the eventual replacement of tyranny with the guaranteed rights of national independence, territorial integrity and the unhindered access to raw materials.[9] Cordell Hull later announced by radio in 1944 that the charter represented "an expression of fundamental objectives toward which we and our Allies are directing our policies. It lays down the common principles upon which rest the hope of liberty, economic opportunity, peace and security through international cooperation".[10] The non-Axis world responded enthusiastically. The new United Nations, meeting in January 1942, accepted the charter (and the defeat of Germany) as the basis of a postwar order.[11] Roosevelt cultivated the outward appearance of an anti-imperialist throughout the war and instructed Congress in 1945 that he would help tear down the traditional systems of "unilateral action, the exclusive alliances, the spheres of influence, the balances of power, and all the other expedients that have been tried for centuries – and have always failed".[12]

The evidence suggests that Roosevelt composed the charter for largely propagandistic purposes in order to mask his plan of militarily dominating the global community after war's end. The president suggested to Churchill in August 1941 that the democratic Anglo-Saxon powers should "police" the postwar world.[13] This concept lay behind the eventual decision to form a Security Council in the United Nations composed of a small number of militarily strong or large states ready to pull together and smash all opposition to the "general will" of the global community. But the new council, in determining the direction of policy through a veto and in establishing the foundations of the new world administrative body, by definition violated the anti-imperialist and anti-traditional proclamations of the president. Roosevelt clung to a new militarized course.

Another policy decision influenced the decision to police the globe. The documents illustrate that a vague conception of a disarmed Germany also predated the American descent into war. Roosevelt stressed that a new and peaceful international order depended on the "disarmament of aggressors" and not a guarantee of self-determination.[14] Early thinking advanced the general concept of neutralizing and eliminating all aspects of Axis military and political strength. State policy therefore fused with military exigencies and aimed at rendering the enemy powerless. Historians generally assert that the charter itself laid the foundation of a plan for waging war against Germany.[15] This policy injected a military maxim deep into postwar political considerations. The Anglo-Saxon agreement focused on military victory and obliquely suggested that postwar Germany faced radical

changes through the eradication of military strength and control from without. The future peace settlement, seen in these terms, therefore continued the war against Germany for an unspecified period after hostilities subsided and the guns fell silent.

Roosevelt's postwar policy, contrary to traditional viewpoints, addressed the question of Germany in a clear and comprehensive manner. These conceptions did not significantly depart from those of other powers. French thinking for example pursued a foreign policy designed to maximize the French leadership position in Europe unrivalled by a Germany to be kept weak and divided.[16] Roosevelt's military utilitarianism only superficially masked a strong belief that world peace required the permanent elimination of German power. "Our objective in handling Germany is simple", Roosevelt declared in the final days of the war, "it is to secure the peace of the rest of the world now and in the future".[17] Peace demanded a restructuring of German society to permanently remove the sinews of strength that had permitted it to challenge the other great powers.

Roosevelt's primitive policy, in a manner similar to the strategic bombing theory of decisively disarming the enemy, discarded all of the complexities of the modern era and reduced a complex problem to a simple matter of total destruction. Political and military calculations merged. The wartime annihilation of the German military and industrial system promised victory and the establishment of a new order. The razing of German cities guaranteed victory and peace for all time. Unconditional surrender, seen from this perspective, underlined the reality that Roosevelt sought a radical solution based on total victory. The president informed the head of the Polish exile government that "We do not intend to finish this war by an armistice or treaty. Germany must surrender unconditionally".[18]

Considering Roosevelt's support of strategic bombing during wartime, it is hardly surprising that the president backed a range of hard actions against the German population after war's end. Deliberations with Soviet representatives and with Josef Stalin himself demonstrate how Roosevelt contradicted his own rejection of traditional politics and instead illustrate the ease with which he sacrificed whole populations in order to cement the wartime alliance system. The dominant interpretation that Roosevelt traded land for peace, while generally persuasive, requires minor adaptation. The president's commitment to the basic principal that the world's nations be "masters of their destiny" did not form the basis of inter-Allied deliberations concerning German postwar boundaries and national sovereignty.[19] Roosevelt recognized the importance of traditional great power policy strategies in solidifying the grand alliance.[20] The Allies clearly never intended the charter

as a basis for a future German postwar policy or a general postwar settlement.[21] Western sanctioning of massive territorial adjustments in favour of the Soviet Union, their own wartime military operations, and the defence of colonialism, however, indicate the propaganda nature of the Atlantic Charter and the complexity of U.S. propaganda in general. The American executive considered it easier to convince its domestic population and foreigners of the rightness of a chosen foreign policy path using humanistic virtues than hope for the acceptance of that policy on the naked logic of self interest.

Roosevelt, as explained later in the chapter, did not necessarily advocate the destruction of the German population. The president focused on the sinews of power. "[T]hat peace can come to the world only by the total elimination of German and Japanese war power", he stated at a press conference on 24 January 1943, "means the unconditional surrender by Germany, Italy and Japan…It does not mean the destruction of the populations of Germany, Italy or Japan".[22]

A workable postwar order, from Roosevelt's perspective, demanded Soviet compliance.[23] Roosevelt seemed unwilling to consider a reconstruction of non-Soviet European strength. Whitehall strongly supported the reconstruction of Poland and France as a measure to enhance continental European power and control Germany. Roosevelt opposed the British plan on the grounds of practicality and handed Stalin an enlarged empire spanning Europe and Asia. A host of nations and states paid a heavy price for Soviet cooperation. Roosevelt ignored the human tragedies accompanying Stalin's attacks on Poland, Finland, Latvia, Lithuania, Estonia and Rumania and thrust out a helping hand to the Soviet Union immediately after the German invasion eastwards in June 1941.[24] In exchange for a vague promise to enter the war against Japan after the end of hostilities in Europe at Yalta,[25] leading to the Soviet invasion of Japanese territory on 8 August 1945, Roosevelt and Churchill granted Stalin control over Manchuria, much of Mongolia, and the Japanese Kuril Islands and southern Sakhalin.[26] Stalin's grip on Kurdistan, Azerbeijan, Gilan, Mazanderan, Gorgan and Khorasan in the Middle East simultaneously tightened. The British Foreign Minister Anthony Eden remarked coolly that Roosevelt "seemed to see himself disposing of the fate of many lands, allied no less than enemy. He did all this with so much grace that it was difficult to dissent. Yet it was too like a conjurer, skilfully juggling with balls of dynamite, whose nature he failed to understand".[27] The large increase of Soviet power met with Roosevelt's approval.

Roosevelt refused to jeopardize the wartime Grand Alliance and work towards the fulfillment of the charter. "My active interest at the present time in the Balkan area,"

Roosevelt argued in a clear rejection of the Atlantic Charter, "is that such steps as are practicable should be taken to insure against the Balkans getting us into a future international war".[28] In order to cultivate the amiable relations with the Soviet Union deemed of paramount importance for lasting peace, Byrnes as late as 1946 justified the imposition of "governments friendly to the Soviet Union in eastern and central Europe" and beyond.[29] By trading land for the solidity of the alliance in order to assure the war's outcome, Roosevelt's pragmatism indicated a distasteful acceptance of traditional power politics even though historians generally describe American policy as "anti-imperial".[30] The wartime president tolerated the wide extension of Stalin's empire during the war. He believed that cooperation with the leaders of the Soviet Union remained a vital future prerequisite for postwar peace and stability.[31] Roosevelt therefore introduced a new European states system. Two states outside of the traditional European order, the Soviet Union and the United States, would dominate Europe and maintain the peace.

3.3 The Hard Soviet Peace and German Pastoralization

Stalin unquestionably shared Roosevelt's emphasis on postwar security. The horrors of Hitler's war underlined the needs for absolute national security to avert a repetition of such a cataclysmic event. The German military occupied roughly 1,926,000 square kilometres of Soviet territory during the course of the war. 85 million people or 50 percent of the population lived in the region, the heartland of the Soviet Union, prior to the invasion. More than 20 million Soviet soldiers and civilians fell repelling Nazism. The Soviet cities and countryside burned.

In 1941, reeling under the pressure of German arms and receiving reports of atrocities in the occupied areas, the dictator acknowledged the radical nature of the war. "Well, if the Germans want a war of extermination", he informed a group of Soviet leaders on 6 November 1941, "they will get it".[32] This hard perspective, a fusion of hard justice and national security concerns, influenced how the dictator viewed the future of German industrial facilities. Stalin's focus concentrated on removing another German threat to Soviet security by demanding an unprecedented shift in global trade and industrial patterns. Reparations, the central component or engine of Stalin's postwar system, would weaken Germany and reinvigorate the Soviet Union. Other roads to security, such as the erection of a global partnership or a European alliance system, mattered less. The dictator only mutely acknowledged the president's support of international organizations and the concept of collective security. Stalin's hopes for peace rested almost exclusively on the pillars of Soviet economic and military power. This self-absorbed approach, in part driven by an

exaggerated sense of insecurity and fear,[33] clearly diverged with western democratic policies.

Crude Soviet calculations derived from simplistic observations of the interwar period hypothesized that the German state could potentially threaten the world in another generation.[34] Previous chapters have demonstrated that a far higher percentage of German industrial potential survived the war intact than that dreamed possible by most western politicians. The United States Strategic Bombing Survey reports did not however influence Moscow. The Soviet perspective derived from the notion of a chronic German thirst for world domination. Stalin stated in the final days of war that only the "naïve" could believe in lasting peace with Germany. "It is common knowledge", he professed, "that the German rulers are already making preparations for another war".[35] Only the removal of industrial potential and therefore military capacity, an obvious answer to the inveterate German challenge, promised peace. Stalin therefore gravitated quickly towards the postwar model of demilitarization through deindustrialization.

He even tinkered with permanent military occupation.[36] The placement of Soviet troops on foreign soil or the extension of empire represented an important plank of Stalin's postwar security system. The conflict with Germany demonstrated the failure of a closed Soviet economic and political system to thwart foreign aggression. While he expressed a subdued willingness to deepen wartime alliances, and a marginal interest in the United Nations, Stalin single-mindedly established a defensive ring or system of puppet buffer states on his borders.[37] This strength by definition entailed the significant reduction of German power attributes as well as those of other neighbour states. Stalin extended Soviet power outwards into the vacuums left behind by the retreating Wehrmacht and significantly increased the dimensions of the communist empire.[38] Stalin clearly sacrificed any pretence of acknowledging public opinion, hardly a surprise considering the nature of the Soviet Union, and he sanctioned the communist domination of vast spaces on the fringes of his empire. Stalin seemed convinced that Soviet security required the propulsion of his state to the status of dominant regional power in Europe. While these activities did not indicate an aggressive push for world domination,[39] an issue hotly debated in the western democracies later in the decade, the geographical extension of Soviet power in Europe indicated that Stalin discarded any pretence at erecting a postwar balance on the continent. How can the demand for dominion over eastern and central Europe be interpreted differently? The dictator sought security through subjugation and naked control.

This revolutionary change in Soviet European policy entailed severe ramifications for the German future. A major downturn in German production capacities or even permanent control did not, Stalin believed, secure the Soviet position. Betraying the heavy influence of Marxist theory and the importance of physical modes of production, Stalin targeted the totality of German industrial muscle. The dictator clarified his interpretation of demilitarization at Teheran in December 1943 by defining economic disarmament as the dismantling of the entire industrial system including clock works and even furniture production. Stalin accorded the latter examples with a military function since and correctly pointed out that they "can be converted into aircraft plants or bomb-fuse factories".[40] With this policy direction in mind, the assertion that Soviet policymakers followed the example of their western counterparts, in that they concerned themselves with control machinery and borders, rings hollow. Stalin established a distinct argument concerning reparations that fused the future of German industrial facilities to Soviet national security.[41] This argument, that virtually every element of the economy could be employed in raising armies, advocated the erasure of broad sweeps of industrial capacity if not in total.

This definition of military industrial power conforms with that applied by Stalin to the Soviet Union itself in 1941 and 1942. In order to deprive the enemy of an intact industrial and urban infrastructure, Stalin willingly plunged millions of his own citizens into destitution for the security of his empire. "In case of a forced retreat of Red Army units", Stalin instructed in July 1941, "all rolling stock must be evacuated; not a single engine, a single railway car, a single pound of grain or gallon of fuel must be left for the enemy. The collective farmers must drive off all their cattle and turn over their grain to the safekeeping of the state authorities for transportation to the rear. All valuable property, including non-ferrous metals, grain and fuel that cannot be withdrawn, must be destroyed without fail."[42] Soviet soldiers and workers, for example, dismantled and shipped the machine-tools and equipment of 550 large industrial installations and "thousands of small factories" from the Ukraine to safer regions in 1941. The troops also planted explosives and detonated infrastructure such as bridges, warehouses and hydroelectric dams.[43] The movement of industrial equipment in particular enabled the Soviet authorities to secure four-fifths of the aircraft industry and 61.7 percent of the tanks planned for 1941 rolling off the assembly lines despite German interference.[44] It is safe to assume that the bulk of the Soviet military industrial complex that mattered, the machines and the buildings, escaped the clutches of Hitler. But Stalin's scorched earth policy, in that he hoped to destroy the totality of

infrastructure left behind, underlines his wide definition of industrial power and the proclivity to think in grand and equally cold-blooded terms.

But Stalin crafted his words to deflect attention from his plans for a Carthaginian peace. The dictator like his allies focused on economic but also cultural disarmament.[45] Various public statements downplayed the complete destruction of German industry or even of military potential. Time magazine provided the American people with a glimpse of Stalin's postwar goals in 1943. "Our aim", Stalin suggested, "is not to destroy all armed force in Germany, because any intelligent man will understand that this is as impossible in the case of Germany as in the case of Russia. It would be unreasonable on the part of the victor to do so. To destroy Hitler's army is possible and necessary".[46] The dictator even on occasion criticized the merits of political demilitarization and questioned whether a totally pacified German population helped strengthen Soviet national security. Stalin stated on 6 November 1942 that the eradication of all organized military power was "neither possible nor in the best interests of the victor".[47] German military formations under foreign control did not necessarily displease the dictator. German industrial potential grabbed his interest.

Some scholars theorize that Stalin appeared undecided on certain postwar issues such as the general treatment of German prisoners of war and the civilian population. Soviet policy in their estimation exhibited a fluidity and imprecision similar to that of the western Allies.[48] Pennacchio's research points out the dictator viewed the political and economic future of Germany as an unimportant issue until the Berlin Blockade of 1948 convinced him to establish the contours of a future state.[49] Wilfried Loth, Stefan Creuzberger, Kurt Arlt and Norman M. Naimark generally support this argument and note that Stalin failed to exercise strict control over the actions of the Soviet Military Administration in Germany (S.V.A.G.).[50] They therefore acted in a disconcerted manner until the dictator took them by the hand. The lack of a precise Soviet commitment to a concrete and uniform occupation policy, it is hypothesized, reflected a general lack of interest in formulating a consistent policy with the other occupation powers. The Soviet occupation authorities therefore fluctuated between punitive policies aiming at punishing all of German society and ideologically motivated ones aiming at bringing those occupied into the communist fold.

But German industry remained the constant focus of Stalin's drive for security. Policy fluctuations on a minor scale did not impact the overall demand to extract enormous reparations of all types for Soviet rehabilitation and power enhancement. There exists no alternative explanation for the pillaging of the eastern occupation zone—examined in later

chapters—unless scholars can stomach the conclusion that the Red Army befell eastern Germany entirely fortified by a mandate of vengeance. Stalin's pronouncements concerning the future security of his empire add sinister meaning to the activities of millions of his soldiers. These activities, whether haphazard or not, underlined a real, logical and frightening policy. Reparations operated as the principle means of rebuilding the Soviet Union and removing the German threat.[51] Stalin undoubtedly, as British officials pointed out in the summer of 1945, established reparations as an "overriding principle" of Soviet policy.[52]

Reparations also represented a clear method of direct military enhancement during the immediate postwar. Scholastic explanations generally emphasize that the priorities of civilian reconstruction motivated the ruthless Soviet collection of reparations and drove the requests for more. Recently published Soviet documents however reveal another dimension. In conversations with Stalin in April and May 1946, meetings attended by Molototv and prominent Yugoslavian authorities, Tito requested "some machinery from Germany as reparations for the reconstruction of certain military factories".[53] Leonid Gibianskii points out that the Soviet military authorities in eastern Germany attempted to satisfy Yugoslavian "requests to the Soviet government for captured factories, workshops, and materials for the production of ammunition".[54] Stalin agreed with the use of German industry to expand and dramatically improve the military industrial systems of other communist client states as well as his own.

Two important realities emphasize this point. Unlike all other European states including Germany, the prewar and wartime Soviet economy devoted the greatest percentage of total industrial capacities to direct armaments production for the longest duration. Preparations for war consumed 26.4 percent of state expenditures during the final years of the 5 Year Plan and this total soared to 43.4 percent during the final year of peace. But war preparations strained the domestic machine-tool industry to the limit. The further concentration on armaments during the war bled the civilian sector of remaining capacities. Washington did provide Stalin with 44,600 machine-tools through the Lend-Lease arrangements, but this act of calculated generosity probably did not replace those damaged or seized by the Germans. Official Soviet statistics record that the war damaged or destroyed approximately 32,000 industrial facilities.[55] Irrespective of these losses–considerable as they were, but impossible to verify in terms of numbers of machine-tools or comment on their size or modernity–a simple return to prewar conditions could not remedy the problems facing the civilian industries. The terms civilian economy, in the western

sense of the word, never applied to the Soviet Union. German reparations promised to solve the problems stemming from the colossal rearmament of the 1930s.

But how could the removal of German productive capacities assist Soviet civilian recovery unless either the western powers accepted either that German machine-tools maintained an interchangeable quality or that they willingly accepted a considerable boost in Soviet military power? Assuming the predominant western differentiation between military and civilian sectors, an hypothesis never shared by Hitler or Stalin, the provision of German military industrial capacities could only increase Soviet military strength during the disarmament phase. Stalin's concept of pastoralization resolved the problems of German military power, but from the western perspective could only benefit the Soviet civilian sector by removing the greater part of German industrial facilities from Germany.

The historiography generally skips over the shift in power ratios implied in the transplantation of German military industrial facilities. Later chapters test Stalin's basic hypothesis that the movement of industry in general automatically benefited the postwar civilian Soviet economy. For the moment it seems clear that the dictator thought beyond the creation of sufficient industrial strength to thwart another German invasion. Soviet dependency on lend-lease during the war clearly identified the weakness of Soviet industry in relation to the United States. Stalin also clearly understood that the American military industrial complex emerged from the war with abilities "vastly superior to those of the rest of the world combined".[56] Reparations seen from this perspective offered the possibility of closing the gap and regaining military industrial parity with his wartime ally.[57]

Certain historians dismiss the cold and calculating nature of Stalin. Geoffrey Roberts, an issue examined later in greater detail, suggests that Stalin ultimately aimed at the political stabilization and the economic recovery of Europe as whole.[58] Others acknowledge Stalin's hunger for power, but argue that the dictator's search for parity with his neighbours demanded solid and lasting good relations with the United States. In the opinion of Walter LaFeber, pointing to the dictator's statesmanlike qualities and questioning standard arguments of his paranoia, Stalin realistically understood that a global power balance required a strong Soviet Union.[59] The development of greater Soviet military industrial strength to match that of the United States required raw materials and particularly industrial resources. Reparations represented the means to this end. Stalin theoretically viewed the extraction of reparations as an "important stage in the development of a possible armed conflict with the American colossus".[60] But Stalin's interpretation of industrial power and military strength, in addition to his plain desire to employ reparations

for the purpose of enhancing the Soviet position against the United States, demonstrate an important postwar reality. Stalin, unlike the western democracies, aimed at returning to his militant prewar plans of power enhancement.

3.4 The Liberal-Capitalist Nature of Early American Occupation Policy

Roosevelt held firmly to his belief that "political decisions should wait upon military victory" and gave evidence of a "general aversion to planning ahead" for the postwar.[61] Planning by the State Department nevertheless progressed in straightforward fashion built on the assumption that the victorious powers would remain in Germany for a short period of time and swiftly transform that state according to a liberal-democratic agenda that stressed a limited measure of economic restructuring. The president, despite his personal feelings and inclination towards a harsh peace, generally agreed.[62] The president's pragmatism and neglect to control the experts until September 1944 permitted the development of a basic outline that dealt with such issues as future boundaries, the occupation and control machinery, and at least a crude understanding of industrial demilitarization.[63] Roosevelt's unwillingness to bind his administration to the State Department's preliminary work however hindered the creation of a clear statement of direction or program. The military planners in particular lamented this development. "There is hardly another matter that rests fresher in the memories of officers prominently connected with planning the occupation", the military concluded in hindsight, "than the uncertainties besetting their work on the side of political policy".[64] The American occupation forces carried vague plans in their pockets as they marched into a defeated Germany.

The American foreign policy experts, working from a liberal-capitalist agenda, opposed large reparations according to their historical assessment of the interwar period. Reparations, in their estimation, had represented a destabilizing factor in Germany society that had swelled the ranks of extremist parties on left and right. The Council on Foreign Relations more importantly argued that reparations might do greater harm than good to the postwar European economy. These advocates of minor reparations influenced the men of the State Department. Hull in 1943 advocated the seizure of produced goods and not the dismantling of factories or the movement of capital equipment.[65] Even considerable Soviet pressure for massive reparations through dismantling, voiced vociferously at meetings between the foreign ministers in Moscow in autumn 1943, failed to move the State Department.[66]

Matters appeared much clearer prior to September 1944. The American British and Russian delegates engaged in preliminary discussions concerning the basic contours of a future Germany and decided to establish a commission to generate recommendations. They authorized the European Advisory Commission (E.A.C.), set up at the next meeting in London, with formally establishing the "general" and "specific" directives for the future Allied Control Council (A.C.C.) in Berlin. These initial efforts concentrated on a host of broad issues such as the terms of surrender, establishing the control machinery for the Allied military administration, and the zones of occupation. State Department planning generally accepted the idea that international priorities determined that the occupying forces would only extract minimal industrial reparations from Germany.[67] The State Department, while viewing heavy reparations and even dismantling as a dangerous policy, expressed an interest in industrial reconversion. The primary task in the economic arena was the return of the German economy to the purposes of peace.[68] Industrial demilitarization was not discussed in any detail.

The preliminary work of the State Department met with stiff opposition from the War Department. The military strongly opposed the investigation of industrial matters, as well as other matters dealing with the occupation, prior to Germany's defeat. The military generally rejected the work of the E.A.C. from the outset. E. Allan Lightner, Junior Assistant Chief of the Central European Affairs Division of the Department of State, lamented that the "Civil Affairs Division of the War Department in Washington was so completely against the whole proposition that they rather successfully managed to sabotage the operation. Their tactic was to slow everything down – to drag their feet in order to hinder progress in resolving many of the very difficult things that had to be worked out".[69]

The War Department for logical reasons could not understand how their State Department colleagues proposed to formulate an occupation policy without the ability to account for the state of the economy on the ground after defeat. An effective postwar military administration of Germany, these men logically surmised, depended for example on how much territory fell to the Soviet advance.[70] As previous chapters described, the experts also believed that all planning had to address the effectiveness of strategic bombing. Determinations of Germany's future—particularly the hope of employing industrial production or even the facilities for European recovery—seemed highly academic and unrealistic while Allied bombers pounded German cities to dust in the last year of the war. The stated goal of the Allied air forces clashed with the calculations and basis of reparations negotiations and the German industrial role. The air pundits, as emphasized, planned to

destroy the German capacity to wage war. The military recognized the future hardships facing the German population and even sought to limit the extent of their involvement in the occupation.[71] The subordination of political issues to military matters in this case rationalized Roosevelt's tendency to push future considerations aside.[72]

The disarmament of Germany, as demanded by the president in the Atlantic Charter, continued to represent a primary postwar goal. The strategy of obfuscation however meant that few analyses of industrial demilitarization existed prior to 1945 other than those generated by the military. The State Department in fact recoiled at the Soviet conception of drastically lowering the German standard of living through widespread deindustrialization and the seizure of industrial and capital equipment.[73] Roosevelt personally advanced the notion of a minor downward shift in productivity through the inclusion of some capital equipment as reparations and emphasized the eradication of some industrial sectors. In line with Roosevelt's fascination with air power, the president advocated the complete elimination of military and civilian aircraft industries and the erection of a permanent system of inspections to ensure compliance.[74] Roosevelt hinted that the negation of German airpower alone would destroy any real residual military capabilities. But the president by and large accepted the continued existence of a major industrial role for Germany.[75]

A concrete industrial disarmament program—one that listed factories, industrial sectors or machine-tools—therefore failed to surface. Only a short list of extremely general targets emerged. The concept of industrial demilitarization hardly existed beyond that of rhetoric. Roosevelt, in accordance with his basic concurrence with the State Department's direction, informed the American people on 24 December 1943 that a normal and peaceful German industrial system would survive disarmament.[76] Washington leaned towards the argument that a civilian industrial system cleansed of all military potential could in fact exist.

Henry Stimson proposed an alternative to Roosevelt's approach that also recognized the serious implications of the strategic bombing campaign against Germany. The experienced head of the War Department, in his seventies at war's end, recognized that wartime destruction demanded swift action by the victorious powers in order to feed the various national populations and create the economic basis for general stability. Stimson bluntly informed Roosevelt in autumn 1943 that "Central Europe after the War has got to eat".[77] The elder statesman later added that politicians could not simply ignore the role of German industry in Europe owing to the intertwined nature of the continent's industrial and

economic systems.[78] A deindustrialization program, Stimson believed, would precipitate a general fall into chaos by lengthening the reconstruction process and ultimately threaten to derail American policy in Europe.[79] The minister, in contrast to the president, argued that a rational postwar policy required the output of German industry. Extensive reparations and restructuring did not fit well into this international perspective.

The War Department, without the authorization or the inclination, failed to study industrial demilitarization. The military did however establish provisional plans aimed at guiding the American forces into the occupation by late 1944. Supreme Headquarters Allied Expeditionary Force (S.H.A.E.F.) issued the basic form of "Operation Eclipse" on 10 November 1944 and clarified certain procedures such as the disarmament and treatment of German soldiers. The 18 memoranda that followed retained this operational focus and handled the most pressing of issues that required an immediate response by the military. The War Department eventually condensed the work of the civil affairs specialists into two handbooks for use by the men on the ground in Germany.[80]

These instructions did not tackle the issue of industrial demilitarization. S.H.A.E.F. on the other hand instructed American forces to locate and safeguard industrial facilities and only dispose of direct war materials such as guns and tanks during the initial phase.[81] Other issues appeared more pressing. "Operation Eclipse" instructed the American Third Army to terminate all enemy troop movements outside of Germany and erect control points to minimize the flow of civilians into the American zone of occupation.[82] Military Government Law 161, first promulgated in March 1945, ordered the military to further clamp down on border traffic to prevent the escape of suspected war criminals.[83] These directives stressed administrative and civil-military matters aimed at gaining control over the occupied regions for security reasons.

S.H.A.E.F. feared the job ahead. The first concrete occupation policy proposal from the military appeared on 28 April 1944 and illustrated a host of problems. Combined Chiefs of Staff (C.C.S.) 551 or the "Directive for Military Government in Germany Prior to Defeat or Surrender" took account of strategic bombing policy and stressed the future difficulties of presiding over a ruined industrial infrastructure. The Combined Chiefs firmly believed in the efficacy of strategic bombing.[84] During the final months of the war, the Anglo-Saxon air fleets as part of operation "Pointblank" intensified their efforts and aimed at the "progressive destruction and dislocation of the German military, industrial, and economic system, and the undermining of the morale of the German people to a point where their capacity for armed resistance is fatally weakened".[85] It had under these

conditions seemed counterproductive to study any of the larger issues such as developing a formula for the demilitarization of industry. S.H.A.E.F. therefore focused on forestalling the economic catastrophe believed inevitable after strategic bombing pounded Germany into submission. C.C.S. 551 demanded that western military forces keep agriculture and industry operating "to prevent a breakdown in the economy".[86] The occupation handbook that emerged from these deliberations stressed German economic rehabilitation for the sake of efficiency.

A closer look at the War Department's conceptions helps underline the liberal-capitalist tendencies blowing through Washington prior to September 1944. Secretary of War Henry L. Stimson directed the American Historical Association (A.H.A.) to prepare a series of pamphlets and a host of manuals that addressed "significant current problems for the War Department's educational program". These materials, that handled a range of topics including the postwar occupation and administration of Germany, aimed at generating discussion among the officers and men of the Army. The Historical Service Board that formed on 2 September 1943 originally included ten civilians drawn from various academic disciplines and assisted by outside specialists. These men and women, whose number grew during the final months of the war, aimed at deepening the depth of historical knowledge in the military in order to address "some two dozen questions resulting from a sampling of soldier interest in camps in the United States and abroad". The Board aimed at composing approximately 20 simple and coherent pamphlets to help form and influence the views of American soldiers. The project met with various teething troubles at the outset. Administrative difficulties and the problem of allocating sufficient funds for the project induced Theordore C. Blegen, Dean at the University of Minnesota and the director of the project, to resign in August 1944. The members nevertheless continued their work and generated 44 pamphlets and a long list of manuals that appeared in the hundreds of thousands during 1945.[87] The wide exposure granted by the Army offers the historian a good look at a policy that ran counter to those expressed by Roosevelt and Stalin and more importantly helped form the military's perspective concerning the treatment of postwar Germany.

A uniquely moderate postwar framework emerged. The group of scholars argued that the pursuit of postwar peace required a host of measures specific to the defeated state and also generally applicable to the rest of the globe. The A.H.A. examined earlier methods of war prevention based on the standard models of collective defence and disarmament. The currents of thought manifest in the Treaty of Versailles for example had offered an

idealistic road to peace. The global reduction of armaments had ranked high on a post-1918 list of peace building measures that included the renunciation of war, the creation of "machinery" for nations to settle disputes in a peaceful manner, economic sanctions against aggressors, and questioned the merits of an international armed force able to intervene in state conflicts. Answering why these grand plans failed seemed obvious. "So long as there are some countries disposed to aggression", the pamphlets however pessimistically concluded, "it seems certain that they [potential aggressors] would no more keep promises to limit their armaments than they would keep promises not to go to war – unless some means can be found to force them to do so. So long as agreements for reducing armaments are not enforced, they serve only to put peaceable and treaty-keeping nations at the mercy of aggressor states which have secretly or openly rearmed in disregard of those agreements".[88] These methods had failed to control, among others, a German state that possessed considerable industrial strength and the will to use industry for purposes of territorial expansion.

Considering the obvious failure of the post-Versailles world to keep the peace, most obvious in the German case, the future enhancement of national security required that the victorious powers pursue more than taking guns out of soldier's hands and binding Germany's neighbours to defensive arrangements. "The most obvious way to make sure that Germany never again starts a world conflict", pamphlet number 26 chided, "is to see that Germany is stripped of arms".[89] This policy, acknowledged as based on the assumption of an incurable German thirst for military adventures, however required lasting enforcement and supervision. The A.H.A. pamphlets explained with sarcastic overtones that the failure to enforce disarmament after 1918 obviously permitted Hitler's grasp at world power.[90] But permanent supervision or occupation seemed an unrealistic or lasting security measure since it depended on lasting and resolute international cooperation to enforce it. The interwar period demonstrated the unwillingness of the League of Nations and the principally the western European powers to intervene in Germany at an early date. Planning for the future is of course always a murky business. But the A.H.A. theorized that there "would sooner or later be opposition to it [occupation] among the United Nations themselves, as there was before; some of them would want to bring their occupying troops back home, or to be able to sell to Germany goods that could be used for military purposes".[91] Here Washington seemed the primary target. The group pointed out that this policy seemed akin to colonialism and was therefore "alien" to the worldview of the

average American.[92]   Peace required another solution beyond the model of disarmament and collective defence originally proposed at Versailles.

The A.H.A. focused in on what they termed the "complete disarmament of Germany" or what contemporaries subsequently coined demilitarization.   The group recognized that the idea of wide demilitarization through the restructuring of German industry fired the interest of policymakers. "One of the surest ways", the pamphlets pointed out, "of making it impossible for her to start another war, is to prevent her from rebuilding her industries on any large scale; for military power depends on industrial power. If she again becomes the foremost country on the European continent in the number, size, equipment, and output of her plants, she will also surpass all her neighbors in the means of waging war".[93]   Alterations to the basic power relationship in Europe through the significant reduction of industrial capacity represented an enticing solution.

But the academics questioned a serious flaw in industrial demilitarization and in the process offered a contradiction of their own. The A.H.A. speculated, and earlier chapters demonstrated general contemporary agreement, that strategic bombing had destroyed or severely damaged most German cities and the industrial infrastructure. The Germans according to this hypothesis relied on Allied charity for survival. The education manuals clearly argued that a complex relationship existed between industry and population density. The development of artificial fertilizers and the creation of a new generation of agricultural machinery such as "steel plows, drills, harrows, steam plows, tractors, thrashing machines, self-binders, [and] hay loaders" precipitated a European population explosion after 1850.[94] The industrial revolution, the A.H.A. pointed out, bound human welfare to industry. Strategic bombing's success threatened German society with mass starvation unless the general infrastructure could be rebuilt. The group recognized the immediate "need to build shelter for the millions of homeless people, to reconstruct towns and streets, [and] to provide at least a minimum of food."[95] They speculated that the occupation forces would confront a horde of over 20 million "bombed out" Germans "forced to live in shanties and to get their food from public kitchens".[96] The basic demands for food and shelter required that certain sectors of "industry may be rebuilt and allowed to produce for peace."[97]

The A.H.A. like Stalin however hinted that the delineation of civilian from military industries represented a mammoth task.   Education manual 205 stated the problem succinctly.

[T]he increased use of machines created a demand for machines to make machines.
For example, a modern automobile is a machine which people use. But before this

machine can be assembled, the parts have to be made, and many machines are necessary to make the parts. Every new machine creates a need for other machines to make it, other tools to keep it in order. Thus machines breed machines and industries breed industries, so that much of modern industry is devoted, not to making things people consume directly, but to making the machines that make machines that make the things they consume. The story of modern industry is like the story of the "house that Jack built".[98]

The hypothesis of strategic bombing's success implied that either the Germans themselves tackle reconstruction or the Allies bind themselves to the expensive prospects of sustaining millions of people. The A.H.A. hinted that a combination of the two appeared the surest path to the successful postwar administration. Such a policy, if undertaken, would "boost morale" and demonstrate that "some conquerors obey laws and do not reduce nations to slavery."[99] The A.H.A. furthermore asked how Germany could provide meaningful reparations without the ability to provide useful products, generate currency and especially if all efforts aimed at sustaining life.

Despite the apparent belief that a significant proportion of industrial capacity burned away in the fires of war, the prewar position of Germany as the preeminent European industrial power paradoxically seized the A.H.A.'s attention. "Germany", they rather straightforwardly pointed out, "lies in the center of Europe".[100] The group tied the future of European recovery and general stability to Germany's fate. The acknowledgement of modern industrial complexities such as global interdependency dominated their thinking. "The application of power-driven machinery to manufactures and to transportation is drawing the whole world together in a complicated network of exchanges which makes the people of each country more and more dependent on the people of every other country".[101] General European recovery required German production and equally the German market. The A.H.A. therefore promoted the argument that the defeated nation be "permitted and assisted to recover her power of production as much and as fast as possible".[102] The wide destruction of industrial facilities, while theoretically possible, did not take future considerations or modern complexities into account.

The A.H.A. illuminated another path to peace. The group stressed reeducation and democratization as the surest method of eradicating Nazism and militarism. The ruined cities, the pamphlets prophesied, already demonstrated the bankruptcy of Hitler's political values of racial superiority and the average person would, it was argued, quickly turn away from a belief system that had lost its "glitter".[103] "Never again can any German, present or future," they argued, "have an excuse for thinking Germany was not beaten or is unbeatable. Never again must he think he is of a superior race or that dictators are safe

leaders and democracies decadent".[104]   The A.H.A. unfortunately and paradoxically, considering the attention granted modern societal developments, offered a bizarre replacement.   A German return to the pre-1870 era fired their imaginations.   Perhaps reflecting nostalgically on the influence that German professors once exerted on the American university system prior to the advent of Bismarck and unification,[105] the scholars played up the earlier literary and musical traditions of Goethe and Beethoven. These men characterized a society not yet contaminated by the negative fusion of capitalism with militarism. The pamphlets bemoaned the impact of rapid industrial change after 1870. The new class of industrialists worked hand in hand with the old feudal order and created a "strong contender in the struggle for world markets" based on "imperialistic expansion".[106] It seemed easier for the A.H.A. to blame the societal groups normally associated with traditional power politics such as businessmen and instead define politically benign artists as the better and obviously less threatening Germans.[107]   A return to an older cultural tradition, a romantic and atavistic notion, promised to kill the Nazi virus and resuscitate the kind of Germany they admired. Changing the philosophical makeup of Germany and not the sweeping eradication of industrial infrastructure seemed a safer and method of converting the defeated country into a "peaceful, law-abiding, and cooperative member of the community of nations".[108]

This conclusion placed a premium of importance on spiritual factors. The creation of a peaceful Germany, the A.H.A. believed, could be achieved if "either one of two things happened: (1) that Germany was made incapable of starting another war, (2) [or] that the minds of Germans were so changed that they would not wish to start another and would not permit their government to lead them into one".[109]   The group emphasized a change in mentality over significant material alterations to infrastructure. This group of American civilians presented their military with a startling alternative to Stalin or Roosevelt's model of postwar German society. The A.H.A. moved away from military deindustrialization and advocated a security system based on a change of values or societal norms mixed with traditional disarmament. The group sensed the "conflict" between economic recovery and national security and offered a balanced alternative that stressed the prevention of direct armaments production without removing civilian industries.[110]

3.5 The Morgenthau Plan: An Attempt at Policy Clarification

Another viewpoint, one that ground State and War Department planning to a halt, emerged during the summer of 1944 from an unlikely source. Even though foreign policy issues fell outside their mandate, the Treasury Department joined the debate concerning the

future of Germany. Liberal New Dealers such as Treasury Secretary Henry Morgenthau, Jr., Assistant Treasury Secretary Harry Dexter White, and Robert Lovett hoped to build a new European order on a harsh treatment of Germany. These men advocated occupation, denazification, dismemberment and complete industrial demilitarization or pastoralization as the means towards a new peaceful European order.

The head of the Treasury Department flew to France to inspect the situation on the ground in Normandy in the summer months of 1944. The Anglo-Saxon ground forces had finally smashed German resistance, but only after sustaining considerable losses. Morgenthau leafed through the papers generated by the State and War Departments during the voyage. S.H.A.E.F.'s "Handbook for Military Government in Germany" repulsed him. The policy papers generally indicated a modest approach that proclaimed the retention of a self-supporting Germany with a relatively high standard of living. Morgenthau informed Roosevelt that he considered the lenient approach "pretty bad" and requested that Stimson withdraw the handbook immediately.[111] Prompted by Morgenthau, the president seriously questioned the direction taken by his administration. Roosevelt rebuked Stimson and Hull and ordered the handbook to be withdrawn.[112]

The president, emerging from his indifference to postwar policy, exhibited distain for the overall "lack of severity". Roosevelt now rejected the notion of German rehabilitation and emphasized his idea that "every person in Germany should realize that this time Germany is a defeated nation".[113] Defeat now meant more than laying down arms and returning to civilian life. In order to impress defeat on the entire German population, Roosevelt tinkered with policies ranging from castration of the male population to the complete destruction of Ruhr industry.[114] Roosevelt ordered Hull and Stimson to switch gears and "develop harsher attitudes towards Germany or be bypassed in the formulation of that policy".[115] The president, who for the moment gravitated towards a hard peace, supported the "liberal New Dealer" position.

Explanations of Roosevelt's reaction and response invariably and quite reasonably point to Nazi atrocities and the exertions of the war itself as the prime factors motivating the call for retribution.[116] This viewpoint was derived from an undeniably logical basis. Hull straightforwardly hypothesized that Morgenthau hated Germans and that this emotion derived from the Nazi persecution of the Jews during the 1930s and the war. German antisemitism, Hull wrote, motivated Morgenthau to bypass the State Department and promote a harsh peace as the basis of any postwar treatment of Germany.[117] This hatred took an extreme form during the final year of war.[118] A new German typology emerged

that extrapolated from the savage fighting on the eastern front and in Normandy that the inherently aggressive and militaristic tendencies of the German race demanded an extreme response. Roosevelt, fortified by an anti-German predisposition, toyed with castration for the simple reason that he believed all Germans and not just some had participated in a collective lawless conspiracy against humanity. "We have got to be tough with Germany", Roosevelt claimed, "and I mean the German people, not just the Nazis. You either have to castrate the German people or you have to treat them in such a manner so they can't go on reproducing people who want to continue the way they have in the past".[119]

Propaganda assisted the genesis of such beliefs. Thomas Howell demonstrates that prewar and wartime American propaganda helped form a particularly negative image of Germans among the general public. While specific German actions during the war understandably cultivated feelings of hatred to all things German, the American Writers' War Board nevertheless surpassed the straightforward presentation of fact and worked energetically to influence popular opinion and stimulate hatred.[120] Such policies appear common in modern conflicts.. Despite the efforts and beliefs of some individuals and organizations, such as the author of "Germany Must Perish",[121] the propaganda failed to cultivate the extremely violent responsiveness characteristic of Josef Goebbels' propaganda ministry.[122] Roosevelt as pointed out originally supported the retention of a large industrial base in Germany and rejected genocide and enslavement. The president's newly found vehemence can be understood as a reaction to the savage fighting in Normandy and, demonstrated later in this chapter, was shortlived in character.

The emotions of hatred and revenge nevertheless influenced policy. "The Treasury Plan for the Treatment of Germany", composed by White and Morgenthau in the final days of summer in 1944, attempted to answer the nagging problems surrounding the best path to lasting European peace and security. The plan aimed at completely eliminating all German military potential. Morgenthau adopted Stalin's materialist position concerning dual-use industries and pointed out that disarmament and re-education, the War Department's methods, left residual military capacities in Germany. Complete deindustrialization, symbolized by the razing of all Ruhr industries and the flooding of coal mines corrected the deficiencies of previous planning. The Morgenthau Plan focused on coal and the Ruhr as central components of German industry requiring restructuring.[123] While hardly a weapon, Germany's primary natural resource was viewed as the backbone of all German industry and in particular the chemical, synthetic oil, and steel industries.[124] John Maynard Keynes, the British economist, remarked after World War I that the German empire was built "more

truly on coal and iron than on blood and iron".[125] Coal and heavy industry represented a symbiotically related phenomenon. Morgenthau explained that the "complete demilitarization of Germany in the shortest possible period after surrender" would render that state powerless. In addition to the disarmament of the German military, the neutralization of all military hardware, and the destruction of all the military branches of industry, Morgenthau advocated the further elimination of all other industrial sectors directly or indirectly linked to military potential.[126]

The Morgenthau Plan solved some of the problems plaguing the State Department. The complete extirpation of all military industrial potential removed the need to observe future developments in Germany. Better still, the transformation of Germany also promised to move the center of European heavy industry from the Ruhr back to Britain and erase what some believed a regrettable historical development dating back to the turn of the century. British industry could, Morgenthau believed, fill the vacuum left by Germany.[127] Britain could subsequently fill German shoes and assist European economic recovery. The Morgenthau Plan therefore accorded with the wish of avoiding a cumbersome reparations policy. Dismantling solved the potential security risk of maintaining German industrial capacities to pay reparations from current production. A new occupation and reparations format emerged that emphasized the transplantation of what industries remained, territorial changes and "forced German labour outside Germany".[128] Virtual pastoralization, from the perspective of many contemporary observers, already appeared an accomplished fact. If the air enthusiasts were correct in their computations, the strategic air forces would reduce the Ruhr to rubble and a focus on German reconstruction represented an expensive and time-consuming task.

Certain historians such as Mausbach argue that Morgenthau advocated industrial restructuring and not pastoralization.[129] The shift away from heavy industry would, they point out, have freed all the raw materials, investment, and labour bound to armament production and associate industries. Starting fresh would place all emphasis on the civilian sector and therefore yield a positive "peace dividend".[130] The plan, in the opinion of these historians, was designed primarily to protect Europe from another war with Germany and not to act as a policy of vengeance on the basis of a Carthaginian peace.[131] Orthodox interpretations, seen from this perspective, lend too much weight to Morgenthau`s crude comments.

It seems however exceptionally difficult to accept Mausbach's contention that Morgenthau's dismantling program did not constitute a "penalty" even though his

understanding of industrial restructuring as a security enhancing method seems fair enough.[132] The proposal to end heavy industrial production in Germany implied consequences that Mausbach appears unwilling to confront. Critics of Morgenthau point out that broad deindustrialization would have led to the deaths of over 10 million people.[133] Contemporaries thought in a similar manner.

Stimson pointed out a significant moral flaw in the Treasury proposal. He declared that he was "unalterably opposed to such a program" since the destruction of the Ruhr industrial basin would deprive Europe of German production and therefore hinder rehabilitation.[134] In conversations with Morgenthau, Stimson informed the major American proponent of a hard peace that the elimination of heavy industry would force mass migration or starvation on Germany. The State Department backed up Stimson's fears with statistical data. Analyses by various experts theorized that agricultural imports sustained approximately 30 million people. Heavy industrial exports provided the trade goods and ultimately the financial means required to feed this population.[135] Morgenthau, his eyes fixed firmly on Auschwitz, retorted that such policies were not nearly as bad as sending Germans to the gas chambers.[136] This statement unmasked Morgenthau's real intentions. The logical consequences of Treasury policy surpassed industrial demilitarization and betrayed a sinister devotion to vengeance on a collosal scale.

Postwar investigations of German agriculture by the American occupation forces, an issue taken up in greater detail in subsequent chapters, added another dimension to the problem of food allocation. German and European farms required German metallurgical, chemical and electronic heavy industries for more than just tractors or trucks. German farmers in particular required massive amounts of nitrogen, potash, and phosphoric fertilizer in order to generate high crop yields. A significant dependency on synthetic fertilizer production using fixed nitrogen refined from the air developed. Morgenthau's demand for a return back to the pre-industrial era through a reversion to an agricultural economy, assuming the removal of the supporting infrastructure such as the dismantling of fertilizer processing plants, did not account for modern farming techniques or inter-European trade relationships and dependencies. German crop yields between 1944 and 1946 fell to half of previous levels owing primarily to fixed nitrogen shortages. Other European countries, dependent on Germany for fertilizer, suffered a similar fate. The aversion of a starvation crisis in Germany and Europe depended on the continuation of the modern prewar European infrastructure that included German heavy industry as a crucial

component. Seen in this way, Germans and other Europeans depended on steel and machine-tools in order to eat.

Morgenthau's policies literally condemned millions throughout Europe to death. The policy therefore represented the worst conceivable method of establishing a stable postwar order. The plan's only redeeming quality, if such a word is applicable under the circumstances, rested with the permanent neutralization of a German military capability through the wholesale elimination of all dual-use commodities. But this issue, and not the complexities of the European economy, dominated the thoughts of Allied policymakers in the second half of 1944.

Morgenthau, despite the protests of Stimson and the State Department, managed to secure Roosevelt's approval for a shift in policy. A policy paper entitled "Program to Prevent Germany from Starting a World War III" followed on the heels of this change in heart. The program characteristically focused on the issues of national security and the belief that a swift resolution to the problem of German power was required in the postwar. "It should be the aim of the Allied forces", the paper declared, "to accomplish the complete demilitarization of Germany in the shortest possible period of time after surrender. This means completely disarming the German Army and people (including the removal or destruction of all war materials), the total destruction of the whole German armament industry, and the removal or destruction of other key industries which are basic to military strength".[137] Morgenthau had firmly provided military industrial disarmament with a degree of precision.

At the Quebec Conference in September 1944, Morgenthau and Roosevelt tried to convince a reluctant Churchill to accept the need to destroy the Ruhr industrial region. The prime minister and his government did not approach the postwar occupation with an appetite for drastic measures. Churchill, in line with his allies, strongly advocated disarmament and a degree of military deindustrialization. The prime minister informed the British parliament after the Yalta discussions on 27 February 1945 that the "Allies are resolved that Germany shall be disarmed, that Nazism and militarism in Germany shall be destroyed, that war criminals shall be justly and swiftly punished, and that all German industry capable of military production shall be eliminated or controlled".[138] But the control and not elimination of industrial capacities figured predominantly in Churchill's conceptions of the German future.[139] The British Foreign Office, owing to a host of factors including the influence that the economist John Maynard Keynes exerted on appraisals of reparations and an understanding of the intricate European economic system, recommended

that postwar policies "strike a balance between the value of our restrictive economic measures from the point of view of security and the importance of the contribution which German industry could make to the rehabilitation of Europe and to world prosperity.[140]

Morgenthau however needed Churchill's support. Previous inter-Allied negotiations had determined that the British army would occupy the Ruhr area. Even though Churchill feared that a drastic policy of deindustrialization would destabilize the British zone, a virtual bribe of $6.5 billion by the Treasury in financial assistance proved hard to resist.[141] The prime minister changed gears and focussed in on the short list of advantages. Compliance would improve Allied relations and hopefully convince Washington to refrain from turning off the Lend-Lease tap at war's end. German deindustrialization also presented British industry with growth and expansion opportunities by removing the principle European competitor. These inducements swung Churchill over to Morgenthau's side for a short period of time. The priorities of reconstruction and the fear that a destitute German population in the heart of Europe moderated the prime minister's shift towards a policy of predicating British economic resurgence on the demise of German heavy industry. Churchill nevertheless initialled the Morgenthau memorandum on 15 September 1944 even though he followed Roosevelt's lead and argued that the victors wait "until all the facts and forces that will be potent at the moment [the postwar] are revealed".[142]

The communiqué that resulted from these discussions seemed to herald a Treasury Department victory. It "sounded almost as harsh as the Morgenthau plan".[143] The document ordered that the occupation authorities "close down" Ruhr factories and that Germany be converted into a country "primarily agricultural and pastoral in character".[144] The emphasis on pastoralization indicated that the leaders now somewhat hastily struck dual-use commodities off the list of acceptable German industries. The historiography tends to downplay this decision. Mausbach, as indicated, offers the view that drastic dismantling did not in itself represent pastoralization since some form of civilian industry would survive. But these historians skirt the immense structural dilemma of defining military and civilian industries. The Quebec communiqué remedied this academic problem. Morgenthau's influence concerning the definition of dual-use industries continued to plague Washington's attempt to balance economic and national security concerns long after his political demise.

Morgenthau's influence waned during the final days of 1944 and especially during the difficult months of early 1945. The savage fighting on Germany's borders and the now

unchallenged bombing campaign induced Stimson and particularly Hull to raise their voices against the Treasury Department. Under pressure from Hull, who again pointed out that the deindustrialization of Germany would probably lead to mass starvation and millions of deaths, Roosevelt returned to his old maxim and declared that "I dislike making detailed plans for a country which we do not yet occupy".[145] Worse still, the details of the Morgenthau Plan were leaked to the press and appeared in the Wall Street Journal on 23 September 1944. An intense public outcry convinced Roosevelt to place some distance between himself and Morgenthau. It was an election year. By mid-October Roosevelt returned to the core of the alternative State and War Department approach. The new course did not substantially alter the president's views towards Germans. Roosevelt informed Stalin in discussions at Yalta that he still entertained intense feelings of revenge.[146] But public opinion and the determined opposition of Morgenthau's opponents forced the president's hand.

The new perspective on dual-use industries now however penetrated through to the State Department. Hull, who perceived of excessive industrial dismantling "as striking at all of Europe",[147] exhibited some sympathy with Morgenthau's concentration on national security. The pacification of Germany, Hull believed after the Morgenthau interlude, required the significant downsizing of industrial capacities and the institution of lasting controls.[148] In other words, the State Department rejected the complete elimination of dual-use industries, but now tended to favour the dismantling of certain percentages over conversion. The State Department did not however offer a concrete program or formula relating to German industry. Only a basic consensus that the priorities of industrial demilitarization required some dismantling emerged.[149]

3.6 Directive J.C.S. 1067: The "Technical" Compromise

The two State Department memoranda helped calm the suspicions of the opposition that the foreign policy experts sought a lenient peace with Germany. These papers offered a straightforward summation of American occupation aims that, in appealing to men like Morgenthau, bridged the chasm between the State and Treasury departments and subsequently formed the basis of a new document that "gave the military government staffs their long-awaited basic statement of policy for the posthostilities period".[150] Composed during the rise and decline of Morgenthau's influence in Washington, the "Directive to Commander in Chief of United States Forces of Occupation Regarding the Military Government of Germany" or Directive J.C.S. 1067 retained the bulk of the Treasury's conception of a hard peace based on an industrially weak Germany.[151] Certain historians

write as if the State Department conceded victory to Morgenthau. E. Allan Lightner for example asserts that the "Morgenthau plan philosophy was strongly reflected in the basic military directive, JCS-l067".[152] The evidence however demonstrates that the State and War departments only grudgingly changed directions for the sake of unanimity or, as in the case of the military, to soothe the worriers of their organization.

The various revisions of the original document, beginning in summer 1944 and extending until Washington finally accepted the modified version on 10 May 1945, technically witnessed the erosion of the lenient approach found in the A.H.A. documents and within the State Department. The disparate group – that included the State, Treasury and War departments along with the American E.A.C. delegation and others – fought for the dominance of their respective positions over a considerable of time. The Informal Policy Committee on Germany, authorized by the president to coordinate efforts and hammer out a policy for the occupation forces, stumbled primarily over the matter of German civilian industries.

The State Department detested the level of deindustrialization advocated by Morgenthau's staff, yet realized on the basis of military developments in March 1945 that the dwindling fortunes of Hitler's Reich emphasized the need for swift clarification of occupation matters. James C. Dunn, Leon Henderson and James W. Riddleberger had presented Roosevelt with their first attempt at compromise in the hope of convincing the president to bind the economic recovery of Europe to Germany and thereby preserve a large German civilian industrial base.[153] This concept, owing to the chaos of European economies, too obviously doomed administrative support for a grand experiment in industrial restructuring. Pressed for time and willing to compromise, The State Department had sought an alternative approach. The men of the department superficially altered directions and for the first time unanimously lent support to the industrial pacification so strongly supported by the president. The trick worked. The rewritten policy paper, issued a little over a week later, found Morgenthau's favour and the president stamped it with approval. The paper lent technical support to industrial demilitarization and accepted the need to eliminate all elements necessary for the production of armaments.[154] The strict delineation between civilian and military industries, a questionable undertaking by State Department standards, deflected attention away from the complex problem of dual-use industries for the moment. Morgenthau's victory appeared imminent.

The other dominant supporters of leniency also reversed direction. The War Department's worries concerning the administration of Germany also played into

Morgenthau's hands. The growing belief that strategic bombing had utterly ruined the German economy generated a real fear that reconstruction priorities would overwhelm the troops. The idea that Morgenthau's conceptions might actually simplify the management of the defeated population emerged.[155] The support of wide deindustrialization seemed academic in the chaos gripping Germany.[156] A hard deindustrialization policy transferred any future accusations of mismanagement. The War Department's "conversion", like that of the State Department, represented a strategic move based on extrapolations from the military position in Germany that glossed over certain complexities that, once the Wehrmacht surrendered, could be subsequently addressed. Earlier versions of the J.C.S. occupation handbooks and general conceptions had always identified both support and opposition for Morgenthau. Assistant Secretary for the Army John J. McCloy now however cleaned up the handbook and presented a version that, like the State Department memoranda, appeared to side exclusively with the Treasury position. One important element, like that found in Directive J.C.S. 1067, seriously countered the Treasury program of deindustrialization. Carolyn Eisenberg calls McCloy's product "a set of documents with draconian prohibitions and clever escape hatches".[157] Morgenthau rejoiced too early.

A particular strategy of sorts permeated throughout the early postwar history of the occupation. Directive J.C.S. 1067, issued to Generals Dwight D. Eisenhower and Lucius D. Clay, recognized the War Department's fear that a successful bombing campaign had ripped Germany apart. "It should be brought home to the Germans that Germany's ruthless warfare and fanatical Nazi resistance have destroyed the German economy and made chaos and suffering inevitable and that the Germans cannot escape responsibility for what they have brought on themselves".[158] The emphasis on responsibility and defeat accorded with Roosevelt's wish to clearly impress the reality of defeat on the enemy. This declaration also absolved the bomber crews of any misgivings concerning the severity of strategic bombing and bluntly specified that the occupation forces were not responsible for the hardships facing the German population.

Directive J.C.S. 1067 seemed the fulfillment of the hardliner approach. In order to "prevent Germany's ever becoming a threat to the peace", the primary objective of the occupation, the directive stipulated the eradication of National Socialism and militarism, the punishment of war criminals, industrial disarmament and democratization. The Americans handed all Germans the bitter cup of defeat. The directive specified that the occupation authorities organize a "firm" occupation that prohibited "all fraternization" with the vanquished to ensure the treatment of the German people as a "defeated enemy nation".

Responsibility for the outbreak of war required that all of Germany join in repairing the European continent's damaged cities and infrastructure through reparations and restitution. It also appeared as if the Americans had jettisoned the idea of German industrial recovery. Directive J.C.S. 1067 established a crude guideline for the envisioned industrial demilitarization policy and demanded that the military authorities "prevent any higher standard of living than in neighbouring nations".[159] The document even forbade economic assistance aiming at the "maintenance or the strengthening of the German economy".

The directive however contained an important and hardly hidden escape clause that surprisingly did not elicit a groan from Morgenthau. The document permitted operations aiming to "protect the safety and meet the needs of the occupying forces and assure the production and maintenance of goods and services required to prevent starvation or such disease and unrest as would endanger these forces".[160] This provision technically implied that the American occupation forces could suspend the translation of most elements of the directive under particular circumstances. The military of course correctly surmised that catastrophic conditions existed in Germany. Far from reflecting the victory of the Morgenthau faction or even continued uncertainty regarding the future of German industry, Directive J.C.S. 1067 established broad industrial disarmament as an important plank of the American program only if certain conditions applied.

The document therefore reflected major differences of opinion in Washington and a degree of continued uncertainty rather than a clear agenda. Directive J.C.S. 1067 did however establish broad disarmament as a central element of American and Allied postwar policy in Germany. That concept incorporated much more than the destruction of the produced goods and industrial equipment of an armaments industry.

Washington emphasized the need to re-educate German society and turn the defeated population from militarism. The policymakers, according to the hypothesis that a cultural proclivity towards war affected the population,[161] sanctioned a cleansing of museums and textbooks and banned military music and parades.[162] The American civil affairs detachments later conducted searches of homes throughout Germany in order to accomplish a "thorough disarmament of the civilian population". These groups forced the German population to hand over all firearms, cameras, radios and even pigeons.[163] Washington furthermore believed that the officer corps exerted tremendous influence on the population and an American military government study of August 1945 toyed with the idea of exiling all officers to a penal colony.[164] The victors ultimately decided to quarantine all officers "under severe restrictive measures".[165] Washington to a certain degree hoped that

these courses of action, the cultural re-education of an entire nation, would "de-Prussianize" the German people and allow for the modelling of the postwar population according to the American conception of southern Germans—a people considered "far more easy-going, more intellectual and artistic, more humane and tolerant, less aggressive".[166]

The directive itself however failed to provide a satisfactory or rational definition of dual-use military industries. Directive J.C.S. 1067 instead emphasized the worries of the War Department. The Psychological Warfare Division prophesied in 1944 that the level of material destruction in Germany brought about by strategic bombing alone would cause the "progressive destruction of industries to a point involving indefinite postponement of all hopes of German economic recovery".[167] Dismantling under these conditions demanded detailed study of the residual economy in order to remove military industrial capacities without doing greater harm and interfering with the military's obligation to prevent "disease and unrest".[168]

The inability to solve this nagging problem led German Lucius Clay, the officer ordered to take charge of the American occupation zone and execute Directive J.C.S. 1067, to believe that wartime destruction of German industry invalidated the Treasury's conception of dismantling and therefore that the directive was unworkable.[169] Clay remarked that the "Carthaginian peace" envisioned by Morgenthau simply did not coincide with the "realities of the financial and economic conditions which confronted us".[170] The military stood firmly behind Clay's opposition. Considering the preliminary work of the War Department and the input of the A.H.A., this development was hardly surprising. Eisenhower generally disliked the document and instead demanded a more pronounced focus on economic rehabilitation in the postwar.[171] American officers wanted no part of a policy which would subject the conquered to protracted destitution and lead to future generations branding them as carpetbaggers or worse.

Clay however decided that undue attention to bureaucratic detail endangered the overall American enterprise in Germany. Dissent by the military only promised to rip Washington into warring factions. He therefore devised an effective if undemocratic solution. Clay terminated the debate by informing the War Department at the end of 1945 that the policymakers did not need to rewrite Directive J.C.S. 1067.[172] The general simply accepted that the restoration of a functioning economic structure took precedence over other issues and "began to slowly wipe out JCS-1067" using "gradual changes in its provision" by way of "cablegrams, conferences, and so on".[173]

Clay found the nebulous and imprecise nature of the document to his liking.[174] His independent and confident administrative style decried undue collaboration with non-military policymakers. The largely contradictory elements of Directive J.C.S. 1067 gave Clay a powerful tool to blunt outside interference in the affairs of his organization. Not even the State Department exerted an early influence on Clay. Nor did Washington generally seem interested. "As I look back I find it amazing that I did not visit the State Department or talk with any of its officials", Clay pointed out in later years, "No one at that time advised me of the role of the State Department in occupation matters or of its relationship to military government, and I am inclined to believe that no one had thought it out".[175] The "disease and disorder" caveat granted Clay wide latitude in managing all aspects of the occupation including the precise meaning of industrial demilitarization and even the schedule of dismantling if these policies appeared to negatively impact the recuperative power of the German economy.

3.7 The Yalta Shock: The Masked Incongruity of Allied Positions

Churchill, Roosevelt and Stalin met at Yalta in the southern Soviet Union between 4 and 11 February 1945 to discuss, among other issues, the fate of Germany.[176] A jovial mood, fortified by vodka and three wagons of caviar, characterized the conference. In the former home of Czar Nicholas II the three men aimed at rebuilding the nations destroyed and plundered by Germany, hammering out a workable system of joint occupation control and establishing the contours of the defeated state. The Allies furthermore reaffirmed their desire to bring order and economic prosperity to Europe through the complete demobilization of the Wehrmacht and carry out the dismantling of the German military industrial complex.[177] The future victors solidified their "inflexible purpose to destroy German militarism and Nazism and to ensure that Germany will never again be able to disturb the peace of the world".[178] German society would pay for the suffering the Nazis inflicted on Europe. The three governments however entertained different paths to the same end.

The State Department had prepared a brief prior to the Yalta meetings to inform Roosevelt of the two methods developed by the factions in Washington concerning how to extract reparations from Germany. These approaches depended on, the brief once again pointed out, how much residual industrial capacity the enemy state retained after defeat. The first model, reflecting Morgenthau's stance, called for the comprehensive dismantling of what remained of the German industrial system. The Treasury's approach settled reparations and the future of Germany in a definitive manner. The State Department model

instead advocated leaving much of that system intact after surgically removing the military industrial sector and subsequently seizing and distributing finished goods from current production as reparations. The foreign affairs specialists offered a weighty and considerable argument to strengthen their standpoint. The brief hinted that the western Allies could not control the Soviet appetite for reparations. Since a Germany without industry could not sustain the population, the impoverished enemy would ultimately rely on financial assistance from the United States. Washington would, according to this logic, once again carry the burden of reparations and thereby actually subsidize and assist Stalin's recovery efforts in a manner similar to the post-1918 period. The latter argument appealed to Roosevelt's notion of making the Germans pay for wartime damages without throwing the defeated nation into abject poverty or on the mercy of the United States.[179] Roosevelt, who seemed increasingly willing to jettison Morgenthau's approach, greeted the briefing paper with a degree of approval.

Stalin and the Soviet diplomats presented a straightforward and simple list of demands that fused national security matters with German territorial and economic reparations. Ivan Maisky, Soviet Ambassador in London until 1943 and then Deputy Commissar for Foreign Affairs,[180] explained that Moscow desired the dismantling and transfer of industrial equipment and machine-tools and the shipment of produced goods for a period of 10 years. Maisky targeted the core elements of heavy industry and explained that only 20 percent should remain of the steel, machine-tool, metal fabrication and electrical industries. The Soviet diplomat furthermore requested the cessation of all synthetic fuel production and not just that of obvious dual-use commodities such as civilian aircraft. Without presenting any real evidence or taking account of historical factors, Maisky theorized that a residual 20 percent of heavy industry was sufficient to supply the needs of the German economy. Not only would the industrial residue supply Europe with reparations, but Maisky agreed that the victors internationalize those factories allowed to operate in Germany.[181]

The Soviet proposal, in a manner similar to Morgenthau, completely and thoroughly terminated a German power presence in Europe. The crude statistics, however, should not obscure the fact that the Soviet solution – an issue explained in greater detail in subsequent chapters – neither took economic realities nor the welfare of the German population into account. Maisky a few days later hypothesized that wartime events reduced the German G.N.P. by approximately 30 percent and that the surviving industries could support reparations and a reduced standard of living.[182] The American bombing survey had

not yet established that a far greater percentage of industrial infrastructure had survived the strategic bombing campaign. But Maisky's proposal did not take inter-European trade patterns into account. Nor did he recognize that other states depended on the facilities that Moscow aimed to relocate. Maisky might have soothed the Anglo-Saxon diplomats with an assurance that the Soviet Union wished to supply Europe with goods manufactured by the dismantled factories. The Soviet position however emphasized that domestic requirements outweighed those of other states in importance. Nor did Maisky explain how the Germans would feed themselves. Churchill in particular fumed at the possibility that German starvation force western governments to subsidize foodstuff shipments owing to Soviet policy.[183] Moscow's position continued to ignore the future welfare of Germany and the European economy.

The State Department searched for a compromise. The diplomats analysed the Soviet position and found general agreement with the reduction of industrial capacities through the dismantling of facilities linked to armaments manufacturing along with the extraction of reparations from current production.[184] The diplomats applauded the focus on military facilities that dominated their own analyses after the Morgenthau interlude. The State Department willingly sought to integrate the Soviet position and create a policy acceptable by the three governments. But Stettinius viewed the brewing problems over reparations with alarm and attempted to bridge the British and Soviet differences by arguing for extremely swift industrial conversion and the shipment of both dismantled factories and produced goods as reparations.[185]

But the American and Soviet diplomats, hotly opposed by Foreign Minister Anthony Eden, in particular debated the issue from the largest perspective possible and discussed the establishment of an overall sum or value to be seized from Germany. Both Stettinius and Maisky agreed to tentatively set a sum of 20 billion dollars in reparations of which the Soviet Union would receive 50 percent.[186] British opposition and an American-Soviet dispute over the precise meaning of reparations dogged the discussions. The delegates, unable to bind themselves to a strict proclamation of this principle, created the Commission for the Compensation of Damages to establish a proper figure at a later date. The problem was thrust aside.[187] Even though the three parties did not reach a definitive resolution of the total amount or nature of reparations, Churchill, Roosevelt and Stalin agreed to entrench the concept that Germany would compensate the designated states for the damages incurred during the war.[188] Industrial demilitarization furthermore remained a significant policy aim. The conference however failed to define a clear policy on

reparations and the concrete forms of dismantling and the seizure of produced goods. A more precise handling of industrial demilitarization was taken up during the summer and is addressed in the next chapter.

The president's dissatisfaction with the whole reparations enterprise intensified.[189] The Yalta discussions indicated that Roosevelt swung over to the State Department position. The president bemoaned the severity of Stalin's stance on Germany and interjected that his government neither wished to subsidize Allied actions nor did they seek reparations. The war's impact on the Crimea, a principle factor influencing Stalin's request to hold a conference in Yalta, did however tug at Roosevelt's cognitive processes. The president accepted Stalin's claims but added that Washington would observe whether the collection of industrial reparations would plunge Germany into chaos. He further hinted that Moscow's demand for forced labour and factories and London's claim on all German foreign markets made starvation in the occupied country a strong possibility.[190] The policymakers decided that the Soviet military could impress those Germans found guilty as war criminals or attached to the various branches of the Nazi party, such as the Gestapo, the S.S. or S.A., into punitive labour service. The ailing president appeared caught between the desire to punish Germany and trying to salvage some form of humane treatment of the occupied population.

The Allies at Yalta did however agree on the principle of territorial changes and the establishment of zonal boundaries. "By the time of the Yalta Conference", Gerhard Schultz points out, "little new decisionmaking was required to bring about the dismemberment of Germany". The three powers generally accepted the disappearance of east Prussia and the division of Germany into three zones of occupation.[191] The movement of the German-Polish border westward to approximately the Oder-Neiße region, while deemed commensurate with German power reduction and Soviet security interests, changed power ratios in Europe and conflicted with a major policy issue. This transformation of central Europe masked the Soviet absorption of eastern Poland to create a buffer region between western Europe and the Soviet Union. Soviet annexation of eastern Prussia granted Soviet access to a warm water port in the Baltic. But the Yalta accord projected the Soviet sphere of influence deep into central and southern Europe at the expense of more than just Germany.

Roosevelt and the State Department supported Stalin's territorial adjustments. John Snell wrote in 1956 that the wartime increase in Soviet military power forced western governments to accept Soviet domination of eastern Europe in 1945 in the manner of a fait

accompli.[192]   Attraction to this argument remains strong. Warren F. Kimball argues that wartime events sealed eastern Europe's fate and that the adoption of a strong anti-Soviet stance by Roosevelt only promised deeper Soviet penetration.[193] But this argument fails to recognize that Anglo-American policy, uneven and murky as it was, accepted the need for significant alterations to Germany's borders with Poland and a general increase in the size of the Soviet Union.[194]   "The peace of Europe", another head of the State Department reiterated in 1946, "depends upon the existence of friendly relations between the Soviet Union and its European neighbors".[195]   Peace in this context meant granting Stalin a few concessions that conflicted with the spirit of the Atlantic Charter and the "restoration of sovereign rights and self-government to those peoples who have been forcibly deprived of them by the aggressor nations".[196] But while Yalta clarified the general direction of Allied policy,[197] the exact dimensions of the eastern German borders remained undefined and a point of dispute. The western powers rejected the Soviet plan for Poland to absorb the entire Neiße region. The Anglo-Saxon diplomats feared that excessive territorial losses would concentrate too many displaced Germans in a state already straining to provide sufficient foodstuffs.[198]

The president's concern with military issues, now growingly focused on gaining Soviet entry into the war against Japan, still dominated over postwar national security issues. Roosevelt also appeared to dismiss the potential dangers of Soviet acquisition of German military technology. The agreement concerning the zones of occupation for example conceded the German underground rocket factory in Nordhausen in the Harz Mountains to the Soviet military.[199] Soviet absorption of this technology did help create a level playing field in military terms. But the Japanese surprise attack at Pearl Harbor in 1941 had underlined the new insecurity faced by the American population owing to modern technological developments. The German rocket program only added to a growing list of military technologies that under a certain set of circumstances could threaten the United States or its allies. In a climate heavily influenced by the militarizing effect of total war, the inability of the Roosevelt administration to control the proliferation of weapons technology frightened conservative critics long accustomed to viewing international relations through the lens of geopolitical and military power realities.[200]

Other aspects of the Yalta agreements demonstrated an equally chilling lack of foresight. While the Allies could agree on the need for significant changes to the structure of the German state, the exact contours remained an issue of contention. Allied policy remained liable to conflicts over the translation of seemingly straightforward initiatives.[201]

Jumping over policy hurdles by establishing committees to study the issues for subsequent resolution downplayed policy differences and helped to solidify the alliance.[202] The Yalta agreement appeared to inaugurate a workable and unified occupation of Germany that could ameliorate the power interests of Britain, the United States and the Soviet Union. But since the State and War Departments logically surmised that the policy depended on correctly understanding the impact of war on German industry and society, the agreement on territorial adjustments or a tentative reparations bill appeared to thinly disguise an important difference. Washington unlike Moscow concerned itself with the survival of the German population and more importantly from the American perspective the health of the European economy.

The priorities of demilitarization and the need to employ German resources for European reconstruction masked the underlying differences in policy. The Yalta agreement prescribed that the individual powers could independently administer their respective zone of control if disagreements regarding the joint administration of Germany in the A.C.C. reduced that organization to impotence.[203] The Allies implemented the E.A.C. assumption that the occupying powers did not intend the destruction of Germany and made unity of action the cornerstone of effective administration. The administration of Germany, as defined by the E.A.C. and A.C.C., required a united administration to develop a functioning demilitarization and reparations system. This system never materialized. In spite of the A.C.C. meetings and policy papers, the A.C.C. failed to govern Germany as a single body. The French delegation, for example, vetoed most A.C.C. policies for the simple reason that the official French position rejected the unified administration of Germany.[204] De Gaulle and later Georges Bidault adopted the position of weakening Germany through extensive border alterations. The French position advocated the detachment of the Rhineland and Ruhr, defacto annexation of the Saar, and permanently controlling the industrial production of the Ruhr.[205]

The partition of Germany into zones of occupation administered by a foreign power with different occupation priorities made nonsense of effective E.A.C. administration of Germany.[206] "The military governors in each of the four zones of occupation governed their own zones with few ACC directives".[207] The E.A.C. therefore only generated three basic papers including the terms of surrender, the zonal boundaries, and the control machinery agreements. The failure of the Advisory Commission doomed effective A.C.C. administration from the outset. Lightner laments that the "thing that was important was not

what was agreed on paper, but what the powers perceived to be in their own national interest".[208]

Criticism of Roosevelt's posture at Yalta quickly surfaced. Conservatives concluded that "American diplomatic blunders during the war had resulted in a massive and unnecessary extension of Soviet power".[209] William C. Bullitt condemned the direction taken at Yalta as early as February 1945. He pointed out that the decisions reached endangered the "Atlantic doctrine".[210] These critics accused Roosevelt of substituting one dictatorship with another, filling the Nazi power vacuum with another equally inhumane political system, and having made "total military victory a substitute for any carefully designed international political objectives".[211] The price of peace was seen as too high. These analysts raised the ubiquitous point that the restructuring of Germany's eastern borders would lead to starvation and worse still "reduce the amount of deliveries which might otherwise have been exacted from Germany".[212] The critics questioned the entire rationale behind the industrial reorganization of Germany. The selfish Soviet concentration on domestic well-being and Roosevelt's willingness to placate Stalin forced the conservatives to consider alternatives to dismantling.

But while the right shifted back towards an occupation policy of moderation, industrial demilitarization remained at the front of State Department policy. The State Department's "Draft Directive for the Treatment of Germany" that appeared in March 1945 stressed the immediate demobilization of enemy forces and provided a short list of industrial control measures. A subsequent paper composed the same month repeated the department's dedication to the principle of complete industrial demilitarization. This paper incorporated much of the language and tone characteristic of Morgenthau.[213] Problems with this approach surfaced after Roosevelt's death on 12 April 1945 and the demise of Hitler's Reich a month later.

3.8 Conclusion

The hardliners remained steadfast. The advocates of a harsh peace continued to promote the negative treatment of postwar German society despite considerable efforts by the military and foreign affairs specialists at pointing out serious dangers in industrial demilitarization as a workable concept. Allied postwar demilitarization conceptions defined power in the concrete, measurable and predictable terms of state resources. This traditional definition of power evaluated a state's clear cut and quantifiable resources such as population, territory, natural resources, economic size, military forces and political stability.[214] These elements of power of course did not incorporate other less apparent

components of overall economic power. Additional factors such as scientific and technical leadership qualities came into play.[215] The Allied governments stated openly during the war years that demilitarization represented a significant aspect of a new European order with the Anglo-Saxon states at the centre of power. But realistic appraisals suggested that strict industrial demilitarization would impoverish German society and make the population "dependent on everything from soda ash to police protection".[216] An effective military administration of Germany depended on the defeated state's economic and industrial system to provide the basic commodities needed by millions to survive. The ongoing debate between national security priorities and effective administration suffered from the wholly unsatisfactory definition of military industry echoing throughout Washington in 1945. The seemingly simple task of destroying or dismantling armament production facilities conveyed the impression that a strict division between civilian and military realms in fact existed and utterly rejected the dilemma of dual-use technologies. The hardliners furthermore failed to assess the physical destruction of Germany in 1945 and how the ruinous state of the urban infrastructure threatened to complicate every aspect of the occupation. The broad nature of modern capitalist economies and the dependency of armaments production on domestic civilian industrial strength determined that demilitarization represented an enormous task that technically required the extirpation of the enemy's entire industrial apparatus.

Industrial demilitarization offered to solve a specific power problem in central Europe. But other more pressing issues appeared to challenge the strict focus on security issues. Policymakers feared the return to the chaos and instability of the 1930s. A stable and growing global economy became the prerequisite for a secure new order. Washington hoped that economic success would curb revolutionary desires.[217] The Roosevelt administration had already discarded the failed concept of isolationism and embraced a policy of "multilateralism" predicated on the hope that common interests would bind other nations to the United States.[218] The deindustrialization of Germany did not square well with any reconstruction policy. The American elite found a protracted and costly occupation of Germany as anathema to their capitalist mindset. American soldiers were needed domestically in the factories and generally in the economy. The domestic economy had to revert to a civilian orientation. Such moves necessarily meant a deterioration of American military strength as a visible manifestation. Demobilization also determined that the demilitarization of Germany had to be swift affair.

CHAPTER 4

The Collapse of Dismantling as a Method

I never give them hell. I just tell the truth and they think it's hell.

Harry S. Truman

4.1 Introduction

Considering the importance historians attach to the eventual collision between capitalism and communism, as a dominant factor in leading to the decision by Washington and Moscow to reverse their policies and rearm Germany, this chapter departs from the investigation of industrial demilitarization to address the new president's views of Josef Stalin and the Soviet Union. The evidence strongly suggests that Harry S. Truman, the well-read but non-intellectual man from Missouri, cultivated a strongly negative view of his theoretical ally. While difficult to estimate with precision, the president's reservations concerning future relations with the communist state grew out of a general disliking of the Russian dictatorship that predated 1945. Nor did the postwar actions of the Red Army offer any reason to change these beliefs. This chapter demonstrates how excesses by the Soviet military helped generate the real fear outlined in the previous chapter that the American taxpayer would eventually shoulder the financial responsibilities for a German state reeling under the brutal exaction of revenge by Stalin's military. Moscow in many ways helped create or at least worsened the conditions of "disease and unrest" that the American military held as virtually inevitable. Far from being unsympathetic to the enemy, the predominantly conservative ethos of the Truman administration led to the acceptance of the bulk of the concepts worked out by the State and War Departments during the final months of the war. This chapter demonstrates that Washington grew dissatisfied with Stalin's singular focus on Soviet recovery. American policy in the months between the Yalta and Potsdam conferences gravitated towards the necessity of a European-wide reconstruction program that for economic and moral reasons took the defeated enemy nation into account.

4.2 The Revisionist Portrayal of Harry S. Truman

Franklin D. Roosevelt did not explain his worldview or future designs for Europe and Germany to his vice-president. The two men only met on two occasions outside of cabinet meetings on 8 and 19 March 1945 and never discussed "anything of consequence".[1] Truman seemed ill-prepared to continue Roosevelt's close relationship with Stalin.[2] The new president entertained a diametrically opposed set of conceptions concerning the

dictator. The Soviet Union, Truman frankly admitted, was characterized by "clubs, pistols and concentration camps".[3] This negative observation was symbolic of a conservative shift in American politics after Roosevelt's death. The right questioned Roosevelt's warm relationship with Stalin.[4] The shift did not necessarily imply a complete rejection of Roosevelt's policy of cooperation.[5] But Truman faced the daunting task of interpreting the direction of policy within a cabinet fractured by the former president's insistence on awaiting the defeat of Germany prior to concrete policy formulation. And time was against Truman. The relatively quick defeat of Nazi military forces after his rise to the presidency left Washington in sore need of detailed planning.[6]

Truman turned his full attention to the matters at hand. But he needed more information. On 13 April 1945, after only a few hours at his new post, the enthusiastic president requested that Secretary of State Edward R. Stettinius formulate a full diplomatic report on the progress of the war and the coming peace. Truman had limited experience with his own secretary of state and other key advisors.[7] Considering the complexity of the war, a reality only exasperated by the knowledge of a terrible weapon of mass destruction, he required time to collect and digest the relevant information prior to putting his own personal stamp on policy. Roosevelt's old guard seemed reluctant. Truman complained that the various departments of his administration only very slowly revealed important information concerning vital matters such as national security. Secretary of War Henry Stimson, symptomatic of the level of confusion caused by the death of Roosevelt and perhaps even the ascendancy of Truman, waited 12 days to reveal the existence of the Manhattan Project to the new president.[8] The president's decision-making difficulties only increased with the end of the fighting in Europe and Asia. The reversion to a state of peace extinguished the considerable powers that Roosevelt had enjoyed in wartime.[9] The men of his administration took on even greater importance.

Although not in the traditional of a purge, Truman over the course of a year radically altered the composition of the cabinet bequeathed to him. He sacked or nudged many of Roosevelt's most prominent supporters out of office and out of range. This list included the Secretary of the Treasury Henry Morgenthau, the Secretary of Commerce Henry A. Wallace, the Secretary of the Interior Harold L. Ickes and Stettinius. Only the Secretary of the Navy James Forrestal, the man who coined the phrase "the Russians are coming" prior to his tragic suicide in 1949, remained after the dust settled. Truman, having served as an artillery officer in World War One, surrounded himself with advisors drawn largely from the ranks of the military and big business. Generals Douglas MacArthur and

Lucius D. Clay were granted wide latitude in conducting the occupations of Japan and Germany. General Walter Bedell Smith, Dwight D. Eisenhower's Chief of Staff during the war, was appointed United States Ambassador to the Soviet Union. General Albert Coady Wedemeyer was sent on a special mission in China. General George C. Marshall, the most prominent military figure in the cabinet, would later assume the responsibilities of secretary of state. The cabinet exhibited a similar pattern. The non-military figures—a list that included Clinton P. Anderson (Agriculture), James Byrnes (State) Tom C. Clark (Justice), Robert E. Hannegan (Post Office), William Averell Harriman (Commerce), Julius A. Krug (Interior), Lewis B. Schwellenbach (Labor) and Frederick M. Vinson (Treasury)—retained strong business links.

The new composition of the executive partially indicated the growing influence of the military in policy formulation set in motion by Roosevelt. But the action also illustrated Truman's general disliking for some of the men who surrounded Roosevelt. Truman accepted the resignation of Morgenthau on 5 July 1945 after refusing the secretary's plea to join the American delegation heading for Potsdam in order to decide the fate of the enemy.[10] Morgenthau, as pointed out in the previous chapter, ostensibly aimed at salvaging some of the substance of his plan for Germany. The native of Missouri did not take kindly to Morgenthau's extreme mindset. Truman later explained that "Morgenthau didn't know shit from apple butter".[11] The president also replaced Roosevelt's reparations negotiator Isador Lubin with Edwin Pauley. This conservative oil entrepreneur brushed off both Soviet claims for $10 billion in reparations and earlier State Department estimates that Germany could in fact support the transfer of $12-14 billion. Pauley brought a degree of business acumen to the negotiating table and he understood the irrationality of agreeing to reparations percentages without establishing a better understanding of conditions in postwar Germany. As American representative in the Reparations Commission, he proceeded to block all Soviet efforts at fixing a specific amount and played for time.[12]

For Carolyn Woods Eisenberg, these new policymakers based their postwar policy on "a conception of national security that took the expansion of West European free trade as an absolute requirement for the United States".[13] Anti-communist conservatives and Ivy League corporate elites in the War and State Departments rejected Roosevelt and the Treasury Department notion of a strong postwar working relationship with Stalin primarily to safeguard the highly entwined American and western European industrial interests.[14] These conservatives had furthermore unkindly greeted the wartime alliance with Stalin. The British Chairman of the Joint Intelligence Committee William Cavendish-Bentinck

stated after the German defeat at Stalingrad in 1943 that "Now that the tide had turned, it was in our interest to let Germany and Russia bleed each other white".[15] Truman argued a similar point in 1941. Kenneth Strong, Dwight D. Eisenhower's intelligence chief, told Noel Annan that Supreme Headquarters Allied Expeditionary Force (S.H.A.E.F.) generals actually discussed a harsh anti-Soviet postwar policy. "[W]hen the Germans are finished", Strong repeated, "we shall push the Russians back to their pre-war frontiers".[16] British officers actually intensified this debate after war's end by pushing the idea of protecting a western German region from penetration by the Soviet military.. In July 1945, the British Chiefs of Staff recommended that "if Russia turned hostile Britain would have to incorporate as large a part of Germany within the Western sphere".[17] These considerations were built on a negative view of Stalin and the future of the wartime alliance.

Bitter debate concerning the primary individuals and executive agencies responsible for the formulation of American policy in Germany characterizes the historiography. Revisionists assert that this small clique of American banking and business elites formed foreign policy to comply with their selfish interests and that the public "followed, not shaped, American policy".[18] The revisionists press the claim of contemporary opponents of Truman's foreign policy that the administration acted without popular support.[19] Spurious comments by Dean Acheson, a prominent figure in the Truman administration seem to confirm the revisionist stance concerning elitist disdain for public influence in foreign policy. "If you truly had a democracy and did what the people wanted", Acheson remarked in 1952, "you'd go wrong every time".[20] American presidents and the executive branch, in the opinion of the revisionist historiography, dominated foreign policy formulation and limited mass democratic participation. The elites after May 1945, seen from the revisionist perspective, attempted to "mobilize" public opinion to support a foreign policy driven by economic concerns.   This policy threatened to destabilize the concept of peaceful coexistence with Stalin.

A negative appraisal of the conservative attitude towards Germany drives the revisionist critique of the Truman administration. The revisionists portray the conservatives as disciples of the Machiavellian Prince. According to Eisenberg, the American concern with capitalism helped perpetuate conservative and anti-communist tendencies in Germany. The apparent fear of altering the German economic order at the expense of western European recovery permitted the more odious elements of German society to remain in a position of power. A "virulent anticommunism" within Washington, along with the "affinity of American businessmen for Germany's old economic elite", stymied political

and economic reform.[21]   But other studies of the American extraction of intellectual information and industrial equipment from Germany indicate that the Truman administration did not find reparations incompatible with economic recovery. As later chapters testify, Washington employed the need for industrial demilitarization to excuse the extraction of all kinds of items that only remotely harboured a military use. The view explained in the previous chapter, namely that the Truman administration tied European reconstruction to German heavy industry and that this concept represented the "linchpin" of Washington's European policy does not imply either that German reparations were minimal in nature or that a concern for the prewar elite dominated all facets of policy.[22]

Noam Chomsky furthermore asserts that scholars misconstrue the nature and importance of postwar national security demands on postwar American and Soviet Policy. In true revisionist fashion, Chomsky argues that American planners and elected officials understood the relative military weakness of the Soviet position, and focused on the potential spread of communism beyond the confines of the Soviet sphere and the challenge to American power that this represented. The revisionists claim that the chimera of an expansionist Soviet leadership, either by political or military means, mobilized American client governments and the domestic populations to willingly accept a decidedly conservative and capitalist policy direction. Stalin, in Chomsky's opinion, followed in a similar vein. The dictator dismissed the probability of postwar military confrontation with the United States and proceeded to demonize the capitalist democracies to unite the Soviet masses behind him. Both sides employed a simplified and stereotypical image of the other to cultivate a climate of fear for policy ends. This tacit agreement became the basis for the Cold War division of the globe.[23]

But the War and State Department's "soft" approach to postwar Germany, as pointed out in the previous chapter, predated the death of Roosevelt. Any incongruence or fluctuations of this policy, after the straightforward presentation of reality as perceived in 1944 and 1945, were political or emotional in nature. The Morgenthau interlude clearly represented an emotive response to the horrors of war. Political wrangling also curved the direction of policy. That is, both War and State Departments emerged from the war locked in a struggle over policy formulation and implementation.   Establishing military requirements according to military necessity, the extension of military calculations into foreign policy, brought the soldiers into conflict with the diplomats.[24] The logical grounds for adopting a "soft" approach remained. And the benefits of using German industrial production to solve a long list of problems, as became unquestionably clear by 1947,

exerted a tremendous magnetic pull on Washington long before the guns fell silent. Truman gravitated towards the policy for the same utilitarian reasons.

He therefore applied considerable pressure to convince Congress and the American public of the need to rebuild Europe and a democratic and demilitarized Germany as the "linchpin" of American postwar policy.[25] The revisionists imply that the American public, largely in favour of amicable relations with "Uncle Joe" as Stalin was affectionately called by the press, had to be cajoled into accepting the conservative position. The revisionists lament the failure of the various committees of Congress, such as the Senate Committee on Foreign Relations, to significantly influence foreign policy formulation. The wartime national security priorities and subsequent freeze of Soviet relations, they argue, concentrated decision-making power into Truman's hands and limited the impact of Congress on foreign affairs.[26] Partly for these reasons, the Truman administration succeeded. In this instance of intense propaganda, the government convinced 72 percent of Americans of the need to rebuild Germany by January 1947.[27] The American media fulfilled an important political function in helping to form domestic acceptance of the "new course" in German policy.[28]

The revisionist position concerning policy formation by a small elite core of capitalists however fails to account for the democratization of foreign policy during the 20th Century and the effect of public involvement in professional foreign policy formulation. Technological advances in communications permitted ever greater public involvement in foreign policy decisions and to a certain extent infringed on the power of the State Department. This involvement exhibited a tendency of moralizing and emotionalizing world events and judging foreign policy responses against the crude schema of right and wrong. This process of simplification forced elected officials to enter the foreign affairs arena and limit the influence of the professionals. The attempt to gain domestic political capital from foreign affairs by the politicians weakened the older forms of negotiation for the maximization of state interests.[29] The progressive weakening of technical diplomacy by the elected executives in order to thwart public criticism and survive in office led in part to certain policy fluctuations regarding Germany.

During the 1990s, historians reassessed the nature of Allied military government in Germany from a perspective other than the inter-Allied conflicts concerning reparations and the future composition of the German political system.[30] A concentration on Allied cultural projects, foreign exchanges, and non-governmental organizations pointed to an active Allied role in pursuit of democratization.[31] Volker Berghahn, in nominal revisionist

fashion, demonstrates that the policies of the western Allies strengthened the resolve of Germans in their respective zones of control to accept democratic capitalism and reject both the old conservative right along with the radical right.[32] This trend attacks the standard revisionist argument that a strongly anti-communist and highly conservative American policy promoted the retention of old political elites in Germany and therefore squandered the opportunity for effective democratization or led to a breakdown in relations with Stalin. American policy in Germany, as emphasized in the last chapter, tried to balance a policy of restructuring with economic and political realities.

4.3 Truman's Views Concerning the Soviet Union and Germany

Truman met with Soviet Foreign Minister Vyacheslav Molotov in Washington on 23 April 1945 only eleven days after assuming the presidency. The meeting followed Stalin's refusal to send the Soviet Foreign Minister to attend the upcoming San Francisco conference. The assembly aimed at the creation of a replacement for the failed League of Nations. Not only did Stalin seem uninterested in the new global organization, an important postwar aim of the Roosevelt administration, the dictator appeared willing to provoke Washington. Stalin accused the Anglo-Saxon powers of breaching the provisions of the grand alliance, the determination to impose unconditional surrender on the enemy, by accepting the surrender of the German forces in Italy constituted a breach of the grand alliance.[33] Washington and London on the other hand opposed the Soviet reorganization of the Lublin government of Poland and the creation of a virtual puppet state under the hammer and sickle. British Foreign Minister Anthony Eden had encouraged Truman to discuss the Soviet failure to abide by the Yalta accord concerning Poland. Stettinius reported to Truman that Soviet actions in Poland were indicative of a "firm and uncompromising position on nearly every major question".[34] Truman lashed out at Molotov.[35] The president cut short Molotov's feeble attempt to defend the Soviet position with a reference to Polish wartime activities against the Red Army. While Truman "desired the friendship of the Soviet government", he angrily continued that "it could only be on the basis of mutual observation of agreements".[36] The president left the room after the brief barrage of Molotov.[37]

Truman's rough handling of Molotov was probably intended to encourage some sort of a quick resolution to the Polish problem. The action by itself did not reflect a rejection of Roosevelt's policy of cooperation.[38] Charles E. Bohlen, an American diplomat, in fact speculated that Roosevelt's reaction the Soviet absorption of Poland would have been similar.[39] Truman's demand for compliance with the Yalta accords concerning

Poland however elicited a sharp reply from Stalin. But an escalation of the war of words over Poland did not seem in the interests of either great power. "In the ensuing weeks", George F. Kennan later explained, "Truman somewhat softened his words, if not his attitudes, in his communications with the Kremlin".[40] Truman backed away from his desire to immediately suspend lend-lease shipments to the Soviet Union after considerable protest by communist negotiators.[41] The president also pressured an unwilling Winston Churchill to accept the withdrawal of western military forces to the borders agreed at Yalta.[42] The Truman administration in any case backed down and subsequently recognized the Soviet puppet government in Warsaw after a few minor concessions.[43] The president generally seemed willing to keep the relationship with Stalin on civil terms.

Soviet newspapers nevertheless adopted an extremely critical view of Washington during this period. Kennan, stationed in Moscow, sent his department a summary of an April 1945 "Pravda" article that demonstrated "dangerous connections" between German and American industrialists. The article mentioned that American businesses in 1943 still held onto enemy property valued at $1.29 billion and concluded that "capital investments were larger in Germany than in any other country except Canada" prior to the war. The article chastised American business for nourishing their cartel arrangements with German industry during the war, especially between I.G. Farben and Du Pont, and helping enemy industrialists to disguise their holdings by buying plant and patents.[44] This article and others did not represent wild speculation. The knowledge that American and German businesses worked with another during the interwar emerged openly in 1945. A subcommittee of Congress published a large document that emphasized how German industrialists learned modern mass production in the United States. The transfer of industrial knowledge, in the opinion of the report, "accidentally played an important role in the technical arming of Germany".[45] This development was only possible because of an intricate relationship that characterized the dealings of many firms.[46] Considering the tough debates in Washington concerning the most logical course of European reconstruction, and the importance attributed to German industry, the Soviet hypothesis that American capitalists nourished an idea of restoring the substance of the defeated state's industry was not wide off the mark.

But Moscow adopted the crude line of argumentation later taken up by the revisionists. Washington's early concentration on German recovery, termed a selfish policy geared towards domestic economic stability built on a platform of global expansion, alienated Moscow and forced the Cold War.[47] The revisionists hardly acknowledge the

principle problem faced by American policymakers concerning a Germany widely believed as destroyed by aerial bombing. Restricted by geopolitical considerations, the revisionists gravitate towards the idea that American business elites hoped to employ residual German industrial muscle in a manner anathema to Stalin. This perspective follows the Stalinist mindset—explored at a later date—that a functioning postwar world depended on the disappearance of German industry.

The negative discolouration of American policy contains unsavoury morale implications. Tom Bower for example writes that the western German state, fortified by American dollars, later dismissed the reparations issue altogether and gave "nothing in return".[48] The revisionists therefore imply that Washington ultimately dismissed the morale imperative of reparations by sanctioning the reconstruction of German business. This dissertation does not take a stand on this issue owing to the difficulties in tabulating the monetary value of morality. It should instead be noted that the objections of revisionists seem to rest with the postwar reconstruction of western German heavy industry itself. This argument defies rational analysis. If American and German business elites maintained a close relationship, and this argument appears strong, the intertwined arrangement naturally promoted a "softer" approach to Germany in order to shield American holdings from reparations seizures and to protect trade patterns. It is simply hard to imagine overwhelming American elitist support for the Soviet postwar conceptions that ignored decades of historical development and a particular business ethos.

The words of "Pravda" indicated trouble ahead. A new mentality in Washington also influenced a particularly negative response. The president's minor concessions could not mask a growing distrust of Soviet intentions or the "deeply undermined" nature of the grand alliance.[49] Even though a framework of cooperation still characterized Truman's policy in the summer of 1945,[50] the president reevaluated American foreign policy during these months and generally did not like what he read. The Yalta agreements, from Truman's perspective, revealed how seriously American and Soviet perceptions of the postwar world diverged. He dismissed the Yalta accords as imprecise.[51] Washington's growing awareness of strains in the alliance furthermore continued according to the tradition established by Roosevelt and observed international relations from a military perspective.[52] Some historians concerned with the militarization of American foreign policy after 1945 blame Truman's proclivity towards a military perspective as a primary reason for the disappearance of Roosevelt's policy of cooperation.[53] The continuation of the war in the Pacific against the Japanese in any case postponed the return to civilian

normalcy. But the militarization of policy perspectives remained after the guns fell silent. The requirements of national security, in Daniel Yergin's opinion, represented the "commanding idea" of American foreign policy in the postwar period.[54] Washington subjected all international problems and disputes to a military calculus that gauged the American ability to respond militarily. The expanded interests of the United States in 1945, in any case, required an exponential increase in direct military power to permit the effective global projection of power.[55]

This perspective however fails to adequately acknowledge the impact of the Japanese military strike against the American fleet in Pearl Harbor in December 1941.[56] The Japanese assault demonstrated American vulnerability in the face of modern military technology. A strong industrial and economic system and significant oceanic barriers no longer guaranteed the safety of the United States.[57] American policymakers had traditionally resisted the erosion of sovereignty implied by international negotiations and arrangements. The shock of Pearl Harbor helped convince the staunch proponents of isolationism such as Senator Arthur Vandenberg of the limits of unilateral policy. Vandenberg changed direction to support multilateral negotiations in the United Nations after victory.[58] A new geopolitical framework arose out of the destruction of the war. American policymakers developed a new multilateral approach that retained some of the earlier conceptions.[59] As Kennan put it, a "country which in 1900 had no thought that its prosperity and way of life could in any way be threatened by the outside world had arrived by 1950 at a point where it seemed to be able to think of little else but this danger".[60]

The postwar continuation of isolationist tendencies within the United States only marginally interfered with the Truman administration's foreign policy aims and military priorities. Overemphasizing Congress and the public's fervour to start postwar reconstruction, however, should not be confused with prewar isolationism. A significant demand for demobilization and a desire to forestall expensive reconstruction contributions to foreign states or equally expensive defensive expenditures characterized the postwar variant. The experience of the war of course eroded the prewar basis of isolationism. The barbarity of the Nazis spawned the idea that the democratic states should prevent tyrants and their states from acts of infamy. Technological developments such as the rocket and the atomic bomb added to the dangers of surprise attack experienced at Pearl Harbor. Most importantly for the entire fabric of American society, wartime military industrial needs reinforced the growing dependency of modern society on resource allocation and the absolute imperative of secure access to raw materials.[61]

The notion of military preparedness gripped Washington. Policymakers now understood national security in general terms encompassing the various elements relating to productive capacity. Raw materials, industrial infrastructure, skilled manpower and military bases constituted the ingredients of state power. Truman, Forrestal, and Marshall therefore pushed hard after 1945 for the adoption of conscription in order to balance military capabilities with national security interests.[62] In an appeal to Congress on 6 September 1945, the president requested an extension of wartime selective service for men between 18 and 25 for a period of two years and announced his desire to institute a universal training program.[63] Even though Congress ultimately rejected compulsory military service as "un-American", Truman's vehement stand on extending the draft into peacetime demonstrated how a new perspective impacted traditional American values.[64] "The most fundamental strategic interest of the United States", Melvyn Leffler argues, "was to prevent any potential adversary or coalition of adversaries from mobilizing the resources and economic military potential of Europe for war-making purposes".[65] This argument implicitly specified that no other state could be allowed to attain military power equivalent to that of the United States and their allies.

The return to postwar normalcy entailed by demobilization by definition threatened to weaken the level of military strength considered an important and necessary element of the new multilateral postwar global system. But American military planners could not easily translate the dominant national security conceptions based on increased peacetime strength into an "actual" defensive program during the early postwar period. The American military demobilized relatively swiftly and the number of soldiers fell from 12 million in June 1945 to 1.5 million in June 1947.[66] These developments worried military planners now accustomed to defining their requirements in global terms and they kept a close eye on international political and economic affairs. Derived from wartime experience, the Truman administration could only compensate for the decreasing number of soldiers in the American ground forces by relying on the great strength of the United States—the industrial system. Truman relied on the overwhelming economic strength of the United States instead of bulging military muscle.[67]

American economic interests mattered. With the world's largest intact economic infrastructure, fortified by the extremely coercive firepower of the American nuclear arsenal, Greg Herkin implies that Truman disregarded Soviet aversion to the march of capitalism.[68] But the Truman administration defined their vision of a reconstituted postwar global system in capitalist terms that stressed American interests in a manner designed to

compensate for steadily decreasing troop strength. Washington linked the military and economic security of the United States to the ascendancy of capitalism. "As long as we can outproduce the world, can control the sea and can strike inland with the atomic bomb," argued Forrestal, "we can assume certain risks otherwise unacceptable in an effort to restore world trade, to restore the balance of power—military power—and to eliminate some of the conditions which breed war".[69] The democratic capitalist conversion of Germany into a trade partner of the United States represented a condition of this policy. But such ideological considerations did not represent the only argument. Eisenberg points out how Clay worked closely with the American industrialists and bankers in the Economics Division of the military government in Germany such as Division Director William Draper of Dillon, Read & Co., Graeme Howard of General Motors, Frederick Devereux of I.T.T. and Rufus Wysor of Republic Steel. Clay agreed with these industrialists that only the support and resurrection of the German business elite could help revive Germany.[70] The Truman administration not only attempted to create a world order conducive to American political and economic interests in search of security.[71] A large group of Americans actually believed in the superiority of their system.

Scholastic attention to the postwar sometimes asserts that the capitalist mindset espoused that the Truman administration attempted to avoid a domestic economic recession by gaining access to international markets.[72] But what markets? Americans looked on the developed economies of Europe and Asia and observed only smouldering ruins. The American economy, despite the tremendous strides made in wartime military output, could not return these states to economic health alone. The American economy first of all suffered a series of setbacks during the immediate postwar period. The reorganization of a civilian-driven economy represented a particular problem. Congress, the military and the captains of industry fought during the war over critical resources and manpower.[73] The Office of War Mobilization and Reconversion, established by Roosevelt on 27 May 1943 and directed by James Byrnes with the close support of Clay, worked particularly hard to balance attempts by industrialists to husband their workers and the needs of the generals for more soldiers.[74] American military production "peaked" in 1943 and slowly receded in a climate of shortages.[75] The impending victory in Europe changed matters significantly. Congress demanded that Washington end the wartime subsidization of the military industrial complex to bring the budget in order during 1945. Truman sanctioned the slashing of expenditures on military hardware and orders for new weapons of all types. The totals fell from $90.9 billion in January 1945 to $10.3 billion during the second quarter of

1947.[76] This reduction in state funding precipitated a fall in overall productivity as civilian industries reorganized to satiate the voracious world hunger for industrial goods.

The American public in particular grew restless. Domestic industries could not work fast enough for the general populace. Shortages in housing, automobiles, sugar and coffee turned the postwar American population increasingly against the Truman administration.[77] The Democrats suffered heavily in the 1946 congressional elections owing to the popular dissatisfaction with the speed of reconversion. A series of debilitating strikes furthermore paralysed production as workers clamoured for higher pay. Over 800,000 steel workers walked off the job in 1946 in the "largest strikes" in American history.[78] Coal miners put down their tools and joined the strikes on 19 November 1946. Shortages in a wide range of component parts shut down the production of automobiles and trucks at Ford and Chrysler plants.[79] Approximately 4.6 million American workers sat idle during 1946 resulting in the loss of 116 million man-days of work. Serious global coal shortages, worsened by these strikes, led the British government to complain to the secretary of state. London pointed out that the strikes had an "extremely serious impact" on the economies of Europe.[80] Washington had great difficulties in coming to grips with the problem. Truman even threatened to draft the steel workers as a desperate act of coercion.[81]

The difficult state of the global economy, subsequently worsened by domestic American developments, helped turn Truman's gaze towards Germany. The president immediately accepted the War and State Department's wartime position after taking office that the reestablishment of a politically and economically stable Europe required a reconstructed German industrial system.[82] The Secretary of War Henry Stimson informed Truman on 16 May 1945 that "The eighty million Germans and Austrians in central Europe today necessarily swing the balance of that continent".[83] The central problem, according to Stimson, represented "how to render Germany harmless as a potential aggressor, and at the same time enable her to play her part in the necessary rehabilitation of Europe".[84] This dilemma would characterize postwar deliberations.

Prior to meeting with Churchill and Stalin at Potsdam to discuss the fate of the defeated nation, Truman stated that he desired "all the bargaining power–all the cards in my hands, and the plan on Germany is one of them".[85] But Truman accepted the belief that the economic recovery of Europe depended on the revival of heavy industry in Germany centred on the extraction of coal. In one of the president's first directives to the American occupation authorities, he demanded the reactivation of German coal-mining in pursuit of

yields of approximately 25 million tons by April 1946.[86] The statistics demonstrate that German companies set to work fulfilling this demand in the postwar and they mined 152 million tons (nearly 100 percent of the prewar western German average) alone during 1948 and much more in subsequent years.[87] Truman's bold instruction indicated more than attention to mining levels in Germany. His policy depended on the joint administration of Germany owing to the fact that the American zone contained few resources and was largely devoid of coal. The revival of the civilian industry in Germany therefore represented the "essential objective of American foreign policy ever since the summer of 1945".[88]

The overriding importance attached by Washington to the economic recovery of Germany technically impacted all other conceptions of occupation. Did Washington however see a connection between heavy industrial revival and military capabilities? In regards to the bulk of evidence suggesting Washington's support of economic recovery, Arnold A. Offner in fact speculates that "Truman had no interest in a unified, neutral, or demilitarized Germany".[89] The evidence however demonstrates that the president did not view general reconstruction and the demilitarization of industry as conflicting principles in 1945. The premium placed on reconstruction did not influence the American seizure of technology, certain industrial facilities or scientific research. Truman issued executive Order 9604 on 25 August 1945 and sanctioned the American seizure of "all information concerning scientific, industrial and technological processes, inventions, methods, devices, improvements and advances heretofore or hereafter obtained by any department or agency of this Government in enemy countries regardless of its origins, or in liberated areas, if such information if of enemy origin or has been acquired or appropriated by the enemy".[90] Other methods of industrial demilitarization, as later chapters emphasize, were needed to create conditions of peace—methods that integrated economic recovery.

Nor did Washington necessarily promote a rigidly conservative capitalist state. Daniel E. Rogers demonstrates that American denazification conceptions did not stoke the fires of antisocialism in pursuit of a conservative capitalist ascendancy. Policymakers simply hoped to avoid the political instability of Weimar. The occupation authorities discouraged splinter and special interest organizations from drawing support from the major German political parties. Washington discouraged the political activities of the vehemently socialist antifascist or "Antifa" committees, but also targeted the refugee single-issue organizations of a more conservative leaning. The spectre of communist totalitarianism nevertheless remained. The growing Cold War tensions led to a reclassification of the Antifascist organizations as "camouflaged bodies for the propagation of communism".[91]

Rebecca A. Boehling laments the American decision to block the "Antifas" from the avenues of power, and argues that such a policy hindered the democratization process.[92] It is however difficult to understand why Washington should have sanctioned organizations that flirted dangerously with a dictatorial format that the western Allies were trying to uproot.

The denazification of industry followed a similar pattern. Washington originally focused on the big names to avoid a "gutting of German industry during its crucial period of reconstruction".[93] The Allies arrested industrial magnates such as Alfried Krupp von Bohlen und Halbach and Friedrich Flick. Complicity represented a banality. Business leaders could not blind Washington from the truth of industrialist involvement in Hitler's war. The American occupation authorities, as examined earlier, were well aware of at least tacit German industrial complicity in Hitler's rise to power and the atrocities that followed. Military government analysis of the largest German banking institution, the Deutsche Bank, illustrated the deep links between financial sector and the criminal activities in the occupied areas.[94] The Deutsche Bank controlled 28 percent of AEG, 38 percent of IG Farben, 49 percent of DEMAG and 53 percent of Mannesmann-Röhrenwerken. These firms, the control of which increasingly concentrated into fewer and fewer hands as the war progressed, were either directly involved in the extermination of European Jews or employed large numbers of slave labourers.[95] But the trials did not form a part of any viable deindustrialization conception.

Historians emphasize how these men concentrated on various public relations schemes in the immediate postwar in order to cleanse themselves of the association with Nazism. The industrialists mobilized considerable resources at the Nuremberg trials. German heavy industry banded together to streamline the collection of documents intended to "serve both the immediate needs of the legal defense and aid future historians and attorneys in their pursuit of accurate information relating to industry during the Third Reich".[96] Industrialists pursued a revision of history primarily for domestic German consumption in order to deflect Marxist criticism of capitalism among the working classes and safeguard their positions as elites. Extensive pressure was brought down on the occupation authorities during the trial period that lasted from the original incarceration after May 1945 to the release of convicted and imprisoned industrialists by the High Commissioner for Germany John J. McCloy in 1951.[97] The men returned to firms that still existed.

Scholastic criticism of the conservative nature of the Truman administration should not obscure the fact that the concept of German industrial recovery predated or perhaps even spawned the conflicts with Stalin. Subsequent sections reinforce Stalin's negative reaction to the American support of the principle of German industrial survival. But the historical record clearly demonstrates that Washington's newly entrenched conservatism did not diminish the desire to demilitarize industry or punish prominent Nazis. The conservatives, in echoing the preliminary work of the State and War departments, only questioned the means and not the end of controlling dual-use facilities. These men believed that the fate of the postwar global economy depended on a strong German heavy industry that produced a wide range of goods for the civilian economy. Stalin, for a host of reasons, appeared determined to jeopardize relations with Truman's government—and the health of the postwar world—in pursuit of a Carthaginian peace that could not even benefit the Soviet Union. While historians can successfully argue that support for traditional elites in Germany by the conservatives in Washington represented an outcome of Cold War tensions with the Soviet Union, this viewpoint does not hold true for the economic and industrial survival of Germany.

4.4 The Blanket Soviet Seizure of Reparations

As pointed out, American-Soviet relations started to sour in the aftermath of the Yalta Conference. The inability to hammer out a workable system of control in Germany based on reparations in particular revealed the future problems of gaining Soviet interest in establishing a rational postwar order. The months after Yalta also revealed how seriously American and Soviet perceptions of the postwar diverged. Lend-lease issues and the entrenchment of Soviet military control in eastern Europe, while problematic, did not however doom the alliance. Nor did the appointment of Truman, an outspoken critic of Stalin and his brutal brand of communism, initially divide the world into warring camps. Stalin's inability to agree with the logic of western conceptions concerning Germany represented another matter.

While Stalin left most other matters of occupation policy such as the final treatment of prisoners of war and civilians ill-defined and open to wide speculation,[98] Soviet authorities immediately carried out the dictator's policy of seizing reparations in Germany. The evidence clearly demonstrates that Soviet policy did not concern itself with the impact of reparations on industrial capacities or the matter of a functioning economy until the Berlin Blockade of 1948 made the division of Germany a permanent reality.[99] The deepening Cold War split forced a reevaluation of policy. But Stalin's aims during the final

stages of the war and the months following defeat only appeared haphazard and lacking in direction. Until political necessity impacted opinion, the Soviet authorities removed large percentages of salvageable industrial equipment from the factories they physically occupied. The statistics support the interpretation of Stalin's policies as akin to pastoralization.

Polish investigations of German industry in the annexed territories revealed that the war and Soviet looting destroyed and removed 96 percent of industrial equipment and virtually everything else of even dubious value including bathtubs and radiators.[100] A host of sources corroborate this conclusion. The Soviet military authorities, according to initial American estimates, dismantled 95 percent of Berlin's industrial machinery before the western Allies marched their troops into the ravaged city. Brigadier Frank Howley, who commanded the first detachment of Americans to enter Berlin in July and helped form the first impressions of Soviet activities, recalled that

> They had dismantled the refrigeration plant at the abattoir, torn stoves and pipes out of restaurant kitchens, stripped machinery from mills and factories and were completing the theft of the American Singer Sewing Machine plant when we arrived. Over in the British sector, they had taken out generating equipment from the only modern plant in the city. Much of the looted equipment was of dubious use or had been wrecked through ignorance.[101]

The equipment left behind by the Soviet military in Berlin was wither too heavy, such as the presses of the Borsig plant, or buried under heaps of rubble.[102] A prominent American politician described the Soviet reparations policy during a visit to Germany in the summer of 1945. "The Russians moved in with such violence at the beginning", he wrote, "stripping factories and raping women" and "What they didn't take, they destroyed".[103] This unbalanced policy of revenge symbolized Soviet activities in the minds of policymakers.

It is nearly impossible for historians to place a figure on Soviet seizures. The frontline troops pillaged shops and homes. Special Soviet "trophy battalions" travelled throughout the occupied territories in pursuit of machinery and equipment of all categories and shipped them east. Since the Soviet authorities did not record the original reparations seized by the advancing troops, and only initiated accounting after 2 August 1945, the total sum of goods seized from the eastern zone cannot be known with any precision.[104] The lack of a Soviet equivalent to the American Bombing Survey furthermore distorts any assessment of immediate reparations seizures or even the values recorded. Historians cannot know with any certainty how much of eastern German industry survived strategic

bombing and combat operations intact. Norman M. Naimark speculates that seizures prior to 2 August 1945 exceeded the $10 billion in reparations demanded by Stalin.[105] Certain inconsistencies also emerged in the American reporting of Soviet activities in Berlin. Subsequent American observations in Berlin recorded the continued operation of certain facilities vital to the economy of the city such as power plants and chemical industries. Historical research, built on the conclusions reached by Naimark, however indicates that the Soviet authorities removed about one-third of the productive capacity, 80 pecent of the machine-tools, and 60 percent of light and specialized industrial products.[106] These seizures significantly lowered the recuperative powers of eastern Germany and the region's potential to provide reparations from current production. The loss of the Silesian and Berlin production centres—subsequent chapters demonstrate that the loss was not nearly as catastrophic in the latter case—also impacted Germany's ability to trade manufactured goods for raw materials and other necessary imports. The American interpretation of these events, seen from Howley's perspective, reinforced the notion already discussed in the State Department that Stalin supported a reparations policy devoid of any sense of fairness or economic logic.

The historiography that assesses the success of Stalin's reparations program in stimulating the Soviet economy yields a disappointing answer. Despite the promise Stalin attached to reparations, the "poorly executed" and chaotic program of stripping industry did not yield the results hoped for by Stalin. Most of the equipment seized remained unused and sat idle still packed in creates years after 1945.[107] But the inability to effectively utilize German machine-tools and industrial equipment did not still Stalin's appetite for more. Dismantling steadily increased throughout 1945 and 1946. Charles F. Pennacchio concludes that Moscow eliminated the eastern German ability to rebuild without considerable foreign assistance.[108] The Soviet reparations policy ultimately represented a catastrophic mistake that failed to benefit any of the parties involved.

The next chapter addresses the issue of how much loot the Americans seized after victory. For the moment it is worthwhile to record that the historiography draws certain similarities between the communist and democratic occupation practices. The work of John Gimbel and others focuses on the western reparations policy to advance the argument that the nature of the occupation in the western zones did not differ as markedly as traditionally believed. American soldiers did in fact behave like their Soviet counterparts and "went into German farmhouses and took carpets from floors, pictures from walls, wine from wine cellars, silver from side-boards, cheeses from larders, and chickens from

yards".[109] "The occupation of Germany by the Western Powers was like a new Raj",
Douglas Botting explains, "colonial, exploitive, but in part paternalistic and well-
intentioned. Like most colonial rule it suffered from indecisive, out-of-touch direction from
the home government, and its effectiveness – or lack of it – depended in large measure on
the quality of the men on the ground, which was sometimes suspect".[110] But the theft of
chickens, wine and artwork did not markedly alter the productive capacities of industry and
the largely revisionist argument seems trivial.

4.5 Reparations at Potsdam and Reactions to Soviet Moral Abandon

A determined Truman sailed for Europe in mid-1945 with the intention of battling
Stalin and achieving a policy victory at Potsdam.[111] The president later claimed in his
memoirs that he understood the "Russians were planning world conquest".[112] "Win, lose,
or draw", Truman wrote his wife, "and we must win".[113] The revision of the Yalta accords
stood high on the agenda. Truman entertained the idea of confronting Stalin's deep
penetration into central Europe and Asia.[114] But German industrial survival represented the
dominant issue. During the voyage, Truman made the vital decision to downgrade the
importance of German reparations. He emphasized a rational and efficient administration
of Germany. Truman took the position established by the Allied Commission on
Reparations in Moscow in July 1945 that the victors should extract reparations
commensurate with maintaining a "means of livelihood for the German people".[115]
Truman wrote Stimson that the United States refused to play the role of Santa Claus and
rebuild the world without accruing any result other than a "nose thumbing".[116] Truman
directed his Secretary of State James Brynes to complicate the discussion of German
reparations by refusing Soviet access to Ruhr industry and the president rejected the already
substantially reduced Soviet demand for an additional $4 billion in industrial reparations.[117]
Bolstered by Truman's view of Stalin and the Soviet Union as essentially hostile to western
interests, the American delegation went to Potsdam convinced that a functioning
quadripartite administration of the whole of occupied Germany could not succeed, but they
seemed determined to put on a good show.

The detonation of the world's first atomic device at Alamogordo on 16 July
fortified Truman's resolve to battle Stalin. Alonzo L. Hamby and Robert A. Pollard
suggest that the president and his secretary of state originally postponed the Potsdam
conference until the American scientists completed the construction of the world's first
nuclear weapon in order to strengthen the American bargaining position.[118] But the dictator
saw through Truman's strategy and remarked to his ambassador to the United States Andrei

Andreyevitch Gromyko that "Washington and London are hoping we won't be able to develop the bomb ourselves for some time. And meanwhile, using America's monopoly…they want to force us to accept their plans on questions affecting Europe and the world. Well, that's not going to happen".[119]

Moscow, indicative of Stalin's remark, adopted a recalcitrant position. The high degree of espionage in the United States after 1945 underscores the uncooperative nature of the regime. A series of relatively recent explorations of this issue even appear to legitimize the virulent American anti-communist "reaction" symbolized by McCarthyism.[120] John Lewis Gaddis rejects his older postrevisionist position and offers a simpler explanation for the outbreak of the Cold War. In concentrating on why Stalin chose a path of confrontation with the west, he argues that the totalitarian Soviet system offered Stalin "more chances to surmount the internal restraints on his policy than were available to his democratic counterparts".[121] The Soviet lack of checks and balances simplified matters for Stalin. His brutal handling of dissent within the Soviet Union moreover indicated the dictator's distaste for debate and underlined his desire to dominate all aspects of state policy.[122] Despite the opportunity for policy modification to accommodate American interests, Stalin's nature of distrust prevented the adoption of a cooperative stance. For Gaddis, the dictator's acceptance of the ideological demand for world revolution meant that "as long as Stalin was running the Soviet Union a Cold War was unavoidable".[123] Gaddis' work symbolizes the revival of older traditionalist interpretations that stress the impact of Stalin's paranoid demand for national security on relations with Washington.

Immediately prior to the initial session of the Potsdam Conference on 17 July 1945, Truman drove with Byrnes and Admiral William D. Leahy through Berlin for the first time. The president, travelling a motorcade, examined the city under the hot summer sun. The visible results of strategic bombing shocked the president. Observing the "extremely disturbing" twisted and charred ruins of the shops and houses with his own eyes, the president concluded that the war had brought Germany "absolute ruin" and that he had never seen "such destruction". Truman understood that the Nazi regime bore responsibility for the destruction of the cities. The president accepted the hard truth that the German population had "brought it on themselves".[124] But the direct observation of daily hardship gradually transformed perceptions of Germany. Truman, as true of many prominent figures of the occupation forces, had not experienced the horrors of the front. Petra Goedde theorizes that the large proportion of women and children in the devastated cities, a significant enough percentage of the male population lying dead on the battlefields or

languishing in prisoner of war camps, cultivated a "feminized" impression of German society that stimulated the nature human desire to protect.[125] The Soviet military's mass acceptance of rape and slaughter as a legitimate form of behaviour demonstrates that this theory, if considered plausible, was limited to western society. But the duality in Truman's thinking was reflected in overall policy. Washington still aimed at the pacification of German society through a sweeping cultural revolution aimed at political reeducation and the "long-range protection against a recurrence of aggression".[126] Bringing democracy to Germany operated as a major principle.

The point must be emphasized that western leaders generally understood that the economic dislocation caused by the war required a reparations policy that entailed a certain degree of suffering. Eisenhower addressed the German public in August 1945 and stated that the

> coming months are going to be a hard test for you. You will have to be tough—there is no alternative. Every sign indicates a severe shortage of food, fuel, housing and transport. So the townspeople will have to go into the country and help to bring in the harvest. There will be no coal for heating homes this winter. So you will have to go into the woods and cut down your own firewood. A third priority is living accommodation. Damaged property must be repaired to offer as much protection from the winter as possible. So you will have to collect scrap material and gather deadwood in the forests. These are all your problems. Their solution depends entirely on your own endeavors.[127]

But few members of the Truman administration countenanced the wild Soviet rape, murder and plunder of the eastern populations. Eisenhower did not appear to take even his own words seriously. At a United States Forces European Theater G-5 Civil Affairs Section conference on 19 July 1946 the military leader emphasized the need to assist in preparations for the coming winter and ordered the military to assist German farmers with the provision of trucks and drivers.[128]

Truman, Stalin and Churchill—replaced by Clement R. Atlee whose Labour party ousted the wartime Conservatives in a surprising landslide electoral victory during the Potsdam conference—met at Schloß Cecilienhof in Potsdam between 17 July and 2 August 1945 to compose the directives for the occupation and administration of Germany based on the assumptions previously reached at Yalta. The document which emerged from the discussions proclaimed the resolve of Britain, the United States, and the Soviet Union to eradicate Nazism and reform the German state politically, militarily and industrially "to assure that Germany never again will threaten her neighbors or the peace of the world". These policies served the higher and unquestionably just purpose of compensating

Germany's victims for the horrors visited on them. The conference established the Council of Foreign Ministers (C.F.M.) to handle various aspects of the German problem in central Europe such as the treatment of Germany's allies during the war and establish a final peace treaty. The victors more importantly sanctioned the formation of the Allied Control Council (A.C.C.) composed of American, British, French and Soviet representatives in Berlin to carry out the general policies outlined in the Potsdam protocol.[129]

These policies underlined a clear but imprecise commitment to "complete" industrial demilitarization and the reduction of overall productive capacity. The protocol authorized the destruction of "all specialized facilities" for the production of armaments and forbade the production of "aircraft and all arms, ammunition and implements of war". Determining the meaning of "implements of war", a particularly difficult theme during this period, proved the difficult issue. The protocol defined the dual-use elements of industry as including the "production of metals, chemicals, machinery, and other items" necessary for armaments. This definition implied that every aspect of modern industry from basic chemical compounds and metals to the capital equipment needed to shape and form raw materials into consumer products, such as aluminium, nitrogen fixation and machine-tools, constituted a basic military potential. The American delegation, in line with State and War Department papers, emphasized that the occupation authorities should place "primary emphasis" on the "development of agriculture" and "peaceful domestic industries". The reconstruction of German coal-mining and the transportation network played an important first step in reorganizing the German state to subsist without external assistance. According to the American position, the money generated by coal exports, for example, should "in the first place…pay for imports into Germany".[130] But the use of such a general definition influenced a demand that the occupation authorities control whatever residual industrial capacity the A.C.C. subsequently deemed necessary for an industry the policymakers hoped would emphasize "agricultural and peaceful domestic industries". The agreement ordered the completion of industrial dismantling and reconversion of a period of two years.[131]

The Potsdam protocol complicated matters further. The agreement stipulated that Germany retain sufficient productive capacity to "meet the needs of the occupying forces and displaced persons in Germany" and maintain a living standard that did not exceed the average of all European countries excluding Britain and the Soviet Union. The heavy demands placed on German industry by the Potsdam protocol in the immediate postwar generated intricate problems for the occupation authorities. The seemingly straightforward order to reduce German industry to a "fixed level" somewhere between that of France and

Albania obscured the implicit importance that American policy and the Potsdam protocol placed on the continued survival of German heavy industry. Not only did the agreement demand that German industry provide reparations from production and exports for essential raw materials, the protocol recognized the need to increase coal production and agricultural output, and repair housing, transport and essential utilities. The protocol furthermore suggested that the decision to transfer millions of Germans from eastern Europe and the lands annexed by Poland and the Soviet Union "would increase the burden already resting on the occupying authorities" and by implication that the transfers would impact the calculation of a sufficient German industrial level.[132] Clay in fact viewed the Potsdam Agreement as a mandate to rebuild the German economy.[133]

The inner contradictions of industrial demilitarization and the removal of German industrial dominance in Europe seem trivial in relation to the serious inter-allied differences over reparations that the Potsdam protocol attempted to mask by proclaiming the decision to administer Germany as a single economic unit. "When one strips away the verbiage and reads the internal documents carefully, when one looks at what was actually done and the sort of thinking that real policy was based on", Marc Trachtenberg argues, "it is clear that the Americans at Potsdam had indeed essentially given up on the idea that Germany could be run on a four power basis".[134] Considering the extent to which the Soviet military gutted eastern Germany, Stalin's support of the principle of a functioning German economy—after having removed over 80 percent of industry in that region according to his own perceived needs—must be read with extreme reservation.

The evidence suggests that the Truman administration knowingly distanced itself from Soviet reparations policy altogether. Stalin's intentions regarding the Ruhr industrial region also worried Truman.[135] The president and Byrnes hoped to enhance American control over western German industry and minimize Stalin's interference by establishing a fixed sum as the basis of reparations.[136] The secretary of state presented Stalin with a generous offer aimed at eliciting Soviet support for the restriction of reparations policy by each occupying power to their respective zone of control. Byrnes offered a quarter of western German surplus industrial capacity as reparations and to pay for basic commodities such as food for the population.[137] Byrnes sweetened the offer by officially sanctioning the Soviet Carthaginian peace in the east. The Truman administration accepted the annexation of one-quarter of Germany by Poland and the Soviet Union, fixing the new border at the Oder-Neiße river, and the expropriation of all German assets in eastern Europe including the homes and belongings of more than 15 million people.[138] Article XIII of the Potsdam

Agreement sanctioned the "...transfer to Germany of German populations, or elements thereof, remaining in Poland, Czechoslovakia, and Hungary...in an orderly and humane manner".[139] Truman furthermore offered to finance necessary imports to all four zones, as determined by the Control Council, and on 29 July 1945 assigned the procurement responsibilities to the War Department.[140] Stalin accepted the offer even though, as argued by David Holloway, he speculated that Truman aimed at withholding reparations from western Germany.[141]

Revisionist historians argue that Truman's strategy seriously weakened the foundations of the Potsdam Agreement. Washington's insistence on sole British administration of the Ruhr and the concrete offer of 25 percent of excess industrial capacities insulated the region from Soviet interference. But the strategy also hindered the formulation of a common economic policy and therefore established the contours of later German division.[142] Truman's tough stance, the revisionists point out, demonstrated an unwillingness to accept full German responsibility for the destruction Hitler's armies wreaked on Soviet soil.[143] The visible strains in the wartime alliance apparent at Potsdam, they argue, doomed the administration of Germany as a single economic unit.

The revisionist and all similar postrevisionist accounts, in typical fashion, fail to understand that Truman's administration, basing their policies on the articulations of the State and War departments and observations of the Soviet zone, could no longer see how to balance Soviet reparations claims with a humanitarian and sound economic policy. These accounts also fail to acknowledge British opposition to reparations from current production. The chief British authorities on German reparations, Donald McDougall and Viscount Cherwell, protested that the use of industrial production as reparations would interfere with British recovery by maintaining a strong German presence in potential British markets. Cherwell complained to Churchill that the reparations policy only promised to increase German industrial dominance and "export her export markets".[144] Churchill and his successor Atlee chose to adopt the American position of extracting reparations from production. Both American and British governments advocated a system of reparations that "should be judged by its effect on their own economic interests and on general economic conditions in Europe, as well as in Germany itself".[145] London feared with reason that the severe reductions in the German industrial base advances at Potsdam would force a difficult economic burden on western states and significantly slow reconstruction.

As hinted in this chapter, American knowledge of Soviet brutality in the occupied regions helped erode support for Stalin's postwar policies. Article XIII of the Potsdam

Agreement sanctioned the transfer of Germany's eastern territories to the victims of Nazism.[146] But the Truman administration viewed the movement of populations with a degree of reservation. Soviet implementation of this decision first of all indicated neither any regard for human decency or, as stated, the potential for harnassing German industrial resources for European purposes. A callous trivialization of ethnic cleansing and murderous revenge characterized Soviet policy. "When one man dies it is a tragedy", Stalin told Churchill at Tehran, "When thousands die it's statistics".[147] The Czechoslovak "organized transfer" of between two and three million Sudetenland Germans resulted in relatively few casualties and demonstrated a degree of humanity. The situation in eastern Germany proved another matter. With Stalin's consent, Soviet and Polish soldiers raped, tortured and murdered millions of men, women and children in yet another display of the dictator's moral bankruptcy.[148]

Academic approaches sometimes fail to address the American response to the Soviet treatment of the German population. Wilfried Loth, for example, extrapolates from Stalin's proposal for a temporally limited occupation of Germany that he championed the establishment of democracy and a generally conciliatory administration.[149] Loth downplays the impact of looting and raping on western military governments largely by justifying the Soviet murder of "tens of thousands of innocent Germans" as a reaction to Nazi barbarity in eastern Europe.[150] Even though this explanation of the expulsions helps explain the genesis of the order to rape and kill,[151] scholars must investigate the policy's impact on democratic leaders.[152] The Truman administration could not ignore the rape and pillaging of eastern Germany for several reasons. The wasteful elimination of industrial equipment and the annexation of agricultural land first of all deprived Germany and therefore Europe of the tools and food required for economic recovery.[153] The Soviet actions more importantly convinced millions to flee westwards. Over 1.5 million men, women and children alone crossed into the western zones between October 1945 and June 1946.[154] The mass exodus after 1945 complicated an already precarious situation. Millions of "bombed out" Germans, prisoners of war and foreign slave labourers competed for dwindling stocks of food alone. The American military authorities diverted whole divisions, such as the 29th Infantry Division, to provide the foreign victims of Nazism with thousands of army rations.[155] The flood of millions of German expellees into the western zones only compounded the problem. The New York Times on 23 October 1946 described the deportations as a "crime against humanity" and on 13 November 1946 as "the most inhuman decision ever made by governments dedicated to the defense of human rights".[156]

Soviet actions seemed for contemporaries anything but civilized or an understandable outcome of the war.

The Soviet occupation authorities responded to the exodus in 1946 by closing interzonal traffic and demanding that the western Allies in turn close their borders to fleeing civilians.[157] The action predated the construction of the Berlin Wall by over 15 years. "This will cost us a million roubles a day", a political commissar prophesied, "Political roubles".[158] Soviet reports of the eastern German mindset during the occupation specified that the population "hate[d] the communists".[159] The policy of reconstructing the Soviet Union at German expense "froze East Germany in a state of wartime destruction" and "alienated" the surviving population.[160] The flight of potential workers, probably of greatest concern to the Soviet authorities, reduced the total number available for slave labour in the Soviet Union and also for producing reparations at the few industrial facilities that remained intact. Fears of losing reparations forced an escalation in the draconian measures adopted. On 21 October 1946, the Soviet military government moved 180,000 industrial specialists, skilled workers and their families to the Soviet Union. The freeze on interzonal movement and the uprooting of labour further negatively impacted eastern German productive capabilities.[161]

The extension of authoritarian domination over eastern Germany permitted the large-scale rape and plundering of the occupied territories and more importantly helped ease Stalin's "paranoid" fear of German industrial revival.[162] But this policy of terror required the erection of a large control apparatus. The Soviet administration persecuted all potential political opponents and rigged elections to convey an image of solidarity with the Soviet administration. Another of Loth's arguments, namely that Stalin granted his puppet Walter Ulbricht control over internal affairs and in fact became a "prisoner of Ulbricht",[163] conveys the false image that a rational process of socialization was undertaken.[164] The eastern German communists or Socialist Unity Party (S.E.D.) clearly represented nothing more than a political pawn.[165] A host of rigged elections culminated in the laughable 99.72 percent victory of the S.E.D. in October 1950.[166] Large armed German internal security forces were recruited from these politically reliable factions to help enforce compliance.[167] The Soviets initiated work on future German military forces in 1946 and progressively militarized the Soviet zone long before the official sanctioning of East Germany in October 1949.[168] Stalin supported a plan for the creation of a 10,000-strong military formation as early as July 1948.[169] The arming of Germans broke with A.C.C. regulations that prohibited any "German police agencies and bureaus that have as their purpose the

supervision or control of political activities of persons within Germany".[170] These forces acted more as a supplement to Soviet civil-military requirements than as the creation of an eastern German force capable of real military action against Soviet opponents. This control system furthermore absorbed resources and denuded industry of potential labour.

From 1945 onwards, Stalin's declarations of support for a united and neutral German state conflicted with the actions of the Soviet military government. The establishment of political puppets and a regime of terror did not reflect the demands made at Potsdam for stability, order and most importantly unity. Stalin plainly advanced security interests of the Soviet Union above the softer aspects of communist ideology and proceeded to systematically destroy the zone he occupied. Ideology failed to motivate Stalin throughout the immediate postwar even though the political climate of Europe offered a unique chance for communist political success.[171] The immediate subjugation of eastern and central Europe, spanning a host of countries including Bulgaria, Czechoslovakia, Germany, Hungary, Romania and Poland, helped erode the credibility of Soviet pronouncements concerning inter-Allied cooperation. The "Soviets' actions in their zone of occupation", Naimark points out, "were simultaneously the causes and results of deteriorating Allied relations".[172] Stalin's brutal construction of a ring of socialist buffer states around the Soviet Union, an indication of the primacy of national security fears, ultimately alienated the subject populations along with western Allies. The "tragedy of Soviet diplomacy", Joseph M. Siracusa asserts, "was their decision to extend communism on the bayonet of the Red Army".[173] Soviet policy destabilized eastern Germany and the regime "lay in far greater economic ruin than its Western half".[174]

Since the overall policy of domestic prosperity built on European recovery motivated American policymakers, and a reformed German industrial structure figured prominently in those calculations, reckless Soviet dismantling and general policies of terror threatened the core of American policy. This dissertation therefore takes issue with the claim that a moderate and rational Soviet reparations policy characterized policy and that Moscow's actions did not negatively impact relations with the Truman administration. Recent scholarship in Soviet and former East German archives addresses Soviet excesses in eastern Germany and generally refutes the revisionist standpoint. These analyses emphasize the old traditional assumption that American policy in Germany reacted to Soviet policy.[175] An issue taken up in greater detail in subsequent chapters, Kennan had originally scrutinized Stalin's motives in the countries conquered by the Soviet military and repeatedly cautioned the American government during 1944 and 1945 that the dictator

aimed at permanently dominating central and eastern Europe.[176] The older wartime contingency thesis, that international stability required "normalized" American-Soviet relations should not unduly influence a belief that Truman viewed the Soviet Union as either an important potential market for American industrial production or that Soviet industry was capable and willing to assist in the plans for European reconstruction. American policymakers, influenced from many quarters, understood that Stalin's firm grip on the conquered territories and especially eastern Germany bound these economies to the Soviet Union.

Kennan in particular blamed Soviet atrocities for the reduction in American willingness to cooperate with Stalin. "From the time when it became undeniably evident that the Soviet authorities were determined to treat the European peoples overrun by the Red Army in a manner wholly un-reconcilable with American hopes", Kennan argued, "these unreal expectations could no longer be maintained".[177] In reflecting on the Soviet, Polish and Czech annexations and expulsion of the indigenous German population, the Council of Foreign Affairs recorded that

> the arrival of these hordes of penniless refugees greatly complicated the economic and
> social problems facing the occupation authorities in Germany. Under a decision taken
> by the Allied Control Council in November 1945, 2,750,000 were to be settled in the
> Soviet zone, 1,500,000 in the British, 3,000,000 in the American, and 150,000 in the
> French. This influx meant more mouths to feed. It meant greater population
> pressure.[178]

General John Hilldring in fact advised Special Assistant to the Administrator Foreign Economic Administration Henry H. Fowler on his way to the Potsdam conference to throw out the assumption of running the German economy on a quadripartite basis. "The Russians are going to run their zone the way they want to run it", he stated, "and they're going to take everything that's moveable back [to the Soviet Union]".[179] Truman agreed with this notion. He accepted Churchill's criticism that the population transfers in eastern Europe "took the form of throwing the Germans into the American and British zones to be fed".[180] Coupled with the failure to ship raw materials required in the western zones, a precondition of reparations shipments, Soviet policy in Germany appeared at least equally intransigent. Viewed from Washington, Stalin seemed determined to extract the maximum reparations from Germany irregardless of the impact on the democracies.

American policymakers in any case derided the importance of Soviet industrial potential itself for recovery purposes. The Soviet Union clearly maintained a first-rate military system based on a partially developed but extremely limited "third world" civilian

economic infrastructure. The widely accepted opinion that Stalin desired German reparations to "rebuild the shattered Soviet economy" therefore requires clarification.[181] Leffler points out that Wehrmacht's policies and the wartime fighting destroyed over 1,700 cities and villages, 31,000 industrial enterprises and nearly ruined Soviet agriculture through systematic exploitation.[182] These statistics, in a manner similar to the strategic bombing campaign of Germany do not necessarily indicate a precipitous loss of manufacturing capacity. The impressive record of Soviet armaments production alone questions this interpretation. Soviet countermeasures either rescued or securely built industrial facilities far beyond German reach and Stalin's military industrial complex outperformed their opponents in nearly every category during the war.[183] While the German occupiers seized raw materials and agricultural produce and enslaved millions of eastern Europeans for the benefit of their war economy,[184] the overall strength of Soviet manufacturing capacities, as represented by the output figures, remained high.

Washington furthermore believed that reconstruction and armaments production absorbed the full industrial capacities of the Soviet Union after 1945.[185] Analysts hypothesized in 1945 that Soviet per capita wealth rested at $150 while their American counterparts generated $1000.[186] Modern evaluations of the postwar Soviet economy question even these numbers. Peter Gatrell and Robert Lewis hypothesize, owing to the lack of credible Soviet studies, that the published statistics were "pure fiction" and the potential growth rates were probably much lower than even American analysts speculated.[187] In any case, western politicians and specialists generally believed that the Soviet Union required between 15 and 20 years for reconstruction and more importantly modernization. While Stalin explained to Republican Senator Harold Stassen in May 1947 that the capitalist and communist systems could "coexist" and "cooperate" such as during the war,[188] calculating the economic benefits of such an association for the United States demonstrated that Stalin in fact offered relatively little other than words. In reflecting on the dictator's efforts at modernizing the Soviet economy, Kennan convincingly argued that the undue concentration on the metallurgical and machine-tool industries, vital for the successful war effort against Hitler, helped distort the reality that the Soviet Union did not present "real evidences of material power and prosperity".[189] While the official Soviet production figures exhibited monstrous gains in commodities such as steel, leading some economists to speculate that Soviet industry produced 18.5 pecent of world manufacturing in 1938 and again in 1946,[190] these strides should not obscure the underdeveloped state of the Soviet civilian and dual-use economy.

German reparations offered Stalin far more than a policy road towards a reconstructed state. Charles F. Pennacchio clearly demonstrates that the Kremlin viewed reparations as a method of transforming the Soviet Union in terms of technological development and manufacturing practice.[191] Contemporary American analysts even suggested that the dictator aimed primarily at employing reparations to free the Soviet military industrial complex of the need to reconvert. The movement of German industrial facilities, backed by the gigantic raw materials reservoir of the Soviet Union, could have increased output while leaving Soviet enterprises free from the confusion brought by developing new factory assembly lines. Wilfried Loth's condemnation of western governments for "giving in to diffuse anxieties" and displaying a "fundamental mistrust of Soviet intentions in Germany" after 1945 appears difficult to comprehend in the face of this evidence.[192] Stalin's self-absorbed policies, whether by employing reparations to modernize or to maintain a massive military machine, did not take the real worries of other states into account.

Truman's vision of postwar prosperity—shared by the State and War departments—sought a major German industrial contribution and rejected Stalin's scheme of shifting the European productive heartland to the east. The fate of the German expellees only assisted the determination to keep a close eye on occupation policy. As early as January 1945, Bidault pressed the point that changes in the German border structure and resulting influx of German refugees would force the termination of industrial demilitarization as evident in the deindustrialization conceptions.[193] The calculations concerning a suitable standard of living, and indirectly the fate of dual-use industries, depended on the impact of the Potsdam decision to shrink the German state. Dramatic increases in the western German population by implication demanded ever larger food imports that could only be supported by greater industrial output or by expensive American subsidies.[194] Considering the apprehensions of American policymakers concerning an effect quadripartite administration of Germany, historians should treat the decision at Potsdam to decrease German industry to the average level of other European countries with suspicion and not as a logical, coherent and practical policy.

The Potsdam conference seemed intended to maintain some sort of postwar unanimity. While the protocol established the general guidelines for the German occupation, such as authorizing the disarmament and demilitarization of industry, the conference did not define the components of a modern military industrial infrastructure or grapple with the complex issue of dual-use technologies. Simply outlawing the production

of particular items or the processing of certain raw materials appeared a crude method that did not take industrial realities into account. Early Allied unanimity on this issue should not obscure the difficulties of working out a practical definition of military industrial power. This dilemma, explored in the next chapter, surfaced immediately. The French delegation disagreed with the need to establish a coordinated occupation. At the second meeting of the Control Council on 10 August 1945, the military governors set to work establishing the control machinery and then moved to discussing the Potsdam Agreement. The French governor General Pierre Joseph Koenig torpedoed the negotiations and exclaimed that he would "reserve his position" concerning the agreement.[195] The French military government, annoyed by the tripartite decision to conduct the Potsdam Conference without them, rejected the concept of a centrally coordinated German economy and proceeded to sabotage the Control Council from within. Difficulties with the French representatives only added another dimension to the growing frustration of effective quadripartite administration.

4.6 Conclusion

This chapter introduced the argument that the Truman administration worried prior to Potsdam that Soviet behaviour in central Europe promised to destabilize their zone of occupation by flooding southern Germany with a mass of destitute civilians requiring food and shelter. These practical concerns emphasized that the ideological clash between capitalism and communism, so often an important element of the historiography, assumes unreal characteristics. Historians dealing with Washington's response to the consolidation of communism in eastern Europe neglect the hard realities of Soviet behaviour. Vague and conclusions therefore permeate the literature. David Joravsky for example laments the traditionalist label of communism during this period as "totalitarian". He points out instead that the interpretation of Marx's "utopian vision" by contemporaries largely resulted in "politically impotent sects".[196] These communists, he believes, "yearned to overtake and surpass the West in a journey through efficiently organized violence to democratic peace and prosperity".[197] Whatever nobility these ideological conceptions might have had, the cold realities do not shield Stalin's regime from the classification as immensely brutal and decidedly totalitarian. The results of the dictator's policies hardly distinguished themselves from those of Hitler. Noble ideological pronouncements should not deflect our attention from understanding how Washington viewed Moscow. Soviet actions seemed to portend a catastrophe. These actions count more than declarations of intent.

The evil exhibited by Stalin's military forces in Europe or the general Soviet disregard for American policy aims, some historians assert, should not however be used to justify or excuse American policy. Mark L. Kleinman points out that the new historiography of Soviet atrocities claims that the "revisionist critiques of domestic anti-communism have been rendered illegitimate". Washington is seen as responding to extremely aggressive and real behaviour that only reinforced ideological bias. Kleinman derides "comparisons of the relative 'brutality' of the United States and Soviet Union" as a "pointless undertaking". He points out that revisionism originally addressed American policy weaknesses in order to establish that "American actions often diverged sharply from the high-minded and idealistic rhetoric in which they were clothed".[198] In a sense similar to that of the Soviet Union, American actions are judged to have eroded the noble declarations of postwar policy in pursuit of same national security sought by Stalin. Lea Brilmayer in fact condemns the realist conclusion that the anarchic clash of national interests pervades international relations, and argues that the moral legitimacy of United States international politics should be judged in a similar manner to that of domestic politics.[199] That is, Brilmayer suggests the highly theoretical possibility of a benign international hegemon operating on "principled" and moral political concepts instead of oppressing other states for policy ends.[200] But Washington after May 1945 did not countenance or pursue a brutal policy of revenge. Policymakers instead devoted considerable energy towards the formulation of a sound policy that incorporated widely divergent interests such as European reconstruction. America in 1945 appeared more akin to the "principled hegemon" than a cold contender for global supremacy.

This chapter hinted that some historians accuse the American and British occupiers of having adopted similar tactics to those of the Soviet Union. This interpretation is explored in the next chapter to a greater degree. Noel Annan, a mid-level British occupation official, termed himself a "satrap" in "Britain's new colony". He explains how the British occupation suffered from the contradiction of applying the postwar principles of a hard peace on Germany while the overall image of that state improved at the expense of the Soviet Union. The British, in Annan's opinion, nevertheless treated the Germans like an "intelligent tribe of Bedouins". The Americans, for him, conducted the most "humane" occupation.[201] Annan nevertheless argues that Soviet actions in Germany concerning reparations and mass repression resulted in a split between the Allies during 1946.[202] Irregardless of how Soviet activities are portrayed through analysis of the documents, American policymakers whether motivated by domestic economic concerns or a longing

for hegemonic power, could not perceive of Soviet actions as conducive to a stable postwar world. The implications of Stalin's tremendous acts of brutality eroded the willingness to work alongside the dictator. These actions reinforced the belief that Stalin only sought the general enhancement of his power position in Europe. Vojtech Mastny's argument that Stalin strove for absolute domestic security is therefore of relevance.[203] Stalin's actions harmed the American position. Ideological motivations counted far less than observations of real behaviour.

This behaviour impacted how Truman and his administration viewed policies in Germany. Early policy proposals in 1944 and at the outset of 1945 reinforced the notion that wartime damages, particularly the strategic bombing campaign, questioned the dimensions of future occupation policy. The prostrate nation, reeling under the hammer blows of strategic bombing and then a barbarous Soviet military, conveyed the fear of a postwar collapse rather than a future contender. Considering the poor strategic, technological and productive position of Germany after 1945, all theoretical conceptions of a future revanchist war relied on an extremely unrealistic set of hypotheticals. A large shift in the nature of combat for example meant "change in the fundamental relationship between offence and defence, space and time, fire and manoeuvre".[204] While nuclear weapons did not render conventional armaments obsolete, they radically altered the global geopolitical scene and shifted immense power into American hands. The crushing fate that befell eastern Germany after 1945 only helped alter the viewpoint that postwar Germany represented a real security threat, play on American sympathies and underline the view that the Soviet Union sought a European economic collapse.

CHAPTER 5

The Early Stages of Industrial Demilitarization

Farming looks mighty easy when your plow is a pencil, and you're
a thousand miles from the corn field.

Dwight D. Eisenhower

5.1 Introduction

This Chapter examines the postwar refinement of the policy of industrial demilitarization, the problems encountered in establishing the reduced levels of German industry, and why Lucius D. Clay's occupation administration rejected the work of the specialists and diplomats who urged an extreme program of restructuring. These theorists failed to articulate a policy that accorded with plain economic realities in Germany. This chapter demonstrates that the prevailing historical interpretation of Clay and the Harry S. Truman administration forcefully demanding a unified economic administration of all four zones only partly explains Clay's decision to freeze dismantling. Another structural flaw in the postwar administrative structure resulted in widespread suffering in Germany. The defeated state's economy simply required the industrial sectors considered targets for dismantling in order to provide the basic means of feeding, clothing and housing the population.

5.2 The Contradictions of Demilitarization Policy

On 28 September 1944, almost a month after the crushing defeat of enemy ground forces in Normandy and with Anglo-American expectations of imminent victory, Franklin D. Roosevelt directed Leo T. Crowley's Foreign Economic Administration (F.E.A.) to study postwar issues. Executive Order 9380 had created the F.E.A. on 25 September 1943 to "unify and consolidate governmental activities relating to foreign economic affairs". Leo T. Crowley had taken charge of the new organization. The various units of the F.E.A. had absorbed the Office of Lend-Lease Administration, the Office of Foreign Relief and Rehabilitation Operations, the Office of Foreign Relief and Rehabilitation Operations, the Office of Economic Warfare and the War Food Administration and the Commodity Credit Corporation.[1]

This organization played a special role in formulating Germany's future. Roosevelt ordered the F.E.A. to determine "what should be done after the surrender of Germany to control its power and capacity to make war in the future".[2] Roosevelt granted the Enemy

Branch, created on 30 December 1944 and placed under the control of the F.E.A., the responsibility for assisting the creation of an industrial deindustrialization program for Germany. Under the direction of Henry H. Fowler, who previously worked as the General Counsel for the Office of Production Management and the War Production Board and the Mission on Economic Affairs in London, the organization formulated a unique policy for German industry that sought the neutralization of the German capacity to wage war. This quest required study. An FEA historian wrote in 1946 that

> Two plans suggested themselves as means for preparing against German post-war economic and cultural aggression. First, data should be gathered from all available sources to discover the nature of German penetration and the methods by which it operated. Second, plans should be made to uncover German assets not only in this country but in other countries as well, and a program should be outlined for persuading the Allies and the neutral countries to assist in instrumenting a system of control of German assets.[3]

The neutralization of the German war machine demanded a detailed understanding of societal and industrial military potential.

The inquiry focused on the expanse of the military industrial system from straightforward military industries such as armaments assembly facilities to scientific research installations and standard dual-use branches such as synthetic raw material processing and even agriculture. The inter-departmental approach aimed at conclusive results. The study resulted in 32 separate reports. The first conclusions appeared during the summer of 1945 after the defeat of Nazism. These studies were predicated on the firm understanding that the military industrial complex included component elements not traditionally attributed to weapons construction. The reports generally appraised the nature and substance of the military industrial and dual-use system, reviewed why the previous attempt to contain German military power after 1918 failed, evaluated how Hitler had rearmed after 1933, and most importantly proposed methods of economically and industrially disarming the enemy.[4] The F.E.A. experts hoped to evaluate the diverse findings and condense the conclusions into a single report for issue to the president through the channels of the State Department. "It is expected", Fowler surmised, that the "T.I.D.C. [Technical Industrial Disarmament Committee] reports will be used in formulating a precise U.S. program covering the whole field of German economic and industrial disarmament for discussion with the Allies".[5]

The work encountered many of the same problems that plagued the Strategic Bombing Survey teams. The investigations relied on generally incomplete information collected by Intelligence during wartime. The first two chapters demonstrated how Allied

Intelligence misunderstood the German war effort. Worse still, the reports could not assimilate the more detailed German sources retrieved in the months after victory and only addressed the effects of strategic bombing in a theoretical sense. The survey group directed to investigate the aeronautical industry, owing to a lack of information, even employed the United States as the model from which to derive conclusions. This method helped reinforce the close relationship of civilian and military industries in armaments production. The conclusions therefore offered a wider examination of conventional demilitarization than any study bound exclusively to a German model. Knowledge of this intricate relationship led the organizations to advance extreme positions that incorporated the substance of Morgenthauian conceptions. "To a degree not equalled in any other major implement of war", the aeronautical survey team argued, "the means for the development, production, and operation of military aircraft are common to those required for civilian aircraft".[6] The best method of controlling military industrial potential, they extrapolated, called for extreme alterations in civilian production patterns.

The straightforward removal of the assembly factories, from this perspective, did not constitute demilitarization. The focus on the American model reinforced the relative ease with which a modern industrial state could implement rearmament through the employment of basic machine-tools and secure access to such critical commodities as aluminium, magnesium, and—in Germany's case—synthetic oil and gasoline. The organization therefore interpreted industrial disarmament according to a loose definition that ultimately absorbed all aspects of the economy from steel-making to forestry. "Most of the components of aircraft", the survey team concluded, "can be individually manufactured in small plants with general purpose tools and equipment. The aeronautical survey team therefore applauded the idea of a general reduction of civilian industrial capacities such as steel output and not just the permanent prohibition of all direct armaments production.[7]

These radical changes did not however seem to adequately deal with the problem of a resurgent Germany. "Undercover manufacture of individual components in limited quantities", the experts surmised, "will be practically impossible to prevent". To forestall any subterfuge, the group focused on the human element and recommended denying German society the ability to develop new industrial methods by shutting down university research in aeronautical engineering and other fields. The survey team further hypothesized that the destruction of industrial facilities and the cleansing of the universities still left skilled technicians and workers with the theoretical ability to build armaments or conduct research in secret or outside of Germany in neutral countries. The team proposed that

Allied aircraft periodically undertake aerial surveys and that trained officials keep a close eye on German scientists long into the postwar. The group therefore contended that real demilitarization required more than the elimination of military command systems, the demobilization of the army, the destruction of armaments manufacturing facilities, the reduction of dual-use industrial capacities, or even the cleansing of the universities. The elimination of German military potential by the victors demanded long-term observation and control to ensure permanent compliance.[8]

The Industry Division of the F.E.A. taskforce completed their analysis of the machine-tool and equipment industry in May 1945. The group examined the relationship of civilian industrial capacities to mass production, the convertibility of this industry to the military priorities of Hitler's war effort and Nazi production policy during the war. The study group in this case acknowledged the failure of the bomber crews to destroy the substance of this sector as demonstrated by the survival of large stockpiles. The Industry Division instead recognized that strategic bombing only paralyzed German weapons production by restricting access to raw materials. The bombs did not reduce overall capacities. The group extrapolated from these results that the blanket destruction of entire dual-use industrial branches such as the synthetic manufacturing of oil or even the restriction of access to raw materials could not permanently ensure demilitarization. Industrialists, provided new sources were found, still maintained the ability to rearm. The war years demonstrated the ease of converting civilian industry to weapons production on the back of a machine-tool industry even larger than that of the United States.[9] The final report even mocked the effectiveness of substantially lowering machine-tool capacities as the road to demilitarization and national security. An advanced industrial state like Germany, they believed, could theoretically convert even textile facilities to specialized machine-tool production and then turn to weapons production once the equipment was in place.[10] All aspects of the machine-tool industry, seen in this manner, represented a sort of indirect military capability. The report therefore concluded that German military-industry system would continue to maintain potential "unless capacity in every branch of the machine industry is fundamentally curtailed and its use is strictly controlled".[11] The complexity of the problem once against led directly to the perceived need for control.

These two reports underlined the need for wide industrial downsizing, restructuring and a long occupation to ensure permanent compliance.[12] The latter report however attacked the Morgenthauian concept echoed in the aeronautical study that espoused the complete elimination of metallurgical, chemical and electrical industries as the best method

of pacifying the industrial system.[13]   Could a 50 or even 90 percent reduction—remembering that even the emasculating reduction of 90 percent still left Germany with 50 percent of Britain's total prewar stocks[14]—truly neutralize the potential for subsequent growth? Total elimination offered certainty but at a high cost. The restriction and control of critical commodities offered a more cost-effective method of controlling industry without drastically altering traditional industrial patterns.   The Industry Division for example recognized that tampering with the machine-tool industry would ruin German society and plunge millions into unemployment and destitution. The analysts specified that machine-tool production represented "Germany's most important basic industry" since it directly employed 13.7 percent of all industrial workers.[15] Other alternatives seemed more humane. James E. Cassidy, an American engineer analyzing demilitarization for the War Department, informed Assistant Secretary of State William L. Clayton on 26 April 1945 that controlling the importation of copper and iron would alone seriously restrict the German armaments industry.[16] Close observation over a protracted period limited the possibilities of military revival without destroying German society.

The aeronautical and industry reports reflected the ongoing debate between the dismantling of facilities and an occupation that stressed control. Dismantling offered the most gratifying academic solution to the industrial demilitarization conundrum and the most complete answer to national security considerations. The Business Advisory Council for the Department of Commerce concluded in January 1946 that only the relocation of all Ruhr industry outside of German borders could both repress the ability to wage war "for at least a generation". The Council however recognized that the movement of German industry, a process requiring years of hard labour to dismantle and reassemble the equipment of hundreds of factories, denied the occupation authorities the opportunity of utilizing the defeated enemy's economic potential for European and even German reconstruction. Far from singularly impacting German society, the removal of industry threatened to disrupt traditional European trade patterns, slow recovery and add to the general misery of the entire continent. The council did sweeten their conclusions with the hypothesis that a complete removal of Ruhr industries would invalidate the need for an expensive occupation and potentially benefit the victims of Nazism by removing a major competitor. But economic realities remained a nagging headache. "Germany's present state of industrialization is not the result of some overnight development brought about by the sudden action of some political group", the council concluded, "but is the outcome of a process of industrialization which started a long time ago and has been going on at a more

rapid pace for the past 75 years".[17] Industrial demilitarization, whether it espoused the radical restructuring or only a significant alteration of the industrial landscape, simply swept this complexity aside. But long-term occupation and minimal dismantling left the industrial system intact and did not attain the total security sought by policymakers.

The council, irrespective of the bombing survey or general humanitarian considerations, clung to the wholesale dismantling of Ruhr and associated industries. The group employed the visible destruction of German cities as evidence that the residual industrial infrastructure vanished and therefore could not assist recovery efforts. Renewed Ruhr production, they argued, required substantial amounts of "imported capital" and a new generation of machine-tools and industrial equipment. The prohibitive costs of recovery invalidated the argument that restructuring would slow the pace of reconstruction outside of Germany. For this reason, the council followed Henry Morgenthau and countenanced the dismantling of all residual metallurgical, chemical and electrical industries for shipment to Czechoslovakia, France, Holland, Poland, Scandinavia, etc. German society, denuded of Ruhr industries, would primarily provide coal for the transplanted factories and thereby accumulate a "sufficient" amount of foreign currency to import manufactured goods from the new industrial regions. This "highly economic" solution presupposed the total elimination of dual-use industrial capacities in Germany. This strategy of industrial demilitarization fulfilled the policy demand for increased security brought by a "severe change in the activities of the German people".[18] The scheme, in accepting the forced unemployment of millions of workers and an equally drastic fall in accumulated wealth, essentially supported enforced destitution as the means of achieving real and lasting peace.

Another F.E.A. study, one that examined the chemical industry or T.I.D.C.-16, further demonstrated the difficulty of balancing postwar policy aims. The analysis suffered from the typical and acknowledged lack of "reliable" information concerning production levels and domestic consumption. The report however challenged the utility of contemporary industrial demilitarization conceptions. "Most chemicals that have wartime significance", the authors concluded, "are also essential to the maintenance of a peacetime economy".[19] The problem related to efficiently administering the occupation of Germany and fulfilling the "ultimate objective" of industrial disarmament. This conclusion by definition entailed that widespread dismantling prohibited the maintenance of a normal economic system. This observation, in a pattern similar to that of other analyses such as the bombing survey, splintered the study group into two factions.

A "majority group" surfaced that questioned the practicability of eliminating the production of certain chemicals and even the establishment of production quotas. This group agreed with the principle of controlled "bottlenecks". They recommended that the decrease and control of a single chemical commodity would prevent another future round of rearmament. An annual production of 400,000 metric tons of fixed nitrogen, for example, was considered sufficient for the civilian economy. Capacities above that level, the group believed, constituted a form of military industrial potential since manufacturers could reallocate fixed nitrogen for the production of explosives. This form of control maintained dual-use facilities at a level only just high enough to sustain the civilian economy. The "majority group" rejected the control of most other chemicals owing to the imprecise understanding of peacetime civilian industrial requirements.[20] The group took account of domestic German requirements in their industrial demilitarization strategy.

The Chairman of the survey group, Frederick Pope, disagreed with the conclusions of the majority of his team. Pope advocated that the occupation forces dismantle the industrial ability to manufacture a list of "military chemicals", as he called them, which included fixed nitrogen, nitric acid, calcium carbide, chlorine, caustic soda, caustic potash, soda ash, sulphuric acid, and primary tar distillates. While the "minority group" that huddled around Pope also opposed Allied tinkering with production levels in a general climate of postwar uncertainty, the chairman did not believe that the Allies could control the production of chemical compounds and commodities over the longer term. He therefore advocated the total dismantling of facilities irregardless of peacetime requirements.[21]

John W. Barnet of the State Department and O.C. Ralston of the United States Bureau of Mines challenged the ability of industrial demilitarization to shore up national defence. The two men issued a memorandum to Pope that took American development of weapons of mass destruction into account. Barnet and Ralston pointed out that the harnessing of nuclear energy for military purposes illustrated that the control of a fixed number of conventional chemical industries could not take new technological developments into account. "With the advent of the nuclear bomb", the two men pointed out, "it is clearly apparent that the next war may be fought by radically different methods, and that the control of fixed nitrogen cannot be relied upon as the major means of preventing the re-emergence of a German war potential in the field of chemicals". The history of scientific development demonstrated that the emergence of new and unforeseen dual-use technologies theoretically represented a greater potential danger to security than the weapons that had fought Hitler's war. The two men therefore advocated the

"screening" of all technological imports and the protracted control of research facilities.[22] It is interesting to note that the discussions of industrial demilitarization never mentioned American possession of nuclear bombs as a potential deterrent to German remilitarization.

The final product that emerged from the debate exhibited an extreme contradiction. The authors acknowledged the need to eliminate the production of "chemical end products used exclusively for military purposes" such as "military explosives, propellants, poison gases, elemental phosphorus, hydrogen peroxide [and] special ordnance chemicals". The focus on "end products" glossed over the dilemma of dual-use chemical commodities and in the case of fixed nitrogen even offered a mechanism of circumvention. The study group recognized that coal-mining, a high priority in Germany symbolized by Truman's directive in early 1945, required domestic explosives manufacturing to blast the organic compound from undergrounds rock faces. This concession in turn demanded higher fixed nitrogen allowances and even the retention of explosives processing plants. Even though long deliberations over peacetime requirements had yielded the conclusion that the entirety of chemical industry could be mobilized for war, the report nevertheless targeted a specific list that did not take the civilian economy into account. The report even argued that the elimination of the listed chemical facilities should go beyond "the requirements of a minimum civilian economy". The nearly omnipresent call for a long occupation, basically an acknowledgement of the difficulties of balancing civilian and military needs, entered the pages of the report. The T.I.D.C. group ultimately recommended that "No new construction of chemical plant, including chemical research institutions and pilot plants, should be permitted". Realizing the contradiction inherent in semi-dismantling or even the control of ideas, the specialists eventually returned to the old argument of vigilant inspection by military government.[23]

The work of the F.E.A. and in particular the T.I.D.C. reports, highly speculative in nature owing to the lack of tangible data, therefore waffled between complete dismantlement, the removal of excess civilian capacity or minimal structural change. Long-term control represented the only essential point of agreement in these diverse approaches. But only the minimalist position took an essential reality of the occupation into account. As analysed elsewhere, the agricultural sector depended on the chemical industries to process sufficient fixed nitrogen for fertilizer manufacturing. Victor Gollancz, the British humanitarian who toured Germany in the postwar, appreciated this dependency on manufactured fertilizer. He published a book in 1947 entitled "In Darkest Germany" that demonstrated a deep sympathy for the plight of average Germans. He pointed out that the

elimination or even reduction of nitrogen fixation in Germany "would be disastrous in a unified and intact Reich" and "sheer lunacy in the Anglo-American trunk for which we are admittedly legislating".[24]

This point is taken up later in the chapter. For now it is necessary to explain that the War Department in particular worried that conditions in Germany inhibited industrial demilitarization schemes. Low global fertilizer stocks after 1945 determined that only the continued operation of German fixed nitrogen facilities could avert a humanitarian disaster.[25] The concept of "minimum peacetime requirements", hard enough to determine in postwar Germany, more importantly neglected to incorporate how these residual capacities could assist European-wide recovery and especially in surmounting the difficulties of four-power administration in Germany. The American zone of occupation, while an important agricultural producer, represented a region largely devoid of fixed nitrogen facilities. An Office of Military Government for Germany (United States) or O.M.G.U.S. report demonstrated that a long list of shortages—spare parts, coal, etc.—reduced the already minimal levels of fixed nitrogen processing to around 2,000 tons per month in January 1946.[26] Only the building of new facilities within southern Germany or the escalation of production in other zones, or imports from the United States could alleviate this problem. The creation of a self-sufficient and pacified German economy, a principle that did not take international trade patterns and modern industrial society into account, was a mirage.

The cracks in F.E.A. thinking widened during the months following the war. On 22 October 1945 the Chief of the T.I.D.C. Staff Marshall Dodge wrote Clair Wilcox, a professor of economics who worked in various capacities for the State Department including as Chairman of the Economic Disarmament Committee, and summarized some of the difficulties encountered by the analysts. Disarmament through industrial demilitarization remained a "top priority". But Dodge cited the work of U.S.G.O.C. specialists who "took the position that the details of any disarmament program might have to be adapted to the other three economic requisites"—the economic wellbeing of Germany, European reconstruction and the domestic prosperity of the United States.[27] Previous chapters emphasized that the State and War departments initially merged national security concerns with domestic and international economic policy. The recommendation to reduce German society to the role of coal exporter, the change from a highly developed modern industrial state to that of a single-commodity economy, did not square with demands for a rational and sound economic strategy that incorporated some form of

reconstruction to eliminate the potential for postwar disorder.[28] For Wilcox' Economic Disarmament Committee, balancing efficiency with security meant the reorganization of the export-oriented German economy "on a sound peacetime basis in accordance with international standards of a commercial and financial policy as part of the program which will eventually decided for the reorientation of the German economy".[29]

The American military, as demonstrated by the concern for economic realities, employed an alternative conception of armaments during this period. Military thinkers posited armaments with neutral or amoral qualities after war's end. The Joint Chiefs of Staff (J.C.S.) argued that "armaments are a consequence and not a cause. The need for them, today as throughout history, arises from the existence of conflicting international aims and ideologies and will pass only with the passing of such fundamental reasons for conflict between nations".[30] They believed that armaments stimulated peaceful relations through enhanced security and that a real commitment to disarmament "represent[ed] a grave menace to U.S. security and to the peace of the world".[31] A report issued by the Joint Strategic Survey Committee even pointed to "ideological, political, economic and other factors" and asserted that disarmament "in itself will neither remove the causes of war nor prevent war".[32]

The military therefore viewed postwar Soviet support of general disarmament in the Security Council of the United Nations, particularly the discussions concerning nuclear energy which began on 16 February 1946, as some sort of ruse. And the American military willingly followed suit. "Neither in public nor in our own thinking", Dwight D. Eisenhower stated in connection with a J.C.S. paper on the regulation of armaments in January 1947, "must we ever fail to support honest proposals for world disarmament". He continued and specified that the "tone of all our messages and replies must not be negative. We must embrace the objective and continuously point out constructive points towards it attainment".[33] Eisenhower's rhetoric further demonstrated the limits of disarmament itself. A Soviet proposal to destroy atomic bombs and strategic bombers aimed, he believed, at denying the United States the weapon systems on which their security depended. And a loss of security created the destabilizing conditions that led to war. At a meeting of the Secretaries of State, War, and Navy in Washington on 29 January 1947, Eisenhower informed the assembled soldiers that "it was easy to say that the atomic bomb was a mass destruction weapon and one armed soldier was not". "But a mass of soldiers with guns", he continued hinting at Soviet conventional capabilities, "is likewise a weapon of mass destruction".[34] The Soviet proposal in the opinion of the military aimed at the "unilateral

disarmament by the U.S." by "strip[ping] us of our present technological, managerial, and scientific superiority".[35] These beliefs hardly predisposed American military thinkers towards supporting universal industrial demilitarization as a worthwhile end.

Historians such as Wilfried Mausbach point out that the F.E.A. offered a rational dismantling and industrial demilitarization strategy based on national security perspectives.[36] Since this argument does not evaluate the strains of economic realities on policy concerns, pressures that ripped at the fabric of dismantling even during the formulation phase, it fails to address the highly theoretical nature of industrial demilitarization. That is, simple calculations that the removal or downsizing of certain industrial dual-use capacities would prohibit military production seem highly speculative. Scholars cannot rely on a single postwar prescription for demilitarization, such as the final F.E.A. report, and neglect to incorporate the alternatives that bounced through Washington. The impact on the civilian economy, as demonstrated even within F.E.A. documentation, offered a serious argument against employing the crude methods of a command economy in reforming German society. Scholars seem keen to accept the broad macroeconomic conclusions offered by the F.E.A. such as the assertion that a coal-driven economy could actually sustain the population. State and War Department studies however illustrated the potential for disaster.

In a general sense, the work of the F.E.A. seemed headed for trouble when the F.E.A. transferred its functions and personnel to the State Department on 19 October 1945. The various groups had not resolved the contradictions of industrial demilitarization policy nor generated a coherent or compelling plan. The F.E.A., which had taken responsibility for the generation of a pacification policy,[37] could not even accurately describe which dual-use industrial branches constituted the primary targets of demilitarization efforts. Some reports called for the elimination of entire industrial branches such as aluminium production and fixed nitrogen. Others emphasized partial dismantling according to a mysterious and largely unknowable level of civilian consumption. Still others discarded dismantling altogether and focused on a near-permanent state of occupation. Economic perspectives influenced each of these approaches. The first approach simply tossed economic matters out the window. The second neglected to specify how German industry could assist global reconstruction while operating without export capacities. Only the third option incorporated the economic planks of Truman's postwar program. In so doing, the option of a long-term occupation paradoxically left Germany with significant dual-use capacities and therefore did not modify overall military industrial strength.

5.3 The Level of Industry Plan and Clay's Reparations Stop

State and War Department officials took little notice of the inconsistencies in industrial demilitarization policy in the initial difficult months after war's end. The Truman administration still inwardly and outwardly remained committed to the pacification of German industry. National security concerns dominated the effort to "strike a balance between the requirements of economic disarmament and of [German] self-support".[38] According to Stephen E. Ambrose, Eisenhower fought against J.C.S. 1067 and the Morgenthau Plan in the immediate postwar, and demanded the rehabilitation of Germany.[39] Eisenhower's wartime comment that Germany could be cured by letting them "stew in their own juice" did not endure to impact his vision of the defeated state's future.[40] Eisenhower and the American military nevertheless supported the general idea of industrial demilitarization. But Secretary of State James F. Byrnes' determination to support demilitarization meant that State Department policy neglected economic issues somewhat and appeared fixed on the Allied Control Council's difficult task of setting the future levels of German industry in March 1946.

While the State Department followed the F.E.A.'s lead and seemed unable to establish a clear method of demilitarizing German industry, dissenting voices to the operation grew louder. While the debate concerning dual-use capacities nevertheless raged in the State Department, largely between James Riddleberger's Central European Affairs Division and Charles P. Kindleberger's Division of German Economic Affairs, the list of men who joined ranks behind Riddleberger's rejection of the practicality of extensive dismantling grew larger. Allen Dulles, head of the Council on Foreign Relations' Western European Affairs group, offered an alternative position to dismantling in December 1945. He placed primary importance on European reconstruction. Dulles informed the council on 3 December 1945 that "Europe as a whole cannot get back to anything like normal conditions, not to speak of any prosperity, with a completely disorganized Germany". He rejected the deindustrialization schemes and agreed that "Germany ought to be put back to work for the benefit of Europe and particularly for the benefit of those countries plundered by the Nazis". The members of the council applauded these conclusions and set out to influence the State Department through talks with Dean Acheson, Riddleberger and John K. Galbraith. These men agreed.[41]

The lack of a precise American industrial demilitarization plan did not stop the Allied Control Council (A.C.C.) in Berlin from attempting to find a quadripartite solution and setting the future levels of German industry in March 1946. The A.C.C. aimed at

implementing the industrial disarmament provisions of the Potsdam Agreement and determining the industrial landscape of a pacified Germany. The tasks as always appeared straightforward enough. The dominating principle guiding the A.C.C. dictated that the Allies reduce the capacities which the Nazi regime developed after 1933 in order to prosecute war.[42] The A.C.C. delegations generally clung to the false interpretation of Nazi remilitarization outlined in previous chapters. They predominantly believed that slashing military industrial capacities would remove the capability to wage war. This simple prescription did not remedy the difficult issues of defining which industrial branches constituted military or dual-use potential or how much the military authorities should or could dismantle without impoverishing Germany and destabilizing the global economy.

Nor did the victorious powers even agree on the meaning of industrial demilitarization. The specific contingents in the A.C.C. each defined the policy in a different manner that interestingly mirrored the debates in the F.E.A.[43] London in particular worried that industrial restructuring might place too heavy a financial burden on taxpayers. The British delegation insisted at the 45th Special Coordinating Committee Meeting concerning the Level of Industry plan on 22 March 1946 that they generally disagreed with the Soviet representatives over the principle of revising policy if economic developments in Germany eroded the "fundamental hypotheses" on which the Allies eventually constructed the plan.[44] Moscow advocated the continual lowering of industrial capacities until the resolution of the reparations issue. Reparations surpassed the economic survival of the aggressor state in importance.[45] Their British counterparts insisted that the occupying forces maintain a sufficient German export capacity to avoid burdening the respective military governments with subsidizing necessary imports. The British delegation furthermore pushed hard for the adoption of periodic analyses of industry to assess the efficacy of the adjustments. They stressed the inclusion of protective measures advocated at Potsdam. On 27 March 1946, the Soviet delegation agreed to the principle of periodic reviews provided the Economic Directorate prepare lists of the German industries in the western zones subject to reparations.[46] The other members of the committee initially agreed to create these lists in accordance with Clay's proposal of supplying the most efficient industrial plant—irregardless of dual-use considerations—for reparations purposes and thereafter subjecting the remaining factories to a "normal decrease in efficiency as [the] years passed".[47] This strange approach papered over inter-Allied conflict for the moment. The retention of an escape-hatch reminiscent of the "disease and disorder" clause in J.C.S.

1067, namely the reliance on inspections, offered the western Allies a legal method of scuttling the agreement.

The directorates of the Control Council established the regulations necessary to industrially demilitarize Germany and in a display of confidence stated that "When all these measures have been actually carried out, the industrial basis for Germany's aggressive war actions will have been destroyed". The council employed the format characteristic of the Treasury Department and the F.E.A. They divided German industry neatly into four categories that reflected direct war potential and the need to lower civilian output:

Table 5: Liquidation of German War and Industrial Potential[48]

Category I

Plants specially constructed, or principal shops of plants specially constructed for the production of materials, specified in Table 1, paragraph "A", of the Plan for Reparations, namely:

1. Tanks and special tank equipment
2. General armament, except tanks
3. Aircraft and special aircraft equipment
4. War explosives and shell filling
5. Poisonous war substances
6. All underground plants

Category II

Plants specially constructed, or principal shops of plants specially constructed, for the production of war materials specified in Table 1, paragraph "A" 2-11, "B" and "C", of the plan for Reparations, namely:

7. Sea-going ships (not interpreted to include small fishing vessels)
8. Magnesium
9. Primary aluminum and aluminum for the purpose of producing aluminum
10. Beryllium
11. Vanadium produced from Thomas slags
12. Radio-active materials
13. Hydrogen peroxide above 41% strength
14. Radio-transmitting equipment
15. Heavy tractors above the limits of capacity determined by the Allied Control Authority
16. Heavy machine tools of the sizes and types prohibited by the Allied Control Authority
17. Synthetic gasoline and oil
18. Synthetic rubber
19. Ball and taper roller bearings
10. Synthetic ammonia

Category III

Plants specially constructed, or principal shops of plants specially constructed for the production of materials specified in schedule B to a Control Council Law to be published entitled "Law to Prohibit the Manufacture, Import, Export, Transport, and Storage of War Materials", and other materials included in paragraphs 5, 6, 7, and 8 of the Plan for Reparations, as may be determined by the appropriate authority of the Allied Control Authority.

Category IV

Peace-time plants, in which was specially installed the special purpose equipment for the production enumerated in Categories I and II or containing shops which were not principal shops, specially constructed for production enumerated in Categories II and II.

The A.C.C. on 3 October 1945 sanctioned an Economic Directorate proposal to create a Committee for the Liquidation of Military Potential in Germany that would prepare lists of firms that were linked to "armament, aircraft, tanks, ammunition, war and naval craft, war instruments and other kinds of military equipment and weapons of war".[49] The Economic Directorate had been granted complete authority in the matter. The directorate was also responsible for the development of the industrial demilitarization policy.[50] The group was ordered to create additional lists "other than those already defined by the Service Directorate as war materials, the production and development of which should be prohibited, bearing in mind the prevention of revival of war potential in concealed form; these items will be those which although outwardly intended for peace-time production, in reality will constitute potentiality for war production".[51] Large firms such as I.G. Farben fell into a different category and the Control Council seized all of the facilities and assets of these companies in order to destroy military industrial capacities and offer a significant part of the firm for reparations purposes.[52]

Control Council Directive No. 39 however listed the same general problems that afflicted the preparation of a workable demilitarization program. The directive bemoaned the "absence of a general plan of liquidation" and "practical measures" for coordinating the efforts of the four military governments. The council hoped that each zone would provide a "complete census of that [war] potential…with an account of the liquidation already carried out in the zones". The council, based on economic and humanitarian developments in 1946 understood that certain industries such as nitrogen fixation were required in the short term and that dismantling in these cases was counterproductive.[53] These reservations applied to:

> (a) the necessity for the temporary retention of certain of the plants for the use of the Occupation Forces or for other essential requirements such as mining supplies, transport maintenance and repairs; (b) that the plants do not belong wholly or partly to the nationals of the United Nations, in which event the right to substitute equivalent capacity is reserved; (c) that the plants or parts thereof are not subject to restitution; [and] (d) the retention in all four zones of the level of capacity to be approved by the Economic Directorate.[54]

Military government officials in Berlin understood the challenging dilemma facing the occupation in regards to agriculture. The Coordinating Committee of the A.C.C. discounted the viability of sufficient food imports for fiscal reasons. Only a significant increase in fertilizer manufacturing, they believed, could return German agriculture to subsistence levels.

> We appreciate that there is a world shortage of fertilizers. It should be borne in mind, however, that every ton of fertilizer required by Germany which is not made available,

> will mean a far greater tonnage and money value of food that must be supplied by the four nations to fulfill their military government responsibility.[55]

The committee specified that the estimated tonnages of nitrogen fixation for 1946 or 200,000 tons did not meet half of the required 535,000 tons.[56] The Coordinating Committee therefore requested that the A.C.C. emphasize the allocation of nitrogen fertilizer to offset starvation and save the occupation authorities from the greater difficulties incurred by a general societal collapse. The further employment of German fixed nitrogen facilities, although the Coordinating Committee mistakenly mentioned war damage as the primary reason for the drop in output, was considered unavoidable despite the Level of Industry agreement. The A.C.C. decided to take a drastic action and "agreed not to proceed in the valuation of the eight synthetic ammonia plants for the present".[57] This decision also impacted a host of other sectors of the chemical industries. "The sulphuric acid factories, the production capacity of which is necessary for the neutralization of synthetic ammonia," the A.C.C. agreed, "will be retained temporarily in Germany until such time as the necessary imports [of fertilizer] can be paid for". The same held true for calcium carbide and caustic soda.[58] The decision to restrict the valuation and dismantling process impacted other industrial branches. The Control Council on 3 December 1946 approved an Economic Directorate Proposal to permit the German repair and manufacturing of parts and equipment required for radio transmission until reevaluation on 31 December 1948.[59] In other especially sensitive areas, such as hydrogen peroxide, the Economic Directorate agreed to place controls on production instead of supporting outright elimination.[60]

The understood weaknesses of industrial demilitarization policy did not stall the efforts to construct a list of targets. The negotiators reached "almost complete agreement" at the end of March 1946. The A.C.C. adopted "The Plan for Reparations and the Level of Postwar German Economy", better known as the Level of Industry agreement, on 26 March 1946. The plan operated according to five principles that included industrial disarmament, reparations, development of peaceful industries, the maintenance of a standard of living not above the European average, and overall German economic self-sufficiency without outside intervention. The agreement permitted industrial capacities at between 50 to 55 percent of the 1938 level or slightly below the levels of the worst years of the Great Depression when six million Germans faced the misery of unemployment. The Allied representatives further agreed to base these calculations on a population of 66.5 million, to treat the four zones as a single economic entity, and to permit a sufficiently reduced level of exportation. Industrial demilitarization followed the pattern set by the

F.E.A. and specified the elimination of all armaments production and also blatant dual-use facilities such as those producing airplanes and ships. The Allies furthermore forbade the production of commodities such as aluminium, magnesium, beryllium, and various chemicals such as soda ash. The agreement also targeted nearly all of Germany's synthetic industries involved in producing petroleum, rubber, ammonia and most importantly fixed nitrogen. The victors also ordered the destruction of heavy machine-tools, ball and taper-roller bearings, heavy tractors, and even radio transmitting equipment. Quotas fell on what remained. The council for example only permitted Germany an annual capacity of 7.5 million tons of steel and the real production of 5.8 million tons. This quota represented 20.7 percent of the 28 million tons produced in 1929.[61] The agreement pleased F.E.A. hardliners and probably lessened Josef Stalin's anxieties somewhat.

The document, as evident from the apparent disregard for real export capacities, did not take German participation in any European recovery scheme into account. The figure of 5.8 million tons of steel could hardly satiate the Allied requirements of rebuilding hundreds of bridges, thousands of kilometres of railway lines, and the marshalling yards.[62] The plan did not therefore reflect the worries concerning a functioning German state expressed by the various parties engaged in discussion.[63] In many ways, the agreement of March 1946 "would have reduced Germany to a condition which the Morgenthau-Group had found desirable".[64] The A.C.C. conceptions represented a prescription for disaster and not an effective industrial demilitarization strategy. The negotiations did not even specify the real meaning of sweeping macroeconomic statistics like 50 percent of 1938 levels. How could the A.C.C. have? The bombing survey and the T.I.D.C. reports had demonstrated that no comprehensive and accurate data even existed.

The Economic Directorate also exhibited other serious flaws characteristic of F.E.A. work. Control Council Law No. 43 on 20 December 1946 offered the widest possible definition of military equipment that reached far back into antiquity. The council did not restrict their formulation to the modern weapons systems that characterized warfare in the 20th Century such as artillery, bomber aircraft, machine-guns or tanks. The earliest deliberations had determined that demilitarization included "(a) all arms, ammunition and implements of war, and (b) all specialized facilities for their production".[65] The new law now outlawed "All military cutting or piercing weapons…such as bayonets, swords, daggers and lances". The provisions concerning aircraft reached similar heights of absurdity and banned "Aircraft of all types, heavier or lighter than air, with or without means of propulsion, including kites, captive balloons, gliders, and model aircraft, and all

auxiliary equipment, including aircraft engines and component parts, accessories, and spare parts specially designed for aircraft".[66] The banning of balloons, daggers and model aircraft in a postwar world characterized by jet aircraft, intercontinental missiles and nuclear bombs added an element of comic relief to the serious business of demilitarization.

All of this led inexorably towards a protracted occupation as seen in educational restrictions.[67] The military government representatives took aim at both the study of particular academic disciplines and the equipment required for research and development. Control Council banned academic activities in the fields of applied nuclear physics, applied aerodynamics, and chemistry relating to ammonia and synthetic materials.[68] These fields represented those in which German scientists had achieved great prominence during the first half of the 20th Century. Control Council Directive No. 22 ordered the "complete destruction of all Navy, Army and Air Force Research or proving ground stations after complete scientific examination".[69] But Control Council Law No. 25, as so often in the demilitarization debate, ordered that "Equipment and buildings having a possible peace-time application may be utilized for that purpose with the permission of Military Government".[70] Study and analysis was once again necessary. Only long-term control could ensure the success of this operation.

The vague Level of Industry calculations furthermore fantastically assumed that the occupying powers could run the economy on a unified basis. The discord that characterized four-power control in fact prompted Clay to suspend all reparations deliveries from the American zone on 3 May 1946. Clay simply hated the agreement and was in a position to act accordingly.[71] The military government nominally acted free of interference from either the State or War departments. "While we are prepared to continue the paper allocation of plants for reparations", Clay reported, "we do not propose to take any further physical efforts to carry out the reparations program until major overall questions are resolved and we know what area is to compose Germany and whether or not that area will be treated as an economic unit".[72] The general therefore struck all industrial installations off the reparations lists except for the equipment of 25 armament assembly facilities that constituted advance deliveries and were in various degrees of shipment.[73] This action effectively terminated the flow of reparations between west and east and killed the Paris agreement established by the Inter-Allied Reparations Agency located in Brussels to allocate the items made available by the occupation authorities in Germany. This agency, that alone targeted 227 naval vessels, 31 aircraft factories and 122 war plants for reparations, broke down.[74] In total, as described in subsequent chapters, the western

democracies and especially the United States only transferred the equipment of a "small group" of factories to the Soviet Union.[75]

Clay's unilateral action illustrated his control over the execution of American policy in Germany. Assistant Chief of the Central European Affairs Division E. Allan Lightner believed that Clay "called the tune in just about everything".[76] While the White House officially determined the occupation priorities in Germany, acting on the advice of both the State and War departments, the perspectives of the men in the zone of operations necessarily infringed on the "higher" goals set by the diplomatic and military experts. This principle in particular subordinated all State Department policy to the dictates of military government. Robert J. Murphy, the senior State Department representative in Germany and political adviser to Clay, only summarized the activities of the occupation forces and could only attempt to persuade his superior to follow policy derived far away in Washington.[77] A close friendship between Clay and Murphy did grant the State Department some influence over O.M.G.U.S. decisions. The State Department preferred exerting influence through Murphy instead of the normal military chain of command.[78] Other departments and business leaders complained. At a meeting attended by representatives of the departments of Commerce, Agriculture, and State in April 1947, business representatives complained that "only information…satisfactory to the Army ordinarily is reported back for use in Washington departments other than war".[79] This power granted Clay the flexibility to alter policy and prevent, as he saw matters, a harsh implementation of the Potsdam Agreement that jeopardized the security of American soldiers in Germany.

Clay and others worried that the costs of occupation would spiral out of control.[80] The American military government, for example, requested $149 million to help acquire food, fertilizers, and petroleum products in 1946 alone.[81] The Level of Industry agreement worried the general. The planned dismantling of fixed nitrogen and synthetic fuel facilities only threatened to increase German dependency on foreign and especially American handouts. A French military request for 110,000 tons of wheat to keep Germans in their zone from starving in January 1946 upset Clay because "the French had confiscated all food within reach".[82] The military governor understood that the level of dismantling envisioned conflicted with his mandate for providing for a self-sufficient economy to prevent an economic collapse that threatened to chain an economic corpse to American charity. The lack of a functioning central authority and a united or realistic economic policy determined that the resource-weak American zone could not import sufficient food, coal or fertilizer from the other zones. Not only did Germany's fractured state force an immediate

rise in American occupation costs, but the activities of certain allies threatened to reduce Germany to abject poverty once a central indigenous administration was restored.

While Clay accepted J.C.S. 1067 and the Potsdam protocol as general guides,[83] and stated that "the Germans will have to suffer the consequences for their war of aggression and wholesale slaughter",[84] he stressed the need to reinvigorate the economy and initiate reconstruction to prevent disease and unrest. The general alleged that the punitive aspects of JCS 1067 were plainly unworkable and set out to change policy in Germany at an early date.[85] Clay for example formed the German Landesrat as the chief economic organizational unit in the American zone on 17 October 1945.[86] This act indicated Clay's commitment to a central economic authority. He believed that production limitations were intended to establish a framework for reparations and to free the light industries from excessive control. Clay however also hinted that the plan assumed that the occupying powers would continue to treat Germany as a single economic unit. "If boundary or other changes should be made", Clay asserted, "the agreed plan would have to be modified as it probably would no longer be sound".[87] The production restrictions made little sense in a fractured German economy.

The military governor rejected A.C.C. policy in Germany and in particular baulked at the direction taken during the Level of Industry negotiations.[88] He opposed policies that threatened the economic survival of his zone and Germany as a whole. Clay did not strictly follow A.C.C. policy for this reason. The military governor permitted the manufacturing of ball-bearings in order to stimulate the production of mining equipment "pending the recovery of foreign trade to the point where they can be purchased abroad".[89] Clay, in accordance with others before him, hypothesized that the Level of Industry agreement alone would put four million Germans out of work by 1949.[90] The general moreover believed that the policymakers based their decisions on conceptions established prior to the termination of the war and that the planning therefore suffered from an inadequate understanding of the conditions prevailing in Germany.[91]

The visible destruction of German cities impacted Clay in a similar manner to that of the president. Lightner hypothesized that Clay "probably changed his mind as early as anyone stationed in the field on the need to get the Germans working, if for no other reason than to reduce the cost of subsidizing them".[92] The military governor and his Economic Chief General William Draper argued for a broad revival of the interconnected coal and steel infrastructure. Clay even lamented that Roosevelt's dismissal of the military's occupation handbook in 1944, the document of surprising moderation, had exerted a

"devastating effect on the morale of American officials responsible for disarming Germany".[93] The simultaneous implementation of demilitarization and basic humanitarian principles proved contradictory. The general grumbled that the A.C.C. even found it difficult to define what kind of democracy Germany needed and that the delegates "spent one whole day disagreeing on a definition of democracy" without establishing "any common definition".[94] Clay even disregarded European fears of a resurgent Germany and seemed unable to sympathize with French and Soviet suspicions that the Truman administration aimed at cheating them of reparations.[95] The hardline proponents of demilitarization, in Lightner's opinion viewed the task of eliminating military industrial potential a simple matter of dismantling factories on a broad level and making Germany "economically unable to produce the weapons of war".[96] But Clay, independently following the lead of others, did not believe that the occupation authorities could balance the political and economic demand for a functioning economy with the highly moral position of industrial disarmament or even extensive reparations. "Clay believed", Jean Edward Smith summarizes, "in German recovery in and of itself…if a democratic Germany was America's aim, and it was certainly Clay's aim, economic recovery was essential".[97]

The military governor vehemently opposed the restructuring of traditional domestic German trade patterns through dismantling and not just "hidden" reparations such as the impressment of millions of labourers to toil or languish in French or Soviet mines.[98] Clay's "lax" attitude towards restricting German chemical production in particular provoked Washington's allies. The French government protested early in the occupation that German factories continued to produce dyestuffs and pharmaceuticals. They demanded that these dual-use activities stop immediately. The State and War departments in this case clearly supported Clay's focus on economic recovery over demilitarization matters. Washington strongly opposed the French standpoint and urged Clay "to make no concessions to [the] French" in industrial branches the Americans marked as clearly civilian in nature. The State Department experts even speculated that these requests aimed at eliminating German competitors and subsequently filling the vacuum with French production.[99] This form of industrial demilitarization, the imposition of blanket bans on dual-use industrial branches needed by the German economy, contradicted the aim of recovery and the establishment of a sound administration. It mattered little that Paris acted in the spirit of the Level of Industry agreement or that these industries maintained an extensive dual-use potential.

Clay had dismissed the work of the F.E.A. for the same reason. Fowler and his colleagues traveled to Germany in September 1945 to present their findings to Clay. This

attempt at influencing policy on the ground irritated the military governor. The similarities of the F.E.A. results to French and Soviet conceptions and actions irked him even more. The general pointed out that Fowler's efforts could prove "embarrassing" to his own plan at stimulating industrial production. The "aggregate program of the FEA reports", Clay explained in a letter to a former legal counsellor to I.G. Farben and Assistant Secretary of War John J. McCloy, "is more extreme than is feasible".[100] The organization's narrow focus on demilitarization simply did not take larger matters into account. "You couldn't have the most productive area of Europe out of production", Clay elaborated at a later date, "and still expect to have prosperity".[101] The State Department indirectly rescued Clay from a potentially difficult situation by disbanding and absorbing Fowler's organization. The confused work of the F.E.A. hardliners did not impact Clay's stubborn and farsighted humanitarian perspective.

The historical scholarship concerned with the reparations stop generally hypothesizes that Clay's suspension of reparations shipments represented a "tactical maneuver" aimed at convincing the French authorities to forgo the attempt at annexing the Saar region, end the appeal for Ruhr internationalization, and force the establishment of a centralized economic administration of Germany.[102] Parisian postwar policy, despite the attempts by some scholars to prove otherwise,[103] at least approached the severity of American and Soviet hardliners. The French government for example strongly advocated and pursued the complete elimination of the German machine-tool industry—a policy that the F.E.A. had demonstrated would remove all recuperative powers and plunge millions into abject poverty.[104] French delegations consistently targeted a broad sweep of industrial enterprises such as pharmaceutical, steel, metal-fabricating, and even cement companies. The hard French stance against a unified economic policy, under these conditions, displeased Clay since they flew in the face of A.C.C. agreements. He informed Eisenhower that a central German authority "should be acceptable to the Russians", but "will be strongly resisted by the French".[105] Clay did in fact originally aim at influencing French behaviour and that the suspension of reparations shipments did not necessarily impact American-Soviet relations despite the considerable protests by Moscow.[106] Clay had informed the Soviet occupation authorities as early as October 1945 that he would recommend the fusion of the American and Soviet zones if French impediments to quadripartite administration continued.[107] Clay subsequently changed his opinion concerning the sincerity of the Soviet position and on 26 May 1946 proposed the creation

of an American-British zone.[108] The general fought for the erection of a central economic authority in as large a region of Germany as possible.

The Truman administration worked hard to change French perspectives and bring them into the American fold. The State Department, in John Gimbel's words, "refused either to apply sanctions against France or to admit publicly that France was indeed the major problem in Germany".[109] The State Department accepted Clay's conclusion that the German economy required a centralized administrative body to coordinate the flow of raw materials. They offered the French government a host of incentives. Promises of considerable financial support throughout 1946, a relaxation of opposition against the annexation of the Saar region, and most importantly the offer of a comprehensive disarmament treaty were intended to mollify and bend opinions.[110] These proposals indicated that the State Department exhibited a degree of concern for the aspirations of the French government in Germany and especially the widespread rejection of a policy of German economic reconstruction.[111] It is hard to imagine how the actions of the French military government could represent the premier problem for American postwar policy in Germany considering the ferocity of the Soviet atrocities in the eastern regions.

The revisionist and postrevisionist historiography generally hypothesizes that the belligerent anti-Soviet stance characterized by the freeze on reparations shipments effectively terminated the possibilities of quadripartite control. The revisionists first of all demonstrate that several authoritative American figures such as Byrnes and Clay assumed that Stalin's "position on many matters was not intransigent".[112] Clay's military government, as emphasized by John Backer, seriously attempted to cooperate with his Soviet counterparts regarding the complex postwar economic issues.[113] Successful negotiation with Stalin, these scholars elude, was possible. Clay even repeatedly used reparations from the western zones to lure his Soviet counterparts into negotiations.[114] Other historians such as Backer emphasize that "since [Soviet Foreign Minister Vyacheslav] Molotov had offered a reduction of the Soviet [reparations] claim by $2 billion at Potsdam, a compromise could be reasonably expected".[115] But the State Department used the reparations stoppage, aimed at cudgelling the French government into compliance, to beat Moscow instead. Gimbel's early work even declared that "State Department functionaries shamelessly misled the American public about the reasons for Clay's reparations suspension".[116] Kindleberger's Economic Division of the State Department, Charles S. Maier explains, failed to stand against the increasingly antagonistic anti-Soviet stance of the men surrounding Truman.[117]

Even though Clay did not view Stalin as the principle problem in establishing an effective economic administration of Germany, the Soviet discrepancy between quadripartite policy and actions, witnessed throughout the occupation, clearly demonstrated the dictator's unwillingness to abide by the normal practices of international relations. The realities of extensive Soviet dismantling and the horrible human rights violations, plainly evident to American policymakers and the military government, suggests a different explanation. It is frankly hard to accept that State Department officials or Clay in Germany, owing to the flood of reports issued by Robert Murphy concerning the plight of eastern Germany, took positive Soviet pronouncements concerning quadripartite administration seriously.

This dissertation demonstrated that the Soviet authorities, based on the actions of their military in the spring and summer of 1945, made it clear that Moscow used reparations primarily to reduce the German state to industrial impotence while simultaneously creating an economic system powerful enough to rival the western democracies. Any high-level American complicity in this policy stripped western Europe of the industry required to ensure the rapid economic recovery deemed necessary to avoid a general European economic collapse, political unrest, and a return to the prewar crisis of the Great Depression. The State Department, approximating Clay's worries concerning the economic situation in Germany, viewed the Soviet administration's refusal to export agricultural produce to the western zones as a serious breach of the Potsdam protocol and a danger for general American policy. The impossibility of restraining the Soviet military in Germany only spurred the anti-communist factions in the State Department to forgo lengthy and difficult negotiations with Moscow and instead concentrate on the western zones.[118] American officials, aware that the German economy required coal for all branches of the German economy including the agricultural sector, attempted to compensate for Soviet intransigence by convincing French authorities to export Saar coal and more basic agricultural resources such as grain. A majority of State Department officials therefore generally agreed with Clay's reparations stop.

While the Level of Industry agreement of March 1946 superficially attempted to "strike a balance between the requirements of economic disarmament and of self-support",[119] the A.C.C. directive plainly disregarded some of the important conclusions reached by the American T.I.D.C. specialists. These experts, as pointed out, questioned whether the defeated state could feed the population without large fixed nitrogen capacities. Various State and War Department reports furthermore questioned the feasibility of

achieving European recovery without German manufactured goods. Byrnes had addressed these fears and announced as early as 12 December 1945 that the United States did not "propose to set permanent limits to Germany's civilian economic prosperity".[120] But the Level of Industry calculations hardly represented a policy of "prosperity" let alone recovery. A wider rejection of the levels set after Clay's halt to reparations. Various officials now claimed an interest in reparations but opposed the use of dismantling in pursuit of extensive structural changes. These men also jettisoned support for reparations shipments to eastern Europe. "Should it develop that capital assets of ordinary peacetime utility made available under the Level of Industry [agreement] exceeds the demands of the western claimant countries", Galbraith, Riddleberger and Henry P. Leverich wrote in September 1946, "then the United should indicate that it will seek agreement that these assets be used for the German economy and not destroyed".[121] These men conveniently ignored the fact that the establishment of quotas and percentages for civilian industrial production represented an important aspect of dual-use industrial downsizing for demilitarization purposes. The interpretation that the agreement only reflected reparations made nonsense of the demilitarization strategies.[122]

A summary of the Level of Industry agreement was transmitted by Murphy to the Secretary of State on 29 July 1946. The political advisor described Clay's support for a balanced import-export program and that the military government would revise and raise the standard of living and productive levels if the zone could not function without foreign handouts. The report also outlined essential differences between the occupying powers concerning the definition of "peaceful industries". The Soviet and French military governments requested the complete elimination of cement manufacturing in Germany. They correctly pointed out that this branch of industry enabled the creation of military fortifications and the roads and bridges used to transport soldiers and heavy weapons. The building of the Autobahn by Fritz Todt's labour brigades, a traditional example of the Nazi employment of dual-use commodities such as cement for military purposes, seemed imprinted on their memories. But Clay's government flatly rejected this strict interpretation of a dual-use commodity on the grounds that the cities, houses and civilian infrastructure could not otherwise be rebuilt. The military government ordered that "no producing equipment should be removed from this industry".[123] This emphasis on rebuilding the transportation network to increase the mobility of the American military and ease the movement of raw materials for reconstruction and industrial purposes simply dismissed the dissent of the allied states.[124]

Washington soon questioned the provisions of the March 1946 agreement in a more comprehensive manner. The A.C.C. had decided to retain controversial dual-use branches of industry that included synthetic raw materials processing and even the production of explosives. The need to encourage coal-mining for domestic and foreign purposes had helped convince the A.C.C to tolerate the continued production of explosives and detonators. On 30 December 1946 Law No. 43 paradoxically prohibited the manufacturing or importation of war materials, but permitted the production of ammunition, detonators and explosives for use by industry. A representative of the Czechoslovakian military vociferously attacked the law during negotiations and correctly pointed out that this decision plainly violated the Level of Industry agreement. He feared that even minimal explosives capacities further rationalized the retention of ammonia and fixed nitrogen synthesis in order to produce ammonium nitrate and other banned compounds.[125] These worries were brushed aside. The Control Council, in a manner reminiscent of the F.E.A., decided to erect an elaborate system of inspection "to ensure the success" of the new law. Four special commissions drawn from each of the four military governments to randomly investigate "all plants and industrial installations" involved in explosives manufacturing.[126]

The Level of Industry plan, although crude and imprecise, represented the high point of the Allied pursuit of industrial demilitarization through a comprehensive program of dismantling and general reductions in capacity. The Level of Industry plan did not however accord with Washington's desire to reconstruct Europe or run the occupation according to a principle of self-sufficiency that limited foreign subsidization. The exclusive focus on national security concerns therefore granted the document qualities of fantasy once other issues bubbled to the surface. The steady stream of modifications to the Level of Industry agreements significantly reduced the impact on dual-use capacities in western Germany. The quadripartite administration first banned a commodity such as ammonia, fixed nitrogen or explosives but rescinded these directives after economic considerations were taken into account. Harold Zink's assertion that Morgenthauian concepts permeated occupation policy and seriously impacted the War Department's conclusion that Germany could not be efficiently managed "without a substantial amount of industrialization" seems suspect.[127] The wide latitude and autonomy of Clay's military government determined that the general's personal interpretation of J.C.S. 1067 mattered far more that the theoretical underpinnings.[128] Even the Division of German Economic Affairs, initially among the ranks of the hardliners, eventually altered their stance on economic matters in mid-1946 and instead argued that German industrial capacities should be set far higher than those

imagined by the A.C.C.[129] The period between the termination of war and the summer of 1946 represented the period when "much of the dismantling was taking place" and the advocates of a German economic restoration were plagued by those "who wanted to carry out literally the provisions of J.C.S. l067" and thoroughly demilitarize German industry.[130] Clay in any case tempered the effects.

5.4 Paperclip, Safehaven and Hidden Reparations

In a series of programs and projects sanctioned by the Truman administration, the American military set out to systematically comb Germany for intellectual assets, manufacturing secrets, and skilled personnel.[131] Truman sanctioned these efforts after the defeat of Japan in late August 1945. The president stipulated that only Germans untainted by Nazism cross the Atlantic. Executive Order 9604 demonstrated the extremely broad nature of American interests in Germany. The collection of human and material assets by definition did not aim at the demilitarization of industry. The American intelligence teams of the Office of Technical Services (O.T.S.) in the Commerce Department and the Field Information Agency, Technical (F.I.A.T.) in Europe targeted "all information concerning scientific, industrial and technological processes, inventions, methods, devices, improvements and advances".[132] But did these latter reparations represent an aspect of the industrial demilitarization program?

The dimensions of the effort to exploit German technical achievements were nevertheless staggering. Hundreds of American scientific and technical experts combed Germany to find and transfer primarily intellectual reparations back to the United States. The American civilian and military specialists expressed interest in "every aspect of German industry and technology" from heavy machinery and machine-tools to textiles, pharmaceuticals and electronics in order "to secure the benefit of their training, experience, and knowledge".[133] These "reparations" promised to stimulate the postwar American economy through the assimilation of new technologies at substantially reduced research and development costs.[134] American industry and research organizations could even employ German scientists "for substantially less money" than their American counterparts.[135] Operation "Paperclip" and the associated programs formed an extensive plan of exploiting German technology for the betterment of American industry and were neither conceived solely for denying the Soviet Union access to German technology nor as a method of controlling German industry.[136] These seizures and transfers acted as reparations in the true meaning of the term. Clay terminated the venture and ended the work of O.T.S. and

F.I.A.T. on 30 June 1947. The military governor claimed that he acted to protect German industrial interests.[137]

The growing tensions with the Soviet Union did however impact certain aspects of the program and certainly reduced Washington's commitment to the denazification program. The Cold War escalation intensified the urgency behind collecting and exploiting advanced technologies for the benefit of the American civilian and military industries. Policymakers had originally decided on 19 July 1945, in a plan codenamed "Overcast", to reclassify German scientists as civilians and ordered the intelligence teams to help influence their emigration to America.[138] The War Department's Joint Intelligence Objectives Agency (J.I.O.A.) conducted background checks of potential immigrants to investigate complicity in Nazi war crimes. The parties interested in German scientists discarded these findings after the summer of 1947 as the pressure for securing technology intensified. In a new J.I.O.A. project entitled "National Interest", which superseded "Paperclip", the United States targeted scientists all over central and eastern Europe irregardless of political history and affiliation. This program was clearly aimed at limiting Soviet access to technology.[139]

The Truman administration no longer barred Germans earlier considered politically tainted by an association with Nazism and criminal proceedings against most scientists stopped. Already in June 1945, the American teams rounded up thousands of German scientists and their families near Nordhausen. The military authorities shuttled approximately one thousand scientists by train to the safety of Witzenhausen in the American zone of occupation. This group included Wernher von Braun and his team of rocket specialists.[140] Members of the State Department initially objected to the immigration of scientists such as von Braun on the grounds that the continuation of their work in military research constituted an infringement of demilitarization and denazification policy.[141] Acheson pointed out that A.C.C. Law No. 25 prohibited the continuation of military research projects even if conducted on foreign soil.[142] The rocket scientists had also willingly accepted the utilization of slave labour under horrific conditions to compensate for labour shortages and thereby reach production targets. They therefore theoretically faced stiff prison sentences instead of affluence of the United States.[143] American officials, to avoid unwanted debate, devised elaborate schemes to camouflage the transfer of politically tainted individuals. In order to circumvent immigration laws, the responsible authorities moved the scientists into the United States via Canada and Mexico in an "an extralegal manner".[144] Otto Ambros represented an extreme example of flagrant American disregard for denazification in pursuit of national security. An I.G. Farben scientist who managed the

company's subsidiary at Auschwitz, Ambros was convicted of complicity in slavery and mass murder at Nuremburg and sentenced to eight years imprisonment. Freed after only having served a few years of the sentence, Ambros immediately began work as a consultant for "Grace, Dow Chemical, and other American companies, as well as the U.S. Army Chemical Corps under a consultancy project that was run administratively in Germany by H.I.C.O.G. [Office of the US High Commissioner for Germany]".[145]

A veritable wave of highly trained German specialists hit American shores. The chaotic state of Germany in the years following defeat and the enticing American offer of comfortable living conditions for both the scientists and their families helped shuttle over 492 scientists across the Atlantic by 1948.[146] Research opportunities in postwar Germany appeared nonexistent. Allied plans for reshaping universities and research in general and—once again—the destruction of the urban infrastructure generated the belief that scientists could emigrate or "work on a rock pile in Germany".[147] It initially appeared as it the occupiers would abolish a range of research fields ranging from magnetic tape recorders to synthetic fuels in order to negate any industrial advantages and thereby further demilitarize the state.[148] By 1957, sixty American companies including Lockheed, W. R. Grace and Company, C.B.S. Laboratories and Martin Marietta employed a large number of German scientists.[149] As part of the reparations taken from Germany to compensate the Allies and partially assist the demilitarization, the loss of intellectual assets superficially accorded with the general policy of industrial restructuring.

The political conflict with the Soviet Union offered a credible "excuse for riding roughshod over American denazification".[150] But at least a desire to employ morally compromised scientists for the general welfare of the American economy existed prior to 1947. Postwar assimilation of technology and the employment of scientists demonstrated particular benefits completely unrelated to the Soviet Union or policy in Germany. The British government for example chose another course of action. Instead of enticing or coercing German scientists to work on British projects, London "remained entirely circumspect about the employment of German personnel" and therefore lost opportunities to increase the competitiveness of the economy.[151] The British authorities decided, for example, that A.G.F.A. colour photography was "commercially uninteresting" and the technology was instead taken by Kodak in the United States.[152] The concentration on political motivation obscures how capitalist avarice impacted policy considerations.

Other methods were used to protect the firms from the postwar reparations policy. German industrialists, as pointed out in earlier chapters, employed neutral states during the

war to mitigate the effects of strategic bombing, circumvent the economic blockade of the Axis powers, and generally to deal with production bottlenecks. Several German firms also started investing in subsidiary firms positioned in neutral countries after 1943. This policy aimed at moving productive capacity, personnel and especially technology to safer ground away from the negative impact of future occupation policy. Siemens issued instructions to their subsidiaries in Switzerland to withhold production and profits and develop stocks of manufactured goods for the postwar.[153] I.G. Farben "sold" patent rights to neutral dummy firms established for the sole purpose of protecting intellectual property.[154] Daimler-Benz granted neutral firms access to their best technology and manufacturing methods.[155] Deducing the success of this subterfuge and subtracting the losses accrued from technology seizures represents a complex undertaking owing to these conditions.

Considering the extensive American effort expended in finding and securing technology, how did this policy impact the German economy, European economic recovery and the Allied occupation? Gimbel argues that "hidden" reparations and booty represented a considerable drain on German economic resources and capacities. "In the short run", the historian writes, "the exploitation programs had a negative effect on the resumption of German research and on German economic recovery in general".[156] While American intelligence teams operated in a manner similar to their Soviet counterparts, scooping up men and data, the evidence strongly suggests that "Paperclip" did not represent a purely negative program. The military government clearly emphasized that the exploitation of technology harmed the German economy. General Clay wrote to the War Department on 20 October 1946 that the F.I.A.T. investigations were a serious handicap to German economic recovery. He expressed doubts that "German industrial development in peacetime industry and research...can be pushed vigorously until some industrial security is provided for trade processes which are developed in these industries".[157]

No hard evidence exists that might corroborate Clay's claim. "Paperclip" among other results cultivated closer ties between German and American industry. The technological sophistication uncovered more importantly helped convince the occupation authorities of the need to utilize these resources for European economic rehabilitation.[158] Clay generally demonstrated a certain taste for the strategy of exaggeration. Clay for example continually emphasized throughout his tenure as military governor that the American zone represented a minor industrial region. A quick look at the development of modern industries in southern Germany during the interwar seriously undermines this observation.[159] Clay emphasized the allocation of raw materials to feed both civilians and

industry in his rationalization of reconstruction to save taxpayer's money. In any case, the argument that "Paperclip" seriously impacted overall capacities would otherwise have had minimal credibility.

Calculating the loss of intellectual property to German firms also represents a complex undertaking. The directors of I.G. Farben complained in 1946 that German competitors gained access to intellectual property seized and published by the occupying powers.[160] This levelling of the playing field, in their point of view, reduced competitiveness. But the American and British practice of publishing intellectual property, over five million pages of microfilm by mid-1947, also transferred the secrets from one German firm to another. These types of reparations therefore benefited the German economy to a certain extent and make the assessment of damage or loss exceedingly difficult.

American policymakers also understood that considerable German foreign assets were transferred to neutral states during the war.[161] State and Treasury Department officials for example estimated that the Nazis plundered $579 million in gold during the war and transferred about $400 million of this total to Switzerland alone.[162] The western Allies responded and conceived of a plan to deny manufacturers the means of shielding themselves from reparations and demilitarization obligations. The Treasury Department clearly linked the retention of financial and technological assets to war potential. The authors of "Safehaven" offered possibly the broadest definition of the dual-use concept employed during this period. The inclusion of all financial assets in the arena of reparations particular emphasized the virtual disappearance of any distinctions between civilian and military sectors in modern economies. But the program also heightened fears among the occupation authorities that the occupation appeared to disregard the needs of postwar Germany. Brigadier Denham, later economic adviser to the British Military Governor in Berlin, stated that "If we impose on Germany a financial constitution which will not work... later we shall either have to accept considerable modifications under the pressure of events or condemn Germany to the continuation of economic disorders which may endanger law and order".[163]

Operation "Safehaven" sought, among other things, "the control of German individuals who might contribute to the revival of the German war potential by subversive activities in foreign countries after the war".[164] The Allies officially launched the operation at the United Nations Monetary and Financial Conference at Bretton Woods in July 1944. The conference—which also created the World Bank and the International Monetary

Fund—called on neutral states to acknowledge and account for all assets belonging to German citizens. A.C.C. Law No. 5, issued in November 1945, stipulated that ownership of these assets belonged to the victors. But the matter of finding and distributing financial assets was far simpler within Germany itself. The Allies found concealed gold reserves, in particular at the Merkers salt mines, totalling several million dollars. Some of this gold had been taken as war booty from occupied states in order to fund the war effort. The American Foreign Exchange Depository (F.E.D.), a section of O.M.G.U.S., collected and temporarily stored $300 million of the valuable substance in Frankfurt and distributed the gold between 1945 and 1948.[165] The Tripartite Gold Commission for the Restitution of Monetary Gold, established in September 1946, managed to distribute $380 million in gold.[166]

A host of problems, pointed out in a recent surge of interest in this subject, hindered efforts. The fact that a multitude of organizations covering various agencies from different countries analysed and collected the German assets confused the situation on the ground.[167] The western Allies encountered the usual problem of establishing the total amount of assets. German external assets were roughly estimated at $750 million, but historians cannot determine these numbers with any precision. Ascertaining which of these belonged exclusively to German companies and individuals proved extremely complicated.[168] The dealings with neutral states also slowed the process. London relied on increased trade with neutral states to stimulate the economy. Policymakers therefore edged away from using rough tactics that might sour relations. The United States, although maintaining greater freedom of action and initially pressing hard for compliance, chose to soften their demands as the rifts between Washington and Moscow deepened. Neutral states, for reasons of greed and a general unwillingness to bend to the dictates of foreign states, wished to hold onto the assets for their own reasons. Negotiations between the Anglo-Saxon states and the neutrals therefore "proceeded slowly and deliberately".[169] This evaluation of the success of Operations "Paperclip" and "Safehaven" in demilitarizing German industry, while only a secondary goal subordinate to technology acquisition and reparations, demonstrates once again that the establishing of value and overall impact of the operations is extremely difficult. These programs certainly failed to institute lasting changes to the industrial landscape. The assets such as patents and foreign subsidiaries were later transferred back to German custody as both a ploy to accrue the goodwill of manufacturers and strengthen the central European economy.[170] The operations seemed more akin to war booty than a rational demilitarization or reparations program since the foreign and financial assets only indirectly impacted productive capacities within Germany.

5.5 An Imprecise Policy of Industrial Demilitarization in Action

The failure to provide the soldiers of the four occupying states with a four-power industrial demilitarization policy that encompassed a clear delineation of civilian and military industries and concrete specifications did not stop the victors from instituting a haphazard program of seizures after 1945. The A.C.C. actually seemed disinterested in establishing a systematic approach and requested that the military governments evaluate the targeted industrial facilities after they had been earmarked for dismantling.

After a plant has been allocated to a Government on account of reparations, the country receiving this plant will send a mission of experts of agreed size to advise on dismantling, packing and shipping. It is assumed that the valuation of such plants will be made either before or during these operations...Before handing over of any equipment from the plant subject to deliveries on account of reparations, a complete inventory of the plant and the equipment may be taken by the mission consisting of representatives of the country receiving the equipment.[171]

This course of action recognized the Herculean task of evaluating the value of equipment at facilities without the appropriate German documentation, in various stages of disorganization and damaged by the strategic bombing campaign. The records would subsequently be collected to determine the value of seizures after the matter. This policy made no allowance for German domestic requirements.

Allied soldiers armed with blow torches cut machinery down to size and loaded the equipment onto freight cars for shipment out of Germany. This issue is taken up in greater detail in chapter eight. Two early examples from the British zone of occupation however demonstrate the disorganized nature of the enterprise, the low relative value of dismantling in terms of reparations value, and the general impression of a crude and uneconomical policy that was imprinted on the minds of both victor and defeated in Germany. Certain "successes" nevertheless characterized the operations. British Engineers dismantled the Krupp Huttonwerke Borbeck open hearth smelting installations and steel rolling mills for shipment to the east. This metallurgical plant consisted of five units valued at 27,661,445 RM. The Soviet authorities integrated the equipment into their industrial infrastructure by 1948. This single action reduced dual-use capacities and offered considerable reparations.

The dismantling crews also aimed their sights at the naval shipyards in Kiel to disassemble the enterprises in accordance with the postwar demand to eliminate shipbuilding and especially warship capacities. The Krupp Germaniawerft, one of 33 such German facilities, had produced 131 U-boats during the war and the British raised it to the ground. But other armaments producers in Kiel did not suffer a similar fate. The Deutsche Werke Kiel, although itself a major shipyard having produced such battlecruisers as the

"Gneisenau", resumed the production of merchant ships and locomotives by the end of the 1940s after the delays brought by industrial reorganization and particularly Allied interference. The British did not even attempt to slow activities at the H.D.W. naval yard and the company continued to manufacture civilian vessels throughout the period. Nor did the British teams dismantle the Kriegsmarine support structure. Companies such as Rheinmetall Landsysteme, which had produced many of the torpedoes for Karl Dönitz' wolf packs that sunk 5,758 Allied merchant ships during the war, quickly shifted towards the manufacturing of civilian commodities until Cold War realities induced the return to armaments in the 1950s and 1960s.[172]

The Krupp Gusstahlfabrik or Cast Steel Works in Essen represented the type of dual-use facilities whose dismantling was deemed particularly necessary by a large proportion of those security-oriented policymakers who wanted to remove latent military industrial power. The British at first blocked the removal of equipment from these gigantic installations owing to the need to repair rail transport in Germany.[173] It was also necessary for the Allied specialists to study the many component elements to determine rational levels of destruction and establish lists of equipment available for transfer. The A.C.C. on 4 March 1947 ultimately decided that the equipment of 25 "units of allocation" at the Krupp Gusstahlfabrik in Essen faced "liquidation". This total included equipment from seven specific facilities or shops. These equipment included machines and tools used for the production of railway wheels, processed steel components, large containers, steam boilers and for repair purposes.[174] The greatest prize of all, the Gusstahlfabrik's 15,000-ton steel press was issued to the Inter-Allied Reparations Agency (I.A.R.A.) and then transported to Yugoslavia. "The suffering and losses sustained by the people of Yugoslavia during the period of German occupation", the control authorities informed the Yugoslavian military mission in Berlin, "occasion feelings of the deepest sympathy".[175] But this form of reparations yielded no returns. A press of this size, one of the largest in the world, was built mainly for equipment needed by a highly advanced economy and therefore represented a superfluous addition to Yugoslavian industry. The machinery sat idle and unused until it rusted beyond recognition.[176]

The situation in the American zone followed a similar pattern of policy confusion. Roughly 1.6 million American soldiers took control of southern Germany in May 1945. The headquarters of the 12th Army Group took responsibility for matters of military government after 16 May 1945 and divided the region into three commands administered by the 3rd, 9th and 15th Armies.[177] The large number of soldiers ostensibly offered the

manpower needed to conduct an efficient occupation, but poor discipline and boredom set in once the guns ceased firing. Thousands of American G.I.s, partly driven by the notion of collective German guilt expressed in the policy of non-fraternization found in their Pocket Guides, behaved out of character. In one incident in early 1946, two American soldiers toting light bulbs "requisitioned" from a Deported Persons (D.P.) mess-hall were stopped by a German-Jewish member of the newly constituted civilian police detachments. These detachments reflected the desperation of military government in attempting to clamp down on misbehaviour. The ill-tempered and visibly drunk soldiers did not take kindly to being interrogated and assaulted the policeman beating him badly. The two men then returned to the mess-hall to demolish all the "furniture, stoves and [remaining] lighting fixtures" in a fit of spite.[178]

This isolated action, one of thousands filling the weekly summaries of military government detachments, represented a general decline in morale. The situation deteriorated so seriously that Army studies emphasized that the German population described American soldiers as "men who drink to excess; have no respect for the uniform they wear; are prone to rowdyism and to beat civilians with no regard for human rights; and benefit themselves through the black market".[179] The clearly illegal sale of military surplus to Germans especially unnerved the military authorities. Soldiers even sold excess weapons such as rifles to civilians after the military government issued a new directive "forbidding the carrying of more than one weapon" in the autumn of 1945.[180] Another report, exhibiting overtones of racism, even warned that "the presence of American negro troops in the area [Hessen] has slowly assumed the proportions of a security threat" owing to a series of rapes and other crimes.[181] The end of hostilities helped stimulate the belief that the soldier's work had been completed and this loss of focus negatively impacted the occupation.

The progressive reductions of troop strength during this period, in conjunction with poor discipline, impacted the efforts of Clay's military government in other ways. The infantry and armoured divisions, responsible for their operational areas and representing a strategic reserve, were being sent home in ever greater numbers by late 1946. Both the 3rd and 9th Infantry divisions were sent home during the closing months of 1946. The 1st Infantry Division took over the ignoble task of running the prisoner of war camps and displaced persons installations.[182] The large American army, effectively decimated in effectiveness by poor discipline brought about by the desire to return home, absorbed some of the energies of the military government in a climate characterized by steadily reduced

paper strength. The depletion of manpower in particular literally forced the reliance on German assistance for occupation duties.

Security represented a significant problem for the American authorities. Armed gangs of D.P.s roamed the countryside in search of plunder and revenge in what the military called a "crime wave". In September 1945 for example six Polish D.P.s armed with machine pistols murdered a German farmer and a physician near Giessen in Hessen. A manhunt was organized. Miltary police caught up with the fugitives at the train station in Alsfeld. The Poles opened fire on the Americans and managed to escape.[183] This incident helped convince military authorities to demand the introduction of larger German security forces equipped with guns. The policy succeeded. An E-3 report concluded in December 1945 that the "complete arming of German police" led to a "definite decrease in robberies, miscellaneous small crimes and lawlessness".[184]

The influx of refugees from eastern Europe, as demonstrated, caused additional problems. Small American tactical formations acted as border guards but failed to halt or control these movements. Insufficient troop strength prohibited the creation of secure borders.[185] The military had deployed reorganized rural civilian police forces and remodelled the German Grenzpolizei to function on a state level to compensate for decreasing numbers of soldiers in a deteriorating situation. According to Military Government's Directive No. 16, approximately 4,000 uniformed and armed German borderguards began operations on 15 March 1946 and gradually took near complete responsibility for border control operations from the hands of the military.[186] These auxiliary forces worked in conjunction with the United States Constabulary, activated on 1 July 1946, which was formed to deal primarily with the cross border movement of civilians.[187] United States Forces European Theater headquarters had concluded in June 1946 that American border guards were ill-suited for the role and that a heavy reliance on German police units required more supervision. The Constabulary was born.[188] This organization encompassed 30,000 troops organized into three brigades of three regiments. A number of specialist formations assisted their efforts such as a light tank company of 17 M24 tanks, a horse platoon of 30 soldiers and nine L-5 liaison aircraft. The Constabulary created control posts and sent out patrols to offer some depth to the border system.[189] These measures could not hold back the flood of refugees over such a large border region.

The lack of clear policy statements and directives impacted the efforts of the officers and men who took the job more seriously. Approximately 250 American European Civil Affairs Division (E.C.A.D.) and 200 provisional detachments conducted the real work

of preparing for industrial demilitarization during the early phases of the occupation. The division had originally been composed of three regiments.

> The outstanding peculiarity of ECAD was that only its smallest components, the detachments, had an operating civil affairs military government role. Independently of the division, they would be the instruments through which the combat troops would be relieved of civil commitments and the primary SHAEF civil affairs objective would be attained, namely, 'to ensure that conditions exist among the civilian population which will not interfere with operations, but will promote these operations.' They would be small, self-contained and partially self-sufficient headquarters, which, although not designed to govern, would have sufficient authority and possess enough technical know-how to revive, instruct, and supervise local governments. In doing so they would accomplish the second SHAEF civil affairs objective, which was to achieve the first with maximum economy of military manpower.[190]

The problem for these men related to defining their reason for being. Military government officials complained that "Most tactical units, troops and commanders alike, do not know what military government is or what it is supposed to do".[191] These tactical organizations, which spread across the American zone to secure industrial installations among other tasks, fell back on the older concepts characteristic of the handbooks rejected by Morgenthau and Roosevelt. These security considerations characterized the efforts of the E.C.A.D.

The lack of a clarified position did not conflict with the initial goal of husbanding industrial resources for recovery or later dismantling. On 27 August 1945 U.S.E.F.E.T. directed Military Government Detachment E-3 to proceed to Rüsselsheim, only a short time after the end of hostilities, and "take the Opel Plant into official custody".[192] These facilities, originally a subsidiary of General Motors until Hitler nationalized the company in the 1930s, produced tanks and trucks for the Wehrmacht during the war.[193] The surprised soldiers discovered that wartime damages did not seriously impact capabilities. "[F]inished products will be rolling off the production line" they informed headquarters, "in the very near future". The detachment assisted German work crews in re-establishing "full scale" production by the end of September.[194] The American 7th Army had ordered the production of a large number of trucks in order to alleviate the transportation problems brought by the bombing of the railways during the war. Only the lack of raw materials inhibited greater truck output at the Rüsselsheim plant. The E.C.A.D. detachments explained that food shortages lowered worker productivity. A shortage of coal-based energy and basic raw materials hindered the production of critical spare parts. The trucks that did stream off the assembly lines needed gasoline. E.C.A.D. therefore sponsored the protection of those industries associated with transportation such as the fixed nitrogen

processing and oil synthesis facilities. E-3 in particular helped Gustav Rubeman Viernheim, the head of the chemical Bensheim factory, to resume oil refining operations.[195]

The need to resurrect the German transportation and communications network also lay behind the protection of associated factories. The Mercedes-Benz factory at Untertürkheim returned to production on 20 May 1945 and new designs followed in swift succession.[196] The same company even created new repair facilities in Waiblingen near Stuttgart for the occupation forces in 1945.[197] American soldiers first entered the Volkswagen facilities in Wolfsburg on 11 April 1945. The fear that freshly released slave labourers might try to exact a degree of revenge and destroy the installations—again only marginally damaged during the war—convinced the German management to request the presence of armed soldiers on the factory floor. The military agreed. The British military, which took over responsibilities from the Americans in accordance with the zonal boundaries aggrements, acted in a similar manner to the E.C.A.D. detachments. The British even permitted the production of motor vehicles for export purposes and went to great lengths to allocate the resources needed by the firm.[198] Owing to the earlier observation that automotive production represented the industrial backbone of military industrial production during the war, the activities of the Anglo-American soldiers saved the core of this dual-use industry from destruction in 1945. Other associated sectors required by these factories soon fell under the same protection.

The process of examining German industrial facilities, determining the amount and nature of the equipment and establishing a monetary value proved cumbersome. The structure appeared relatively straightforward. The Coordinating Committee first approved the plants available for destruction or dismantling. The Reparations, Deliveries, and Restitution Directorate (R.D.R.D.) then carried out the process of valuation. The Economic Directorate subsequently allocated the machinery to either the Soviet Union or to the I.A.R.A. for issue to western claimants such as Australia, Belgium, India or Yugoslavia. But significant delays hampered this process. A small French team of 15 experts toured and apprised the hundreds of installations throughout the western zones. The Soviet delegate on the R.D.R.D. complained on 6 November 1946 that "Valuation work is at present the bottleneck on the Reparations Program". The British delegate essentially agreed with his Soviet counterpart and informed the directorate that valuations of a factory sometimes required over seven months. Unlike the other members of the group, however, the Soviet delegate bitterly complained that "this work had practically broken down" and that Moscow awaited the valuation of non-ferrous metal plants, 800 machine-building and

optical plants, and especially that of shipyards. The Soviet delegate stressed that some form of final date be set to force swift compliance.[199] The British authorities informed the Soviets that there were "not enough experts at the disposal of [the] British Military Government to carry out this work".[200] The Soviets only visited 37 of 416 plants in the British zone.

5.6 Feeding Workers as a Structural Constraint

German food stocks dwindled in the months after war's end. Wartime neglect, the Soviet and Polish annexations of the agricultural heartland, postwar interzonal division and the absence of a viable currency for import purposes helped exacerbate the problem. The political decision to cede the Prussian agricultural heartland to Poland and the Soviet Union as reparations reduced Germany's total amount of arable land by one-quarter.[201] Germany produced only 83 percent of required foodstuffs prior to the war and imported the rest to compensate for the deficit.[202] What remained in German possession could not feed the population under the best of conditions. The threat of famine in eastern Germany induced the Soviet authorities to import bread grains and other foodstuffs.[203] Experiencing their own difficulties in providing for the civilian population within the Soviet zone, Moscow failed to ship foodstuffs and fertilizer to the more heavily industrialized west.[204] The division of Germany into four zones restricted the trade of foodstuffs and the industrial commodities needed for agriculture. But the famine itself was restricted to the larger German urban centres. The lack of a functioning currency convinced German farmers to hoard their produce and await better days. British troops in North Rhine-Westphalia commented that German farmers seemed unaware that a food crisis even existed.[205] The high level of urbanization in Germany still determined that millions went hungry.

But the fall in industrial production, brought about by insufficient raw material stocks and the Allied policy of suspending production at certain factories in anticipation of clear policy directions, represented the primary reason why German farmers found it increasingly difficult to purchase fertilizer and basic agricultural equipment. The decision reached at Potsdam to dismantle or significantly reduce entire industrial branches impacted the flow of fertilizer, fossil fuels and replacement parts.[206] The food shortage that surfaced after Potsdam demonstrated the flawed foundation of the subsequent Level of Industry agreement and underlined the validity of certain T.I.D.C. counter-deindustrialization arguments that tampering with specific elements of the economy could only end in catastrophe for policy in Europe. The dismantling or destruction of the fixed nitrogen facilities, that during the prewar produced most of the world's synthetic fertilizer,

theoretically threatened Europe with starvation unless the industrialized states could conjure up alternatives. Other European farmers faced similar shortages to their colleagues in Germany. Owing to the banality that Germans required agricultural produce in order to live, and Allied industrial demilitarization concepts threatened serious disruptions in German and European farming, the Potsdam and Level of Industry agreements forced millions of Europeans to face the prospect of starvation.

Europe plunged into a severe crisis in the winter of 1946-47 that shook the foundations of postwar policy. The harvest of 1946 did not bring in enough food to adequately feed the European population.[207] Europe's 60 million displaced persons only added to the problem.[208] Millions of destitute Germans—expelled from Poland, Czechoslovakia and elsewhere—streamed into the occupied zones at a rate a quarter million a month and forced significant pressures on existing food stocks. American observers believed that the deteriorating living conditions brought up the spectre of general disorder and chaos that might impact European political developments. William L. Clayton, Undersecretary of State for Economic Affairs, forecast that the scourge of starvation affecting "millions of people in the cities" threatened to "overwhelm Europe". The general crisis that spread outwards from Germany appeared to radicalize the European political scene by garnering support for communism in France and Italy.[209] Memories of the depression still fresh, the Truman administration understood that political and economic chaos had assisted the rise of Fascism in the 1930s. Washington sought economic stability in order to minimize these pressures.[210]

European farmers needed fertilizer more than words of encouragement. The State-War-Navy Coordinating Committee observed that global agriculture after 1945 suffered primarily from seriously reduced fertilizer production. Output continuously fell from the prewar level of 2,242,000 to 300,000 tons by 1947. The committee pointed out that the poor state of European fields brought by the transfer of resources to explosives manufacturing required output levels that surpassed those of the 1930s by a considerable margin.[211] The diversion of fixed nitrogen and other raw materials from fertilizer to explosives production in Germany cut the harvest in half by 1945 and farmers only harvested 35 percent of prewar levels in 1946.[212] Dwindling German food stocks reduced the average daily ration to considerably less than the official postwar requirement of 1,500 calories.[213] The American occupation authorities generally held the German population responsible for the numbing hunger that forced urban residents to pick through the garbage to still their hunger. Eisenhower had of course warned the German population in August

1945 that shortages of food, fuel, housing and transport meant a "tough" road ahead.[214] But this attitude did not account for conditions outside of Germany and European society fared only marginally better.[215] This situation made a mockery of the official American commitment to fight starvation and disease.

Disease struck the weakened German population. The future West German Chancellor Konrad Adenauer predicted in a letter that millions would die if the occupation authorities did not address the problem.[216] New tuberculosis cases rose so dramatically in the summer of 1947 that 40,000 patients in the Anglo-American zones could not be treated.[217] Other diseases including diphtheria and typhus took the lives of increasing numbers of civilians and especially children.[218] How many died as a result of postwar chaos? The wide divergence in statistical analyses of postwar German mortality rates limits the investigation of deaths through starvation and disease.[219] The American authorities reported a mortality rate of 28.5 per 1000 (10.1 per 1000 in the city of New York) between August 1945 and October 1946.[220] The American awareness of these problems counts more than a final tabulation.

Clay in November 1945 described Berlin as "the world's largest boarding house, with all the population on relief".[221] But occupation authorities originally discouraged the efforts of aid organizations to send assistance across the Atlantic and instead stipulated that "the shipment from this country of relief supplies for German nationals in Germany is not permitted".[222] On initial inspection, officials including Clay at first interpreted the sending of aid as contradictory to the J.C.S. 1067 requirement that Germans understand the meaning of defeat.[223] But the War Department had ordered Clay to terminate all mail between Germany and Switzerland, Sweden, Spain, Portugal and Argentina to prevent German industrialists from protecting their foreign assets.[224] The ban could not stand against domestic pressures. The State Department even resorted to lies to quiet increased domestic pressures to allow shipment of assistance packages. Despite the fact that O.M.G.U.S. had managed to repair a substantial portion of the German communications system by November 1945, the State Department informed the aid organizations that postwar chaos restricted the flow of goods and even mail to Germany.[225] Undeterred by the official statements, the documentary evidence demonstrates that these organizations managed to ship food under the noses of the occupation authorities. Norman Innes stated in June 1946 that the Maritime Sales and Service Corporation, an American commercial agency in New York, smuggled food packages to the British zone through Denmark.[226] German

manufacturers even managed to ship nitrogenous products to the United States, which baffled occupation authorities, at the beginning of 1947.[227]

The non-governmental shipment of direct food relief predated official actions. The evidence suggests that Clay, far from happy with conditions in Germany, agitated against the ban on communications. The growing hunger crisis convinced Clay to adopt unusual methods to change attitudes. The general began to publicly weigh German children for reporters to demonstrate the effects of starvation to the American people. This act represented an appeal for aid that tugged at the hearts of the American public.[228] A torrent of letters and petitions, that included aid groups who collected charitable donations in anticipation of change, overcame inertia. The State Department accepted the offers of the relief organizations by 4 February 1946. A restricted mail service resumed a month later and package post was re-established on 1 June 1946.[229]

Congress responded somewhat slower than certain segments of the American population and helps explain the administrative lethargy in combating the problem of starvation in Germany. The Society for the Prevention of World War II, consisting of several thousand members some of prominent stature such as Henry Morgenthau Jr., Sumner Welles, and Albert Einstein and directed by senators such as Elbert D. Thomas and Harley M. Kilgore, formed in the immediate postwar to avert a future war by "whittling down Germany's war potential in all fields of activity". The organization based all of its work on the assumption that no distinction between Nazis and the German people existed. They adopted a program characteristic of the hardliners and "advocated a postwar platform which included such features as the permanent separation of East Prussia, Silesia, the Ruhr, the Rhineland, and the Saar from Germany; abolition of all heavy industry; reparations in kind; conscription of German labor to rebuild the free nations; and relief for the people of Germany only after relief was accomplished for all of the liberated countries".[230]

Senator Thomas, who informed the American public that Germans "proved themselves unfit to participate in the community of nations", argued that no normal German civilian economy even existed. While he supported pastoralization and plainly argued that Germany be "reduced to an agricultural nation", Thomas' writing indicates a total lack of regard for the economic realities pointed out in this dissertation. The senator emphasized that German nitrogen fixation plants produced munitions and not fertilizer for agriculture and should therefore be destroyed.[231] These politicians of a significant anti-German leaning even expressed the callous opinion that the sending of food aid represented "the first move in a campaign whose ultimate goal is the rebuilding of a strong and aggressive

Germany".[232]   Congress, pressured by lobby groups and a more rational faction that included the Republican senators from North Dakota and New York, nevertheless officially started shipping food parcels to their former enemy and helped alleviate some of the suffering brought by famine in December 1946.[233]   Senator John Taber in particular helped secure a $300 million deficiency appropriation for 1947 and another $600 million for 1948.[234]   These substantial sums represented the opposite of what the Society for the Prevention of World War III advocated. Considering Truman's dismissal of a hard peace, and the concentration on German economic rehabilitation, the Society for the Prevention of World War III failed to realize their vision.

But this form of aid represented a temporary solution to a significant dilemma. The shipment of charity, undertaken by the Soviet authorities to accrue political capital, did not alter German and European dependency on Ruhr heavy industry for fertilizer unless these handouts would become permanent.[235]   Such a solution conflicted with fiscal frugality. Nor were attempts at alleviating fertilizer deficiencies economically or politically sound. American diversions of ammonium nitrate from the domestic armaments industry, for example, only represented a fraction of what was needed.[236]   Fifteen American ordnance plants shipped 59,000 metric tons of nitrogen fertilizer to Germany, Austria and Japan in 1946.[237]   This short-term solution reflected an understanding of the needs of the occupation, but Washington loathed depriving American military industrial facilities of resources when the capacities for large-scale production existed in Germany.   The State-War-Navy Coordinating Committee pointed out that German agriculture could not return to prewar levels without the fertilizer provided by the Haber-Bosch process that relied on fixed nitrogen and hydrocarbons to produce ammonia.[238]

German industry offered the ideal solution.   But the American authorities in Germany had to first identify how much fixed nitrogen capacity survived the war intact. The U.S.S.B.S. report entitled "The Strategic Air Attack on the German Chemical Industry" had however jettisoned Galbraith's observations and concluded that the bombing campaign and Soviet dismantling had completely destroyed fixed nitrogen capacities in the Ruhr and Germany as a whole.[239]   The report argued that the fall in explosives output in early 1945 indicated that the "Allied air attacks directed at Germany's synthetic oil plants effectively destroyed Germany's nitrogen production with disastrous results".[240]

The State-War-Navy Coordinating Committee argued strongly that this conclusion in no way approached the truth. The yearly industrial output of fixed nitrogen, they pointed out, did fall from a prewar level of approximately 677,000 to 105,000 tons.[241]   But German

capacities nevertheless remained high. Investigations by the British Intelligence Objectives Sub-Committee demonstrated that the Ruhr plants alone could return to 400,000 tons production per year—the Level of Industry agreement limit—after a few months of basic reconstruction.[242] Two basic problems lowered volume. The German authorities had moved much of the light equipment into to central Germany in a futile attempt to continue the production of explosives.[243] The shortage of coal, according to both the committee and the European Coal Organization, more importantly shut down the fixed nitrogen industry.[244] Economic paralysis and resource shortages triggered the fall in output. Clay substantiated these findings.[245] The committee speculated that basic repairs could swiftly return this industrial sector to prewar levels and that the immediate improvement in coal allocation alone would boost monthly production by 8,665 tons.[246]

Stimulated by the extreme food shortages in Germany, Senator S. Cooper requested clarification of fixed nitrogen capacities in June 1947. Cooper was puzzled by former President Herbert Hoover's press report that the victors continued to dismantle these factories despite the need for fertilizer and the potential for famine. The Deputy Assistant Secretary for Economic Affairs C. Tyler Wood responded on 20 June 1947 that the newspaper articles stemmed from an interview between Hoover and the Secretary of War Patterson. The former president had misunderstood Patterson's complaint that the Soviet authorities destroyed the fixed nitrogen facilities in eastern Germany. Wood attempted to quiet the Senator. He insisted that "every effort was being made within the imposed levels of industry to restore production of fertilizers" but emphasized that economic paralysis and the shortages of raw materials and not dismantling kept production low.[247]

Wood, despite his assurances, released a contradictory report concerning the fixed nitrogen affair that did summarize the problem. He argued that only two German facilities produced over two-thirds of the country's overall supply. These two plants faced significant bomber raids, he pointed out, owing to the dual-use nature of nitrogen and the importance of the element for synthetic petroleum and explosives. Wood concluded on the basis of evidence provided by the U.S.S.B.S. that bombing had represented a "decisive factor in the collapse of the German military effort" and had disrupted and destroyed production capabilities. The largest German plant, he added, was furthermore located in the Soviet zone and the second largest in the French zone. Only a single plant of an older type existed in the American zone. Each of these facilities suffered from a lack of coal, hydroelectric power and other essential resources. Wood nevertheless paradoxically pointed out that despite strategic bombing, dismantling, and shortages, capacities remained

at the 1939 level "which is the desirable goal for the present period in the attempt to increase the indigenous supply of foodstuffs". Wood confusingly added that neither the American nor the Soviet authorities had dismantled the nitrogen facilities "even though all high-pressure plants were at one time placed in the mandatory removal class under the level-of-industry plan".[248] Despite wild fluctuations in the statistics, it is reasonable to believe that fixed nitrogen capacities were neither destroyed nor dismantled.

Bottlenecks and not a lack of equipment therefore hampered efforts at increasing crop yields. Until resumption in the flow of raw materials, economic paralysis turned the world's main exporter of fixed nitrogen into a net importer.[249] The European Coal Organization emphasized that only the United States could address the global fertilizer shortage of 1.3 million metric tons until German fixed nitrogen facilities received sufficient coal.[250] Clay, in conversations with Peterson on 18 June 1947 concerning the global shortages of nitrogen, agreed to the "importance of securing [the] maximum production of fertilizer nitrogen in Germany". Clay pressured a willing European Coal Organization to step up German coal-mining to "permit operations at capacity" levels.[251]

Recognizing that the reconstruction of western Europe depended on German industry, a report issued on 22 September 1947 by Fritz Baade, who later headed the Institut für Weltwirtschaft in Kiel, concerning the German chemical fertilizer industry argued that the western German economy required an annual minimum of 450,000 tons of nitrogen for domestic purposes and some export. This number represented 80 percent of 1939 production for all of Germany and exceeded substantially increased figures in the various versions of the Level of Industry agreement figure of 117,000 tons.[252] The western German economy required a minimum of 300,000 tons of nitrogen, 600,000 tons of potash and 300,000 tons of phosphoric acid for fertilizer. On the basis that one ton of coal produced enough nitrogen fertilizer for four tons of grain, Baade furthermore argued that the German economy under ideal conditions required a minimum of 1.2 million tons of coal for agricultural purposes alone. Phosphoric acid also depended on industrial resources. Baade pointed out that the occupation authorities could either produce maximum levels of steel to generate the slag needed for phosphoric acid or they could permit Germany to produce sulphuric acid to derive the fertilizer through the processing of phosphate rock.[253] Sulphuric acid, true of most other commodities, represented another banned substance of vital importance to industry. But, the continual stream of refugees into western Germany, he argued, only increased the demand for agricultural produce and therefore fertilizer. Since German postwar nitrogen production stagnated at 20-25 percent of prewar levels,

which Baade attributed primarily to coal shortages, the German and European economies required either uneconomical or militarily unsound American exports. To avoid depriving American explosives manufacturers of nitrogen or subsidizing German agriculture using American taxation dollars, Baade advocated the complete removal of industrial restrictions.[254]

This viewpoint took hold of the Truman administration by 1947. Marshall and the State Department generally accepted that the nature of postwar Germany required that the maintenance of a "highly industrialized society" to support the population.[255] Clay had placed this argument in the simplest of terms. "Without food", he had argued, "we cannot produce coal; without coal we cannot support transport and industry; without coal we cannot produce the fertilizer necessary to improve future food supply. Only food can prime the pump".[256] The need to prevent a catastrophe in Germany that would cost American taxpayers lay partly behind this change in perspective. Elections in November 1946 granted the Republican Party control over Congress and conservative fiscal worries about the costs of an economic collapse in Germany prompted the Truman administration to send Hoover to Germany to investigate the acute shortages of coal and food.[257] The former president "apparently had a definite notion of the facts he was going to find: the need for increased exports and foreign exchange, the necessity for an upward adjustment of the level of industry plan, and the exigency for an indefinite deferment of reparations".[258] Hoover therefore focused on the suffering of the general population which he attributed to war damages and disregarded the state of industry completely.

The mission aimed at convincing the remaining critics in Washington to accept what now amounted to a fused Republican-Democrat agenda for Germany. In February 1947, the former president reaffirmed the conservative position that Germany desperately needed increased exports and foreign exchange injections. Hoover explained that Washington generally underestimated the levels of destruction caused by the strategic bombers. He argued that the postwar demand for a downward adjustment in industrial production failed to take the bombing campaign into account. The revolutionary action of deindustrialization, he explained, acted as a major irritant inhibiting reconstruction and more importantly the pace of general economic recovery. The unleashing of German industry, freed from the burden of reparations, promised to solve the most difficult economic problems facing the Truman administration.

> Our determination is to establish such a regime in Germany as will prevent forever
> again the rise of militarism and aggression within these people. But those who believe

in vengeance and the punishment of a great mass of Germans not concerned in the Nazi conspiracy can now have no misgivings for all of them—in food, warmth and shelter—have been sunk to the lowest level known in a hundred years of Western history. If Western Civilization is to survive in Europe, it must also survive in Germany. And it must be built into a cooperative member of that civilization. That indeed is the hope of any lasting peace.[259]

The Hoover mission represented the most articulate expression of the conservative argument against reparations and Allied tinkering with the German industrial future.

5.7 Conclusion

As demonstrated in this chapter, the change in American policy was not necessarily related to Cold War developments. The example of nitrogen fixation demonstrated that the pursuit of national security objectives in Germany, namely the elimination of military potential, conflicted with other equally important goals of the Truman administration. The dismantling of dual-use facilities required for economic recovery and basic survival, a logical conclusion derived by the groups tasked with industrial demilitarization, threatened to complicate and derail the occupation. Clay rejected the conclusions of the F.E.A. as impossible to square with an effective administration. His efforts at altering the Truman administration's stance on the dismantling issue, broad segments of the government in agreement with a "lenient" German policy prior to the events of the summer months, moved Washington in a new direction. The Truman administration now emphasized the wartime destruction of the German urban core and more importantly spoke of reconstruction and not just dismantling. Clay's stoppage and the new interpretation of the Level of Industry agreements stemmed in part from the realization by men on the ground that attempts at restructuring German industry promised only extremely negative results and outright chaos.

CHAPTER 6

The Militarization of Policy and Views of German Industry

The buck stops here.

Harry S. Truman

6.1 Introduction

The political events of 1945 and 1946 help explain why the Harry S. Truman administration so readily accepted Lucius D. Clay's decision to cut the flow of reparations eastwards. Disagreements concerning the role of German industry in postwar Europe, witnessed in direct negotiations with Josef Stalin at Potsdam and with Soviet representatives in the Allied Control Council (A.C.C.) in Berlin, only heightened tensions. Washington slowly feared that radical changes to Europe's economic trade patterns would derail the bulk of their postwar policies and even compromise American national security. The transfer of German fixed nitrogen production capacities to the Soviet Union, for example, appeared in conflict with the general American "fundamental strategic interest...to prevent any potential adversary or coalition of adversaries from mobilizing the resources and economic military potential of Europe for war-making purposes".[1] The transfer of the dual-use industrial facilities needed to bolster European recuperative power helped increase Soviet military strength and this perspective helped undermine devotion to fare reparations. Revisionist historians in particular lament Clay's decision to stop the movement of dual-use capacities to the east on the grounds that the Soviet Union and other states required German dual-use industry for reconstruction.

This chapter points out that a view emerged during this period that questioned the transfer of industrial facilities. In addition to threatening the European economy with ruin, this new perspective held that reparations would in fact dramatically enhance Soviet military strength. Stalin, in the estimation of American policymakers, clearly perceived of reparations as the surest means of maintaining military supremacy on the continent. It must however be emphasized that the reparations stop stemmed from Clay's decision to prevent the spread of chaos in Germany and not necessarily to coerce Stalin into accepting American demands for resources and quadripartite rule in Germany. The reparations stop however coincided with the victory of anti-Soviet perceptions in Washington and a reversal of policy.

6.2 The Joint Intelligence Committee and Washington's Perceptions of Conflict

A large slice of the historiography generally asserts that the calmness that characterized American perceptions of Soviet aims in 1945 degenerated into fear and insecurity during 1946. The Cold War schools point out that the Truman administration discarded the hope of gaining Soviet cooperation for postwar reconstruction in the early spring of 1946. The focus on the potential humanitarian disaster facing Europe after 1945 in the previous chapter helps explain this change. Considering the importance attributed to reconstruction, as expressed in State and War department plans that strove for global stability using the assistance of German industry,[2] Soviet intransigence in Germany stands out as a major reason for the loss of confidence in quadripartite rule and the end of any willingness to cooperate with the dictator. Soviet policy threatened to derail the entire American postwar program of stimulating the repair of the European market using German industry to permit the flow of American exports.

Revisionists often portray the Truman administration as composed of virulent capitalist ideologues who "fundamentally distrusted the Soviets because they were communists".[3] The revisionists find an ally in the estranged Henry A. Wallace who suggested that the United States try to understand the international situation from the Soviet perspective.[4] This argument fails to grant any sympathy or moral character to American policy and does not take the flipside into account—namely that Stalin refused to recognize the importance of non-Soviet aims no matter how serious the implications.

International disputes throughout this period, such as the crises in Turkey or Greece, pale in significance when compared to the fiasco emerging in Germany. The potential fall of Greece to communist rebels for example appears as a complete sideshow when judged according to economic importance. These problem areas, as pointed out by traditionalists, revisionists and postrevisionists, did complicate matters on the international stage. Joseph M. Jones wrote in 1955 that the crises of early 1946 generally convinced the Truman administration of a "pattern of inexorable Soviet pressure".[5] Marc Trachtenberg argues that confrontations over Iran and Turkey helped erase Truman's neutral image of Stalin.[6] Deborah Larson points out that Stalin's prediction of another world war in fifteen years in a February 1946 speech helped cultivate a negative portrayal of Stalin's postwar policies.[7] Terry H. Anderson and Peter G. Boyle hypothesize that Foreign Secretary Ernest Bevin, a determined anti-communist member of the Labour Party, first articulated the belief of inveterate Soviet expansionism and was able to convince a ripe but initially noncommittal Washington to join him ranks after the crises in Iran and Turkey.[8] But these

authors downplay the weight of economic and humanitarian factors on American policy decisions.

While this dissertation accepts the importance attributed to this politically-motivated "revolution" in perceptions of the Soviet Union, these argumentative norms seem to downplay the weight of economic factors on American policy decisions. These authors thereby downplay the importance of German industry in postwar calculations. There exist no grounds to believe that an American-Soviet "misunderstanding" over policy aims in Germany characterized this debate. Stalin clearly understood that American policymakers tended to support a far less brutal handling of Germany than he preferred. Truman, already negatively influenced by Stalin's horrible human rights record, did not entertain any fantasies that the dictator would accept the need to reintegrate German industry back into the European economy. Washington's sense of confusion or apparent freeze rested with the principles of the occupation and defining workable and humane definitions of industrial demilitarization and reparations.

A series of governmental reports in the immediate postwar certainly helped articulate a new concept pressing the inevitability of a Soviet grab for power. George F. Kennan's "Long Telegram", the Office of Research and Evaluation's analysis of Soviet foreign and military policy, the Joint Chiefs of Staff (J.C.S.) 1696, and the George Elsey Report in particular helped convince American policymakers that Soviet ideology and Stalin's military represented a significant threat to American global economic interests.[9] Winston Churchill's Fulton speech in early 1946 furthermore gave a concrete and concise form to these fears. These papers and Churchill's speech pointed out that the United States could not rely on domestic economic power alone to encourage the construction of an international system that anchored the prosperity gained during the war years. A reclassification of the importance or relevance of German industry for the stabilization of Europe—already high on the agenda—accompanied the 1946 "revolution". The fate of Germany fed the feelings of animosity of both communist and democratic worlds. Washington responded. Policymakers demanded a form of proto-containment of Stalin's ambitions. The need to safeguard the global community, influenced by Washington's militarized approach to geopolitical matters, led directly to the belief that that only military muscle could protect critical regions from Soviet political destabilization or outright annexation. This reclassification of the role of German industry emphasized more than the stabilizing effect of increased industrial output for reconstruction and the consequent

pacification of civil unrest. New demands surfaced that presaged subsequent demands for a German military industrial contribution based on dual-use potential.

Seen in this way, the State and War department's decision in 1944 to employ German industrial capacities as a significant plank of Washington's postwar program conserved the dual-use capacities husbanded by Clay's military government. Economic factors and even humanitarian concerns, and not an unwillingness to cut out the core of German military industry, lay behind this decision. The failure to generate a rational program of dismantling that balanced economic realities with national security concerns, in part brought about by the confused doctrines of the strategic bombing pundits and military thinkers in general, in addition to the laming inability to agree on a prescription for demilitarization, helped conserve the bulk of German dual-use capacities that grabbed the attention of political and military observers in the deteriorating global climate of 1946. This chapter demonstrates that military officials on the ground in southern Germany found it especially difficult to ignore this industrial potential for the efficiency of their administration.

The incongruence of policy and action could be seen in other ways. The rapid demobilization and deteriorating strength of the American military after 1945, along with the conversion of the accompanying military industrial system, theoretically indicated the belief that the enormous military organization built by Stalin did not represent a potential threat to American interests. Intelligence experts nevertheless kept a close eye on the largest army ever assembled in human history. The Joint Intelligence Committee (J.I.C.), originally formed during the war to supply the chiefs of staff with military industrial reports of America's adversaries, changed focus in the spring of 1945 and began estimating Soviet military strength and Stalin's postwar intentions. The reports resulting from this inquiry, found in the J.I.C. 250 series, demonstrate that a single assumption informed the work of the intelligence officers. Postwar analysts, as witnessed in similar judgements concerning the amount of time believed required to rebuild Germany and Europe in general, viewed reconstruction as a lengthy process. This assumption characterized the worldview of the Truman administration in a general sense until the initial months of 1947.

The intelligence committee began to study the Soviet military and political system more closely in the spring and summer of 1945. In November of that year the J.I.C. concluded that the Soviet economy could not support a major and protracted war against the democratic powers until well after 1950. Economic realities, they hypothesized, prohibited the loud Soviet calls for communist global supremacy uttered since the 1920s to

be realized by military force. J.I.C. 250/5 in particular theorized that the Soviet industrial infrastructure required at least 15 years for repairing the significant damage inflicted on the state between 1941 and 1944. A new confidence added another dimension to this extrapolation. During the extensive recovery period, the J.I.C. believed that the Soviet Union lay at the mercy of strategic bombers equipped with conventional or even nuclear armaments. The Soviet military furthermore suffered from several handicaps. The backward state of the Soviet transportation network restricted the movement of troops and raw materials to a relatively low number of routes. This concentration, according to contemporary bombing doctrine, increased the potential effectiveness of air interdiction in a program akin to Solly Zuckerman's "Transportation Plan" against Nazi-Germany. The perceived heavy concentration of Soviet industry in particular regions such as the Urals also, on paper at least, reduced the number of strategic strikes necessary to paralyse the military industrial network. The J.I.C. paper lastly argued that the technologically backward Soviet aircraft industry could not manufacture fighters and bombers able to withstand the shock of an Anglo-American air offensive or strike back against European targets. The military professionals therefore concluded that western military and technological superiority, coupled with a longer term Soviet devotion to reconstruction, would bind Stalin's hands.[10]

The staunch belief in the decisiveness of the strategic bombing campaign against Germany informed this work. The military planners understood that the number of real and potential Soviet infantry and armoured formations represented an irresistible tidal wave. A secondary hypothesis that took this strength into account largely undermined the persuasiveness of a reliance on the strategic bomber. The intelligence specialists speculated that the dictator nevertheless aimed at extending the Soviet sphere of influence into those states on the immediate periphery of his empire. If a war between the Soviet Union and the western powers erupted, the J.I.C. reasoned that the enormous Soviet military machine would overrun western Europe, Turkey, Iran, Afghanistan, northern China, and Korea in a matter of weeks. It is hard to understand why the J.I.C. under these conditions thought that a protracted bombing campaign could over the long term beat back the Red Army. The military calculations by definition demonstrated that the western powers would be exposed to lengthy war of attrition following the established patterns of total war.[11]

The J.I.C. conclusion that Stalin would not risk war with the United States until Soviet industry closed the technological and economic gap between communism and capitalism rested on several unproven and tenuous assumptions. Earlier chapters

emphasized that Adolf Hitler's war preparations concentrated on developing the civilian industrial base to enable a swift changeover to military production. While recognizing the poor state of the Soviet civilian economy, correctly acknowledging the tremendous strains of the war years and the near complete militarization of domestic industry, the intelligence experts strangely dismissed the fact that the Soviet war industry outperformed a theoretically much larger German industrial base—as measured by the number of machine-tools. The proposed transfer of a large percentage of this German hardware to the Soviet Union, a dominating aspect of Stalin's reparations policy, could only dramatically increase Soviet military- industrial capacities on paper. Nor did the military experts recognize the potential impact of German technology on Soviet armaments systems and particularly aircraft designs. The J.I.C. assumption that the Soviet Union could not close the industrial and technological gap within a generation was based more on wishful thinking and arrogance than on reality.

Truman indirectly dismissed the J.I.C. timetable for more personal reasons. As pointed out in earlier chapters, the president abhorred Stalin and the dictator's values. The president on occasion referred to Stalin as a "son of a bitch".[12] Even though the evidence suggests that the Truman administration did not articulate a coherent anti-Soviet policy during 1945 and the early months of 1946, other than an obtuse agreement with the general J.I.C. supposition that the needs of reconstruction prohibited Stalin from adopting an aggressive anti-democratic stance, Truman doubted long term survival of amicable relations. The president distrusted Stalin for reasons that foreshadowed subsequent articulations by such men as Churchill, Kennan, Elsey and various military officials. Truman believed that diplomatic dialogue with Stalin approximated Neville Chamberlain's 1930s appeasement of Hitler since Stalin appeared set on incrementally increasing Soviet geopolitical power at the expense of the democracies.[13] Truman agreed with conservative critics and seriously questioned the morality of the State Department's attempt at negotiating a peace settlement with Stalin while the Soviet military terrorized the populations of eastern Europe and Germany.[14] On 5 January 1946 the president condemned Soviet behaviour in the Baltic States, Germany, Poland and Iran and concluded that Stalin only understood the language of "divisions" and the "iron fist".[15] The president instinctively reduced Stalin's political reason for being to a brutal expansion of his personal power.

The Secretary of State James F. Byrnes did not fully share this negative reading of Stalin's intentions. Truman's appointment of Byrnes to preside over foreign policy

formulation had represented one of his first changes to the new cabinet after assuming the presidency.[16] Byrnes had amassed considerable political experience in Washington and elsewhere. Having "done everything there was to do in government", Byrnes' position as Director of War Mobilization for the Roosevelt administration meant that, while "not steeped in knowledge of industry", Truman's secretary of state spent the last 18 months of the war studying the intricacies of industrial reconversion. He therefore appreciated the complex relationship between the various segments of an economy such as that of agriculture with heavy industry.[17] Experience in demobilization obviously represented a useful asset in the postwar period. But Byrnes should have been able to use his knowledge to question the timetables for Soviet reconstruction presented by the military.

A belief in the diplomatic advantages brought by nuclear power informed the secretary of states' opinions. Byrnes' proximity to the Manhattan Project had originally offered Truman a much needed perspective on nuclear weapons.[18] Roosevelt's practice of failing to advise Truman on crucial wartime developments left the new president thirsting for information. But Byrnes' acquaintance with the nuclear program conditioned his opinions of Stalin. Even though the secretary of state doubted the Soviet dictator's commitment to positive relations with the democracies, Byrnes informed General John J. McCloy, the future American High Commissioner for Germany in 1949, in reference to the upcoming foreign ministers' meeting in London scheduled for September 1945 that "the Russians were only sensitive to power and all the world, including the Russians, were cognizant of the power of this bomb".[19] Byrnes for this reason shared Roosevelt's view that Stalin was not inherently intransigent and believed that the wartime allies could work out an agreeable postwar program.[20] The secretary of state blamed Vyacheslav Molotov and not Stalin for Soviet opposition to smooth quadripartite relations in Germany and elsewhere.[21] Byrnes' commitment to demobilization and belief that nuclear weapons could control Stalin's ambitions therefore defined American foreign policy during first months after Potsdam. Byrnes' belief that the United States could control Stalin, while characteristic of others in the Truman administration during the initial year after Potsdam, eventually led to a serious quarrel with the president.[22]

The opinions of the J.I.C. and State Department, combined with domestic pressures, persuaded Truman over the short term to adopt the paradoxical belief that the United States could somehow control a potential Soviet military adventure using the coercive potential of nuclear weaponry. The postwar demobilization of the United States therefore went ahead as planned. The strong public demand for demobilization, summarized by the slogan

"Bring the boys home!", helped pressure Washington to act.[23] The Truman administration slashed American military strength and the military formations that defeated Nazism evaporated after 1945. The previous chapter outlined the dimensions of this process. Washington reduced the Army from 8 million men or 89 divisions to 591,000 or 10 divisions by 1950. Annual military spending fell from $90.9 billion in 1945 to $10.3 billion during the second quarter of 1947.[24] The successive withdrawal of American ground forces from Europe, including the 3rd and 9th infantry divisions by 31 December 1946, left a single division to administer the American zone in Germany and provide security at prisoner of war and displaced persons installations.[25]

Demobilization impacted the American political and military position in Germany in two important ways. The reductions of personnel on the ground first of all lessened the grip of military government on the German population. As mentioned, Lucius D. Clay turned to German administrative bodies to enact policy decisions. But demobilization more importantly prevented the creation of an American strategic reserve in Europe.[26] Truman, owing in part to the reductions and progressive neutralization of conventional military power in Europe, agreed with Stimson in October 1945 that the steadily decreasing strength of the armed forces threatened the American strategic position all over the world.[27] Troop comparisons demonstrated American weakness. Subsequent western intelligence estimates placed 16 poorly equipped and dispersed western divisions against between 84 and 175 Soviet divisions. This obvious power vacuum did not necessarily overly irritate those planners accustomed to believing in the potential of the nuclear bomb. Until 1947, the J.C.S. and State Department continued to believe that Stalin could not wage war against the democratic powers and that an early form of nuclear deterrence combined with the knowledge of American industrial superiority could dissuade the Kremlin from military adventures beyond the Soviet periphery.[28] A real military defence of western Europe— excluding Britain—was unthinkable under these conditions. The J.I.C. already hypothesized early in the postwar that the western powers, even with nuclear bombs, could not stem a Soviet invasion. General Omar N. Bradley informed the Committee on Foreign Policy as late as 1 July 1949 that the American occupation forces in Germany could only marginally "contribute" to the defence of Europe.[29]

6.3 The American "Shift" and the Impact on Demilitarization

George F. Kennan, charge d'affaires at the American embassy in Moscow, composed the "Long Telegram" in direct response to Stalin's belligerent 9 February 1946 speech inaugurating another Soviet Five-Year Plan. Stalin raised two disturbing issues.

The dictator lashed out at the free market system in a stunning condemnation of capitalism. The "war broke out as an inevitable result of the development of world economic", he surmised, "and political forces on the basis of modern monopoly capitalism". But Soviet-style socialism had proven itself superior to these forces. Stalin continued and argued that he would not "stop" with the achievement of victory and alluded to the continuation of the struggle against capitalism in Germany. The dictator chillingly warned his allies not to underestimate the industrial and military power of the Soviet Union. "The war has demonstrated that the Red Army is no 'colossus with feet of clay'", he pointed out, "but a first-rate Army of our times, possessing quite modern armament, a most experienced commanding personnel and high moral and fighting qualities".[30] The speech exhibited both a total disregard for the sentiments of his former allies, by pointing to the capitalist encirclement of communism, and he plainly argued that industrial recovery and military strength went hand in hand.[31]

Washington, in the midst of a struggle for a rational economic policy that aimed at finding a solution for Europe's economic woes, did not embrace the prospects of a self-sufficient Soviet Union returning to an insular position that yielded few produced goods for trade purposes. It mattered little that the Soviet Union maintained high capacities in heavy industrial products such as steel if the communist state was unable and unwilling to trade. The dictator's renewed commitment to a centralized plan reflected the past concentration on the pursuit of planned economic development that emphasized a singular preoccupation with Soviet postwar economic problems. Stalin's prewar declarations emphasized "self-sufficiency", the requirements of "heavy industry at the expense of consumer goods", and the "independence of our country" based on an "adequate industrial basis for defence".[32] The dictator merely returned to the verbiage of the past in 1946. It mattered little to Washington that the plan aimed at employing 40 percent of capital investments to repair wartime damages.[33] It did matter that Moscow built their policy of industrial "reconstruction" on "commensurate German suffering".[34]

Kennan appraised Soviet behaviour and issued the document to his superiors at the State Department on 22 February 1946. Kennan hoped to convince Washington to adopt a new and "overdue" policy direction.[35] The document rejected the wartime concept of peaceful coexistence between the capitalist democracies and a totalitarian Soviet Union. Kennan addressed three basic issues that included the "historical and ideological background of the post-war Soviet perception of international relations, its attainment on both the official and the unofficial level and, finally, the far-reaching repercussions for the

U[nited] S[tates] foreign policy".[36]   The diplomat articulated a new view of Stalin's intentions. While Kennan accepted the general J.I.C. assumption that Soviet economic weakness precluded an outright military attack, he argued that the longstanding Russian and Soviet fear of encirclement influenced a traditionally negative and belligerent response to neighbouring states. The Soviet regime, Kennan postulated, would turn a "cold official shoulder" to the "principle of economic collaboration among nations" in order to destabilize the global community and the "occupied areas in Germany". The spread of "anarchy" would pave the way for eventual Soviet domination. In order to stand against this "negative" and "destructive" policy, Kennan encouraged Washington to support the creation of a "healthy" and "vigorous" populations at home and abroad to contain political "Russian expansive tendencies". The fusion of domestic and foreign policy, in promoting the well-being of civilian populations for political reasons, offered the United States a considerable psychological weapon against Stalin.[37]

Washington's policymakers praised Kennan's telegram and subsequently granted the diplomat a "voice" in policy formulation.[38] Kennan's conception of psychological containment espoused the erection of a stable international system that would act as a "counterforce" to defend the non-communist world against Soviet ideology.[39] The telegram therefore represented the "founding document" of American containment conceptions.[40] But the document also represented a democratic response to a clear communist threat that Kennan refined from an initial articulation of containment in a 1944 essay entitled "Russia—Seven Years Later".[41] In this paper, Kennan reacted to the horrible cruelties inflicted by the Soviet military on the populations of eastern Europe. Kennan later described the "shock" he experienced to learn that American policymakers such as Byrnes attempted to ameliorate divergent democratic and Soviet aims in Germany. The Soviet military, he emphasized, "had shown itself capable of abominable cruelties, little short of genocide, in the treatment of large portions of the population from the areas of Poland and the Baltic states it had taken under its control".[42] The "Long Telegram" represented, as far as Kennan was concerned, the "end of a process" drawn from a general exploration of Soviet behaviour.[43]

This dissertation takes issue with academic criticism of Kennan's interpretive model of the Soviet Union. The Revisionists in particular wield their pens in defence of Stalin. They parry Kennan's straightforward portrayal of Soviet communism as a ruthlessly expansionist ideology owing to the fact that the diplomat imagined a connection between older Russian territorial aims and those of Stalin. Thomas Patterson even chastises the

diplomat for failing to account for the negative impact of postwar American actions on Soviet policy such as Washington's desire to reintegrate the German economy into the global system.[44] This argument appeals more to the prejudices and emotions of late 1960s anti-American paradigmatic thought than offering a persuasive counter-criticism of Kennan's memorandum and subsequent article. For all of the intellectual problems inherent in Kennan's use of Czarist Russia in the portrayal of Soviet expansionism, this tenuous link nevertheless carries considerable weight in the generalized sense. That is, Stalin's prewar and postwar territorial expansionism, total disregard for human rights, and the incompatibility of the economic systems helped generate the view in Washington that no real and lasting rapprochement was even possible.

Kennan also clearly rejected a militarized solution. The diplomat, adopting the perspective found in the initial J.I.C. reports, did not countenance overreaction. Efstathios T. Fakiolas points to Kennan's clear appeal to reject military containment and continue negotiations with Stalin if both democratic and communist states could establish common policy aims actually adhered to by Moscow.[45] Not only did Kennan admit the need for some form of normalized political discourse with Soviet policymakers, providing that Stalin actually translated policy into reality, Kennan postulated that a positive American foreign policy actively participating in reconstruction could alone defeat the dangers of aggressive Soviet behaviour. "We must formulate and put forward for other nations," Kennan wrote in the "Long Telegram", "a much more positive and constructive picture of [the] sort of world we would like to see than we have put forward in [the] past".[46] The telegram, seen in this way, argued for the articulation of a positive postwar policy that openly presented the capitalist democratic vision of a better world and actively sought its realization.

Kennan's "Long Telegram" of course did not single-handedly revolutionize the direction of American postwar policy. In fact, despite the enthusiastic reaction of some central figures in Washington, the document in reality simply reiterated the established goals of the Truman administration to secure the economic health of the United States through the reconstruction of regions destroyed in the war through the promotion of capitalist prosperity. George Elsey stated in retrospect that Kennan's views did not surprise him. He explained in an interview in the 1970s that "It wasn't as though he was proposing something brand new, a new course". "As I recall it", he continued, "my reaction was, 'Fine, this is exactly what our foreign policy is, the way we're going'. This is just simply expressing publicly what…in a somewhat blunter fashion…was normal".[47] Truman, as demonstrated by the immediate decision to stimulate coal-mining in Germany, had already

heard similar positions a year earlier. The telegram did not "appear to have had any profound or immediate effect" for this reason.[48]

Other public articulations of a more revolutionary nature followed. Truman introduced Churchill to a crowd assembled at Westminster College in Fulton, Missouri and listened to the former prime minister proclaim his disgust of Soviet policy and especially the brutal nature of the occupation and management of eastern and central Europe. While Churchill praised the wartime contribution of the Soviet military, he seriously questioned Stalin's intentions and by implication the possibility for amicable relations in the postwar era. "This is certainly not the liberated Europe we fought to build up", Churchill informed the public audience, and he went on to trumpet that "an iron curtain has descended across the continent". Churchill indirectly adopted the essence of Kennan's prediction of protracted psychological warfare. The former prime minister bluntly demanded that the Anglo-Saxon democracies stand firm against the "indefinite expansion" of Soviet "power and doctrine".[49] The request for democratic union against both ideology and state power implied the establishment of some sort of a military shield to protect democratic interests in Europe.[50]

Churchill did not clearly articulate an appeal for a formal democratic military arrangement. But contemporary observers generally agreed with Stalin's interpretation that the Fulton speech represented a "call for war on the U.S.S.R".[51] Nikolai Novikov, the Soviet Ambassador in Washington, warned Moscow that American "ruling circles" approved of a military alliance with Britain even though the Truman administration did not officially sanction Churchill's appeal at Fulton.[52] British Labour members of parliament downplayed Churchill's anti-Soviet tone and believed that the wartime prime minister simply hoped to convince Washington to militarily support the British position in Europe so that Britain could shore up the defence of the empire.[53] In any case, the labels "early Cold War" or "turning point" accompany historical analyses of Churchill's Fulton speech.[54] Owing to Churchill's introduction of a military component to economic or psychological containment, the speech did in fact represent a monumental change. John Lewis Gaddis believes that the Truman administration in early 1946 now "regarded the Soviet Union not as an estranged ally, but as a potential enemy, whose vital interests could not be recognized without endangering those of the United States".[55] The president undoubtedly supported the tone of the Fulton speech. Domestic opposition to Churchill's belligerence and his request for a rigid or entangling alliance, as displayed by the media, convinced Truman to

feign ignorance or surprise. Churchill's conclusions however approximated those found in the "Long Telegram" and the personal views of Truman.[56]

Byrnes and his State Department however continued to advance the aim of a neutral, disarmed and industrially demilitarized Germany as a means of stabilizing Europe. This policy, for all of the rhetoric concerning demilitarization, indicated that Clay had convinced Byrnes of the need to emphasize industrial reconstruction by the end of the summer of 1946. The policymakers softened the conceptual glue that held civilian and military industries together. The secretary of states' policy rejected extensive dismantling as counterproductive and destabilizing. Establishing the effective quadripartite administration of a unified economy represented the first item on the agenda. The Soviet provision of statistical data and support for inspections represented necessary prerequisites for the building of confidence. Byrnes throughout 1945 and 1946 believed that Moscow would eventually agree to an inspection system that would verify industrial demilitarization observe those industries required by the civilian economy.[57] Based on Byrnes' knowledge of how Washington rejected the Soviet appeal presented in the United Nations to control nuclear weapons, his demand seemed sheer fantasy. Moscow asked for permission to send inspection teams to the United States to investigate nuclear facilities and demanded nuclear technical information to level the global playing field. Byrnes' demand coupled industrial demilitarization to the ability of the victors to coordinate the effective quadripartite administration of Germany. The decision to assist the former enemy killed the prospects of a neutral and non-aligned Germany unless Washington could gain Soviet support.[58]

Byrnes therefore proposed a long-term treaty to enforce disarmament. The treaty represented a revolutionary step in American foreign policy. The "Draft Treaty on the Disarmament and Demilitarization of Germany", sent to the Council of Foreign Ministers in Paris in April 1946, however failed to convince the French or Soviet delegations that an American commitment could secure permanent security. Byrnes responded to the negative response. He requested that Clay nudge the A.C.C. into accepting another quadripartite commission that investigated disarmament levels in each zone. Moscow, probably afraid that their nominal allies would uncover evidence of atrocities and blanket dismantling, rejected the notion and the plan lay on hold until January 1947. The demilitarization treaty represented a significant change in policy. Byrnes and the State Department now fell in line with Clay's perspective that the United States could not follow an industrial demilitarization strategy that did not take the viability of the civilian industries into account. The unilateral pursuit of policy, as expressed in J.C.S. 1067, was exposed as a destructive and dangerous

policy. But no amount of bribery, cajoling or pressure could convince the French and Soviet governments to agree.[59]

Three additional reports in the summer of 1946 furthermore underlined the growing belief in a Soviet military threat that would subsequently, from the military point of view, seriously question the sanity of demilitarizing Germany. The first report was composed by military intelligence. General Hoyt S. Vandenberg, who as director presided over Central Intelligence after 1945, targeted the apparent inefficiency and lack of a comprehensive approach in wartime intelligence collecting efforts. He aimed directly at widening the research boundaries of the Central Intelligence Group (C.I.G.) in order to integrate the new focus on all aspects of state power in military calculations. Vandenberg in particular established the Office of Research and Evaluation (O.R.E.) in order to strengthen the military's ability to evaluate the foreign and military policies of other powers in addition to their military capabilities. The effort represented yet another example of military penetration into the realm of the State Department characteristic of the war years and the understanding that warfare in the 20th Century depended on all aspects of modern states.[60]

Equipped with a modest number of specialists, the small organization devoted itself in the summer of 1946 to the systematic study of Stalin's military aims and capabilities. The first document that resulted from these efforts, simply entitled "Soviet Foreign and Military Policy" or O.R.E.-1, was in fact largely written by a single analyst over one weekend.[61] Ludwell Lee Montague appeared to agree somewhat with Kennan's conclusions. "The ultimate objective of Soviet policy", they proclaimed, "may be world domination" and therefore "an inevitable conflict with the capitalist world". The Soviet Union, owing to industrial and technological inferiority and the destruction brought by Hitler's armies, required time to "increase its relative power by building up its own strength". This policy, the specialists believed, further demanded that Moscow undermine the position of the democracies throughout the globe, but more importantly husbanding the "massive dimensions of their military and achieving technological parity with the United States in terms of air power and nuclear weapons". The military thinkers argued that Stalin would focus on the development of war potential through industrial development—a policy reminiscent of Hitler's rearmament efforts after 1933.

> The industrial development, which competes with the armed forces for manpower, is, of course, intended to enhance the overall Soviet war potential. Beyond that, intensive effort will be devoted to the development of special weapons, with particular reference to guided missiles and the atomic bomb. Some reports suggest that the Soviets may already have an atomic bomb of sorts or at least the capability to produce a large

atomic explosion. In any case a maximum effort will be made to produce a practical bomb in quantity at the earliest possible date.

Such a policy demanded the exploitation of German resources and the O.R.E. warned that the "Soviet Union will endeavor to extend its predominant influence to include all of Germany and Austria".[62]

Another report exposed disturbing conclusions relating to Soviet doctrine as well as reinforcing the conclusions reached in O.R.E.-1. The Joint Intelligence Chiefs, partly based on the experience of the Wehrmacht during the war, warned in J.C.S. 1696 that "[i]n a war with the Soviet Union we must envisage complete and total hostilities unrestricted in any way on the Soviet part by adherence to any international convention or humanitarian principles. Preparations envisaged on our part and our plans must be on this basis".[63] While most of the document merely reiterated the type of thinking expressed by Montague, this statement in particular diverged considerably from the cold and calculated tone of O.R.E.-1.

It is probable that the military derived this viewpoint from the work of men such as Robert D. Murphy.[64] Clay's political advisor had gained considerable authority in both the Roosevelt and Truman administrations as a bridge between the State and War departments. The grandson of German immigrants, his grandmother having equipped him with a solid knowledge of the German language, displayed great sensitivity to the plight of the German population after May 1945. As explained in previous chapters, numerous reports issued by Murphy emphasised the Soviet "terror" in eastern Germany and the use of the Gulag and other tactics such as "systematic starvation" in order to underline Soviet power in the conquered regions.[65] This knowledge incidentally erodes academic classifications of early American perceptions of the Soviet Union as "irrational", "cynical" or as representative of some type of American scheme to mobilize the public in pursuit of aggrandizement.[66] These reports clearly helped deepen Clay's understanding that prevailing conditions in Germany negated the utility of level of industry calculations and emphasized the Soviet unwillingness to establish a functioning occupation system. But these reports also painted the Soviet Union in a manner that identified the barbarism of Stalin's regime. Memories of Nazi atrocities freshly imprinted on the minds of all policymakers, the link between Hitler and Stalin seemed especially strong. J.C.S. 1696 reflected this understanding and emphasized the inhuman nature of Stalin's policies.

A third report attempted to clear up some the confusion in Washington brought by the various and unrefined views concerning Soviet policy in Europe. Truman demanded policy clarification. "I want someone to tell me what's going on around the world!", he had

fumed, "Damn it, there are people coming in from all over the place, different agencies, different interests, telling me different things".[67] Truman requested his friend and fellow Missourian Clark M. Clifford, the president's special counsel, to tackle the problem. Clifford delegated the task to his aid George Elsey. Clifford understood Truman's mindset and quickly rose through the ranks partly for this reason.[68] Elsey set to work and he energetically interviewed a wide variety of officials at the State, War and Navy Departments to establish as broad a perspective as possible. The report that followed largely represented a response to the president's statement in the summer of 1946 that he was tired of being "pushed around" by the "chiseling" Russians.[69]

The Clifford-Elsey memorandum entitled "American Relations with the Soviet Union" and dated 24 September 1946 seriously questioned Stalin's intentions. The report attacked the previous concept of a conciliatory stance and instead now firmly argued that the dictator aimed at world domination through military means.[70] The memorandum mirrored the conclusions and tone of Kennan's telegram and the military's reports concerning the Soviet Union. But the mixture of these diplomatic and military analyses placed greater emphasis on the construction of a viable military deterrent to potential Soviet aggression. The report even discarded the utility of employing economic power as a deterrent. "The main deterrent to Soviet attack on the United States, or to attack on areas of the world which are vital to our security", the report espoused, "will be the military power of this country".[71] Geopolitical concerns informed the work.

> The Near East is an area of great strategic interest to the Soviet Union because of the shift of Soviet industry to southeastern Russia, within range of air attack from much of the Near East, and because of the resources of the area. The Soviet Union is interested in obtaining the withdrawal of British troops from Greece and the establishment of a 'friendly' government there. It hopes to make Turkey a puppet state, which could serve as a spring-board for the domination of the eastern Mediterranean.[72]

The report rejected the diplomatic and J.I.C. interpretation of limited Soviet intentions. Elsey fell in line with Washington's anti-Stalin faction led by a converted Byrnes, James Forrestal, Averell Harriman, William D. Leahy and Harry Hopkins.[73] The memorandum called for a militarized response that, owing to the favourable reception at the highest levels, characterized subsequent policies. Robert Ferrell in fact argues that the Elsey's work further radicalized Truman's already extremely negative view of the Soviet dictator.[74] "This is so hot", Truman exclaimed, "if this should come out now it could have an exceedingly unfortunate impact on our efforts to try to develop some relationship with the Soviet Union".[75]

The perception of a grasping and potentially violent Soviet foreign policy helped deepen the fears that Stalin seemed bent on some sort of adventure predicated on the collapse of economic conditions in western Europe. These fears underlined the paradox inherent in the transfer of German dual-use capacities to the Soviet Union. This form of reparations only promised to increase the military industrial strength of a potentially dangerous adversary. Industrial demilitarization, seen from this perspective, did not contribute to postwar European national security. An awareness of this change in thinking helps explain why Washington accepted Clay's decision and subsequently embarked on a policy which denied even issue of reparations from current production during 1946.

Two additional policy papers surfaced in September 1946 that demonstrated the complete collapse of the industrial aspects of the demilitarization conceptions owing to the focus on the sordid state of the European economy and a new perception of Soviet intransigence or even aggressiveness. The State Department had created a "special policy committee" in July 1946 that included John K. Galbraith, Henry P. Leverich, Edward Mason, and James W. Riddleberger to evaluate policy in Germany. These men generally entertained liberal economic values that stood in stark contrast to those expressed earlier by Henry Morgenthau. Riddleberger, the Chief of the Division of Central European Affairs between 1944 and 1947, had been at Truman's side during the Potsdam negotiations and remarked that the economic conditions of Germany "were just appalling, I don't know any other word to describe it".[76] Economic realities required an alternative course that was hard to navigate during the initial months after the defeat of Germany.

> The political transition that Truman had to make—was a very complicated one. Don't forget the Morgenthau point of view was still very popular. A lot of people, you know, simply said, well, let the bastards starve and so forth, and Morgenthau is right, etc., etc. Why don't we just convert Germany into a goat pasture? And, therefore, within the United States, as within the United Kingdom, there was this political problem of appearing to change a policy which had been followed. [Henry] Wallace, for example, of course, always tended to side with the Soviet position. I'm talking now of the immediate postwar period. He was very much inclined to criticize us for any change in the policies he approved.[77]

These men generally adhered to liberal economic notions that rejected collectivist ideologies and argued that depressed conditions in Germany during the early 1930s assisted the rise of totalitarian thought. It followed from this belief that only the improvement of conditions could lead to real peace.

This committee of experts criticized what they believed to be the essential problem of prewar and immediate postwar thinking. The writers wrestled with the contradiction

inherent in demilitarizing all of German industry through the elimination of downsizing of dual-use capacities and yet still proclaiming the need to maintain a functioning economy. A sense of urgency in regards to the need for neutralizing the military industrial complex remained, but the report minimized the threat of a revanchist Germany and instead shifted the purpose of demilitarization to denying all other European states access to the defeated states' military industrial resources.[78] This conclusion represented the crucial postwar departure from the national security goal of European peace through industrial demilitarization. The paper took the contradiction of a physically destroyed urban infrastructure that still maintained the ability to positively assist reconstruction efforts for granted. Instead of positing the German people with some sort of genetic military impulse, the solitary rationale for an extensive demilitarization effort, the writers now pointed an accusing finger at Stalin. They believed the dictator wanted all the central European nation's resources for himself. The writers insisted that the Kremlin opposed the concept of a unified Germany to undermine American influence by promoting economic decay. Stalin intended either to "make their zone…a permanent bastion on the Elbe" or "await developments" that might permit full annexation.[79] The United States government, the report stated, "could not tolerate a communist-dominated Germany".[80]

Galbraith, Leverich, Mason and Riddleberger understood that the postwar sentiments of the domestic American population and policymakers in Washington still demanded a form of military industrial restructuring. But they questioned the feasibility of earlier conceptions. Their report pointed out that the Truman administration became "increasingly impressed by the ineffectiveness of economic disarmament to accomplish its security objectives and with the prejudicial effect of this policy on its other objectives in Germany and in Europe".[81] Demilitarization as it stood slowed the political integration of Germany into Europe and more importantly retarded European recovery. The victors should, the writers pleaded, sponsor the rebuilding of the heavy industrial facilities of the Ruhr and organize the shipment of critical raw materials such as phosphate and manganese to stimulate production.[82] The latter point attempted to mask military industrial potential with the false hypothesis that the war destroyed the bulk of Ruhr productive capacities. The second part of the conclusion, that manufacturers simply required raw materials, hit reality on the head. The report therefore proposed a new conception that rejected the earlier premise of removing or severely restricting all elements of the civilian dual-use industrial sector with a potential military application. The writers requested that the victors discard the "idea that security should be sought through the economic disarmament of Germany"

and instead focus on more traditional forms reminiscent of the Versailles Treaty.[83] This notion suggested that the western democracies for example destroy armaments assembly facilities and clearly military dual-use enterprises such as the producers of armour plating.

The report nevertheless clung to a set of principles already rejected by Clay as incongruent with recovery. There is therefore reason to believe that industrial demilitarization new acted as a political tool to soothe the fears of Moscow, Paris and domestic critics. The writers added that the destruction of clearly defined military production facilities would result in "a substantial decline in the importance of German iron and steel, heavy chemicals and engineering industries". No examples were cited because none existed. Industrial participation in postwar reconstruction obviously demanded a shift in emphasis from military to civilian production. That observation represented a banality. "Despite this inevitable decline", the report continued, "Germany must continue to be a highly industrialized country, if it is to attain at some stage a decent standard of living and contribute to the economic prosperity of Europe".[84] To heal the wartime wounds of Europe and establish the basis for recovery, the report proposed to permit German economic recovery within the existing limits of capital plant, manpower and resources.[85]

The evidence indicates that Washington, after a long period of vacillation, now envisioned the "full restoration" of German industry by October 1946 and had fallen in line with Clay's military government.[86] Although the military governor believed that the purposes of occupation continued to demand the "destruction of the war potential of Germany", that "destruction" now entailed a revolutionary change in wording.[87] Clay proposed to "demilitarize and to de-Nazify Germany, and to reduce the war potential of Germany through the removal but more importantly the control of heavy industrial production".[88] The evolution of eradication into reduction and then control neared completion.

6.4 Byrnes' Speech and the Official Change of Heart

But how would the world's population respond? Byrnes left the Paris Peace Conference and traveled to Stuttgart to address a German audience on 6 September 1946. His speech demonstrated the impact of Clay's views as expressed in the 19 July policy statement.[89] Written in cooperation with Charles P. Kindleberger—economist with the Office of Strategic Services—and Clay, the speech also incorporated a sharp rebuke of Soviet policy. Byrnes officially presented the world with a "new course" that in Dean Acheson's opinion officially killed the Truman administration's support of J.C.S. 1067 and the Potsdam protocols.[90] The speech represented a visible turning point. The State

Department's opponents of a more positive policy in Germany, the hardliners of the Division of German Economic Affairs, were now powerless to stop the march of the business conservatives.[91]

The secretary of state declared to the electrified crowd that the "conditions which now exist in Germany make it impossible for industrial production to reach the levels which the occupying powers agreed were essential for a minimum German peace-time economy". Byrnes openly attacked the Level of Industry agreement. He argued for an "increase" in industrial production. Only a unification of the zones could make higher output possible. Indicative of the degree of Clay's influence, Byrnes' speech focused primarily on unifying the four zones of occupation under a provisional German government to permit manufacturers access to the domestic resources necessary for production.[92] The Stuttgart speech firmly transformed economic rehabilitation from a secondary priority—as written in J.C.S. 1067—to the official tenet of American policy in Germany.[93]

Byrnes correctly realized that the Europeans might need some convincing. The events of the previous summer underlined the stiff French and Soviet opposition to the argument that domestic prosperity and general postwar recovery depended on German manufacturing. The secretary of state reminded Europeans that "Germany is a part of Europe" and that they depended on unification to stimulate recovery as much as Germany.[94] An early return to normalized economic conditions would ease the suffering witnessed throughout Europe after 1945. Byrnes, taking aim at Stalin and even Congress, furthermore warned that turning Germany into a "poorhouse" would "slow" economic recovery and place a "heavy burden" on the backs of American taxpayers.[95] A revised occupation policy was in everyone's interests.

The reminder that Germany sat in the middle of Europe represented one of the banalities that signified that the Truman administration had tossed out the policy of collective guilt along with the usefulness of extensive societal restructuring.[96] The Stuttgart speech plainly admitted that Europe required a functioning German political apparatus and economic system for reconstruction. But Byrnes also questioned the extent of postwar Polish and Soviet territorial adjustments. The German economy could not function as the motor of Europe without enough food for the workers. The Secretary of State therefore indicated recognition of the reports outlined in the previous chapter holding the loss of Germany's agricultural heartland as partly responsible for economic disruption after 1945. Byrnes kept the territorial issue open and spoke of "revision".[97] Jean E. Smith's interpretation that Byrnes simply "reiterated America's commitment to the Soviet-Union

and Poland on the Oder-Neisse and to the economic integration of the Saar with France" unexplainably dismisses this notable request for "revision".[98] This element of the speech represented an undeniable challenge of Soviet policy in Germany as well as a strong declaration of support to the German people.

Byrnes assured Germans that the United States government officially rejected the punitive policies characteristic of the immediate postwar. By arguing for economic recovery, an end to reparations, a provisional democratic government, and questioning the postwar territorial adjustments, Byrnes aimed at convincing the German population to reject communism. He therefore rejected the Potsdam Agreement. The secretary warned that the previous deindustrialization policies characteristic of the Level of Industry agreement kept Europe weak and undermined the resolve of the general public to withstand communist propaganda.[99] But this challenge represented more than a psychological ploy aiming at cultivating German popular support and thwarting communist appeal in the defeated state. A "Star & Herald" editorial recorded that the speech demonstrated American resolve to remain in Europe and prevent the spread of communism.[100]

One important exception persisted. German neutrality based on an imprecise definition of demilitarization remained the only enduring element of previous negotiations left untouched by Byrnes. "It is not in the interest of the German people nor in the interest of world peace", the secretary of state argued, "that Germany should become a pawn or a partner in a military struggle for power between the East and the West".[101] Considering Byrnes' open and provocative perspective on territorial adjustments, the decision to assist the return of German industry to the prewar status as "workshop of Europe", and the clear challenge to communism, this appeal for continued German neutrality seems akin to comic relief. The Truman administration's plans for Europe sanctioned the maintenance of the Ruhr as Europe's most valuable region in economic terms.[102] The Elsey report demonstrated that the rejection of dual-use demilitarization required long term occupation for national security reasons.

6.5 Conclusion

Galbraith furthermore composed an analysis of occupation policy for the National Planning Association (N.P.A.) in November 1946. This organization formed in 1944 to act as a forum for business leaders to address economic issues of national significance. The economist's conclusions, published in "Fortune Magazine" that month, repeated those derived from his study of strategic bombing's effect on German industry. The bulk of industrial facilities, he explained to the readers, survived the war intact he argued that only

the mismanagement of the economy by the occupation authorities, the general demoralization of the defeated population and insufficient stocks of raw materials resulted in the low levels of industrial production evident in Germany. The deliberate policy of industrial demilitarization from this perspective failed to significantly reduce industrial capacity and only paralyzed production. Galbraith pointed out that the military governments could have utilized the large stocks of industrial equipment found in the Ruhr to have restored German industrial facilities to "near-capacity production" within a year.[103] German industry, Galbraith speculated, could still double its industrial production in a matter of months provided the occupation authorities resolved the currency problem and increased food and raw material imports.[104] Germany, he stressed, still operated "the most powerful and highly developed industry in Europe" in 1946.[105] The complete rejection of the Potsdam and Level of Industry agreements by the Truman administration, and the substitution of a traditional concept of disarmament, promised to stabilize the "machine shop of Europe" and push the continent towards recovery. European reconstruction depended largely on confidence-building measures in Germany and certainly not on any expensive program of industrial renewal.

The openness of this article and the frank rejection of industrial demilitarization pleased Riddleberger. The acknowledged State Department expert on German affairs had long supported an alternative policy in Germany. Riddleberger, Leon Henderson and James C. Dunn in particular had attempted to combat the punitive thinking characteristic of the Treasury Department as early as March 1945. To Morgenthau's consternation, Riddleberger had issued Roosevelt a policy paper stressing the vital role that German industry should play in European recovery efforts.[106] This faction of the State Department predicted that the economic prostration of Germany would only disrupt European trade patterns and significantly delay economic normalization. This principle of employing German industry in a positive role had competed against the Morgenthau concept of stripping Germany for reparations throughout the initial years of the occupation.[107]

The Stuttgart Speech announced the victory of a "new course" in American occupation policy that permanently discarded the earlier conceptions of J.C.S. 1067 and the Potsdam negotiations. The liberals in the State Department, assisted by their strong economic arguments and growing fears throughout the Truman administration of Soviet military and political goals, had pushed out the opposition. Traditional interpretations have long explained that the Truman administration changed gears in response to the serious deterioration of German economic life and Moscow's increasingly belligerent attitude. But

the reorientation of political views spawned by Kennan and Churchill paralleled Truman's overall perceptions of Stalin. These views predated the Kemlin's unreasonable and Soviet-centric stance in 1945 and 1946. Economic realities based on the failure to adopt a logical industrial demilitarization strategy that answered the nagging problem of dual-use facilities influenced this "new course". The survival of millions of European civilians, as demonstrated in the previous chapter, depended on heavy industry for the commodities needed for the agricultural and textile sectors alone. The political split between Washington and Moscow assisted the verbal reformulation of hard-line policy already rejected by Clay's government as unworkable. The Truman administration now rethought their positions concerning all aspects of German industry.

CHAPTER 7

The Marshall Plan and the End of Demilitarization

To think of a Europe without a Germany is to think about a body without a heart.

Dean Acheson

7.1 Introduction

In 1947 Harry S. Truman's administration finally tossed the Potsdam industrial demilitarization policy into the dustbin and set the American Military Governor Lucius D. Clay free to work on German industrial recovery. An extraordinary confluence of "economic, financial, political, ideological, humanitarian, historical, and geopolitical elements", John Gimbel aptly insists, contributed to the American decision to include Germany in what officially became the European Recovery Program (E.R.P.) or Marshall Plan.[1] The intricate postrevisionist search for systemic explanations behind this policy shift, while useful in explaining the complexity of the American decision, unfortunately somewhat obscures the radical alteration in Washington's approaches to industrial demilitarization and the primary attention granted western Germany as the "motor of Europe". The Marshall Plan clearly marked the end of support for the broad dismantling of dual-use capacities as a suitable national security measure. This chapter therefore agrees to a certain degree with revisionist interpretations that national security and domestic economic concerns prompted Washington to support the "expansion of West European free trade as an absolute requirement for the United States".[2] The evidence however demonstrates that the State Department and Clay's Office of Military Government United States (O.M.G.U.S) militated against Premier Josef Stalin's version of demilitarization primarily to save the dual-use industries needed by the German, European and American economies.

The Marshall Plan did of course articulate a form of economic containment.[3] Revisionists such as William Appleman Williams blamed the outbreak of the Cold War on the capitalist search for new markets and domestic economic stability. The intrinsic strength of the American economy, as demonstrated in the Marshall Plan, unnerved and then alienated Stalinist Russia.[4] Watered down attacks on American capitalism emphasize that Washington's foreign policy employed the "incurable desire to maker the world a better place" in order to spread the tentacles of American industry throughout the globe and secure foreign markets for western exploitation.[5] H.W.

Brands even criticizes American policymakers for believing that only a free enterprise system could provide the high industrial productivity required for reconstruction and the establishment of a stable social order.[6] These revisionist and postrevisionist interpretations posit that basic capitalist greed, anti-communism, and general diplomatic frictions in the relationship with Stalin influenced an American change in direction. This interpretation does not sufficiently emphasize that Stalin as dictator clung to a brutal and egocentric postwar policy that Washington correctly rejected as unworkable, inhumane and dangerously destabilizing. The conservatives surrounding Truman frankly believed in the efficacy of capitalism. Academic opponents of capitalism must prove their hypothesis by demonstrating the economic advantages of communist state control in postwar Europe—a futile undertaking that would disregard over half a century of Soviet mismanagement.

American prosperity at home required prosperity abroad. The Truman administration's concern with the health of the domestic economy conditioned the positive pursuit of international stability for trade purposes. "We cannot have full employment and prosperity in the United States", the Under Secretary of State Dean Acheson announced, "without the foreign markets".[7] Driven by domestic economic concerns, a near banality considering the weight of economic calculations on all modern political and economic ideologies and systems, the Truman administration placed the general prosperity of the American economy at the forefront of policy. Washington realized that American industry required stable and aligned foreign governments to ensure that markets remained open to exports. Already at Bretton Woods in 1944, the American delegation pushed hard for a controlled international financial regime to ease international trade. Policymakers therefore hoped to guarantee foreign trade in a world threatened by the poverty resulting from war and an equally dangerous political ideology that openly rejected American capitalism and at least in ideological expressions sought European domination.

The geopolitical and military implications of the Marshall Plan however indicate the growing importance of national security matters in the framing of American foreign policy. Melvyn P. Leffler argues that even though the Truman administration aimed primarily at assisting the American economy, Marshall aid restructured the balance of power to "enhance" the American position in Europe.[8] According to Leffler's interpretation, the Marshall Plan helped American policymakers control the flow of raw materials, the contours of the industrial infrastructure, the political forms of

European states, and justifying an American military presence which together helped "prevent any potential adversary or coalition of adversaries from mobilizing the resources and economic military potential of Europe for war-making purposes".[9] The Marshall Plan therefore embodied a host of aims including the assurance of continued domestic economic success, stabilizing Europe through economic recovery and an American presence, and thwarting Soviet exploitation of Europe's assets and the spread of communism.[10]

Undue attention to anti-communism inhibits a balanced understanding of Joint Chiefs of Staff (J.C.S.) worries that the Soviet Union might gain either military or political control of a revived Ruhr region. The J.C.S. pressured Washington in the summer of 1947 to construct an "overall plan" that reflected the decision to assist "those nations on the periphery of Soviet controlled areas".[11] The clamouring for a military defence of Germany reflected both the prevailing anti-communism and the realization that the Ruhr represented a critical region for the security of American and European interests.

7.2 George C. Marshall and the Solidification of the New Course

Truman replaced Secretary of State James F. Byrnes with George C. Marshall and the former general was sworn in on 21 January 1947. The appointment helped bring a Republican Congress behind the president. The Republican Arthur Vandenburg pushed Marshall's nomination through Congress without any opposition. Truman like the rest of the country thought highly of Marshall. "The more I see and talk to him", the president wrote, "the more certain I am he's the great one of the age".[12] Dean Acheson, who in March 1947 insisted in executive session hearings that "it is a mistake to believe that you can, at any time, sit down with the Russians and solve questions",[13] was overjoyed at the replacement of Byrnes.[14] Marshall brought the military's high regard for economic issues with him into the State Department and thereby corrected a serious deficiency in policy formulation at the highest levels. Despite the friction between the American and Soviet positions over Germany, Byrnes never relinquished his staunch belief in Stalin and rejected conservative notions of Stalin's primal intransigence or the basic revolutionary nature of his policy.[15] Marshall learned quickly that Byrnes had erred.

The serious economic and political challenges of late 1946 and early 1947 convinced the Truman administration to reformulate policy in order to safeguard the interests of the United States. The winter of 1946-1947 clearly demonstrated the failure

of American postwar policy to shield the domestic European economies from postwar recession. The winter, as outlined in the previous chapter, dealt Europe a serious blow. Freezing temperatures destroyed the winter wheat crop and reduced food stocks already at dangerously low levels. Thousands of Germans died of exposure in the ruined cities. The heavy snowfall forced factories to shut down. "The patient", Marshall warned in a radio broadcast to the American people on 28 April 1947, "is sinking while the doctors deliberate".[16] Worse still, the European society, the largest importers of American products, seemed on the verge of collapse. American exports across the Atlantic had already fallen sharply from a maximum of $14 billion in 1944 to $9.7 in 1946.[17] Marshall emphasized an alternative to privation in the radio message. The secretary of state reminded his listeners that Germany retained "great resources and industrial plants".[18] The American public by now generally agreed with the change in direction sanctioned by Byrnes at Stuttgart in 1946. The State Department's Public Affairs Division reported that 72 percent of Americans accepted the reconstruction of a denazified and demilitarized Germany.[19]

Certain historians point out that the Truman administration presented a slightly false image of the European economy. Werner Abelshauser for example established that Britain and France achieved high economic growth rates immediately prior to injections of American assistance.[20] This reality should not obscure the serious balance of payments problem that emerged in 1947. The imbalance that appeared, Alan S. Milward demonstrates, was "attributable to the remarkable speed and success of western Europe's economic recovery".[21] The substantial increase in capital goods imports from the United States, structural alterations to world trade patterns and a general lack of investment helped accelerate the dollar shortage. But the European population, depending on increased production to repair wartime damage, nevertheless suffered from a serious drop in coal-mining and agricultural output. The need for coal and fertilizer turned American eyes on Germany.

Washington by the start of 1947 now fully accepted that European reconstruction required a significant German contribution. The American economy could not simply replace German industry as the "workshop of Europe" and provide the critical commodities such coal, fertilizer and machine-tools without incurring serious economic risks to the stability of the domestic economy.[22] Nor could the Soviet Union provide an alternative for a multitude of reasons. Washington cited reasons of economic inefficiency. But the Truman administration understood that Moscow

baulked at any notion of an integrated German economy that included the resources and capacities of all zones in a unified manner. "[T]he Soviet government", The Council of Foreign Relations asserted, "for its part was not likely to propose, or to accept, any plan for the reorganization of a united Germany which did not make allowance for the political and economic structure developed in the Soviet zone".[23] These specialists might have added that Washington questioned the utility of integrating a region that the Soviet military had brutally returned to the pre-industrial era.

The priorities of reconstruction in any case challenged the sanity of instituting the Potsdam Agreement and Level of Industry conceptions. The negative Potsdam policy of demilitarizing German industry and imposing a host of permanent sanctions, embargoes, and other punitive measures threatened to unravel the European economic system without substituting an alternative.[24] The threat of economic recession, more than any other factor including geopolitical military concerns, convinced the Truman administration in early 1947 to admit that the "reabsorption [of western Germany] into the western European trade and payments framework...was essential for sustaining...recovery".[25] The restructuring of German industry through dismantling failed to account for traditional European trade patterns that relied on German heavy industry for a long list of commodities including coal, steel, machines and chemicals. German producers provided Italy, Switzerland, Sweden, and Holland with over 25 percent of total imports.[26] Without significant manufacturing in Germany and the availability of Europe's largest market, non-German producers lost both an important trading partner and potential consumers. These conclusions in turn promoted the concept that German self-sufficiency required an expansion and not a reduction of industry.[27] This relationship more importantly underlined the "air of unreality in the attention given to economic disarmament".[28] As demonstrated in previous chapters, the need to utilize German industrial production for reconstruction, a concept that battled against the national security demand for dismantling, overcame the opposition and received official approval even prior to the harsh winter of 1946-1947.

Policymakers clearly articulated the rejection of widespread industrial dismantling in early 1947. Acheson argued in a speech to a variety of businessmen in Cleveland Mississippi on 8 May 1947 that European reconstruction required German industrial participation. He pointed out that American industry could not simply supply the estimated $16 billion in goods required by European countries. A host of domestic production problems such as inhibiting strikes by disgruntled workers and more

importantly the general European shortage of foreign currency reserves restricted a policy of buying American. The economic realities of 1947, Acheson believed, demanded that the Truman administration "push ahead with the reconstruction of those two great workshops of Europe and Asia—Germany and Japan—upon which the ultimate recovery of the two continents so largely depends".[29]

The Economic Working Group on Economic Aid refined the conceptions offered by Allen Dulles explained in previous chapters. Dulles, owing to his work with Soviet representatives in the Council of Foreign Ministers, represented the archetypical anti-communist who even militated against Truman's containment policy as an inadequate measure for the purpose of stopping the "evil" dictator.[30] The cold warrior had accentuated the importance of German industry for European recovery and American global policy. The working group echoed this last concern. "Failure to provide for recovery in Germany", the group argued, "will consequently have the effect of increasing net capital import requirements needed to achieve objectives in other European countries".[31] The group fused German industrial production with the major policy aims of the Truman administration. German economic reconstruction therefore represented the "real test of the will and capacity of the Allies to make peace".[32]

A flood of American reports emphasized the importance of a German industrial contribution. These studies addressed the most basic problems confronting European society. The State-War-Navy Coordinating Committee in May 1947 somewhat simplistically concluded that European reconstruction could not proceed without sufficient food for the workers, energy and machinery for the factories and a functioning transportation network to move raw materials and production.[33] The committee however refused to cut the European infrastructure into segments and for example viewed the transportation network as a single entity. That entity, the committee argued, "cannot be examined and described on a country by country basis". An examination of the European system underlined the fact that Germany held the "central position" in the flow of raw materials and manufactured goods. The reconstruction of the German transportation system in particular represented the "prime requisite of rehabilitation".[34]

But the production or repair of trucks, rolling stock, railways, marshalling yards, roads and bridges demanded an extraordinary increase in coal and steel output. The insatiable appetite of European economies for steel alone convinced the State-War-Navy Coordinating Committee of the need to return the Ruhr smelting and rolling

facilities to full capacities and thereby jettison the now outdated conceptions of industrial downsizing to secure national security. The Level of Industry philosophy therefore collided with the alternative perspective that stressed the interdependent nature of the European economy and which pushed the reintegration of German heavy industry in recovery efforts to the forefront.[35] These policy papers surpassed any form of "control" and even intimated pursuing the return of German industrial dominance in Europe.

> The bulk of equipment manufactured on the Continent use[d] to be in Germany. Manufacture in other countries was increased before the war and can be expected to increase still further in the future. There are no figures to tell whether the production of industrial equipment generally in any of the European nations has recovered to prewar quantities. When present plans are completed production capacity in Germany will be greater than prewar. Available data do not permit of any calculations as to the position of Europe as a whole, inclusive of Germany, as compared with prewar. Prewar, however, Germany was the big producer. One is inclined to doubt, therefore, that expansion elsewhere could make up the difference caused by reduced German output.[36]

The J.C.S. emphasis on German industrial recovery as the cornerstone of wider European reconstruction motivated the change towards expansion.

Other reports underlined these findings. Gimbel writes that at the start of 1947 "there appears to have been almost universal agreement in the United States that the program could not succeed without major industrial input from Germany".[37] The evidence is overwhelming. The final report of the subcommittee of the President's Committee on Foreign Aid or Harriman Committee emphasized that no element of an assistance package "is more fundamentally necessary to the recovery of Western Europe than the aid asked for the rehabilitation of German industry, agriculture, and transport".[38] This subcommittee fused European survival to that of Germany. "German recovery", they wrote, "is a great factor in western European revival". Marshall accepted the validity of this conclusion. The secretary of state argued later in 1947 that "without a revival of German production there can be no revival of Europe's economy".[39] This perspective implicitly rejected the substance of Foreign Economic Administration (F.E.A.) or Allied Control Council (A.C.C.) dual-use reduction or elimination strategies. This decision predated the degeneration of the global political atmosphere.

A series of geopolitical problems however only deepened the new concentration on German industrial recovery. The European economic crisis that cast serious doubt on the viability of American policy in Germany also appeared to weaken the

recuperative powers of all other European states including those of Britain. As in Germany, extreme coal shortages slowed British industrial production to a crawl and the population suffered from the debilitating numbness brought by the cold.[40] A British Government white paper issued at the end of January 1947 concluded that the deteriorating economic climate demanded an immediate downsizing of the armed forces and commitments abroad. On 21 February 1947 Whitehall informed the State Department that financial difficulties forced the termination of the provision of financial and military support to Greece and Turkey at the end of March 1947. The British action largely aimed at drawing the Truman administration into formally committing economic and military resources to the defence of Europe.[41] But Britain appeared in dire straits regardless of political machinations.

The Greek civil war that broke out in the second half of 1946 intersected with American-Soviet friction along most of the Soviet periphery including Germany, Iran and Turkey.[42] The journalist Walter Lippmann described these regions as a "seething stew of civil strife".[43] British Foreign Minister Ernest Bevin believed as early as March 1946 that Soviet communism aimed at eroding the strength of the democracies prior to targeting Britain or, as he put it, the "home of capitalism, imperialism and now of social democracy".[44] The anti-communist Bevin viewed his country as under siege. But financial considerations induced Whitehall to withdraw the 40,000 British troops that propped up the royalist regime in Athens. The skirmishes between royalist and communist forces, the extreme left having emerged as the principle opponents of the ruling elite after 1945, helped prolong the economic misery of Greece after 1945. Acheson remarked that "Greece was in the position of a semiconscious patient on the critical list whose relatives and physicians had been discussing whether his life could be saved".[45]

Whitehall's actions elicited the desired effect. Believing that the Soviet authorities supported the Greek communist rebels and that Stalin aimed at forcing his way through the Dardanelles to gain access to the Mediterranean, the State Department theorized that the weakened European political regimes could not withstand the shock of a communist victory in Greece. The State Department reacted strongly and Marshall pleaded with congressional representatives on 27 February 1947 to support a commitment to Greece and stop the crisis that "might extend Soviet domination to Europe".[46] Whatever the dimensions of a future aid package, whether civilian or military in nature, it was clear that the sums of money needed for the protection and

stabilization of Greece would be extensive. John Jay McCloy, as President of the World Bank during this period, informed the Committee on Foreign Relations that "we might…not have enough money to meet all of the good hard loans that may be needed".[47] And any commitment in Greece meant additional dislocative pressures on the European economy. Marshall, in connection to the variety of economic and political problems in Europe, later stated that the "dislocation of the entire fabric" of the European economic system constituted the most significant stumbling block to recovery.[48]

The decision of Clement Atlee's Labour government clearly demonstrated the interrelationship of economic and political problems. The difficult demands of reconstruction reduced overall confidence and generated feelings of insecurity. Truman authorized the formation of various organizations to study an American commitment to Greece and Turkey and define a future aid package for presentation to Congress. On 5 March 1947 Acheson requested the new Secretary of War Robert P. Patterson to direct a subcommittee of the State-War-Navy Coordinating Committee to investigate American financial and economic aid for Europe and draw up a list of potential candidates. The report that surfaced on 21 April 1947 advised assisting those European states "which are vital to our national security and our national interest" and "which contain or protect sources of metal, oil and other natural resources which contain strategic objectives, or areas strategically located, which contain a substantial industrial potential, which possess manpower and organized military forces in important quantities".[49] The report therefore stressed those European states of economic and geostrategic interest to the United States. Considering the concentration on resources, technical capabilities and industrial potential, the committee surprisingly did not include Germany on the list of candidates.[50]

The Joint Strategic Survey Committee (J.S.S.C.) of the J.C.S. pounced on the committee's omission. The military officials recognized that any aid package "aimed at containing" the Soviet Union had to incorporate German industry. The strategic and economic importance of the Ruhr furthermore made the Truman administration's consolidation of an economic penetration in Europe dependent on a significant German contribution. A revised ranking of importance placed Germany third on a list of potential candidates for financial and economic aid behind Britain and France. The military clearly linked ideological, military and economic concerns. The committee argued that "the decisive diplomatic contest between totalitarian Russia and the

democracies of the West is taking place in Germany today" and that the "western democracies can win this contest only if there is drastic change in their economic policies for Germany".[51] The fact that this change had already taken place eluded the committee.

The J.S.S.C.'s mixture of national security and domestic economic issues dominated the thinking of a new organization in the State Department. Marshall ordered George F. Kennan to establish a Policy Planning Staff on 29 April 1947 that like the military "was supposed to review the whole great problem of European recovery in all its complexity".[52] Kennan, whose organization ultimately formulated and later implemented the American aid package, pointed out two pressing problems. He argued that the "depletion of financial reserves, particularly in foreign exchange and external assets" represented the primary European economic problem. This observation, as pointed out, was later substantiated by historians such as Milward. Social developments were however of equal importance. The general feeling of "disillusionment, insecurity and apathy" caused by the alarming plight of Europeans politically destabilized the continent and offered Stalin the potential to wage ideological war against the democracies.[53] In true Kennan-fashion, the organization argued that a military response to the Soviet political infiltration of western Europe reflected "an uneconomic and regrettable diversion of effort".[54] The diplomat argued that financial and industrial aid sufficed to block communist success in Europe. A prosperous Europe would ultimately force Stalin to accept American policy in Germany.[55]

In later years Kennan wrote that "I had always conceived that when we had made it evident to the Soviet leaders that they had reached the real limits of their political expansion in Europe, the time would come when we would sit down with them and see whether we could not get their agreement to some sort of a workable understanding about the future of the continent".[56] Previous chapters demonstrated Stalin's resolve in implementing and securing his vision of Germany even at the expense of favourable relations with the democracies. Kennan understood that Stalin would not accept a major reversal on the matters of industrial demilitarization and reparations. But the diplomat believed that the Kremlin might still accept the economic rehabilitation of Germany under certain circumstances. This belief represented a clear illusion. Washington's willingness in 1947 to permit full German economic reconstruction or even the concept of using German industrial resources for European recovery clashed with Stalin's barbaric truncation of eastern German capacities. The

fact that the eventual Marshall Plan included Germany made Soviet support of the program or concept highly theoretical.

The Policy Planning Staff therefore correctly framed the rehabilitation package with an ideological war in mind. Kennan pressed hard for the adoption of a principle of channelling aid through a multilateral organization based on European participation but directed by the United States.[57] Kennan's report coincided with another study written by Assistant Secretary of State for Economic Affairs William L. Clayton. The wealthy cotton broker fiercely advocated that Washington support the creation of a liberalized multilateral trade regime. Clayton agreed with the viewpoint expressed by Rames Reston that the lack of such a trade scheme would "leave a vacuum into which, inevitably, will move an economic system based on principles alien to our ideas, injurious to our interests, and highly restrictive on the volume of world trade".[58] Clayton's memorandum warned that the deterioration of Europe would foment "economic, social and political disintegration" and jeopardize the American economy.[59] The memorandum once again revealed how economic self-interest promoted the decision to commit resources to European recovery.[60] Clayton demonstrated a focus on ideological factors characteristic of Kennan.

Truman appeared seriously concerned by the general tone of Clayton's forecasts. The president's speech on foreign economic policy at Baylor University in March 1947 illustrated the connection between economic prosperity and peace and stressed the need to lend a helping hand if only for reasons of self-interest. "We cannot find security in isolation", Truman stressed, "Foreign relations, political and economic, are indivisible". Truman further illustrated how his administration defined an economically sound policy. The president condemned the planned economies and nationalization schemes of socialism and communism and called them un-American.[61] Conservative American policymakers of course generally criticized the inefficiency of socialist economic policy.

7.3 The Truman Doctrine

As pointed out, Truman responded to Whitehall's request for assistance in Greece and Turkey by proclaiming administrative support for the burden of responsibilities in Greece and Turkey. On 12 March 1947, two days into the Council of Foreign Ministers' meeting in Moscow that discussed the future of Germany, Truman stood before a joint session of the Senate and House of Representatives of the 80th Congress and appealed to Americans that postwar realities demanded a radical change

in policy. The terse 18 minute speech linked American economic and military security to the concept of a stable and democratic Europe.[62] Fired on by the wild State Department reports that instability in Greece and Turkey would bring down the democratic governments of western Europe, Truman proclaimed in Wilsonian terms that "it must be the policy of the United States to support free peoples who are resisting subjugation by armed minorities or by outside pressures".[63] He appealed for funds to help Greece and Turkey fend off the threat of revolution. Truman declared that the overall national security of the United States depended on the maintenance of global peace. The congressmen rose to their feet and applauded in wild jubilation.

But contemporaries immediately criticized the emotive language and tone of Truman's speech. Kennan objected to Truman's generalizations and the "sweeping nature of the commitments" that the doctrine implied.[64] Walter Lippmann misinterpreted the containment speech and criticized Truman for conjuring up the image of a "crusade against totalitarianism".[65] The mood in Congress quickly cooled. "It is…a grim and resentful Congress", James Reston reported in the New York Times, "that now has begun dealing with the most important foreign policy decision since the end of the war".[66] Kennan in fact believed that this "hard-hitting language" aimed at stirring a "nation still under the spell of naïve Rooseveltian collaboration".[67] The American Government, seen in this way, promoted a policy of anti-communist hysteria in order to create the domestic consensus necessary to plan, fund, and realize a foreign policy aiming at a major global economic and political role for the United States.[68] Truman to a certain degree forced a policy revision on a "reluctant nation".[69] The speech unleashed a debate that lasted until 22 June 1947 when the Senate approved $400 million for Greece and Turkey.

Truman's speech and the doctrine of containment he preached bound the United States to repelling communist expansion all over the globe. "Everyone understood", Robert James Maddox points out, "that the doctrine was aimed at the Soviet Union and its allies".[70] The speech mobilized public opinion against the former ally.[71] Kennan of course disagreed with Truman's doctrine. He argued that even a communist victory in Greece did not necessarily mean an "immediate and catastrophic setback". The diplomat still considered the Soviet Union incapable of supporting the expansion of communism since the state was "poorly set up to take responsibility either for the governing of Greece or for the support of the Greek economy".[72] Historians argue that neither Moscow nor Washington planned on fighting a major war in the immediate

postwar and Stalin's policies aimed at long-term reconstruction.[73] Leffler therefore denigrates Washington's interpretation of Soviet goals. The "notion that the Soviet Union sought world domination", he laments, "became the fundamental postulate of American national security doctrine".[74] The decision to protect democracy in Greece and Turkey established the precedent for the militarization of policy expressed by economic and finally military assistance packages.[75] Washington, according to Stephen Ambrose, focused on the three concepts of building up American military forces, sending military aid, and granting economic assistance.[76]

Historical studies add further support to Kennan's conclusions and deny any real Soviet involvement in the Greek civil war.[77] Explanations of Stalin's postwar behaviour stress that the dictator behaved in a traditional manner and simply reacted to the vacuums created by the disappearance of Germany and Japan from international affairs and the slow contraction of the British Empire.[78] H.W. Brands, in extreme fashion, believes that the emerging Cold War represented "no war at all, but simply the management of national interests in a world of competing powers".[79] The basic mechanism of power rivalry drove an ideological wedge between Moscow and Washington that promoted a redefinition of the opposing power as inherently evil.[80] Other historians point out that Truman employed a contrived communist threat in Greece and Turkey to help convince the American public and Congress to support his longstanding commitment to military expenditures and an economic assistance package for Europe.[81] The Truman Doctrine according to much of the historiography represented an overreaction to Stalin's pursuit of a dominant position in the conquered territories on the Soviet periphery.

But Truman's verbal attack did not differ from a multitude of official and "unofficial" Soviet declarations during this period. The Soviet press immediately responded negatively to the Truman doctrine and blamed the president for the "crude deployment of economic power for the purpose of political interference in European affairs".[82] Stalin nevertheless seemed to remain calm. The dictator explained to American journalists on 9 April 1947 that the communist and capitalist systems could coexist and obliquely implored Truman to refrain from openly criticizing the Soviet Union.[83] Nor did Stalin seem overly annoyed at Washington's attempt at gaining forward airbases in Turkey from which bombers could reach the Soviet oil wells at Baku.[84] Stalin's reaction can be explained another way. Earlier chapters pointed out that "Pravda" openly attacked the Truman administration in 1945 owing to a perception

of a soft American policy regarding Germany. Stalin possible entertained the illusion that the Soviet delegation at the Moscow Council of Foreign Ministers meeting could still influence a shift in Washington's policy against assisting German reconstruction and returning to the older notion of a Carthaginian peace for the enhancement of Soviet power. Once Stalin understood that diplomacy could not bridge the rift between the wartime allies over policy in Germany, the dictator's good nature changed to open hostility.

Truman's commitment to democracy represented the sort of ideological language Stalin understood best. The verbal pledge to protect and foster the development of stable democracies, while obviously aimed at countering the threat of communist political success,[85] can however hardly be construed by historians as offensive and utterly provocative in nature. Stalin appeared able to overlook Hitler's crude ideological attacks against communism in the 1930s and even form a quasi-alliance with the most violently anti-Soviet state of the 20th Century. Nor could the dictator have feared capitalist military power. American postwar demobilization and the departure from Europe indicated that economic aid and ideological commitments represented the only practical weapons in Truman's arsenal other than nuclear immolation. Historians who condemn the Truman Doctrine for exhibiting the "incurable desire to make the world a better place" furthermore fail to explain how Stalin could possibly have viewed this positive pledge as offensive unless blinded by the ideological urge to expand communism.[86] The criticism that Truman concentrated on national security concerns and the promotion of American economic welfare by improving global conditions furthermore offers a denigration of Truman that seems hollow and hard to comprehend.[87] Washington naturally employed American industrial strength as a major component of all elements of policy. Revisionism in particular seems to condemn Truman for failing to placate Stalin with either considerable economic assistance—largely in the form of crippling German reparations—or by permitting Soviet military forces to ruthlessly loot and consume the states on their periphery.

Appreciations of Soviet industrial capabilities between 1945 and 1947 helped generate the view in Washington that communism could not assist the administration's goal of rebuilding foreign markets to help buttress American industry against recession.[88] A serious economic power imbalance existed between communism and capitalism.[89] The Soviet Union could not materially contribute to European

reconstruction unless Stalin permitted the westward flow of raw materials for western European industry and especially the Ruhr. Washington, as this chapter points out, however interpreted the Soviet failure to abide by the Potsdam Agreement in Germany and permit a unified economic administration as evidence that diplomats could not arrange a real economic deal with Stalin. The visible economic weakness of Europe seemed alternatively to enhance Stalin's political position by radicalizing popular opinion and eliciting a rejection of democratic and capitalist values. The Truman administration required a solution that bound Europeans politically and economically to the United States and prevent either the triumphant march of communism or the attempt by European states to secure the raw materials they needed through negotiations with Stalin or returning to the prewar dependency on "quasi-autarkic arrangements with their colonial empires".[90] In other words, the Truman administration needed to secure markets for American goods by both averting a European descent into economic and political anarchy as well as preventing Stalin from gaining an advantageous position.

The claim of scholars that a defensive nature characterized Stalin's policy therefore seems irrelevant. Soviet policy in Germany, whether defensive or offensive, threatened to bring European society to its knees. The terrible winter of 1946-1947 emphasized the failure of a far more positive American postwar policy to avert disaster. The economic situation in Europe during this period threatened the United States with a potential recession and a return to the depressed conditions of the 1930s. The Truman Doctrine helped intensify the discussion of German industry's place in Europe desired by the military. Wilson D. Miscamble takes issue with the bulk of historians who view the doctrine as a "prescriptive tract for global containment" and he points out that Truman's tough words did not represent an "overall plan to respond to the Soviet Union".[91] Seen instead as a confidence-building measure, the Truman Doctrine might be seen as a statement of encouragement aimed at promoting economic recovery through a binding commitment to western and central Europe. Washington's general policy of European economic recovery certainly imparted "form and meaning" to the doctrine.[92] This commitment to European recovery was built on the return of German industry to the status of "machine shop" of Europe.

7.4 The Moscow Foreign Minister's Conference of March 1947

The four victorious powers conducted six Council of Foreign Ministers' meetings between 1945 and 1949 to fulfill the Potsdam stipulation of constructing a peace treaty with the Axis states. Serious disagreement concerning industrial

reparations and demilitarization characterized these meetings from late 1945 onwards. Soviet Foreign Minister Vyacheslav Molotov, in another example of the voracious Soviet appetite for power enhancement, even objected to the negligible reparations that Japan and Italy provided the Soviet Union.[93] While the victors ultimately generated peace settlements for Bulgaria, Finland, Hungary, Italy, and Romania, in addition to establishing an utterly powerless four-power Allied Council for Japan, the meetings failed to answer the German question.[94] The 43 meetings of the fourth Moscow meeting of March-April 1947, established to discuss the Austrian and German settlements, only succeeded in agreeing to the formal dissolution of Prussia—the acceptance of a de facto reality more than a calculated policy. The conference ended on 24 April 1947 without finding agreement on the dominant issues of reparations, unification or even disarmament. Marshall's meetings with Ernest Bevin, George Bidault and Vyacheslav Molotov furthermore convinced the secretary of state that neither the Soviet nor French authorities desired a real settlement. The Moscow Council of Foreign Ministers' meeting represented the clear break in relations between the victors concerning Germany.

The Moscow conference was doomed to failure from the outset. The Truman administration by March 1947 genuinely believed in the necessity of activating German industrial potential to assist the reconstruction efforts. These policymakers now consistently argued that the dismantling of industry punished European countries "even more" than Germany itself and threatened to "destroy the stability which is essential to the growth of democracy and the maintenance of western cultural thought".[95] Secretary of War Robert P. Patterson even argued that "the Soviet demand for reparations from current German production constituted a serious threat to the American social system" and therefore to American security.[96] The American diplomats simply could not accept Soviet terms. Walter Bedell Smith, American Ambassador to Moscow during this period, wrote that the American government did "not want nor intend to accept German unification on any terms that the Russians might agree to, even though they seemed to meet most of our requirements".[97]

Initial preparations for the conference in late January 1947, attended by men such as Charles E. Bohlen, John H. Hilldring, E. Allan Lightner and Willard L. Thorp, examined how the United States could free itself from the spirit of Potsdam. These men decided to interpret the agreement in a new manner. They trumpeted the call for German industrial self-sufficiency stipulated by the Potsdam Agreement and pressured

Washington into officially seeking revision to the Level of Industry plan.[98] Policy papers stressed the point that the Potsdam decisions did not conceive of a permanently controlled German economy. They agreed with Clay's perspective that the German standard of living concept "was established as a measure of reparations and not to prevent the German themselves from their own efforts to attain a higher standard of living in the future".[99] American policy during the early months of 1947 actively pursued the end of dual-use industrial dismantling and the easing of economic restrictions to grant German industrialists the freedom to pursue recovery.[100] This "revolutionary" reading of the Potsdam and Allied Control Council decisions, while deliberately and openly deceptive, was built on the idea that earlier interpretations did not lead to stability.

Clay kept up the American fight against dismantling plants in the British zone and the shipment of industrial equipment eastwards. "It is our belief", the general wrote on 17 February 1947, "that we must agree to early allocation [of war plants] by the Allied Control Council subsequently making our fight against deliveries to the U.S.S.R. until it has fulfilled other agreements in the Potsdam Protocol. If the British accept this, plants destined for the U.S.S.R. would be held in reserve and not delivered".[101] Continued Soviet intransigence prompted this decision. During A.C.C. meetings at the start of 1947 Clay grew increasingly annoyed at the Soviet failure to hand over a statistical report outlining Soviet removals from their zone of occupation.[102] Clay fumed that an economic plan that analysed the ills affecting German industry required a detailed analysis of quadripartite production capabilities. The War Department granted the general's request to withhold data concerning the American zone in retaliation for the continued Soviet mockery of unified economic administration.[103] The evidence however suggests that Clay, influenced by his advisor Robert Murphy and the reports from military formations already outlined, discounted the practicability of eastern German economic integration owing to Soviet pillaging and therefore baulked at additional reparations from the western zones. Clay wrote Marshall in March 1947 and argued that a general treaty guaranteeing permanent German disarmament should replace the Potsdam conception of "security through economic restrictions and reduction of German industry".[104]

The State Department agreed and proceeded to dismantle the arguments rationalizing industrial demilitarization.   Demilitarization, in the opinion of policymakers, now seemed to require transformations in industrial patterns that did not

accord with economic realities. The State Department cited the work of the economic experts. German reliance on heavy industry for basic survival, described in the previous chapter, demonstrated that the Level of Industry plan contained serious "internal inconsistencies".[105] Policy papers pointed out that the A.C.C. already sanctioned the controlled manufacturing of sporting arms, ammunition and commercial explosives.[106] Demilitarization seemed laughable under these conditions. Policymakers therefore articulated the impressions gained by observations of the destroyed German cities in the summer of 1945 and attacked the reasoning behind dismantling itself. These men now argued that the war itself had destroyed militarism in Germany.[107] This policy impacted the secretary of state. Marshall informed Vincent Auriol on 6 March 1947 that a four-power disarmament treaty should replace the early postwar concepts of drastic industrial reductions.[108]

State Department officials furthermore now clearly believed that Stalin's demands for German reparations aimed at destabilizing western Europe to pave the way for the expansion of communism.[109] Marshall emphasized that the dismantling and transfer of industrial facilities "had not been a profitable procedure".[110] The enterprise weakened European recuperative powers and increased the military industrial strength of the Soviet Union. Stalin's ruinous economic policies in both eastern Germany—and the Soviet Union for that matter—created a dependency on western Germany that went far beyond the matter of justifiable and rational reparations. The State Department rejected all Soviet proposals no matter how reduced in scope. These men even openly dismissed the preliminary Soviet idea of gaining reparations from current production on the dubious pretext that the policy demanded a substantial revision upwards in the levels of industry—the dominant aim of American policy at this point in time—and therefore conflicted with the spirit of Potsdam.[111] Marshall informed Bevin during the conference that Stalin needed reparations from Germany in order to support his militarization schemes and not to rebuild the Soviet civilian infrastructure.[112] The Anglo-American allies would have none of this. Stalin's rigidly selfish position therefore determined both the "inescapable" division of Germany and of Europe.[113]

The American delegation had paradoxically travelled to Moscow intent on transforming the Level of Industry agreements and increasing German industrial production to address the economic paralysis of Europe. Marshall rejected retribution as a workable concept.[114] His views coincided with those of the Council on Foreign Relations. The council published a report entitled "American policy toward Germany"

and distributed copies to the State Department and the Office of Military Government United States (O.M.G.U.S.) prior to the Moscow conference. The report concluded that "denazification and the revival of the German economy are equally essential" to American interests.[115] Only Charles Kindleberger and the Economic Division of the State Department continued to advance some notion of sacrificing German dual-use potential in order to keep Stalin happy.[116] Marshall however agreed with the conservative elements of the State Department and believed that Stalin's reparations policy in Germany prohibited any form of agreement.

Demilitarization represented the first item discussed during the opening sessions of the conference that began on 11 March 1947. The delegates tackled the troublesome problem of defining war potential for the purpose of dismantling. They quickly fell into the old pattern that characterized all previous negotiation. Georges Bidault expressed the concerns of the French government that the soft position taken by the Truman administration on industrial potential might weaken the resolve of the international community to destroy the German war potential.[117] Molotov, in the typical communist manner of reducing complex issues to childlike simplicity, questioned the need for discussion altogether and quipped that he "saw no reason why war potential plants having no peacetime use should not be destroyed at once".[118] Bevin recoiled in disgust. He offered the traditional Anglo-American viewpoint that the delegates could not even determine which industrial facilities to dismantle until the occupying powers permitted a unified German economy.[119] Marshall however took the bull by the horns and deflected French-Soviet criticism. He agreed with Bevin that the assembled delegates required a precise definition and reiterated Washington's resolve to demilitarize German industry to placate the French and Soviet ministers. But the secretary of state nevertheless proceeded to offer an alternative course of action that threw out the need for a definition of industrial demilitarization. Marshall directly criticized the entire dismantling. He specified that Germany "is not capable of waging war today and we all know it". Marshall argued that a pact or treaty and not further dismantling should act as the "determining factor in continuing the state of German demilitarization".[120] These discussions illustrated the extreme divergence of opinion.

The Soviet delegates, realizing Marshall's commitment to keeping capital equipment in Germany, shifted positions and requested reparations from German production. The American delegation, in keeping with previous deliberations, flatly rejected Molotov's request as inconsistent with the Potsdam Agreement and

inconsistent with the American plan of reconstructing a self-sufficient German economy as quickly as possible. Marshall however promised to "study the possibility of a limited amount of reparations from current production to compensate for plants". But the American delegation introduced the now worn proviso. Marshall emphasized that "deliveries from current production are not to increase tile financial burden of the occupying powers or to retard the repayment to them of the advances they have made to keep the German economy from collapsing".[121] Every argument for reparations was countered with the matter of economic viability.

The rest of the conference followed a similar pattern. The economic disaster of that winter illustrated the general need in Germany for increased agricultural yields either by a reevaluation of the eastern border with Poland or altering the levels of industry. The evidence suggests that Marshall only seriously considered the latter solution and used the border issue to unsettle Molotov and torpedo the discussions concerning quadripartite rule that none of the delegates even wanted. The assembled Americans, to keep up appearances, nevertheless sought to convince their French and Soviet counterparts to agree to the formation of centralized administrations in Germany.[122] Marshall realized quickly enough that Moscow interpreted German economic "unity" somewhat differently from the other delegations. Even though Molotov openly accepted the necessity of unity, the Soviet occupation authorities, in Marshall's estimation, nevertheless "operated practically without regard to the other zones" and refused to "disclose the availability of foodstuffs and the degree or character of reparations taken out of this zone".[123] Marshall described the Soviet incongruity between policy and practice as evidence of a serious inconsistency and general lack of interest in solving Germany's economic problems.[124] Molotov and the Soviet delegation for their part utterly failed to acknowledge Marshall's fears that continued German economic paralysis negatively influenced both Europe's efforts at reconstruction and the domestic American economy. The American delegation reacted strongly to the continued Soviet emphasis that the Allies proceed with demilitarization and strip German industry of dual-use potential. Moscow, as always, emphasized reparations and their own security above the concerns of others. Stalin completely failed to take notice of American, European and German concerns.[125]

The Council of Foreign Ministers Deputies in March 1947, considering the degree of conflict within the quadripartite system concerning unity of action, ordered a long list of highly unlikely actions. They demanded the return of all German prisoners

of war to the occupied territories by 31 December 31 1948. "Finding it necessary to limit the occupation forces in Germany", They also ordered that "the Allied Control Council should consider this question and determine the size of armed forces of the U.S., United Kingdom, France and U.S.S.R. in Germany" and report the findings on 1 June 1947.[126] The group even demanded that the A.C.C. "establish in all of Germany a free exchange of information and democratic ideas by all media".[127] Considering the Soviet employment of millions of German slave labourers, the large Soviet military presence in Germany and the clampdown on non-S.E.D. political organizations in eastern Germany, none of these instructions appeared reasonable. They more importantly, despite the disagreements concerning dismantling, reparations and industrial levels, paradoxically ordered the Control Council in Berlin to speed up the formulation of a "plan for the liquidation of the plants constructed especially for the production of war materials" and present a "complete" version by 1 July 1947. These diplomats granted the military authorities one year to fulfill this objective once a detailed list of factories was established. Failing to agree on the other categories, the deputy ministers seemed willing to press the issue of dismantling the "war plants".[128]

The bravado could not obscure the serious tears in the most important principles of four-power administration. The ministers could not surpass the hurdles of moving beyond basic and general statements and working out functioning machinery. The commitments to some form of interzonal trade, the maximization of agricultural output, and the reactivation of "peaceful industries" were meaningless without a detailed export-import plan, freedom of movement and most importantly the establishment of the future contours of German industry. The Soviet delegates in particular refused to move ahead in discussions without a satisfactory solution to the matter of reparations. This tough stand torpedoed real work on the levels of industry, but the group of deputies nevertheless agreed on "the necessity of revision of the plan for reparations and the level of German post-war economy". The simplistic agreement on principles, a constant theme in four-power discussions during this period, presented an image of unanimity that distorted the complex hurdles barring precise implementation.[129]

The Moscow conference represented another turning point towards cementing the bipolar split between communism and democracy.[130] The Truman administration marched towards formalized German division and therefore the complete rejection of Soviet claims against western Germany.[131] The western powers responded to Soviet obstructionist behaviour by calling a tripartite conference in London. The conference

aimed at establishing the basis of an independent West German state. The American and British governments agreed to grant German economic organizations greater responsibilities on 29 May 1947. The Soviets in turn withdrew their representatives from the A.C.C. in Berlin a few weeks later. On 21 June 1949 Truman formally announced the general failure of negotiations with Stalin. "The Soviet Union," the president remarked, "...sought a return to Potsdam and its system, which the Russians had rendered unworkable by their misuse of the unlimited veto. They refused to recognize the important progress which has been made in Western Germany since 1945. In these circumstances, real progress for the unification of Germany and its people was impossible".[132]

Moscow's failure to provide a solution to Europe's economic problems, and instead concentrate solely on extracting maximum reparations from Germany convinced Marshall that the rigid Soviet disinterest in general European economic revival seemed to indicate something sinister. For his part, Marshall's offer to at least study reparations from current production indicated a small degree of flexibility.[133] The secretary of state however extrapolated from Moscow's rigid behaviour that Stalin aimed at inhibiting American efforts at reconstruction to further destabilize Europe as a precursor to political subjugation. Kennan's assertion that a psychological rapier represented the best weapon in Stalin's arsenal seemed anchored in Marshall's mind. He therefore left Moscow convinced that the future of both the American and European economies depended on a permanent American presence in Europe. The Ambassador George McGhee wrote in his memoirs that "the cooperative spirit of Yalta" existed as a "distant memory".[134]

Washington's concentration on Germany, the revisionists declare, estranged and alienated Moscow and therefore forced the Cold War.[135] A dusty revisionist line of interpretation argues that an unnecessary American devotion to European recovery forced Stalin's obstinate reaction.[136] Carolyn Eisenberg more humanely points out that the American delegation headed by Marshall travelled to the Moscow meeting "unwilling to compromise" over reparations, rejected every Soviet proposal and therefore killed effective four-power administration in Germany.[137] Her eagerness to defend Stalin and play up the importance of Soviet flexibility obscures the fact that the Soviet delegation entertained their guests with a crude ruse.[138] Stalin only superficially supported the American emphasis on a unified administration as a negotiating tactic. The Soviet authorities clung to an independent and separate regime in eastern Germany

to safeguard their control over at least a portion of their wartime enemy. The farcical eastern German "elections" in 1946 that solidified the power of the puppet Sozialistische Einheitspartei Deutschlands in Germany, as elsewhere in the Soviet sphere, attest to the incompatibility of the democratic and communist systems. Even Wilfried Loth, a staunch defender of Stalin's policy in Germany, admits that the desire to retain a firm grip on the eastern zone "was difficult to square with the goal of a unified administration of Germany, above all when such an administration was regarded as a preliminary step toward a government for the nation as a whole".[139] Moscow, as demonstrated, could only reject a unified occupation authority for economic, ideological and political reasons.

Leffler in postrevisionist fashion argues that both the American and Soviet delegations adopted inflexible negotiating positions.[140] This perspective still places far too much of the responsibility for the developing Cold War on the shoulders of American policymakers. Wilfried Mausbach's more conservative conclusions appear closer to the mark. He generally repeats a more orthodox point of view that the imprecision and severity of Soviet demands in Germany mingled together with the visible barbarity of the Red Army and fomented the break with the Soviet Union.[141] The revisionist and postrevisionist criticism of Washington's concentration on German industrial reactivation to act as the motor of European reconstruction fails to acknowledge the problems of integrating a Soviet Carthaginian peace with a rational postwar policy. Only a neo-realist perspective accounts for the seriousness with which the Truman administration approached the deteriorating economic conditions in Europe during the winter of 1946-1947, the contradictions of industrial demilitarization, and the importance of a reconstructed global economic system. The argument that the wide dismantling of industry in western Germany could have improved conditions in the Soviet Union remains in any case counterfactual. Stalin and not Truman adopted an impossibly egocentric position that threatened political instability and ultimately the lives of millions of men, women and children.

7.5 The Harvard Speech, Marshall Plan and Soviet Rejection

On 5 June 1947 the Secretary of State informed the alumni assembled at Harvard University's 296th Commencement Day that his government aimed at assisting the rebuilding of the European economy. The short but powerful speech, that incorporated the conceptions of Kennan's Policy Planning Staff and the Clayton memorandum,[142] asserted that European nations could not rebuild their ruined cities and

factories without "substantial" American assistance. The scourge of "hunger, poverty, desperation, and chaos", in Marshall's opinion, "threatened to undermine the "political and social conditions in which free institutions can exist". Europe faced an alarming humanitarian catastrophe that threatened to destabilize the continent even more dramatically than the 1930s Depression.[143]

The former Army chief of staff theoretically appealed to "all" European nations including the Soviet Union. Marshall echoed Kennan and suggested that European governments join the drafting of an aid program composed of American loans, grants and technical assistance. The secretary of state offered this assistance to "any government that is willing to assist in the task of recovery". "Our policy is directed not against any country or doctrine," he said, "but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist". Marshall's emphasis on a "working economy" indicated a conservative reluctance to support the radical changes to the European economic order implicit in the Potsdam decision to dismantle German industry and move Europe's industrial heartland deep into eastern Europe. The Harvard speech clearly demonstrated the State Department's resolve to secure capitalist democracy in Europe and to assist the consolidation of a dominant American economic and political position in western Europe by employing German industry as the nexus of reconstruction efforts.[144]

Marshall's audience applauded the initiative. Foreign reactions to the speech were however mixed. Bevin called it "a lifeline to sinking men. It seemed to bring hope where there was none. The generosity of it was beyond my belief".[145] Cecil Weir, Economic Advisor of the British military government, informed the members of the "Verwaltungs-, Wirtschafts-, und Länderrates" that the inclusion of Germany in the E.R.P. represented a "wundervolle Gelegenheit für Deutschland".[146] The French government faced an entirely different problem. The insistence on binding European reconstruction to German industry provoked a degree of unrest in France. Hans-Peter Schwarz and Edward Rice-Maximin even speculate that Washington's shift towards a positive policy in Germany threatened to destabilize French politics and push the voters into the arms of the communists—the exact reverse of American intentions.[147]

Western European governments however quickly accepted the American offer of assistance. Bevin and Bidault on 19 June 1947 even invited Molotov to attend a meeting in Paris to initiate preliminary discussions concerning Marshall's offer.[148] The

conference aimed at placing a monetary value on reconstruction. The European delegates determined that reconstruction required $30 billion in assistance from the United States.[149] But the inclusion of western Germany in the program worried the State Department. Washington sent a group of observers that included Clay to emphasize that western Germany "must be taken fully into account" in any assistance program.[150] Marshall informed the American embassy in London during the Paris negotiations that the E.R.P. could only succeed if "the separate national programs and requirements statements were examined and coordinated such as to produce the greatest European contribution to recovery at the earliest moment". And this meant raising German industrial output to a considerable extent.[151] In July 1947, the Economic Working Group on Economic Aid speculated that capital imports to Germany valued at $1.5 billion would immediately raise the industrial capacity of the bizonal region to 70 percent of the 1938 level—a conclusion that made a mockery of the Level of Industry notion of lowering capacities to 50-55 percent by 1949.[152]

Washington's insistence on a strong German economy as the basis of European reconstruction did not however win the hearts of all Europeans. Bidault later regretted the decision to accept American economic assistance because it effectively ended the French postwar policy demand of weakening German power through severe industrial restrictions.[153] The French and Czechoslovak public in particular rejected the reestablishment of traditional trade patterns in central Europe.[154] The State Department nevertheless triumphed. On 10 July 1947 Washington advised Clay that agreement had been reached in the Committee of Sixteen for the Marshall Plan on the integration of a considerable German contribution. The "General Report" of 22 September 1947 that resulted from the discussions underscored the impact of Marshall's stern warning that German economic and industrial paralysis would destabilize European society.[155]

The Soviet authorities responded with open antipathy. Molotov reacted sharply to a suggestion from Bevin and Bidault that the foreign ministers invite 22 European countries to join. Molotov believed that the plan "will lead to nothing good. It will lead to Britain, France and that group of countries which follows them separating themselves from the other European states and thus dividing into two groups of states and creating new difficulties in relations between them". Even though Stalin originally welcomed Marshall's proposal to assist in European recovery, the dictator's initial interest in the American aid package transformed into a mixture of distrust and fear.[156] The steady stream of American proclamations after Byrnes' Stuttgart speech concerning a positive

role for Germany convinced Stalin that Washington's policy placed a revived German industry at the centre of European reconstruction. Stalin still thought of German reconstruction as a major threat to Soviet security.[157] The dictator however also believed that western economic assistance endangered the Soviet position of dominance in eastern Europe.[158] Stalin viewed the American offer as the first step towards the "economic and political subjection of European countries to American capital" and the subsequent erection of an "anti-Soviet grouping".[159] The dictator preferred to subject eastern European states to the Soviet rifle butt. Stalin therefore rejected Marshall's offer in order to save the Soviet ring of puppet states from the irresistible pull of American dollars.

Moscow attempted to sabotage the Marshall Plan. Molotov at the Paris conference battled Washington's insistence that the United States maintain specific controls over the aid package and that reconstruction efforts include Germany. Molotov first objected to the American financial and economic conditions attached to the aid package. The Soviet position advocated that each of the participating states determine their own unique priorities and not be tied to an integrated program.[160] Molotov furthermore requested that the United States government openly declare the total sum of money intended for reconstruction efforts and guarantee their delivery. The Soviet delegation indicated that they wanted total control over the funds provided by the United States and therefore rejected paying any political price for substantial foreign aid. Molotov's wholly unrealistic proposal failed to garner British and French support and the western allies shelved the Soviet request. The greater Soviet concern rested with the role of German industry in the E.R.P. At the conference, Molotov specifically demanded that German industrial contributions to the recovery program not take precedence over reparations issues. This demand conflicted with the Truman administration's hope of utilizing European raw materials for German industrial production. The American delegation again rejected restarting the flow of reparations, in this case from current production, owing to the financial problems involved in allocating resources for a German industry unable to generate currency for trade purposes.[161] American policy now clearly rejected reparations as incompatible with swift and relatively inexpensive European recovery.[162] But Soviet policy nevertheless rejected any fundamental alteration in reparations.

Scholars argue that this American rejection indicated a lack of sympathy with the plight that befell the Soviet Union as a consequence of the German invasion.[163] The

decision to employ a western German industrial contribution in economic recovery efforts therefore appears ideologically motivated. This argument, however enticing, fails to acknowledge that policymakers genuinely believed that European reconstruction as a whole depended on German cooperation. The dismantling of industry or a costly program of reparations from current production did not guarantee economic success. Historical accounts that castigate the American stance and instead support Soviet reparations policy fail to address the severely dislocative results of dismantling or reparations from current production and more importantly who would subsidize the raw materials required. Soviet trade with Germany by definition promised Stalin access to the manufactured goods needed for reconstruction. Moscow's failure to pursue such a course denied the Soviet Union a potentially cooperative and lucrative market.

Molotov withdrew from further discussions on 2 July 1947 after denouncing the Marshall Plan. Forcing those states under direct Soviet control to follow his course of action, Stalin permanently retreated from a concerted policy with the western Allies and initiated a "strategy of isolation" that solidified the geographical split of Europe into east and west. Historians such as Wilfried Loth point out that the Soviet rejection of economic and financial aid marked the decisively visible turning point in the relations between the victorious powers.[164] Moscow clearly radicalized international politics after the Paris discussions. Soviet officials adopted an openly belligerent antiwestern position. Andrey Vyshinsky, the Soviet Deputy Foreign Minister, argued at the United Nations in September 1947 that the Marshall Plan attempted to "split Europe into two camps" and erect a "bloc of several European countries hostile to the interests of the…Soviet Union".[165] This clearly expressed fear of encirclement incited a host of countermeasures. While concern regarding Josip Broz Tito's independent course in Yugoslavia helped motivate Stalin's decision to exert greater control over world socialism through a central authority,[166] Stalin directed Andrei Aleksandrovich Zhdanov to openly denounce the Marshall Plan at the founding of the Information Bureau of the Communist and Workers' Parties or Cominform in September 1947. According to Geoffrey Roberts, the Soviet "adoption of a dogmatic, militant leftist" foreign policy reflected the inevitable return to a policy dictated by communist ideology in opposition to American liberal capitalism.[167] The theory and the ensuing organization divided the globe into the "Soviet camp of peace, socialism, and democracy" and the "American camp of capitalism, imperialism, and war".[168]

Aggressive Soviet moves in Hungary and Czechoslovakia followed and led Truman to blame Stalin for initiating a Cold War in March 1948.[169]

The evidence therefore clearly suggests that while the Truman administration frowned on the extension of assistance to the Soviet Union and the communist satellite states, Cold War frictions did not immediately exclude these states from E.R.P. aid. The violent Soviet response backfired. American policymakers subsequently seemed more anxious to prevent trade the trade of critical commodities between western and eastern Europe. In August 1948 the Economic Cooperation Administration, formed to furnish material and financial assistance to nations participating in a plan of European recovery and headed by Paul Hoffman, William C. Foster and William Averell Harriman, requested that the recipients of American aid annul a variety of economic contracts with eastern European states and accept the American embargo policy against the Soviet Union.[170] This hard program did not however stop the Polish government, a puppet of Moscow, from participating in the recovery program. Polish authorities sought and received American loans and "Poland made an important contribution to the success of E.R.P., especially through the export of coal to Western Europe".[171]

American policymakers generally feared that Stalin might accept Marshall's proposal and undermine the program from within. The years of negotiations with Moscow demonstrated that these fears were justified. A host of American voices rejected Soviet participation outright and advocated severe restrictions. American businessmen and political elites in particular shunned the notion of working closely with Soviet-style command economies and doubted the feasibility of merging planned and market economies. Clayton, at a meeting with Acheson, Marshall and Kennan on 28 May 1947, did not believe that even reconstruction required eastern European participation and subsequently agreed to their inclusion in an aid package only if Poland and other states "would abandon near-exclusive Soviet orientation of their economies".[172] "The United States used its power", Stephen Krasner argues, "to promote general political goals rather than specific economic interests".[173] This interpretation derogates financial and economic concerns and plays up the political needs of rectifying an economic malaise in order to immunize western European states against communism and also to deflect particularly French criticism of American policy in Germany. But the real economic priorities of reconstruction influenced the rejection of Soviet participation as much if not more than matters of national security. The State Department even hoped to avoid the responsibility for splitting Europe into two camps

and therefore extended the program to all European states. American officials generally separated the economic nature of the ERP from the military dimensions of the Truman Doctrine.[174] Moscow appeared unwilling to accept Washington's notion of Germany as the "lynchpin" of recovery efforts. The rigid stance on extracting wartime reparations, seen in this way, jeopardized the E.R.P. and reconstruction. American suspicion was hardly surprising.

The Truman administration faced an arduous struggle in the halls of Congress over financial aid to Europe. The representatives of 16 nations, after discussions throughout July and September, suggested an American aid package of $17 billion over four years. Convincing Congress to provide these funds required some convincing. The State Department therefore conceived of the Marshall Plan in terms that appeared to rectify all of the problems facing the government in 1947. The Marshall Plan aimed at resolving all outstanding issues. The effort represented the "largest peacetime propaganda effort directed by one country to a group of others ever seen". [175] The Marshall Plan bound Germany to Europe.[176] The administration issued a general promise of prosperity for all as propaganda aiming at the selling the plan abroad and especially within the United States.[177] Ten months after Marshall declared the need for a concerted recovery program, in April 1948, Truman signed the Marshall Plan legislation into law. The brilliant campaign to convince Congress to support the recovery program had succeeded.[178]

7.6 Policy Revision: The Incongruity of Demilitarization with Recovery

Washington's need to increase German industrial output impacted the boundaries and dimensions of the industrial demilitarization debates and policy in the southern zone. A series of reports by various governmental and non-governmental organizations indicated that the Truman organization removed the concept of industrial disarmament out of their vocabulary. Edward S. Mason, an economist who had worked on the United States Strategic Bombing Study alongside John K. Galbraith, composed a study for the Foreign Policy Association in September 1947 that repeated in concrete terms what Clay, Marshall and the Truman administration in general had alluded to throughout most of the year. "I think that my views at that time were coming very much to the position that Clay was coming to", Mason later explained, and "that it was going to be impossible to work out a satisfactory relationship with the Soviet Union. Clay was unalterably opposed to the Morgenthau plan, and the problem that he was wrestling with was how to get the German economy back on its feet. And I thought

myself that that was the problem that we ought to concern ourselves with".[179] European recovery, he frankly stated, depended on German industry. The "ineffective" and "unnecessary" industrial disarmament program only threatened to retard reconstruction and force the continent and the United States to face "drastic economic consequences".[180] Some "quarters", Mason added, now characterized the industrial disarmament provisions of the Potsdam and Level of Industry agreements as a clear continuation of the Morgenthau spirit. These concepts were a danger to peace. Mason demanded a final rejection of the immediate postwar attitudes and called for a new and clear policy paper that acknowledged the dominant desire of Truman's government to "increase" the German standard of living.[181] Mason's paper requested an official reformulation of policy that reflected the general consensus that the dismantling of dual-use capacities reflected a poor path to peace.

The plan to dismantle German war making capacities had originally failed to gain the sympathy of Clay and many in the State and War Departments since it became apparent that the industrially demilitarized state would require the extensive importation of a wide variety of raw materials and manufactured goods already in short supply throughout Europe.[182] The military authorities officially sanctioned the abandonment of dismantling in the summer of 1947. The Joint Chiefs of Staff replaced J.C.S. 1067 with J.C.S. 1779 and ended the economic restrictions placed on industry in Germany.[183] The directive took notice of Clay's administrative style and officially granted the general the authority to act as he saw fit.[184] The document declared that "an orderly and prosperous Europe requires the economic contributions of a stable and productive Germany". J.C.S. 1779 furthermore ordered O.M.G.U.S. to "enable Germany to make a maximum contribution to European recovery".[185] This conclusion clashed with any attempt at prescribing the levels of dual-use industries.

The War Department had supported Clay's idea of renegotiating a bizonal level of industry in the spring.[186] The revised plan raised the levels of industry in Germany to the full levels of 1936 in order to maintain a sufficient industrial capacity for German self-sufficiency and to permit a significant contribution to European recovery. The revised plan announced significant increases in such areas as machine-tool production and heavy chemicals. American authorities even speculated that "the retained level of capacity in industry as a whole would permit a volume of production significantly above that prevailing in 1936".[187] This "remarkable shift" permitted a higher level of industrial production than necessary for the German domestic economy in order to

support exports and reparations.[188] The plan scratched half of the 1,200 plants earmarked for reparations off of the dismantling lists.[189] Clay in fact speculated that the influx of refugees determined that this figure required even further adjustment.[190] But even the revised plan portended a significant change. "If production in the combined zones reached these levels", the Council on Foreign Relations pointed out in 1948, "Germany would again be the biggest single factor in European machinery and machine tool production".[191] "Beneath the deathly exterior lay the bones and sinews of a nation that had been—and would be again—the strongest nation in Europe".[192]

Washington still feared a political backlash. It came. Clay was informed to refrain from announcing the change in policy to the German people even though the military governor hoped that such an action would increase morale.[193] This order aimed at avoiding unnecessary provocation of the French and Soviet governments.[194] Bidault later threatened to resign in late 1947 after he received news of the A.C.C. renegotiation of the levels of industry.[195] An outcry of criticism in Poland over the revised plan induced the American ambassador to propose the public announcement of the "unqualified success of demilitarization" on 18 August 1947 in order to soothe the plan's opponents. The ambassador requested the State Department to announce that the Allies had destroyed 100 percent of all German war material and that 36 or the 128 industrial installations targeted for demilitarization "have been put entirely on a peacetime basis, while work on the rest is steadily progressing".[196] These authorities bemoaned the lack of detailed economic analysis "either or minimum German requirements or of export possibilities" and argued that the Truman administration's intention of raising German production to full capacity within a few years represented a severe erosion of the previous security conceptions. "The levels of capacity left in the industries producing capital equipment", it was speculated, "are such as to permit rapid expansion of war industries in the absence of other controls on such expansion".[197]

The Truman administration had not yet worked out a political solution that soothed European fears that the bulk of German industrial strength would survive postwar dismantling. The language of the ERP demonstrated the willingness of the United States to employ the German economy for wider reconstruction efforts as an "integral" element of the recovery program.[198] The Marshall Plan demanded large increases in Ruhr coal production and "other peaceful industries" in order to integrate the German and European economies. The Truman administration changed gears and emphasized the passive nature of civilian industry. Washington proclaimed that the

Marshall Plan required German "peacetime productive capabilities".[199]   But the language of demilitarization continued to echo through the halls of power despite the obvious end of dismantling. The policymakers realized that a certain danger remained in total German economic recovery and weakly announced that "Every precaution must be taken against a resurgence of military potential in Germany".[200] The demilitarization of industry after the summer of 1947 took an altruistic form. Politicians in the Truman administration argued that German financial, economic and technological success could "purge all nations of poverty, ignorance, and despair" and most importantly of war itself.[201] German industry now represented a weapon against militarism.

The grandiose and nebulous terminology indicated that the Truman administration still had not worked out a satisfactory delineation of military and civilian industries. The American Consul Martin J. Hillerbrand in Bremen announced the reopening of "large industrial plants" in the Bremen region on 18 September 1947. The Consul proudly stated that various firms now produced tractors and other agricultural equipment instead of armoured cars and tanks for the German military. Other "moderately large shipbuilding" firms such as the Atlaswerke and Bremervulkan continued to engage in repair work. But some of the most important German firms in this region, such as the Norddeutsche Huette steel mill and three large aircraft factories, were still "earmarked for reparations".[202] These three instances in the Bremen area illustrate the general American disregard for the obvious military applications of automotive production and the uncertainty of dealing with military armaments assembly points.

The evidence instead suggests that Washington completely discarded the plan to restrict dual-use industries in Germany. Kennan clarified this approach. The words chosen by policymakers to articulate the new policy indicated that full German industrial recovery now dominated over any real sense of demilitarization. Other matters counted. In a speech to the National War College on 6 May 1947, Kennan demanded that "the improvement of economic conditions and the revival of productive capacity in the west of Germany be made the primary object of our policy".[203] The occupation authorities responded by proclaiming the intention of rescuing the entire scope of the western German industrial system.[204] The demilitarization conceptions, as conceived in 1945 in the Level of Industry plans, changed direction and now clearly argued for a containment of German power.

7.7 Conclusion

A perception of extreme European economic problems of 1946-1947 prompted American policymakers to react. Washington generally understood that wartime destruction limited Stalin's choices and that the weakened state of the Soviet economy prohibited a military adventure. But the Truman administration realized by early 1947 that the Potsdam reparations policy itself destabilized the economies and radicalized the politics of European states. The policymakers interpreted Stalin's inflexibility on the reparations issue as evidence that Moscow did not appreciate the Truman administration's interest in stimulating trade with European markets through swift economic recovery. Stalin's ambitious reparations policy in Germany aimed at creating an industrial Soviet powerhouse at the expense of Germany. Revisionists minimize economic factors and seem unable to grasp the plain facts that Soviet interference in economic matters threatened to ruin Germany, significantly retard European economic recovery and therefore ultimately impact the domestic American economy. The Marshall Plan aimed at containing Stalin's ambitions in the Ruhr and minimizing Soviet interference in German economic recovery. The Marshall Plan clearly rejected Stalin's postwar policy.

The attempt by scholars to wash both Truman and Stalin of responsibility for the outbreak fails to explain why the Truman administration reacted so strongly to the intrinsic immorality of Soviet policy in Germany. A close examination of the demonstrates that the Truman administration clearly understood that the Potsdam reparations policy itself threatened to destabilize Europe politically and economically and therefore threaten the wellbeing of American society. The revisionists denigrate Washington's firm commitment to a capitalist western Europe economy. The reduction of the American change of heart to ideological-economic reasons clouds the simple fact that the reparations policy in actual fact did threaten to impoverish Germany far beyond the mysterious and imprecise levels of industry agreed to at the outset of 1946. The evidence furthermore strongly suggests that severe reductions in German economic capacities would ruin the European and later American economies. The American decision to rebuild Germany actually made good economic sense. Stalin's hold on reparations policy for the purposes of revolutionizing Soviet industry did not. Viewed in this manner, the Truman administration understood Stalin's firm perspective on reparations policy as indicative of a deliberate pursuit of power expansion.

The extremely varied interpretations of the Cold War schools consistently conclude that Washington's decision to integrate the western German economy in a general recovery scheme did not entail a rejection of industrial disarmament. The evidence presented in this chapter clearly illustrates that the Truman administration understood the security implications of revisions in German industrial production levels. The State Department attempted to soothe fears of German revival with a four-power treaty aimed at containing industrial power in Germany and not at destroying it. The four victorious powers never again sat down to discuss the demilitarization of German industry. The Council of Foreign Ministers postponed discussions of a German peace treaty after the fifth meeting in London in December 1947 and after a brief attempt meeting between 23 May and 20 June 1949 it broke up never to meet again. The Truman administration grew tired of the struggle for a unified Germany.[205] The western powers charged ahead with the creation of a separate West German State.[206] Stalin responded in kind.[207] The Cold War was reality.

CHAPTER 8

Explaining the German Productivity Boom

If you can't convince them, confuse them.

Harry S. Truman

8.1 Introduction

The Marshall Plan aimed primarily at cultivating a stable capitalist economic order in western Europe capable of significant trade with the United States. This American self-interest redefined the German future. Issues of economy and efficiency determined that various groups in Washington promoted a "soft" peace with Germany that focused less on reparations and more on what might be termed a return to normalcy. The Truman administration proposed a comprehensive aid package that required the economic and political integration of German industrial resources in European reconstruction efforts. German participation offered the services of Europe's "workshop" and opened up trade with the largest national population in central and western Europe.

This postulate, outlined in the previous chapters, contradicts the traditional accounts of industrial demilitarization that argue that wartime bombing and postwar dismantling reduced the German economic infrastructure to a heap of rubble. This theory relies on emotional accounts of the burned out residential centres and utterly fails to explain the importance attributed by American policymakers to the industrial capacities in Germany. The theory also implies that Washington constructed a new demilitarized industrial system from the wreckage of the old. The records of O.M.G.U.S., examined more closely in this chapter, seriously question this interpretation. A description of the demilitarization of the Alkett Rheinmetall-Borsig plant and others in the Berlin sector illustrates that the orthodox perspective cannot explain why strategic bombing and dismantling failed to substantially lower productive capacities. The American handling of the Borsig Berlin plant, an armaments factory that provided a significant percentage of the Wehrmacht's weapons systems, demonstrates that significant residual industrial strength contributed to the process of recovery that returned western Germany to a position of economic leadership on the continent. The same forces that worked towards saving the bulk of German heavy industry also by definition and in reality rescued the traditional armaments manufacturers from dissolution.

8.2 The Dismantling of Rheinmetall Borsig-Alkett and Intervention

This dissertation turns to an examination of the impact of dismantling on German tank production capacities in select Berlin "war plants" between 1945 and 1950 to demonstrate the strength of the hypothesis developed in previous chapters. A brief review of armour's importance to the war effort in eastern Europe and the German failure to match the productive output of the Soviet Union, an issue raised earlier in the context of German military preparedness at the outbreak of war, helps place the Alkett plant in historical perspective and demonstrate the importance of the mobile weapons system. Earlier chapters explained how the American military government, supported by their British counterparts, chose not to immediately reduce production capacities in critical areas such as automotive production, metal fabrication and the chemicals industry in order to permit the reconstruction of the German transportation network and rectify shortages in fertilizer. Did Alkett follow a similar pattern? The O.M.G.B.S. records offer a detailed record of the fate of facilities uniquely tied to the German war effort such as the Alkett plant in Berlin. It stands to reason that the survival and conversion of these war plants to civilian production would reveal a serious breach in Allied industrial demilitarization policy.

Armour of course represented a weapons system of primary importance for the war effort of all the belligerents and a primary target of the strategic air forces and later demilitarization conceptions. It must be emphasized that the military potential of Alkett rested in productive potential and not specifically with output itself. The German rates of fabrication, as mentioned earlier, remained surprisingly low during the 1930s and early phases of the war. German factories only assembled 62 units per month immediately prior to September 1939 and the Nazi war machine only mustered 3,000 tanks in 6 or 7 divisions during the invasion of Poland and later of France. Tank output represented only 3.8 percent of all armament costs in 1942.[1] The U.S.S.B.S. placed German output statistics alongside those of the Allies and concluded that "German tank production both in the prewar period and in 1939-40 was considerably overestimated by Allied intelligence".[2] Nor did the situation dramatically improve. Even though tank production soared to 1,854 per month at the end of 1944, largely as a result of Albert Speer's rationalization efforts, battlefield attrition kept frontline strength low. German producers could not keep pace with the Allies who produced 68,000 tanks in 1943 alone.[3] German industry seemed incapable of competing with their adversaries.

The Soviet military consistently employed far larger numbers of tanks than Adolf Hitler's mobile divisions from the start of "Operation Barbarossa" in 1941 onwards. The

German military on 22 June 1941 hurled little more than 3,000 armoured fighting vehicles against a Red Army equipped with well over 10,000 tanks. The situation hardly changed after a year of arduous struggle and an astounding series of pulverizing German victories. The fighting on the eastern front and the hardships of the 1941 and 1942 campaigns reduced the total German stock of tanks in this period to fewer than 1,000. The three Soviet fronts that participated in Operation "Uranus" to recapture Stalingrad in the winter of 1942, the operation that came at the lowest ebb of Soviet fortunes during the war, alone mustered 1,463 tanks. The Kalinin, Western Fronts and Moscow Defense Zone held an additional reserve of 3,375 armoured vehicles in reserve.[4] This storm of steel doomed the Wehrmacht to defeat. Soviet tank production continued at relatively high rates after 1945. The Soviet assembly plants continued to produce over 500 tanks per month even after victory and assembled the astonishing total of over 40,000 armoured fighting vehicles in 320 divisions by 1948.[5] "How can such a primitive people", a flustered and typically racist Hitler proclaimed on 29 November 1941 after being informed of Soviet armaments output, "manage such technical achievements in such a short time!"[6]

Tank manufacturing represented a complicated undertaking from the 1930s onwards.[7] The armoured fist required far more than high velocity cannon mounted a chassis that could move under its own power. Tank production first of all needed such major components as a hull, turret, chassis, motor, transmission, suspension, tracks and cannon. 15 major German producers such as Alkett-Berlin and Krupp produced the face-hardened steel and rifled tubing for the larger components. The Daimler-Benz A.G. and Maybach produced some of the standard motors and Henschel among others built transmissions and steering equipment. But the weapons platform required a wide variety of other elements such as electrical systems, fuel tanks, radios, optical and other instruments. A long list of associated firms manufactured these items and transported them to the assembly plants. Strewn throughout Germany, with major assembly plants in Berlin, Kassel, Nürnberg, Magdeburg and other cities, the tank industry therefore reflected the same lack of geographical concentration characteristic of other weapons systems such as fighter and bomber aircraft.[8]

The morphology of the Alkett-Berlin tank plant demonstrates, like that of other German firms, close ties to western firms. The British firm of Babcock & Wilcox Ltd. originally owned 51 percent of the shares of Borsig until Nazi nationalization policies forced the merger of Rheinmetall and Borsig into the Rheinmetall-Borsig A.G. in 1936. The firm also operated significant subsidiaries in North America. Alkett, the subsidiary

operation in Berlin exclusively devoted to tank and artillery production, followed a year later. The huge state-owned Reichswerke A.G. Hermann Göring, which consisted of hundreds of companies strewn throughout Germany and the occupied territories,[9] finally absorbed Rheinmetall-Borsig in 1941 and replaced the "civilian" board of directors with Nazi functionaries. Rheinmetall-Borsig and therefore the Alkett-Berlin plant represented the only major nationalized firm participating in tank production. The British authorities however hoped to return to the pre-Nazi status quo and spared those plants falling under their administrative control. The British military government, as with Volkswagen, even permitted the reconstruction of certain Rheinmetall-Borsig facilities such as at Oberhausen-Düsseldorf and the factory initiated the production of civilian commodities under the new managers.[10]

Alkett-Berlin represented one of the most productive industrial facilities in Hitler's arsenal during the war. The plant shed off any pretence of civilian production, discontinuing the production of components for tractors and other domestic usages, and devoted all energies to the armaments needed by the frontline troops. The Rheinmetall-Borsig conglomerate itself produced approximately 20 combat systems for the German armed forces including the P.z.K.W. III and IV tanks, M.K. 108 30mm cannon, the M.G. 42 medium machine gun and the "Rheintochter" surface-to-air missile. The Alkett-Berlin plant in particular played a vital role in assembling armoured fighting vehicles. Rheinmetall-Borsig assembled 2,500 tanks or 26.6 percent of total production in 1943.[11] Alkett-Berlin therefore joined the ranks of Daimler-Benz and a host of Krupp factories in the Berlin area that produced components or assembled major weapons systems.

The Alkett-Berlin tank plant, like the other facilities strewn throughout Germany, offered tantalizing targets for the strategic bombing forces. These plants faced roughly 80 official raids during the war. The number of direct missions flown against the tank industry nevertheless remained curiously low. Over half of the bomber missions did not take direct aim at the facilities. Bomber Command and the 8th Air Force chose to focus on the terror bombing of the general urban population and demoted the tank producers to secondary targets. The B-17s and Lancasters only struck Alkett-Berlin on four occasions and dropped a paltry 3,387.4 tons of high explosive and incendiary bombs on the Berlin factory. Most of these bombs missed the factory complex and tore down the houses in the Tegel district instead. The results disappointed the U.S.S.B.S. teams.

> On the whole, the concentrated bombing attack on tank plants was not a success. Of the five plants surveyed, only Henschel in Kassel had a major interruption to

production. During the last five months of 1944 the period in which production loss can be attributed directly to plant attacks, the total industry had a production loss of about one-fifth of potential. Losses in 1945 were far heavier but were due to as much indirect causes as to the bombing of the tank plants. This raises the question of whether tank plants were so immune to bombing that they did not warrant the expenditure of the necessary weight of attack that would have been required to knock out the industry.[12]

Allied bombing tactics proved faulty. The heavier bombs tore through roofing and sent debris plummeting to the factory floor. The small incendiaries that followed burned and set fire to inflammable materials without damaging the equipment.[13] The authorities could not move much of the heavy equipment needed for armour production and instead devised schemes of either protecting the machines from falling debris or simply continuing production in factory shells without roofs. The German management organized repair crews and gangs of workers to repair the minimal damage to the machines and clear the debris. During this process, lighter equipment, parts and raw materials were shifted from plant to plant until the damage was cleared. The latter strategy reduced the precision of the U.S.S.B.S. studies and general appraisals of the war industries. While the bombing and countermeasures limited the output of the factories, owing to the disruptions and work stoppages, the mediocre fall in production did not however indicate a loss of capacities. The equipment remained intact. The investigating teams concluded that "no fixed relationship existed between total building damage and damage to machine tools". Nor did the attacks kill workers. The bombers only killed an estimated one percent of those employed or 464 workmen.[14]

Postwar factors played a more important role in terms of Berlin industrial capacities. The American Military Government detachment that first entered Berlin on 1 July 1945, a group of 300 officers and men commanded by Frank L. Howley, discovered that the Soviet military had looted every corner of the city without any regard for a rational program of industrial demilitarization or reparations. The Soviet military did not account for the equipment taken or follow any rational concepts that accounted for the survival of a functioning residual German economy. As pointed out in earlier chapters, this discovery helped engender a severely negative Soviet image among American military personnel. "From an economic point of view", Howley concluded, "the city had been stripped, particularly the western sectors. Everything movable of real value – from the equipment of the American-owned Singer Sewing Machine Company plant to the power equipment of the modern Berlin-West Power Plant had been removed."[15] The O.M.G.B.S. furthermore

estimated that wartime bombing and particularly post-hostilities looting had removed 85 percent of Berlin's productive facilities.

The bombing damage and looting should not have troubled Howley or O.M.G.B.S. in relation to Alkett-Berlin. The Economic Directorate of the A.C.C. quickly understood that the plant represented a near perfect example of the type of war plants the Allies wished to destroy. None of the concerns that influenced the decision to maintain the nitrogen fixation industry originally impacted these heavy industrial manufacturers. The American authorities did not even initially view Borsig as necessary for "essential requirements such as mining supplies, transport maintenance and repairs". The Economic Directorate in November 1945 classified Alkett-Berlin as a "Category I" plant under the number 2045 and it faced complete elimination.[16] The firm's devotion to armaments production justified the decision. The A.C.C. furthermore ordered the military governments to shut down the other operations of the Rheinmetall-Borsig conglomerate and place the factories under the control of the Allies and their trustees.

Alkett-Berlin, to the distaste of Whitehall, was located in northern Berlin and fell under French military control. The French authorities moved into the grounds of the factory and immediately coordinated dismantling efforts on a unilateral basis without waiting for A.C.C. valuation. Lucius D. Clay's reparations stoppage in May 1946 put a damper on French efforts by interrupting the work of the Economic Directorate and a final decision concerning the overall value of the facilities. Crates loaded with equipment sat idle awaiting the resolution of the overall reparations issue for transportation to France and other I.A.R.A. states. Paris decided to change direction and on 10 November 1946 encouraged the company's repair teams to unpack the crates and rebuild and enhance the assembly lines for the production of civilian goods. The French custodians even provided the company with financial loans as permitted by a generous implementation of A.C.C. Law No. 5. The law handed the military governments the power "to operate, control and otherwise exercise complete dominance over all such property, including where this essential to the preservation of the value represented by the property".[17]

In the spring of 1947, during the Council of Foreign Ministers meeting in Moscow, the French military again shifted directions and ordered the German workers to desist in recovery efforts and prepare to liquidate the whole company in accordance with original A.C.C. wishes.[18] The German management protested immediately. They threw themselves on the mercy of O.M.G.B.S. and pointed out that the Soviet military already took most of the valuable equipment as booty and that what now sat on the factory floor

represented repaired equipment necessary for civilian purposes.[19] The Americans in Berlin strongly supported the German case. Howley like Clay questioned the wisdom of Allied and A.C.C. policy in Germany. The military commander reported to Clay that Berlin and eastern Germany needed Alkett-Berlin's heavy industrial equipment to repair or produce commodities for "public utilities, coal mines, the food industry, slaughter houses, cooling houses, public health, sewage, the water supply [and] gas supply". Howley not only stressed the potential of the war plant for civilian production. He pointed out that the company's "entire capacity does not meet the present demand".[20] Another report dated 2 July 1947 emphasized the importance of Alkett-Berlin for the overall German economy and specified that dismantling would "have a serious effect on the industrial recovery and on the maintenance of Public Utilities. It is recommended that removal of the plant be strongly opposed".[21] Howley introduced another strong argument against the Level of Industry conceptions. Simply permitting the short-term operation of banned facilities to help repair the transportation grid or produce fertilizer did not deal with long-term future considerations such as the continued flow of spare parts or general repairs.

Howley's support of continued operations at the Alkett-Berlin plant places a degree of doubt on his original observation that the Soviet's had looted the city in toto. O.M.G.B.S., similar to the military government detachments in western Germany, could not even determine the pre-surrender composition of facilities owing to dispersal strategies, bombing and looting. The German authorities themselves, as pointed out, could not move the heaviest equipment during the war. It is questionable whether the Red Army organized the effective transfer of this material in the weeks following German defeat and the entry of the other Allies into Berlin. The precise statistics concerning Soviet seizures at the plant therefore fluctuated wildly. Howley reported to O.M.G.U.S. in March 1947 that only 482 machine-tools survived the war from a prewar stock of approximately 2,000.[22] The Economics Branch estimated in October 1947 that 600 machine-tools from an original total of 5,765 remained. The final agreed number speaks volumes. The A.C.C. listed 1,749 pieces of general purpose equipment—this total included typewriters, radios and other marginally military machinery—of which 1,661 were granted as I.A.R.A. reparations. 88 tools with a residual value of 379,132 R.M. would officially remain. A warning by the Economic Directorate underscored the dual-use potential of the expensive residue. The directorate demanded that the decision to retain Alkett-Berlin "not serve as a precedent in future allocations of reparations plants". The value of the 88 tools represented substantially

more than the full complements of other war plants or dual-use facilities valued by the Allies.[23]

The Allies, despite the agreement reached by the Economic Directorate, failed to resolve the matter. Placed on bureaucratic hold, owing to the need for further clarification at higher channels, the future of Alkett-Berlin went unresolved until the French authorities once again decided to solve the issue and act unilaterally. German workers hired by the occupation government began loading the crates of "scrap metal" from Alkett-Berlin onto railway cars at the end of 1949. The French authorities had originally negotiated an agreement with the Belgian government whereby 100,000 tons of scrap metal was purchased for 1.5 million Belgian Franks. Against the wishes of both the Americans and British in Berlin, the French military organized the transport of approximately 40,000 tons of semi-finished goods and scrap from the Alkett-Berlin plant to Belgium between the middle of 1947 and 1949.

O.M.G.U.S., informed of the operation by the German trustees, decided to push hard for the retention of the equipment. American military officials protested that full realization of the Belgian order would completely strip the plant of all equipment and therefore represented a ruse to circumvent A.C.C. instructions.[24] The matter went once again before the Economic Directorate. Standing shoulder to shoulder on the issue, the British authorities informed their American counterparts that any attempt at revealing the truth of the French operation using German sources would fall on deaf ears. These letters of protest represented a general "appeal against reparations".[25] The Anglo-American faction needed a different approach. The new strategy emerged at the second meeting of the new Economics Committee called to discuss the future of Alkett-Berlin on 11 January 1950. The American representatives once again stressed the need to retain the heavy equipment of the war plant for the benefit of the German civilian economy. Colonel Yvon, the French representative tried to counter the approach. He pointed out that, while he understood the German pressure to restart the foundry and begin production, the machinery collected by his countrymen consisted of ruined lathes, semi-finished cannon barrels, stolen French equipment and general scrap. The British sided with the American position and delicately attacked the French defence by emphasizing the contradictory nature of Yvon's argument. The British representative interjected that the scrap junk steel contained a high percentage of carbon and was of "no value in industry" and should not be moved.[26] The opposition stymied French actions.

A host of examples in the western sectors of Berlin demonstrate that Alkett-Berlin did not represent a solitary example. American inspection teams quickly found fault with the superficial early observations of Howley and his men. A series of more detailed reports issued by O.M.G.B.S. indicated that considerable material remained and that production continued in areas ranging from car parts to machine-tools. The shops and factories remained crammed with semi-finished military equipment such as tubes for cannon and shells and more importantly heavy industrial equipment. The American strategy of playing up reparations seizures by the Red Army and thereby circumvent the entire elimination of "Category I" plants paid off elsewhere. Technicians retrieved "battlefield material" and used "war surplus" to repair or manufacture new machines from such banned commodities as armour plating. These activities "brought Berlin's industrial capacity back towards normalcy" and O.M.G.B.S. later indicated that a "large, though indeterminate, amount of productive equipment has been re-established in the U.S. Sector".[27]

Other firms in the automotive, chemicals and general manufacturing sectors benefited from the moderate American policies in the Berlin sector. The Daimler-Benz A.G. (Berlin-Marienfelde) received special attention. The factory had produced half-tracks, tanks, aircraft engines and operated a major repair center during the war. O.M.G.B.S. continued the production of car parts, diesel engines and operated the repair facilities in the postwar. A total of 32 Berlin firms participated in reviving automotive production facilities in the city. These firms, while not assembling vehicles in large number, more importantly produced and exported engines and parts such as "carburettors…component chassis parts, gas generators and brakes" to the western zones.[28]

The Pintsch Öl G.m.b.H., taken over by American military authorities in the summer of 1945, experienced difficulties in finding customers until O.M.G.B.S. arranged an agreement with the Red Army whereby the company supplied the Soviet military with refined automobile and aircraft motor oil. The company, having assisted the development of German rocket propulsion systems, therefore secured its future under American guidance. The company issued the Soviet Union with 2,514.1 litres of oil between July 1947 and June 1948. "At the beginning of 1946", the company recorded in a letter to O.M.G.B.S., "we succeeded in coming to an agreement which was very favourable to us…After initial difficulties with the operation of the plant caused by the war, we were able to fulfil not only our quota [for the Americans] but also to create working capacity for additional orders". These orders helped the company absorb other competitors and generate the funds to rebuild even more facilities.[29]

The American military authorities, such as was the case throughout western Germany, encouraged the employment of the raw materials and equipment for the production of critical commodities such as trucks. This policy included the protection of machinery necessary for the dual-use chemical compounds and tools that maintained the basis of an explosives industry. On 16 February 1949 the Zehlendorfer Chemie G.m.b.H. asked for permission to restart the production of sulphuric acid, sulphate of ammonia and nitric acid through nitrogen fixation in Tegel in the American sector. The longstanding policy of maintaining German fixed nitrogen capacities now reduced the Level of Industry concepts to meaninglessness. The firm specified that their plants could already produce the commodities and that "production is principally dependent on raw materials available in Berlin".[30] Owen S. Curran, the Chief of the Commerce & Industry Branch in Berlin underlined this conclusion. He informed O.M.G.U.S. that the firm satisfied the city's need for critical industrial chemicals for the manufacturing of nitrate fertilizers.[31] O.M.G.U.S. even specified that West German industry could supply the Berlin company with additional equipment to expand production.[32] Not only did the Zehlendorfer plant retain the equipment necessary to produce banned substances, but other German firms could supply additional equipment for purposes of expansion.

Like a large number of other German companies formerly heavily involved in armaments production, Rheinmetall-Borsig emerged from the war tremendously shaken but far less transformed than the historiography suggests. Other military industrial assets of a less physical nature also survived. This dissertation has not explored the fate of German technology and intellectual assets in great detail. It does however stand to reason that the demilitarization of universities and research organizations alone, a concept more difficult to define than military industrial demilitarization, achieved relatively little. Scientists adapted the technologies developed for war for civilian purposes or they simply re-emerged in later decades to form the basis of a new generation of weapons. Companies such as Bosch G.m.b.H. for example employed wartime technological developments for the civilian market and developed fuel-injection pumps from those used in the aircraft industry.[33] Other companies found adaptation more difficult. Rheinmetall-Borsig initially flirted with a similar path and produced typewriters, shock absorbers and "more direct conversion products related to the military expertise like bolt fixing devices operating with calibrated ammunition used in the construction industry at the time".[34] But the firm quickly returned to military production in the 1950s and 1960s and quickly overtook foreign competitors in sales and volume. The company expanded and absorbed other traditional armaments

producers.[35] Technical skill combined with dual-use productive capacities to fuel renewed armaments production. A modern analysis of European armaments manufacturers described the return of the "merchants of death":

> The know-how and designs of the sophisticated production in 1944/45 were still at hand…Some of the products were apparently unrivalled in quality at the time and were accordingly already exported in the early sixties to other European countries where they replaced American and British supplies among others.[36]

8.3 The Joint Logistics Committee and Dual-Use Calculations

The traditional accounts of the postwar German economy and especially the armaments producers assert that industrial production sputtered and the factories closed shop after May 1945.[37] The lack of direct armaments production—as measured by tanks, guns or fighters—between 1945 and 1952 further feeds the assumption that military capacities disappeared. "The history of Germany's postwar rearmament", J.J. Carafano writes, "is common knowledge".[38] The "disappearance" of the weapons producers rationalizes the viewpoint that wartime destruction and successful dismantling industrially demilitarized Germany. The accounts of subsequent remilitarization in the late 1940s and early 1950s focus on the structure and form of a defensive western German military contribution.[39] Historians even focus on largely secondary issues to underline German pacification. Wolfgang Krieger for example emphasizes that the Ruhr Region, one of the "five regions in the world where the sinews of modern military strength could be produced in quantity", was denazified in 1946.[40] This important form of psychological demilitarization does not however tell us much of what happened to the war plants and particularly the machine-tools that produced the weapons of war.[41]

The work of the Joint Logistics Committee (J.L.C.) and the National Security Resource Board (N.S.R.B.), in conjunction with statistics gathered from other sources, does however offer a solid contemporary American appraisal of German military and civilian industrial capacities between 1947 and 1950.[42] The J.L.C. and N.S.R.B. examined global economic issues in significant detail and covered every conceivable element of dual-use industry from sewing machines to lamps and a long list of critical commodities including aluminium, antimony, apparel wool, asbestos, coal, cobalt, copper, lead, nickel, salt, soda ash, steel and synthetic fibres. The work of these military organizations was predicated on the firm belief that civilian industrial resources represented the starting point of military procurement. The studies revealed a great deal of information concerning the relatively high western German dual-use industrial capacities and the central importance of German

industry in the overall reconstruction efforts. The data collected furthermore emphasized the intact nature of German heavy industry and the geostrategic importance of these facilities in any calculations of European military strength.[43]

Coal-mining as pointed out represented a critical factor influencing every dimension of German industry. Small increases in coal allocation after 1945 resulted in an immediate upsurge in overall productive output. The power stations that fed the factories with electricity burned coal. Coal itself represented a major component of the chemicals industry required to derive synthetic fuels to fill the tanks of trucks and create the fixed nitrogen to manufacture fertilizers needed by the farmers. Industrial output in the Anglo-American zones returned to 31 percent of 1936 levels in the first quarter of 1946 owing predominantly to the improvements in coal allocation.[44]

The paralysis of the transportation grid by the strategic bombers during the war explains the slowness in returning to higher productivity after 1945. The tonnage of coal mined mattered little if German locomotives, barges and trucks could not move the commodity to the factories. The occupation authorities could only transport approximately 60 percent of the coal hauled from the mines in the Ruhr during the early days of the occupation.[45] The transportation system therefore demanded significant repairs, new vehicles and particularly fuel. But these three prerequisites in turn depended on coal. Furthermore, since even agricultural produce required coal for fertilizers and therefore sufficient crop yields, the problems relating to the movement of the fossil fuel lowered the caloric intake of the workers and miners and in turn lowered general productivity. Werner Abelshauser points out that the strides in coal-mining after the resolution of the transportation problems in 1947 stabilized agricultural output in western Germany which led to general increases across the entire spectrum of industry.[46] Monthly German coal extraction increased from 219,000 tons to 270, 000 in June 1948—the same mines yielded 384,000 tons per month in 1936[47]—after the American and British authorities significantly increased the number of miners and provided sufficient food.[48]

The original Level of Industry plan placed minor caps on coal-mining and argued for the maximization of coal output "as far as mining supplies and transport will allow". The A.C.C. initially established 155 million tons per annum as the minimum requirement.[49] The levels reached between 1945 and the end of the decade attests to Anglo-American resolve. German miners were expected to haul 149.3 million tons from the Ruhr or nearly 30 percent of the European total in 1947. Western German companies exceeded these estimates and were able to export more coal than all other European competitors.[50] Eastern

German mine output, hardly surprising owing to the extensive Soviet seizure of equipment and a far less resolute transportation grid reconstruction policy, stagnated.[51] The western Allied devotion to the mining system, by taking the demand for machine-tools and transportation into account, resulted in the success of this policy.

The desire to severely restrict dual-use capacities in Germany had led the A.C.C. to adopt a policy aiming at significant reductions in chemicals output. The list of targets had included calcium carbide, chlorine, fixed nitrogen, sulphuric acid, synthetic ammonia and soda ash. The A.C.C. had originally stipulated that German companies would retain expanded production of these critical commodities to offset immediate deficiencies in the postwar, but they had aimed at a general reduction of capacities to 40 percent of prewar levels by 1949.[52]

Soda ash represented a special case. Soda ash or anhydrous sodium carbonate production, which the American Chemical Division National Production Authority considered a primary industrial indicator, continued unabated and unhindered by defeat. "Soda ash is so important to the industrial economy", the "Survey on Soda Ash" of 1950 declared, "that its industrial potential can be measured by the quantity consumed and by the uses which are made of it".[53] Although soda ash represented "one of the oldest commodities known in commercial trade" and industry employed the substance for soap and glass, technical developments based on the application of ammonia revolutionized the chemicals industry.[54] Industry employed the white powder as a cleansing agent for the manufacturing of chemicals, paper, textiles, and petroleum and even used the compound for the softening of water.[55] The chemicals and metallurgical industries employed soda ash for a large number of purposes including the processing of nitrates for the creation of explosives and for the extraction of aluminium, chromium, radium, uranium and vanadium.[56]

German industry traditionally derived soda ash from the ammonia-soda process which employed ammonia gas to extract ammonium hydroxide from salt brine. German soda ash production ranked second in the world in 1929. The country produced 1.1 million short tons that year. The economic depression that afflicted all aspects of the global economy nearly halved production in 1932 and the rearmament drive of later years only revived volume to between 0.9 and 1.4 million short tons roughly equally distributed between east and west.[57] Chemical plants in southern Germany returned to producing soda ash and other dual-use compounds such as calcium cyanamid by October 1945.[58] American investigations demonstrated that West Germany produced 927,000 short tons of

soda ash in 1950 and therefore nearly the equivalent of rearmament and wartime levels.[59] Again, the western zones outpaced eastern Germany by a remarkable degree. Whereas production in the western zones zoomed from 450,450 short tons in 1936 to 827,000 in 1950, eastern German levels shrank to approximately 100,000.[60] The survey team pointed out that Soviet dismantling in eastern Germany, which included the Bernburg plant with an annual capacity of 420,000 tons, deprived the region of Europe's largest facility. Eastern German capacities could not meet the needs of the zone much less assist the rest of the country or Europe.[61] The Soviet occupation authorities eventually altered their policies and announced on 16 October 1950, as part of the East German Five Year Plan, that two new plants would "make up for production lost through dismantling".[62]

Table 6: Estimated Production of Soda Ash (Select List)[63]		
Country	1939 (short tons)	1950 (short tons)
France	781,000	700,000
Germany (all zones)	1,375,000	927,000
U.S.S.R	n.a.	800,000
United Kingdom	1,650,000	2,500,000
United States	3,300,000	n.a.
World Total	n.a.	7,035

The statistics concerning soda ash demonstrate that widespread chemical industry dismantling and plant closures in the western regions did not take place. The numbers listed here themselves indicate that O.M.G.U.S. and the other western military governments did not apply the Level of Industry agreement to the soda ash sector. The development and application of new techniques during the war based on desulphurizing pig iron actually modernized the industry and contributed to the sharp western increases. The large number of German plants, such as the Deutsche Solvaywerke in Rheinberg or the I.G. Farbenindustrie in Oppau, continued to increase production throughout the occupation.[64] As demonstrated in previous chapters, this development held true for other "banned" or "controlled" commodities such as fixed nitrogen and sulphuric acid.

The Anglo-American preoccupation with securing natural resources for the German economy clearly violated the spirit of industrial demilitarization. Cobalt and antimony consumption, for example, continued in Germany irregardless of the fact that steel manufacturers could theoretically employ these items for military grade steel alloys. The same materials needed for the construction of face hardened armour plating found during the war on such armoured fighting vehicles as "Tigers" and "Panthers" had useful civilian applications in boiler construction and steel tubing. Various German firms continued to

refine cobalt after May 1945. Of the principle refineries, only the Norddeutsche Raffinerie in Hamburg ceased production during the occupation. The Letmathe refinery in Westphalia, the Gebr. Borchers A.G. in Goslar, the Duisburger Kupferhütte in Duisburg all continued to process cobalt oxides from ores supplied by Burma, Canada and Finland.[65]

Table 7: 1948 World Consumption of Primary Antimony (Select List)[66]			
Country	Production (short tons)	Consumption (short tons)	% of World Production
United States	6,000	15,500	34.1
United Kingdom	--	5,700	12.5
Germany	--	3,300	7.3
France	n.a.	2,000	4.4
World Total	45,500	45,500	100.0
n.a.: data not available			

Antimony use furthermore hardly abated. Western Germany represented the world's third largest consumer of antimony in 1948 and utilized 7.3 percent of global resources. The lack of access to global antimony mines during the war had actually forced German industry to rely on second-rate European producers such as Yugoslavia, Czechoslovakia, Serbia and Belgium to the detriment of armaments quality. Traditional import patterns rematerialized after 1945. The American focus worked wonders. The Metallgesellschaft A.G. in Frankfurt, who operated the largest German antimony refining operation after 1945, developed operations under American sponsorship so smoothly that the company paid the shareholders a handsome dividend in 1949.[67] The examples of cobalt and antimony hardly demonstrate a deterioration or significant reduction in critical resource allocation for German industry.

The German synthetic industries also paradoxically flourished during the occupation. Germany, despite the A.C.C. Level of Industry demand that total production be restricted to 185,000 tons for all types,[68] led Europe in the production of rayon and other synthetic fibres by 1949. The United States in particular lent a helping hand. Even though I.G. Farben scientists developed nylon 6 in 1938, shortly after its discovery by DuPont, Bayer constructed the first German commercial plant for the commodity in the late 1940s under American guidance but using domestic resources. Synthetic fibre production in this case was based on chemical derivatives from caustic soda, soda ash, and ammonia that by themselves represented the critical components of explosives, fuels, plastics, synthetic rubber and "other products for military or essential industrial purposes".[69] The Americans therefore actually assisted the development of new dual-use industries in Germany at the

expense of other states. The availability of what amounted to restricted dual-use base commodities pushed this process forward.

Table 8: 1949 World Rayon Production by Areas and Leading Countries [70]			
Area and Country	Millions of Pounds	% of Area Total	% World Total
North America	1,060.8	100.0	39.2
United States	993.8	93.7	36.8
Europe	1,454.3	100.0	53.8
Germany	375.0	25.8	13.9
United Kingdom	280.2	19.3	10.4
France	159.1	10.9	5.9
World Total	2,704.6	--	100.0

Steel capacities also remained high during the immediate postwar period. Raw materials shortages and not an absence of machinery kept actual output low. Shortages of coal and electricity forced the Americans and British to concentrate production in larger facilities and smaller firms shut down operations. O.M.G.U.S. for example temporarily closed seven critical smelting installations in June 1947 owing to a lack of energy.[71] The Economic Working Group speculated in July 1947 that basic steel requirements far surpassed 15 million tons per year. The Level of Industry provision of 7.5 million tons, according to the group, unrealistically restricted German and European reconstruction efforts.[72] Since the capacities still existed, the group speculated that Ruhr steel manufacturing alone maintained a capacity of 14.2 million tons or half of wartime production for all of Germany—a figure that incorporated regions lost to the Soviet Union, Poland and even France.[73] The high increases in output in the late 1940s demonstrate that the American and British military governments husbanded these capacities instead of dismantling or destroying them. Steel production alone rose from 204,000 tons in June 1947 to 343,000 tons in March 1948.[74] West Germany returned to the prewar output levels of nearly 20 million tons in the early 1950s.[75]

The A.C.C. had originally planned a significant reduction in German machine-tool capabilities—11.4 percent of 1938 machine-tool, 31 percent of 1938 heavy engineering, and 50 percent of other mechanical capacities. These figures translated roughly into 38.1 percent of 1938 capacity.[76] These priorities evaporated owing to the focus on coal-mining. The Economic Working Group on Economic Aid estimated at the beginning of 1947 that the maintenance and development of coal mines for Germany, Poland and the United States, the three most important coal exporters for the European market in the immediate postwar, required $1.565 billion in new capital equipment. The group argued that the Ruhr,

deemed the "largest supplier of such equipment", should provide Poland and other coal-mining states with the heavy machinery they needed.[77] The State-War-Navy Coordinating Committee even argued that "only" Germany and the United States could export "substantial quantities of mining equipment".[78] The Polish coal-mining industry, expanded through the acquisition of Silesia, required capital goods imports from Germany in accordance with prewar patterns.[79] In reflecting on the large Polish industrial appetite for German manufactured goods, in addition to the equally voracious hunger of nearly all other European states, the State-War-Navy Coordinating Committee demanded that the European economy free up raw materials for the breadth of German industry.[80] This committee entertained a new vision of industry in the central European state. "When present plans are completed", the committee speculated, "production capacity in Germany will be greater than [during the] prewar".[81] The utilization of domestic capacities and certainly not the rebuilding of a destroyed system characterized their vision.

Nowhere did the American policy of protection, allocation and expansion manifest itself more clearly than in automobile manufacturing—the core of the mid-20th Century military industrial muscle. The American support of the German automobile sector ended with results that shook the foundations of the Level of Industry conceptions. The A.C.C. initially placed severe restrictions on this branch of industry and limited production to 40,000 passenger cars, 40,000 trucks and 4,000 light trucks.[82] Recovery however moved so swiftly that West Germany returned to 1937 levels of production by 1949.[83] West German motor vehicle production for example jumped from 304,000 in 1939 at the height of rearmament to 451,000 by 1950.[84] It is necessary to emphasize that the soaring output of automobile and truck production in the western zones represented precisely the form of latent military industrial or dual-use capacities that the Allied policymakers originally sought to eliminate. The fact that western German automotive capacities, as reflected by a simple comparison of output between 1939 and 1949, demonstrates that the West German potential to manufacture armour was in fact theoretically much higher after the dismantling programs than during Hitler's rearmament phase.

8.4 The Demilitarization-Marshall Plan Contradiction

A general postwar view of utter destruction, as emphasized in earlier chapters, characterized postwar views of the German economy. A Fabian Society research paper even prophesied in 1945 normal reconstruction methods would not rebuild industry in the defeated country. "So much of Germany's industrial capacity has been shattered", the paper argued, "that, even if there were no political obstacles in the way, the rebuilding of it all

would take a long time and would call, if it were to be done at all quickly, for large imports of capital goods at the outset in order to get the re-equipment going".[85] Clay like so many believed that the damage was far "greater" than he had anticipated.[86] Popular opinion in the United States and particularly Germany, largely derived from these rudimentary observations at ground level, generally held that the factories and industrial equipment vanished in the fires of war. "No tears, no fury, no melancholy, nothing", a German scholar later remembered, "I perceived the debris of my home town like I had the debris of Warsaw or Dünaburgs, Königsbergs or of Smolensk. That is, the ruined sceneries of a stage for which there was no more play. Europe, onto which I clung with all the fibres of my being, was dead. I had seen it die. I lacked the imagination to believe in resurrection".[87]

Certain contemporary observers, particularly those assigned with industrial demilitarization, later employed this perspective to substantiate the efforts aimed at transforming the German industrial landscape. Initial J.C.S. analyses of economic potential pointed out that the meagre industrial output indicated that only a small fraction of German industry remained in operation after 1945.[88] Traditional accounts of the German economy after 1945 emphasize that industrial output fell to 29 percent of the prewar level by February 1946.[89] This dissertation has demonstrated that a host of factions in Washington agreed with the general assertion of the Fabian Society that "the destruction of German industry would do nobody any good, and would react disastrously on the more backward European countries, including some which have been our allies".[90] But these lower levels of production do not necessarily substantiate the claim that the execution of policy diminished civilian capacities by destroying the means of production. These early statistics, as pointed out, offer a better insight into the organizational and allocation problems facing industrialists and the occupation authorities. The successful industrial demilitarization postulate, if true, would have significantly reduced German dual-use capacities and therefore recuperative powers. The records of the J..L.C in any case seriously erode the traditional perspective.

Actually attributing a value or percentage to the industrial demilitarization enterprise is exceedingly difficult. The reports and analyses handed down to historians by the A.C.C. and O.M.G.U.S. do not enable a precise determination of the value and extent of industrial dismantling in western Germany. Discrepancies surface that relate to the murky world of intellectual assets such as patents, and the value of items of limited significance in assessing hard production capacities such as typewriters, telephones or even semi-finished goods. The fixed assets of companies seized by the Allies included land, buildings,

furniture, spare parts, replacement equipment and not merely machine-tools. Hans W. Gatzke suggests that it is "difficult to determine any reliable figure" and that "estimates range in the vicinity of a billion dollars, at least".[91] The standard interpretation places an overall figure of about 900 million R.M. or $250 million for "real" industrial equipment seized from the western zones between 1945 and 1950.[92] This value theoretically represents all of the gains made by the western German economy between 1939 and 1944.[93]

These statistics, irregardless of the work of dismantling and the postwar intentions of policymakers, do not offer insight into the western German capacity to produce military hardware. This dissertation has already seriously questioned the definitions provided by the A.C.C. and O.M.G.U.S. and surmised that even the completion of the immediate postwar programs did not necessarily fulfill the overall desire for an industrially demilitarized state. The evidence offered by the J.L.C. however does not even attest to the completion of the Level of industry plans or industrial demilitarization as conceived by politicians and specialists in 1945. The monetary figure attached to the dismantling effort therefore provides little insight in determining overall reductions in capacity or the success of the industrial demilitarization enterprise. The establishment of dollar or monetary values, generally used by the valuation teams for reparations purposes, cannot help determine overall real reductions in capacity. The determination of these values requires accurate prewar, wartime and postwar data concerning for example the quantity, type and age of machine-tools used throughout Germany. The work of the J.L.C. actually demonstrates a significant inconsistency in the standard value of 900 million R.M. if historians take the substantial gains in the chemicals or automotive industries into account.

But the official statistics of the period nevertheless fed the suppositions in line with Fabian thinking. Data provided by the I.A.R.A. and official West German estimates conflict regarding the percentage or amount of industry seized by the Allies and what remained in Germany. They both however clearly demonstrate a significant drop in capacities. The I.A.R.A determined that the dismantling teams removed 3.1 percent of 1938 industrial capacities. Subsequent West German government estimates placed the figure at 5.3 percent of 1945 values.[94] The I.A.R.A. statistic implied that the Allied dismantling teams removed nearly all of the advances in increasing capacities made during the war years and they underlined the success of the occupation forces in translating at least a measure of the Level of Industry agreements. The West German studies placed more emphasis on wartime destruction. The reduced value of dismantling only reflected a belief

that the strategic bombers already accomplished a large percentage of industrial demilitarization. Both these traditional accounts suggest that the events of the war and postwar destroyed approximately 15-20 percent of overall industrial capacities. This figure approximates the expansion of German industry after 1936. Strategic bombing and dismantling by implication returned the defeated nation to the industrial level of 1936 in the Soviet zone and 1939 in the western regions.[95]

Table 9: Gross Industrial Fixed Assets in the Western Zones 1936-48[96]	
(1936 = 100)	Percent
Gross investments (in real terms), 1936-1945 as a percentage of gross assets, 1936	+ 75.3
Depreciation (in real terms), 1936-1945 as a percentage of gross assets, 1936	- 37.2
Capacity losses as a result of war damage as a percentage of gross assets, 1936	- 17.4
Gross industrial assets, 1945	120.6
Gross investments (in real terms), 1946-1948 as a percentage of gross assets, 1936	+ 8.7
Depreciation (in real terms), 1946-1948 as a percentage of gross assets, 1936	- 11.5
Restitution (in real terms), 1945-1948 (percent of 1936)	- 2.4
Dismantling losses (in real terms), 1945-48 (percent of 1936)	- 4.4
Gross industrial fixed assets, 1948	111.1

These statistics require scrutiny since the numbers again reveal nothing in terms of the nature, composition and age of industrial equipment and facilities. The 900 R.M. value, does not, for example, prove significant reductions in the automobile, chemicals or metal fabricating sectors. The examples cited by the J.L.C. illustrate that the impact of dismantling on German military industrial potential, defined by the liquidation or extensive downsizing of dual-use sectors, is overstated.[97] Fixed nitrogen output in particular, as described in earlier chapters, hardly declined. Even scientific research in banned areas continued. The scientists and technicians that filled the laboratories of the Kaiser Wilhelm Institut für Kohlenforschung in Mulheim were busy improving synthetic technologies while Clay, O.M.G.U.S. and Washington fought the political battles to secure their future.[98] A detailed examination of select industrial branches and not merely a restatement of A.C.C. planning demonstrates that dual-use capabilities in a long list of sectors survived the war generally intact.

The production levels reached by the end of the 1940s stemmed from these capacities.   Certain modern studies in fact motivate historians to revise the older interpretation that the construction of new means of production inspired the "economic miracle".[99]   Since highly accurate macroeconomic data covering this period does not exist, economic historians employ a series of alternative techniques to determine overall capacities for the postwar period and attempt to explain what they mean.[100]   The work of these scholars since the 1970s first of all generally relegates the "Stunde Null" interpretation to myth.   Abelshauser's work in particular demonstrates that the survival of the bulk of German capital equipment permitted the political changes after 1947 to bear fruit in terms of economic reconstruction.   Abelshauser's evaluations of western German fixed capital assets or productive potential strengthens the hypothesis that strategic bombing, military ground operations, postwar dismantling, and plunder did not reduce aggregate capacities.   The extent of investment made during the war far outweighed these reductions.   This evidence only reaffirms that the bulk of the industrial facilities and capital equipment, as measured against the prewar, survived and that the postwar valuation teams, either the U.S.S.B.S. or military detachments, found great difficulty in establishing an accurate basis of measurement.[101]

Both statistics offered by the I.A.R.A. and West German government concerning the value of dismantling seizures conflict in spirit with the work of the economic historians. These scholars hypothesize that German industrial capacities were much higher in 1945 than admitted by contemporary authorities.   The historical record demonstrates that the value of industrial facilities increased from 51 to 62 billion R.M. between 1936 and 1945 and more importantly that aggregate industrial capacity grew by 11 percent between 1936 and 1948.[102]   The approximate value of 1 or even 2 or more billion R.M. in western German reparations transfers, according to these standards, did not materially reduce capacities even if the seizures focused primarily on dual-use sectors of more obvious military potential such as aircraft manufacturing.

The historians do not employ the post-1945 fall in production output to substantiate the fulfillment of the Level of Industry agreement.   Scholars have uncovered a long list of associated factors and do not stress either wartime damage or dismantling as solitary explanations of reduced industrial output after 1945.   The shortage of raw materials, insufficient numbers of workers and low food stocks impacted production.   The desperate production of tanks and planes during the final days of Hitler's Reich consumed much of the raw material stocks needed to rebuild the charred cities and return to the manufacturing

of civilian commodities. The serious disruption of the transportation network restricted the movement of workers and the raw materials to those factories that remained in operation after 1945. Too many German men sat idle in prisoner of war camps and deprived the factories of labour. The millions of former slave labourers, on whom German industry increasingly depended during the war, lay down their tools and assembled at collection points awaiting repatriation. Millions of other refugees and expellees wandered through Germany and generally added to the image of misery. Food shortages demoralized the population and further reduced the effectiveness and will of those who remained in the mines and working the steel mills.[103] All of these factors helped lower industrial productivity to one-third of prewar levels. This sharp reduction however only explains the economic paralysis that befell Germany after 1945. The statistics do not imply that strategic bombing or dismantling removed the machine-tools and industrial equipment needed for production.

Low postwar industrial output or even a reparations value of one or more billion R.M. furthermore does not quantitatively prove that hard productive capacities were significantly reduced. The downturn in production during the early 1930s Depression, for example, reflected the impact of market forces and not the elimination of capabilities. Hitler's rearmament drive released German companies from the grip of the global economic downturn and production increased. Western German production also increased dramatically after 1947. The traditional perspective cannot explain this surge unless it is admitted that the Marshall Plan (or the aid precursors) injected large amounts of capital equipment into western Germany while the A.C.C. proceeded with dismantling. The policies of the Treasury Department, F.E.A. and A.C.C. aimed at restricting the dual-use production that included the German ability to repair the machine-tool industries. A successful dismantling program by definition aimed at a significant change in the nature of German production. But Germany rebounded within a decade to take second place to the United States as the world's second largest exporter of manufactured goods.[104] Historians cannot bridge the gulf between misery and success without demonstrating that the United States revolutionized the nature of postwar German industry.

An overview of British dismantling activities in the Ruhr industrial heartland reinforces the Anglo-American commitment to reconstruction. As previously demonstrated, the British military like their American counterparts objected to the unofficial seizure of industrial equipment that threatened economic recovery. The British 21st Army Group shared the view that the future composition of German industry required

considerable analysis and that seizures prior to the accumulation of accurate data conflicted with other priorities. The British military issued a directive that "no machine tools or plant therefore which might be required in production can be taken away without the approval of Military Government/ Control Commission".[105] This strict policy limited the excesses typical of Soviet behaviour. Historical research demonstrates that the British military government collected the bulk of reparations through the appropriate I.A.R.A. channels and not through sweeping and unquantifiable seizures.[106] Despite some evidence of looting by each of the western occupying powers, more pronounced in the French case, the official total sum of acknowledged reparations seized by the British amounted to the paltry sum of £30 million.[107] This figure does not even represent the equivalent value of a single German war plant the dimensions of Alkett-Berlin—one subsidiary in the Rheinmetall-Borsig industrial empire.

Table 10: British Category B Reparations at 31 May 1952.71 (all figures in £ million)[108]	
Industrial equipment	3.7
Merchant shipping	8.2
Multilateral removals debited to UK	0.4
Unilateral removals debited to UK	2.7
Totals	15

The high rates of industrial output in banned sectors forced policymakers to come to terms with a serious contradiction. John J. McCloy, who ultimately replaced Clay as head of O.M.G.U.S., commented on the high rates of economic growth in Germany and proclaimed to Congress in June 1951 that

> We have done all this in spite of the ruins that were about us. When I say 'we' I do not mean only the United States by any means, for the energy and industry of the German people has been the first factor, but I venture that it would have been utterly impossible without the aid which we were able to inject into the community.[109]

The difficulty for policymakers was coming to terms with the upsurge in production. German industry expanded at a relatively high rate after 1947 despite wartime damage, dismantling, general chaos, a lack of foreign currency and an underfed workforce. The statistics speak for themselves. The western German gross national product rose over 80 percent between 1948 and 1952 and industrial production grew by 110 percent.[110] Production soared in the traditional sectors of industrial machinery and finished and semi-

finished goods. Patterns did not radically change. The amount of industry devoted to manufacturing, as a percentage of total commodity output, remained constant at 60 percent between 1936 and 1950 despite postwar fluctuations.[111]   Significant increases in dual-use commodity output, as demonstrated by the J.L.C. materialized.

8.5 The Marshall Plan and Western German Industrial Recovery

Establishing the starting point of economic recovery and gauging the effects of the Marshall Plan on the German economy represents a dominant question raised by economic historians.[112]   These explanations of the nature and speed of recovery add considerable weight to the argument that postwar dismantling did not excessively lower German capacities in dual-use industries. It should however be noted that quantitative issues again demonstrate certain problems. Abelshauser in particular points out that an evaluation of economic performance unfortunately suffers from the inability to determine the prewar production levels in Germany by which to establish a sound macroeconomic basis of comparison. The American British occupation authorities, as emphasized, only began collecting general production data after June 1946 and comprehensive reporting commenced only after German economic organizations took full responsibility later in the decade.[113]   This section therefore only endeavours to gauge the rudimentary temporal aspects of economic performance to evaluate the conclusion that Washington actively promoted a reconstruction policy in Germany that took residual or latent heavy industrial power into account.

Previous chapters outlined Washington's growing insistence that German industry assist European recovery efforts. Driven by the concerns of Clay's military government, the Truman administration significantly altered the meaning and methods of industrial demilitarization policy.   National security imperatives lost ground to economic determinants. The relaxation of excessive controls on the German industrial system, and increases in most areas banned or restricted by the Level of Industry plans, did not however imply that American policymakers discarded the postwar viewpoint that dual-use capacities translated directly into military power. The desire to control Soviet access to dual-use technologies supplanted previous concerns by 1947. The State and War Departments and the National Munitions Control Board strenuously advocated the replacement of the prewar Neutrality Act with a more comprehensive Munitions Control Act in 1947. After a two year delay, Washington adopted an extremely broad definition of the "implements of war" on which to build an anti-Soviet trade embargo aiming at denying the communist state access to western European markets.[114]   This anti-Soviet policy indicated much more than

increasing bipolar superpower friction. The Munitions Control Act demonstrated Washington's continued proclivity to hold onto a rigid definition of dual-use capacities in geostrategic calculations. This definition however no longer applied to western Germany.

Generous support characterized American plans for non-communist European states. The sums provided by Washington proved colossal. Truman signed the Economic Cooperation Act (E.C.A.) on 3 April 1948 and thereby freed $5.3 billion for the fiscal year 1948-49 alone. The Organization for European Economic Cooperation (O.E.E.C.), founded in Paris on 16 April 1948, coordinated this assistance package. Between 1948 and 1951 Congress authorized the transfer of a staggering $13.3488 billion to prime the European pump. Washington later even extended the program to include Japan and other Asian states. This total sum covered financial, industrial and intellectual assistance. While grants represented most of the E.R.P. capital flow, 20 percent of the funds took the form of loans with interest rates of 2.5 percent. The list of commodities transported across the Atlantic ranged from agricultural produce to raw materials and industrial machinery. Special E.C.A. teams also inspected European factories to help modernize production techniques.[115]

In keeping with Washington's decision to salvage Germany's status as "workshop" of Europe, the data indicates that the Truman administration placed far greater emphasis on resource allocation than on shipments of machine-tools and machinery. It should however be mentioned that the dismantling program proceeded concurrently with financial assistance. This policy, one that also set the halls of Congress alight with anger, further indicates the weaknesses in dismantling policy as a method of industrial demilitarization. The rough and uncut statistics of the Marshall Plan clearly emphasize that the aid package did not substantially contribute to the redevelopment of large industrial capacities in Germany. A straightforward examination of E.R.P. assistance reveals that American taxpayers pumped $1.3173 billion into the western German economy or about 11 percent of the total amount granted. Britain and France received a substantially larger share. Between 1 April 1948 and 31 December 1950 Britain received the largest portion of E.R.P. assistance. The totals represented double that of western Germany. Despite minor grievances brought about by the indignity of the status of aid recipient, British attitudes towards the Marshall Plan remained favourable throughout the late 1940s and Whitehall welcomed American economic, political and moral support. British recovery, in the opinion of the historiography, depended heavily on American industrial resources.[116]

Country	Total	%	Thereof				Grants	%
			Subsidies	%	Loans	%		
All Countries	12992,5	100	9290,2	100	1 139,6	100	1 517,2	100
England	3 165,8	24,4	1 956,9	21,0	336,9	29,6	532,1	35,1
France	2 629,8	20,2	2212,1	23,8	182,4	16,0	61,4	4,0
Italy	1 434,6	11,0	1 174,4	12,6	73,0	6,4	87,2	5,7
West Germany	1 317,3	10,1	1 078,7	11,6	-	-	213,6	14,4
Netherlands	1 078,7	8,3	796,4	8,6	150,7	13,2	31,6	2,1
Austria	653,8	5,0	556,1	6,0	-	-	4,6	0,3
Greece	628,0	4,8	514,9	5,5	-	-	-	-
Belgium + Luxemburg	546,6	4,2	32,4	0,3	68,1	6,0	446,0	29,4
Denmark	266,4	2,1	217,3	2,3	31,0	2,7	9,1	0,6
Norway	241,9	1,9	196,0	2,1	35,0	3,1	10,9	0,7
Turkey	184,5	1,4	62,4	0,7	72,8	6,4	17,3	1,1
Ireland	146,2	1,1	18,0	0,2	128,2	11,2	-	-
Sweden	107,1	0,8	-	-	20,4	1,8	36,7	5,7
Portugal	50,5	0,4	5,5	0,1	36,7	3,2	8,3	0,5
Spain	26,8	0,2	15,9	0,2	4,3	0,4	3,5	0,2

Table 11: Distribution of the Marshall Plan Credits Granted by the USA to Participating Countries (April 1948 to January 1952) (In Millions $)[117]

The E.R.P. historiography concerning Germany reveals a far more heated atmosphere. The bare statistics lead scholars such as Abelshauser to question the impact of assistance on stimulating industrial recovery. American dollars cannot directly explain the surge in output.[118] Other less direct measures supplemented the Marshall Plan and strengthened the German economy. In 1945 alone the American military for example employed over 168,000 Germans as clerks and translators and in other capacities.[119] The dollars provided circulated through the German economic system and ultimately facilitated the purchase of required raw materials for industry.[120] E.R.P. funds furthermore only balanced the considerable sums that Germany provided the Allied authorities to subsidize the costs of occupation. Marshall Plan dollars effectively erased the impact of some of the occupation's more negative policies and did not constitute a real surge in foreign investment. Abelshauser minimizes the E.R.P.'s impact for this particular reason. The Marshall Plan, in his opinion, helped stimulate trade by reintegrating the German economy into the global system. American dollars solved the headaches involved in resource allocation and therefore helped initiate a process of recovery from within.[121] Abelshauser points out that American policy even unintentionally lowered output in certain cases. The Allied policy of controlling steel prices in the manner of a control economy convinced manufacturers to reduce investment in machinery and search for other business opportunities to increase profits.[122]

Increases in industrial output in any case predated the initial transfer of E.R.P. assistance. The historiography generally agrees that recovery appeared underway prior to

the summer of 1947. American assistance after that period helped eliminate bottlenecks that emerged once industrialists returned to production. American investment in German electrical power stations—another infringement of A.C.C. policy in Germany since the Allies originally intended on capping capacities—helped expand the infrastructure necessary to support greater levels of production.[123] Large shipments of industrial machinery into Germany did not take place. Western Germany, as indicated, exported machinery instead.

Several historians disagree with Abelshauser's emphasis and instead point out that other factors explain the tremendous surge in German productivity after 1947. These scholars place far greater emphasis on the positive effects stemming from E.R.P. financial assistance, the introduction of Ludwig Erhard's "soziale Marktwirtschaft" and currency reform.[124] Their work presents a strong case that Marshall Plan funds decisively cleared bottlenecks through the purchase of foreign raw materials. American and British officials in Germany consistently argued that coal shortages and electrical power generation represented the central bottlenecks impacting industrial production. Major investments in the support structures of industry helped clear the way for economic success.[125] E.R.P. aid even continued the wartime process of modernization such as that found in the automotive sector, and maintained and generated even higher levels of productivity.[126] American support furthermore helped reorganize the insurance and banking sectors through technical aid and helped such firms as the Phoenix Gummiwaren A.G. regain a strong market position in Europe.[127] The examples of Daimler-Benz and Rheinmetall-Borsig evaluated at the start of the chapter can be added to this list.

Domestic political factors also helped create a favourable economic climate. Erhard, chosen by Clay to take charge of economic affairs in the American zone, promoted a liberal economic order that rejected the formation of a planned economy. Erhard fought against significant opposition in Germany that preferred the nationalisation schemes adopted by countries like Britain.[128] Washington fortified the German economy three years after war's end by reforming the currency in June 1948 and only a few months later solved the problems associated with resource allocation using Marshall Plan dollars. Coupled with the maintenance of a large stockpile of modern capital equipment and assisted by significant technical and scientific skill, Erhard helped integrate a resilient German industrial structure into the American liberal market system. Richard Overy writes that the "economic miracle" of the1950s depended on these favourable factors. "Most historians", Overy continues, "are agreed that the revival of the post-war economy depended not on

material conditions but on political and psychological adjustment".[129] American assistance only greased the wheels of German industry.[130]

O.M.G.U.S. could not of course remedy all of the problems facing manufacturers regarding the acquisition of raw materials. Shortages initially determined that a significant proportion of manufacturing capacity went unused between 1947 and 1949.[131] Extremely rough estimates of the value of exports for 1946 indicated that the flow of heavy machinery, electrical products, automotive parts, chemicals decreased substantially when measured against 1938. The surprising fact is that a large number of these exports, including bauxite, soda ash and heavy machinery, represented commodities originally forbidden by the Level of Industry agreements.[132]

Helge Berger convincingly argues that the Marshall Plan aided German reconstruction by altering the political climate and allowing the reintegration of German industry into Europe. In circumventing the traditional analyses of economic data, Berger asserts that the Marshall Plan would have assisted Germany "even if effective transfers had been zero".[133] United States policymakers regarded the Marshall Plan as a method of rebuilding Europe on the back of western German political and industrial integration.[134] The establishment of a functioning capitalist system in Europe demanded that Germany regain its position as the major exporter of industrial goods. Washington intended Marshall Plan aid to prime the pump of European countries, but the major initial goal of the program aimed at resurrecting Germany as the "industrial center" of Europe.[135]

The focus on political factors should not obscure either the direct or indirect impact of Marshall Plan support on the German and European economic future. The recovery and subsequent expansion of western German industry changed economic patterns and influenced the political realm in several important ways. The eastern zones, plundered by the Soviet Union and locked out of global markets, stagnated while western Germany recovered and prospered. The disparity between the regions and American allocation efforts negatively impacted inner-German trade patterns. Economic unity no longer looked as attractive to the western powers.[136] East German historians dismissed the apparent success of their neighbours by stressing that wartime investment in the eastern regions emphasized the construction of armaments facilities without potential civilian applications.[137] The example of Alkett-Berlin demonstrates the erroneous logic behind this assertion. But eastern Germany fell to the wayside.

Postwar reconstruction more importantly helped transform the nature of industrialization and society itself in western Germany. The development of a social

market economy assisted the triumphant march of democracy.[138] The economy continued the prewar economic shift away from textiles, agriculture and mining and into the metalworking, electrical and chemical industries.[139] Washington, as demonstrated in this chapter, helped propel the German automotive industry forward and sponsored new branches such as synthetic material manufacturing. The impetus granted industrialization in Germany fulfilled the predictions of American policymakers. Manufactured goods represented 83 percent of all exports by value at the end of the 1950s.[140] The Marshall Plan also helped further the reconstruction of the western European trade system on traditional patterns.[141] But the reintegration of the Ruhr into the western European economy represented a slight but crucial change. The allocation of raw materials for industry presented problems for other European states. But other European states needed German high-valued exports such as machinery, chemicals, electro-technical equipment and vehicles. The economic recovery and development of other European states offered lucrative export markets for German manufactured products and absorbed two-thirds of Germany's total exports.[142] The increasingly complex ties between Germany and neighbouring states, heavily dependent on trade and German manufactured goods, helped permit a general rising standard of living in Europe which in turn fed the process of integration.[143]

European recovery required the restoration of prewar trade patterns with German business. Western European countries even pushed hard for a conciliatory peace with Germany after 1945. The Dutch authorities offered to help finance German raw material imports in order to increase the flow of replacement parts for industrial equipment originally produced in Germany. This request for replacement parts exhibited the change on the part of reparations claimants against moving German plant and instead concentrating on receiving production.[144] Washington instructed Dutch authorities to use "private channels" for the distribution of funds to German firms and bypass O.M.G.U.S. The only worry of the administration concerned that of maintaining the "preferential position" of American and British bankers.[145] The Truman administration accepted the view that European recovery depended on coal, steel, and "high-value goods" shipped from German plant.[146] A State Department memorandum in October 1946 mentioned two factors impeding the flow of German goods. Europe needed hard currency to pay for trade and a functioning trade apparatus.[147] The Truman administration responded by encouraging the sale of German industrial production in the United States to help accumulate the dollar

reserves the military government needed to purchase raw materials from other European states.[148]

Lawrence S. Kaplan emphasizes that economic self-interest motivated the Marshall Plan.[149] The incredible dimensions of E.R.P. aid however weaken the claims of revisionists who reject a positive American contribution to European recovery. Other historians look at the broader political dimensions. Leffler argues that "although American officials hoped the Marshall Plan would benefit the American economy, they also wanted to redraw the European balance of power and to enhance American national security".[150] Economic assistance, according to this theory, aimed at increasing American control over western Europe through the "control of raw materials, industrial infrastructure, skilled manpower, and military bases".[151] This search for control sought the integration of western Germany into a North Atlantic trade system and the expulsion of the Soviet Union from any position of influence in the Ruhr. The Marshall Plan, according to Wolfram F. Hanrieder, aimed at containing both Germany and the Soviet Union by immersion in the first case and exclusion in the second.[152]

Seen in this way, E.R.P. assistance therefore acted as a psychological and economic tool against economic demilitarization and dismantling. The Marshall Plan certainly accorded with Kennan's hope of employing real American assistance to blunt the Soviet threat of pursuing the advance of socialism through a psychologically debilitating deterioration of living conditions.[153] Aid instead promised to force Moscow to react in kind. The economic recovery of western Germany drew the attention of the eastern population like a magnet and therefore complicated Soviet control unless Josef Stalin's hard policies were modified.[154] Stalin could only employ far less enticing methods in attempting to sway German opinion. Leffler for example points out that Stalin "could hold out the lure of Eastern markets, Polish territory, and German national unification; they could bargain for a participatory role in supervising Ruhr industry; they could covertly manoeuvre to bolster the influence of German communists".[155] The American inclusion of Germany in an aid package, according to this interpretation, aimed at keeping western Germany and particularly the Ruhr free of communist influence.[156] A bilateral trade arrangement between western Germany and the Soviet Union—as can be seen in the economic degeneration of eastern Germany—only threatened to derail the hopes for swift recovery in western Europe at the expense of the Soviet Union.

Marshall Plan aid therefore also tackled the spirit of the Level of Industry conceptions and overall Soviet policy. American assistance for example helped soothe the

French public's fear of unilateral western German industrial revival.[157] The E.R.P., as demonstrated by the statistics cited throughout this chapter, also worked wonders in Germany. The German population, growing increasingly belligerent over the industrial demilitarization discussions, "widely criticized" the dismantling of industry as a policy of permanently removing the central European state from global markets.[158] Assistance promised to swing German opinion by deflecting attention from the demilitarization debates. Washington's desire to run the demilitarization experiment in Germany reached a low ebb in 1947 in any case. The nominal revisionists argue that the decision to integrate western Germany in reconstruction efforts implied an effort at controlling German economic strength through "Americanization". The Truman administration, the interpretation posits, followed a program that sought the creation of a politically and economically integrated Europe resembling the United States or "God's own country".[159] But this perspective obscures the fact that Washington hoped to integrate the Ruhr in the overall aid package primarily because the experts viewed German participation as vital to overall western recovery. This viewpoint acted both as a primary argument against industrial demilitarization and offers strong evidence that the program did not achieve the results desired. "Americanization" and a positive European recovery program erased the rationale for industrial demilitarization.

8.6 Conclusion

This chapter outlined how economic historians such as Abelshauser posit that wartime damages and dismantling only marginally impacted the overall strength of German industry. These statistics demonstrate that the industrial infrastructure survived and that Germany continued to operate a large and more importantly expanding heavy industrial base. The economy also survived reparations seizures from current production and "hidden" reparations such as patent seizures and the emigration of large numbers of scientists.[160] The failure to dismantle plant and machine-tools in particular left western German industry in a position to utilize American assistance for ever-increasing rates of production. Global markets, motivated by the need to rebuild wartime damage, depended on German manufactured goods. The greatest boom in western European history emerged. Domestic capacities in Germany remained high irregardless of some weak intimation to the contrary based on early output levels. These capacities did not accord with the Level of Industry agreements and western Germany quickly surpassed wartime production levels in the late 1940s and early 1950s.

Large infusions of American capital helped industrialists allocate the raw materials their factories needed to continue production. Economic historians can debate whether the political creation of "Bizonia" or the introduction of a solid currency in 1948 stabilized the socio-economic climate and convinced industrialists to fill orders and release horded equipment and raw materials. O.M.G.U.S. in particular went to great lengths to stabilize elements of the German economy with obvious dual-use characteristics and outright military potential. Despite these efforts, production consumed resources so quickly that capacity went unused, orders exceeded output and millions of Germans remained unemployed.[161] The limited supply of raw materials, the lack of currency, the chaotic state of the transportation network, and zonal division represented the most significant factors retarding German production. For these reasons, certain historians emphasize that the Marshall Plan did not represent the essential element of postwar recovery.[162] The evidence nevertheless suggests that Marshall Plan dollars at least assisted western German economic recovery in the late 1940s.

The issue of industrial demilitarization is clearer. The postwar survival of Alkett-Berlin, a "Category I" armaments firm, and the statistical compilations of the J.L.C. further demonstrate that historians cannot document a serious erosion of dual-use capacities according to the postwar industrial demilitarization conceptions expressed by such groups as the F.E.A. Washington promoted and assisted broad industrial reconstruction in Germany. This policy actively sought the rejuvenation of traditional heavy industry and clear dual-use capabilities for the benefit of the American and European economies. Part of the reason for this change in mentality rested with the survival of large capacities in Germany and the growing American desire to bind these resources to an overall aid package. All of this fit well with Washington's postwar dreams. The E.R.P. secured continued American domestic economic success, revived the wartorn European economy, helped reintegrate western Germany into Europe by healing the wounds caused by the war, and reconstructed a strong but controlled German economy.[163] The retention of heavy industrial capacities to such a large degree in any case seriously questions the hypothesis that the occupation authorities demilitarized German industry with any real success.

CHAPTER 9

Military Radicalization

Our capacity to retaliate must be, and is, massive in order to deter all forms of aggression.

John Foster Dulles

9.1 Introduction

The previous chapters demonstrated Washington's decision to base European economic recovery partly on western German industrial production irregardless of Soviet outrage. The incorporation of German industry favourably addressed the bulk of American postwar economic and political concerns at the least cost to taxpayers. The intractable Soviet stance on reparations on the other hand threatened to plunge Europe and the United States into chaos. The Kremlin however interpreted Washington's policy as a threat to Soviet interests. This perception influenced a host of defensive moves which in turn aroused western military concerns. The nature of American military contingency planning changed radically in this climate and strategists advocated limited rearmament and a military defense of continental Europe. Melvyn P. Leffler writes that this process "brought about the final division of Germany and Europe".[1] The Joint Chiefs of Staff (J.C.S.) altered contingency planning during this period to incorporate a defense of western Germany aimed at preventing the Soviet Union from politically or militarily gaining the industrial resources of the Ruhr. The widening Cold War breach between the Superpowers bound the United States and western Germany tightly together according to national security and geopolitical principles.

This chapter demonstrates that Washington's understanding of European recovery clearly accepted the inherent military potential of civilian industry and the fused relationship of dual-use commodities. The J.C.S. hoped to convince Harry S. Truman that the postwar retention of German heavy industry demanded the incorporation of the defeated state into a defensive system in order to forestall an unlikely but potentially disastrous Soviet seizure of the Ruhr. This hypothesis accords with the argument of Fred L. Block, William S. Borden and Thomas McCormick. These scholars argue that American military assistance to Europe represented a second stage of economic assistance whereby Washington transformed the European Recovery Program (E.R.P.) into the Military Defense Assistance Program (M.D.A.P.).[2] This chapter describes how the American

military digested the clear change in the Truman administration's policy toward Germany during 1947 in accordance with military principles. The newly founded National Security Council (N.S.C.) reappraised the Soviet military threat and lamented American and European military lack of preparedness to defend western Europe against an invasion. The inclusion of Germany in the E.R.P. as the "nexus" of European economic recovery forced strategists to initiate studies of continental defense that included German and regional national security priorities. This process marked the true starting point of German military reactivation, but was predicated on the survival of dual-use industries demonstrated in the previous chapters.

9.2 The Berlin Blockade and Other Disasters

A series of events in 1948 and 1949 further altered the foreign policy of the Truman administration and injected a more heightened sense of urgency or a degree of militarization into Washington's views of containment policy.[3] This dissertation examines the impact of the Soviet blockade of Berlin, the detonation of a Soviet nuclear device and the success of communism in China. These three events illustrated that Josef Stalin either directly endangered American industrial designs in Europe, pressed the development of military technologies that invalidated the security conceptions of the Pentagon and directly challenged the pre-eminence of American power, or supported the march of communism. Historians typically view the Berlin Blockade, the fall of nationalist China and the Soviet explosion of a nuclear bomb as the three key events leading towards the open American demand for German rearmament.[4] While of utmost importance in the investigation of the heightened sense of a military imbalance on the continent at the end of the 1940s, these events do not adequately address Washington's already clear focus on the industries of the Ruhr as the lynchpin of civilian recovery efforts and the Pentagon's even clearer appreciation of the military potential of the same factories.

On 20 March 1948, the Soviets walked out of the Allied Control Council (A.C.C.) in Berlin and on 24 June the Soviet occupation authorities, citing "technical difficulties", denied rail and road access to the western sectors of Berlin. The city was cut off from the west. The Truman administration's decision to employ German industrial production as an important component of the Marshall Plan and European recovery had motivated Stalin to act. The dictator matched western resolve with a determination of his own. Historical investigation of the Kremlin's reasoning for the blockade generally agrees that Stalin's action represented a reaction to the western hopes of binding recovery efforts to German industry. Currency reform and the introduction of the new Deutsch Mark in particular

"provided the proximate cause for this new Soviet provocation" since the stabilization of commerce promised to energize American-inspired recovery efforts and demonstrate the superiority of western capitalist civilization to those millions of poor souls under the hammer and sickle.[5] The unilateral currency reform endangered the "stability" of the Soviet zone of occupation. As evident throughout the early postwar years, Moscow met any policy out of line with truncation and systematic plundering with a bewildering degree of opposition.[6]

Stalin, it again appeared apparent, hoped once more to obstruct economic recovery throughout Germany to neutralize the pull of the American capitalist magnet.[7] Charles F. Pennacchio argues that the general failure of the Kremlin to obtain large-scale reparations from the western zones and the threat of an economically and politically independent western Germany essentially forced the Soviet authorities to try and throw their former allies out of Berlin.[8] The dictator obviously understood that eastern Germans might grow increasingly frustrated in the face of western recovery and agitate against Soviet pastoralization. Stalin therefore acted to salvage his unique plan for Germany from the jaws of defeat by shutting down capitalist operations in Berlin.

This portrayal of Stalin's policy as defensive puts the cart before the horse and inaccurately emphasizes a tenuous causal relationship between the dictator's unilateral action and the American decision to reconstruct western Germany. This perspective fails to clarify the humanitarian and generally logical argumentation behind Washington's decisions. The need to expedite the recovery program, the dominant postwar conception of the Truman administration's policy in Europe, drove that process. Stalin's policy of lashing Ruhr industry to Soviet reconstruction, as pointed out, jeopardized the welfare of the rest of Europe. The dictator's readiness to force starvation on the inhabitants of western Berlin in order to sabotage the creation of an independent and economically sound West Germany furthermore indicated a total disregard for basic human rights. The blockade instead offered the American authorities an opportunity to demonstrate their solidarity with the German people and build an atmosphere of trust conducive to the economic recovery they sought. Stalin instead seemed to uphold the maxim that whoever ruled Berlin ruled Germany.[9] Revisionists must clarify their "defence" of Stalin's brutal use of starvation as a bludgeon to ensure a compliant eastern Germany and perhaps secure reparations from the Ruhr.

The Truman administration responded immediately and with force. Negative signals from the American military government in Germany concerning Soviet intentions in

Berlin had already induced serious discussion concerning the importance of the city in regards to overall American policy. Lucius D. Clay had already noted the serious deterioration in relations and reported to Washington on 5 March 1948 that "[f]or many months, based on logical analysis, I have felt and held that war was unlikely for at least ten years. Within the last few weeks, I have felt a subtle change in Soviet attitude which I cannot define but which now gives me a feeling that it may come with dramatic suddenness".[10] While American intelligence officers discounted the possibility of outright war, the opening Soviet moves to blockade Berlin at the end of the month represented a significant political challenge for Washington. The J.C.S. viewed the brewing Berlin crisis and a host of large-scale Soviet military exercises in the region as a crude display of power aiming at outright coercion. The planned rehabilitation of western German industry, they believed, mattered most. The military theorized that the tensions demonstrated that Moscow now gave up all "hope...for interfering through quadripartite means with the production of Western Germany upon which the success of the European Recovery Program substantially depends".[11] Clay and the J.C.S., who now openly argued that Berlin represented the lynchpin of the American hope to "hold Europe against communism", expressed the conviction that a withdrawal from Berlin meant a clear defeat for American policy in Germany and Europe that jeopardized the E.R.P. itself.[12]

Truman shared this economic perspective and the psychological importance of Berlin for Germany and the E.R.P. in general. The president furthermore believed that the Soviet "international counterattack" related to Stalin's failure to gain access to Ruhr production for Soviet recovery and American attempts at protecting western Europe through the erection of a military alliance.[13] Stalin seemed more determined than ever to use the hammer and sickle to pound and slice his opposition into compliance. Truman decided to make a stand in Berlin. "Let's get one thing straight right now", the president informed the Secretary of the Army Kenneth Royall, Secretary of Defense James Forrestal, and Under Secretary of State Robert Lovett in the Cabinet Room of the White House on 28 June 1948, "We are staying in Berlin. Period!"[14] George Marshall backed the president and more importantly proclaimed that Washington would not abandon the new American direction in Germany.[15] The Americans therefore matched Stalin's bold action with an even more brash determination to hold the line in Berlin.

Over two million Berliners, with only two weeks of critical supplies in stockpile, faced complete economic breakdown and even starvation. Clay decided to supply the city with the necessary commodities by air. Under the operational name of "Vittles", the

Americans, British and eventually the French massed their transport aircraft, converting bombers in the process, and began moving tons of food, coal and other supplies into Berlin on 26 June 1948. Even the American air force, the largest of the democracies, could not handle this job alone. The citizens of Berlin required a minimum of 2,500 tons of supplies per day. The Air Force in Germany started the operation with only 102 C-47 transports capable of carrying 3 tons each for a total of 306 tons. Truman therefore ordered the military to divert aircraft from other regions and assemble all available transports for the operation. Employing a host of German airfields such as those at Wiesbaden and Fassberg, these military installations having obviously survived the war and the demilitarization efforts intact, the transports of the western allies moved roughly 5,000 tons a day into the city by the end of January 1949. By the time the operation officially ended on 30 September 1949, after Stalin stepped down and ordered the reopening of the land routes into Berlin, the western Allies had flown 276,926 sorties to deliver 2,323,067 tons of supplies at a cost of $233,887,624 to American taxpayers.[16] This total represented almost 16 percent of the total E.R.P. package received by West Germany.

Berlin had endured 320 days of western airlifts. To explain Stalin's decision to lift the blockade, historians mention the success of the airlift, the counter-blockade of the eastern zone, the formation of the North Atlantic Treaty Organization (N.A.T.O.) and the creation of West Germany.[17] Two of these factors stand out in importance. The Allied counter-blockade, essentially an economic embargo of the Soviet Union, helped melt Stalin's resolve. The operation hit hard at the Soviet ability to maintain the semblance of an orderly occupation of eastern Germany. The democracies deprived the Soviet zone of occupation of one million tons of coal and 30,000 tons of steel per month from the Ruhr. A general western embargo on eastern European imports and exports also jeopardized the speed of recovery in the Soviet sphere of influence. Stalin's blockade, which ostensibly aimed at freeing Ruhr resources for Soviet recovery, failed miserably and only heightened Soviet reliance only their already hard-pressed satellites.[18] The blockade however also helped weld the democratic militaries together in a joint operation. This development foreshadowed and helped assist the signing of the North Atlantic Treaty, explored in the next section, whose signatories agreed that an attack on one must be considered an attack on all.[19] The establishment of N.A.T.O., the treaty signed by 14 states analysed later in this chapter, amassed considerable economic and theoretical military power in a non-Soviet block directly on the periphery of Stalin's empire. The blockade had convinced

Washington to press for a greater concentration on military assistance. Truman later remarked that "Berlin had been a lesson to us all".[20]

The Berlin Blockade however only represented the first in another series of "shocks" that galvanized the opinions of the Truman administration and emphasized that only military power could hold Stalin at bay.[21] The demand for a central German contribution found at the core of the Marshall Plan had precipitated a belligerent Soviet response that deepened the Truman administration's sense of military inferiority and further justified the direction of policy in Europe.[22] The fact that the J.C.S. concluded that the Soviet blockade did not represent a prelude to invasion should not reduce the seriousness with the Truman administration viewed the Soviet action.[23] Revisionists such as Jean E. Smith use this J.C.S. assumption to argue that the confrontation with the Soviet Union represented a "self-fulfilling prophecy" and that policymakers jumped on the split with Stalin to justify the further militarization of policy. This hypothesis carries some weight. The Truman administration, in Forrestal's opinion, did employ the blockade to help convince Congress and the American public to accept the need for a general militarization of American foreign policy.[24] Historians such as Georg Schmundt-Thomas analyze domestic reactions to Stalin's venture and point out that the crude and belligerent Soviet action demonstrated a dangerous expansionism.[25] Time Magazine portrayed the German population as innocent victims of Soviet aggression and offered pictures of hungry Berlin children to play on the sentimentality of Americans.[26] The American media therefore recast the image of Germans as a helpless victim and away from the older stereotypes of the inveterate enemy. The journalists forecast a dangerous possibility. The loss of Berlin, Time Magazine hypothesized, "would give the Russians a chance to rally all Germans around their old capital: that might wreck America's plans for a Western German state and a healthy Ruhr, on which the Marshall Plan depends. Last week's ruthless siege of Berlin was a siege of all Germany and Europe as well".[27] But obvious humanitarian aspects, and not just grand geopolitical calculations, accompanied the change of opinion. The blockade helped the Truman administration sell the longstanding policy of German revival to the American people. The Soviet Union "had blockaded itself".[28]

The Soviet detonation of a nuclear device and precipitated yet another panic in Washington for rather obvious reasons. The explosion of the first Soviet atomic device in late August 1949 forced the Truman administration to reassess the Soviet military threat and American national security policy.[29] The military responded swiftly. General Omar Bradley informed Congress in October 1949 that a "nuclear deadlock" left western Europe

at the mercy of a Soviet attack.[30] American military planning until 1949 depended largely on the nuclear deterrent. With the fading of the nuclear advantage, General Matthew Ridgeway pointed out that the military demanded immediate investment in new conventional military hardware to at least replace the "leftovers" from the war.[31] Nuclear weapons added another frightening dimension to the growing Cold War. The Truman administration faced the possibility of a nuclear attack on American soil. The Air Force therefore argued for extensive expansion of American strategic bombing capabilities in order to deter a Soviet nuclear first strike.[32] Strategic deterrence on both nuclear and conventional levels was born.

The proposed expansion of a strategic nuclear option and the simultaneous building up of conventional forces hit against budgetary limitations that reduced Truman's options. The Defense Department's obligation to increase the strength of both conventional and non-conventional weapons systems to protect interests abroad and the American population itself, the merger of foreign and domestic security concerns into a single all-encompassing policy, emphasized the utility of allies to help shoulder the burden.[33] The level of investment deemed necessary by the military threatened to derail Truman's domestic policy of budgetary frugality at home and generous assistance abroad. The wide commitments entailed by the military response widened the rifts between the Air Force, Army and Navy. The Air Force continued to argue that strategic bombing represented the best method of containing the Soviet Union without overburdening the American economy. But the Navy questioned the morality of nuclear deterrence and instead proposed that the Department of Defense adopt a more traditional peripheral strategy based on conventional forces. The Soviet detonation helped heat up this debate, addressed later on in the chapter, by forcing Washington to make an important choice—namely where to stand fast and hold the line. The Truman administration required a clear global policy itself taking military capabilities into account.

Events in Asia dramatized the "weakness" of the American military. Mao Zedong's communist expulsion of Chiang Kai-shek's nationalist forces and the seizure of most of China during the summer and autumn of 1949 upset Washington's previous geopolitical and seemed to presage the failure of communist containment.[34] A new threat to American national security emerged in the Far East. Stalin's response mattered. The dictator reacted to Zedong's success by pragmatically offering further Soviet assistance in order to bind the two communist states. The Soviets had already provided the Chinese communists with enough military hardware to equip 600,000 troops and oust the

nationalists favoured by Washington.[35]   "If socialism is victorious in China and our countries follow a single path", Stalin now openly asserted, "then the victory of socialism in the world will virtually be guaranteed".[36]   The dictator viewed the political transformation of his southern neighbour as an opportunity to terminate American dominance over Chinese policy and slightly redress the immense economic imbalance between communism and democracy.[37]   Zedong agreed.[38]   The communist states negotiated the Sino-Soviet Treaty of 14 February 1950 and the expulsion of American influence over a vast area of Asia seemed guaranteed.

Contrary to the revisionist claim that crude anti-communism and an inconsistent policy eroded American relations with the Soviet Union and China and drove Zedong and Stalin together, the considerable Soviet material investment in China after 1945 indicated that the Soviet dictator pursued a traditional form of bloc expansion grafted onto vague ideological principles.[39]   Stalin's support of communism in China demonstrated a willingness to enlarge the Soviet sphere of influence and penetrate regions traditionally linked to the democratic powers. This successful fusion did question the success of Truman's containment policy and the "loss" of China reflected poorly on the State Department and the administration as a whole. But Truman did not drive the two states together nor did Washington's policy represent a "comedy of errors".[40]   Ideological affinities naturally drew the communists together. Chen Jian for example points out that Zedong feared capitalist sabotage of the Chinese revolution and preferred Stalin as a natural ally.[41]   The American economic commitment to Europe had limited the financial resources available for a nationalist Chinese assistance package that might have saved Kai-shek from his forced flight to Taiwan.[42]   Congress, influenced by the resources diverted to the E.R.P., set significant limits on the provision of funds for European remilitarization during this period. European forward defence strategies were obviously far less costly than any real participation in the Chinese civil war. This focus on European recovery and security incidentally also strained any American ability to bribe Zedong. Stalin had more cards to play.

Official American views concerning the developments in China did however appear in an extreme form. The J.C.S. had proclaimed the necessity of applying containment to "all areas of the world" in 1947. Zedong's success represented a serious blow in geopolitical and financial terms.[43]   Politicians lashed out against both Stalin and Truman. Dean Acheson openly accused Moscow of wishing to "dominate Asian peoples" and the president simply referred to Zedong as a Soviet "tool".[44]   The right in Washington

reacted differently. Many Republicans including Senator McCarthy withdrew the bipartisan support for Truman's foreign policy that had been so necessary for policy in Europe.[45] The "loss" of China also helped cultivate the already manifest "public paranoia" that quickly degenerated into the rabid form of anti-communism loosely referred to as McCarthyism in the 1950s.[46] This expression of fear mixed both directions taken in Washington and, as shown in the next chapter, even led to an attack on State Department officials and the president himself. It was hardly surprising that policymakers became acutely aware of the negative repercussions of communist expansion and strove to protect China's neighbours and particularly Japan from revolution.[47] This paranoia also played a role in accentuating demands for German remilitarization and nudged the democracies in a militarized direction. J.C.S. planners and the Truman administration after the Berlin Blockade, the Soviet acquisition of nuclear weapons and the fall of China placed greater emphasis on assisting the Europeans in taking up arms in defence of democracy.[48]

9.3 Perceptions of the Soviet Military and Stalin's Plans for War

These events however only gave more impetus to a direction already adopted. The global economic developments and Soviet reactions after 1947 already significantly altered attitudes. American military planning prior to that year, mirroring the work of George F. Kennan, emphasized the postwar weakness of the Soviet state and military. The Joint Intelligence Staff predicted in October 1945 that Stalin would avoid war for up to ten years.[49] The military planners in particular focused on the backward state of the Soviet air force, navy and the lack of nuclear weapons. The Joint Logistic Plans Committee and the Military Intelligence Division of the War Department predicted that Stalin required

> approximately fifteen years to overcome wartime losses in manpower and industry, ten years to redress the shortage of technicians, five to ten years to develop a strategic air force, fifteen to twenty-five years to construct a modern navy, ten years to refurbish military transport, ten years (or less) to quell resistance in the occupied areas, fifteen to twenty years to establish a military infrastructure in the Far East, three to ten years to acquire the atomic bomb, and an unspecified number of years to remove the vulnerability of the Soviet rail-net and petroleum industry to long-range bombing.[50]

The focus on Soviet naval and bomber strength derived the conclusion that the Soviet military could not strike the United States and remained vulnerable to an American equivalent of the British "blue water strategy" on the periphery.

Several problems hindered the intelligence officers. Truman dissolved the wartime Office of Strategic Services on 1 October 1945 and the State and War departments divided the intelligence specialists that remained between them. Most of the experienced and educated officers returned to civilian occupations.[51] The Air Force furthermore created a

virtually autonomous intelligence arm that competed with that of the Army.[52] While a new Intelligence Division emerged from the postwar restructuring programs that incorporated the new focus on national security matters such as foreign economic and political issues, the reorganization of wartime agencies after victory hampered intelligence assessments with a high degree of "organizational turbulence".[53] The deficiencies in manpower and the organizational disarray prompted the Intelligence Division to incorporate the German Gehlen organisation into the American intelligence apparatus. Reinhard Gehlen immediately helped correct the initial assumptions of Soviet backwardness and the total reliance on qualitative over quantitative factors.[54] But these initial organizational problems and military conceptions assisted the air arm in gaining a dominant role in postwar strategy formulation. The belief in Soviet weaknesses reduced the threat of a ground offensive and played up the deterrent value of strategic bombing.

The sharp reductions in American combat strength after 1945 indicated the minimal degree of importance attached to military defence prior to 1947. The downsizing of military forces eroded defensive capabilities and created a power vacuum in Europe and elsewhere. The ten postwar American field divisions operated far below their paper strength. Nine of these divisions maintained only 2 of 3 infantry battalions, 2 of 3 artillery batteries, but the full complement of World War II weaponry including armoured fighting vehicles.[55] American logistical studies however emphasized that postwar disarmament and industrial reconversion significantly reduced overall stocks of weapons and replacement parts. Wartime advanced in weapons technology further reduced the value of a large number of American weapons systems such as the "Sherman" tank to little more than scrap metal. Until industry reorganized and replaced obsolete designs, the postwar United States could only support 18 modern divisions and field an army of 960,000 soldiers.[56] Civilian reconversion impacted military capacity as swiftly as early 1940s rearmament.

These studies failed to recognize the initial speed with which the United States rearmed after 1940. Initial military planning prior to December 1941 requested the creation of over 120 armoured and mechanized divisions in a total force of 215 Army divisions numbering 8.8 million men. The United States in fact only mobilized 16 armoured divisions and a total of 89 divisions or approximately 6 million men. Military industrial production proved another matter. American factories poured out enough equipment for an additional 101 divisions. The freighters and transports of the western democracies shipped this material across the Atlantic as part of Lend-Lease aid. The industrial achievement of equipping nearly 200 divisions in a few years offers a much better indication of direct

military industrial power than the counting of formations actually raised in the United States.[57] The military reports underemphasized American economic power.[58] This self-serving tactic helped support the military's proposals for expansion and need for allies.

The nuclear monopoly of the immediate postwar cultivated a unique sense of security. Various organizations within the American military, the Air Force in particular, believed that the American monopoly of nuclear weapons alone negated the likelihood of a Soviet invasion. This overly optimistic appraisal of nuclear deterrence cultivated the belief that Stalin would not risk military action and face a potentially ruinous strategic bombing campaign.[59] The Army and Navy did not share the same faith in nuclear containment partly because such a policy significantly reduced their own importance. These two services considered nuclear strikes as an adjunct to tactical operations and not as a strategic weapon acting alone. The Army and Navy also questioned the feasibility of a nuclear bombing campaign owing to the relatively small stockpile in the immediate years following Hiroshima and Nagasaki.[60] The evidence furthermore suggests that Soviet intelligence based on espionage uncovered the American nuclear bluff. Stalin did not recognize the American monopoly as a serious hindrance to his policies.[61] The dictator, according to David Holloway, remained convinced that Washington employed the threat of nuclear attack purely "as an instrument of political pressure".[62] The deterrent value of nuclear weapons remained low.[63]

Truman's government presented the National Security Act in February 1947 prior to the Council of Foreign Ministers Meeting in Moscow. The document announced a radical shift in military impressions of Soviet military capabilities and caught up with the negative political view of Stalin's intentions within the State Department. Passed by Congress on 25 July 1947, the National Security Act represented a major attempt at creating a streamlined military in peacetime that kept a close eye on military preparedness by balancing capabilities against the activities of foreign powers. Truman unified the separate military branches into the Department of Defense, created an independent Air Force, and established the National Security Council to the Central Intelligence Agency (referred to as N.S.C.). The Joint Chiefs of Staff (J.C.S.), an organization that combined the three service chiefs into a single body, still formulated pure military strategy. The newly formed N.S.C., composed of the President, the Secretary of Defense, the three service secretaries and various military and foreign policy officials, now however coordinated a national security policy that fused military policy with more general foreign policy aims. The act symbolized the confluence of several issues. The Truman administration aimed at

incorporating the lessons of past history and protecting the United States from surprise attack, providing long-term provisions to enable the prosecution of total war and building a military organization capable of dealing with the revolutionary armaments of modern warfare.[64] The act represented far more than the simplification of the process of national security policy formulation.[65]

The act also preserved some of the military's wartime responsibilities in directing industrial production patterns through the determination of contracts and research and development priorities. Military industrial production and research and development hereafter absorbed a considerable proportion of American state revenues in peacetime. The complexities and experiences of total war however prodded Washington to view the planet from a highly militarized perspective. As seen in the previous chapter, industrial facilities in Germany or nickel mines in Canada took on a militarized character based on the dominating dual-use conception. Truman officially sanctioned the maintenance of considerable military industrial power in peacetime. The act initiated a process that culminated in the huge bureaucratic management machinery of the Department of Defense after 1960 that employed hundreds of thousands of men and women and consumed hundreds of billions of taxation dollars in what amounted to an exponential increase of direct American control over the planet.[66]

The National Military Establishment now challenged the State Department in foreign policy formulation and took a large bite out of the budget.[67] The emerging Cold War induced the N.S.C. to formulate defensive requirements on the basis of total war with the Soviet Union. The necessity of defining the nature of such a conflict and specifically which weapon systems required development led to heated debate. Civilian politicians and even military professionals doubted that the N.S.C. could set realistic defense requirements that did not overburden the economy.[68] The pressure for frugality pitted the services against each other in the fight for taxation dollars. "The administration", Paul Y. Hammond points out, simply could not spend the moneys the services thought they needed".[69] Truman slashed the initial gargantuan military budget proposals.[70] The long list of postwar American commitments, including the military support of Greece and Turkey and the Marshall Plan, impinged on military preparedness by cutting investments and inducing politicians to interfere and keep a close eye on expenditures. Alternatives were required to counteract these trends.

Western European defensive capabilities from 1947 onwards seemed wholly insufficient for thwarting a Soviet invasion. Studies by the Army Plans and Operations

Branch concluded that Soviet infantry and tanks could overrun Germany, France, Italy and Spain in a "short time".[71] The thousands of Soviet tanks, artillery pieces and airplanes reduced this conclusion to near banality. Nor did western Europe appear interested in military expenditures. Wartime destruction and the needed period of reconstruction convinced governments in Britain and France to concentrate on rebuilding and strengthening the industrial infrastructure at the expense of national security priorities. European industry could not simultaneously convert military industry back to civilian production, rebuild the shattered cities and infrastructures and provide the necessary air, ground and naval forces necessary to provide an adequate deterrent. Since Congress constrained the military impulse of the Truman administration at home and American allies militated against military spending abroad, Truman's containment strategy appeared purely political and therefore of minimal deterrent value. The growing fear of Soviet military power required a solution.

The historiography offers three hypotheses to explain the shift in American military perceptions of Soviet military preparedness and Stalin's intentions in central Europe. Traditional approaches emphasize the causal relationship between Stalin's aggressive moves on the periphery and the consequent progressive militarization of containment that culminated in the de facto replacement of the Marshall Plan with the M.D.A.P. John Lewis Gaddis resuscitated this older traditional view in the 1990s. He argued that American economic-military containment represented a response to a real Stalinist program of conquest and domination.[72] The revisionists instead point out that the latent anti-communism of the Truman administration itself influenced how policymakers viewed Stalin's political moves and the potential of the Soviet military. Revisionists suggest that American military assistance aimed largely at bringing western Europe into the American camp and preventing the Soviets from gaining access to the resources of regions that the Truman administration and general business desired. This form of containment—actually a policy of empire—attempted to "stop the Russians from stopping us from what we want".[73] The postrevisionists on the other hand generally assert that Stalin's violent reaction to the E.R.P. and Washington's conciliatory policy in western Germany fed the anti-communist proclivity of policymakers to fear the possibility of communist political success or military victory. The postrevisionists generally allege that Stalin violently reacted to the E.R.P. and Washington's effort at binding western Germany to Europe and that this reaction fed the latent fear of communist expansion or an outright invasion of western Europe.[74]

These interpretations somewhat avoid basic military realities by minimizing the dangers of a significant imbalance of military power in central Europe. This dissertation has already established the central importance that American policymakers attached to Germany and western Europe and Stalin's wholly negative policies concerning the "lynchpin". "The center of the Cold War", Leffler proclaims, "was the struggle for Germany".[75] Stalin had remarked at Potsdam in 1945 that the United States plainly tried "to force us to accept their plans on questions affecting Europe and the world. Well, that's not going to happen".[76] The dictator appeared resolute in his demands for the neutralization of German industry by chopping the infrastructure of the country to bits.[77] It is therefore reasonable to suggest that Stalin's postwar aims centered on the creation of "traditional geostrategic dominance" in central Europe through the extension of his power outwards. Stalin clearly rejected the communist ideological platform of world revolution and sadly a humanitarian recognition of Europe's needs.[78] The retention of considerable German industrial capacities to rebuild a European market, the cornerstone of American policy by early 1947, clashed with Stalin's demand that the victors permanently neuter German power, extract maximum reparations for the enhancement of Soviet military power and shift the balance of economic power to the east. The dictator's policy in Germany did threaten to destabilize European society and plunge the global economy into long-term chaos.[79]

Did Stalin however require greater military muscle after 1945? This dissertation already pointed to the Soviet's regime ingrain sense of insecurity. Some historians however argue that the American military exaggerated Soviet military strength in order to cultivate a sense of vulnerability for their own purposes. Noam Chomsky, in a typical castigation of overall American foreign policy, supports the revisionist standpoint and argues that the Pentagon employed an unreal Soviet threat as a pretext to expand the military industrial system for reasons of greed.[80] Most scholars avoid such a denigrating assessment. Both Matthew Evangelista and John S. Duffield argue that military strategists deliberately inflated the number and strength of Soviet divisions to frighten Congress into providing financial support for new weapons systems, prevent excessive American demobilization, and help convince the public to support universal military service.[81] Daniel Yergin points out that the Navy and Air Force in particular based their postwar requirements on a large Soviet military in order to ensure funding in an atmosphere of considerable hostility between the three branches of the military.[82] These scholars, it must be pointed out, emphatically deny a large or threatening Soviet military capability after 1945. Walter L.

Hixson therefore denounces postwar American policy and emphatically states that "[n]o evidence exists that the U.S.S.R., the most devastated of all World War II belligerents, seriously contemplated an invasion".[83]   David Holloway also adds that "[t]here is no evidence to show that Stalin intended to invade Western Europe, except in the event of a major war".[84]

The major contradictions with this argument bubble to the surface rather quickly in any rational inquiry. Stalin's postwar designs are made dependent on the size of his arsenal—at least in relative terms to those of other powers. Here the evidence does not appear in favour of the revisionists. Despite their claims, Ernest R. May demonstrates that Allied intelligence did in fact locate a large number of Soviet divisions and an extremely large cache of weaponry.   American intelligence officers, in his opinion, only misinterpreted the evidence by failing to understand that these divisions represented skeleton formations required for the occupation of eastern and central Europe.[85]   The armies of the Soviet Union and United States, according to this perspective, underwent a similar process of manpower demobilization. Philip A. Karber and Jerald A. Combs however point out that Stalin's army nevertheless retained considerable strength.[86] Not only did the Red Army preserve an apparatus that permitted the swift fleshing out of the skeleton divisions in a crisis, but Allied intelligence believed that the Soviet military industrial system continued to produce the latest generation of armaments at what amounted to unprecedented levels. Moscow therefore retained far more than the theoretical ability to rearm after the adoption of a murky but reasonable period of demobilization. It should be noted that Hitler's propaganda armies of 1939 were only able to field a small proportion of the military hardware that reinforced Stalin's mailed fist.

The American experience was of course markedly different. The American military industrial system "reverted" to manufacturing civilian goods after 1945. Even though the research facilities had thought up new and exciting ways of killing people, the stockpiles of the western hemisphere remained filled with obsolete leftovers from the war.[87] Moscow on the other hand continued to support a first-rate and gargantuan arsenal of T-34/85 and J. Stalin tanks and other offensive weapon systems. Western intelligence teams estimated in 1948 that the potential frontline strength of the Soviet air force numbered over 20,000 machines of all types and that the ground forces were furthermore fortified by 128,000 artillery pieces and 28,000 tanks.[88]   Active American military strength itself represented a tiny fraction of total potential Soviet ground strength. Since the war had already demonstrated Stalin's willingness to impress his citizens into the armed forces

irregardless of training or expertise and that Soviet military doctrine was primarily based on mass and firepower,[89] American military planners estimated during the winter of 1946-1947 that the Soviet military could mobilize six million soldiers in 30 days and an additional 12 million in six months.[90] The guardians of national security could not possibly ignore these facts. The weight of arms fortified Stalin's position in eastern Europe in a way that unbalanced the European power relationship in an unprecedented manner.

Democratic observers of Soviet military potential could not simply ignore the weaknesses of their own armed forces and hope to protect their economic interests in such a dangerous climate. Civilian organizations joined in this process. The "internationally oriented" and "European-oriented" banks and corporations worried about the safety of their investments abroad.[91] The possibility of Soviet invasion motivated various lobbyists to pressure the Truman administration for the creation of an adequate military deterrent.[92] The structural determinant of administrative survival obviously conditioned military interpretations of Soviet strength, but other groups joined in and pushed Washington along this path as well.[93] Michael J. Hogan asserts that the military succeeded at lobbying the government for financial support and generated "a powerful political constituency" that "depended more and more on capturing a share of the defense budget for local contractors and on building a reputation as an ardent defender of the country's military interests internationally".[94] A very real Soviet menace helped push the United States in this direction. American foreign and military policy therefore reflected the interests of broad sections of the government and society and not just those of the military.

Kennan represented an influential critic who questioned whether imagined and real Soviet paper strength translated into solid military muscle.[95] The foreign policy specialist recalled in his memoirs that a wide acceptance of what he termed "highly inflated" statistics determined the western fear of a potential Soviet invasion.[96] Washington, according to this logic, only justified the militarization of policy by demonizing the Soviet Union through widespread acceptance of a worst-case scenario.[97] Kennan later argued that the decision to respond militarily failed to utilize the basic superiority of the American capitalist system and progressively erode popular support for communism from within over the long-term. An aggressive democratic response only induced Stalin to tighten his hold on eastern Europe. This reaction weakened the economic power of the United States by withholding potential markets from capitalist penetration and also pushing state expenditures into arms development and procurement. Hindered by the emphasis on weapons, Washington could not easily demonstrate the superiority of a market-oriented system.[98]

Kennan's analysis demonstrated two unrefined postulates not shared by either Truman or the bulk of his staff. The diplomat believed that Stalin's aims in Europe did not significantly clash with those of the Truman administration and that the dictator like the president concerned himself primarily with postwar reconstruction. These assertions did not accord with the realities of Soviet policy as witnessed in Germany by the delaying tactics of 1947. Stalin's unwillingness to harness German industry for European economic recovery, and instead focus primarily on extracting reparations for the Soviet Union, failed to solve any outstanding international economic problems. The diplomat furthermore believed that an increase in the size of the American military presence or the creation of a western military organization represented an inevitable escalation in tensions. Kennan's revisionist argument could not explain how Stalin could possibly interpret an American defensive contingent positioned in Europe as a serious threat to the safety of the Soviet Union or his newly annexed territories. Until American ground forces appeared in Europe in larger numbers during the 1950s, Washington depended on the deterrent value of strategic bombing and nuclear weapons. Precisely why a few western divisions—even western German divisions—upset a perceived balance of power in Stalin's mind was difficult to explain. So to was the demand for acute attention to Soviet sensibilities.

American military planners focused on the perception of overwhelming Soviet military power and in keeping with their profession adjusted their plans accordingly. The J.C.S. had originally adopted a defensive concept that ordered a general strategic withdrawal from the European mainland in order to subsequently amass sufficient strength in Britain for an operation reminiscent of "Overlord".[99] The military also proposed the development of Japanese and Italian divisions to hold the ground on the peripheries in Europe and Asia. Following the pattern set by the war against Hitler, airpower would once again strike from the sidelines and clear the way for the ground forces during this phase. Atomic weapons seemed to offer the most satisfying solution. Operation "Halfmoon", accepted by Washington on 19 May 1948, advocated the dropping of 50 atomic weapons on 20 critical Soviet targets.[100] This extreme refinement of strategic bombing policy, the inundation of certain targets nodes with overwhelming explosive force, might suggest either that the military completely abandoned all interest in obeying the conventional rules of engagement or perhaps the seriousness with which they viewed the disparity in troop strength.

Certain additional plans lend weight to the latter observation. The J.C.S. for example envisioned the creation of irregular forces to impede the progress of Soviet

armoured columns to avoid any repeat of Dunkirk. A study of the defensive requirements of "anticipated" allies and the potential candidates for Soviet occupation—planners realized that most of continental Europe would fall to Soviet arms—by the Joint Logistics Committee in July 1947 argued for the erection of a supply system for 100,000 guerrillas in central and northern Europe.[101] The subsequent inclusion of France among the list of doomed states resulted in the escalation of this total by another 25,000 men.[102] The J.C.S. more importantly considered "strategic demolitions" in Germany and Austria to prevent the Soviet Union from profiting from the hypothetical invasion.[103] This strategy of scorched earth existed in one form or another until well into the 1950s.[104]

This last idea generated a sobering realization over the space of months. The economic consequences of losing western Europe, both for civilian reconstruction and in terms of the military industrial balance, shifted defensive strategies during 1947 and 1948. Planning after "Halfmoon" was however slow to discard the belief in a strategic withdrawal. Successful military operations, it seems, exert some sort of magnetism. Operation "Offtackle", approved in February 1949, retained the notion of retreating to Britain while the strategic bombers struck Soviet lines of communication, military and industrial targets.[105] This plan argued that the American Army could raise 25 infantry, armour and airborne divisions within a six month period and retake the continent with the assistance of the other services.[106] Navy analysts in particular recoiled at the consequences of losing most of Europe to a Soviet invasion. Rejecting the Air Force's premise of defending Europe using strategic bombing and nuclear weapons, the Navy pointed out that the Soviet military would plunder the areas of western Europe they occupied and increase the strength of their military industrial complex.[107] The Navy therefore questioned whether 25 American divisions could drive the enemy out of western Europe. Only a defiant defensive stand in the heart of Europe, the Navy believed, could prevent an unacceptable increase in Soviet economic and military power. "If we don't fight them there", the military now espoused, "we'll have to fight them in San Francisco".[108] Planning thereafter shifted the line of defense across the English Channel and then eastwards.

The dominant question of whose troops would fill the front lines and what arms they would carry remained. The unwillingness of the Truman administration to devote sufficient resources to the manufacturing of armaments in sufficient quantities restricted the options available to military planners. Unlike the Soviet Union, the American military required new equipment and not just time to flesh out existing divisional structures. Washington, unlike Moscow actually intent on postwar reconversion and wary of economic

stability, feared that rearmament jeopardized economic growth in the United States and recovery in Europe. Military authorities recognized in April 1948 that "any real rearmament by the United States would spell the end of E.R.P. and would consequently, war or no war, only assist the progress of communism in Europe".[109] The need to divert raw materials and civilian industrial capacities to direct military production already created painful headaches. The Navy requirements alone demanded amounts of steel, copper and aluminium that exceeded the peak capacities of World War II.[110] The projected manpower requirements for a static defense on continental Europe called for an increase of between 18 and 25 divisions. Mobilizing the men required for 25 divisions in peacetime threatened to strip American industry of its workforce and lower the output of commodities needed by domestic and foreign markets.[111] Defense required alternative sources of manpower, raw materials and industrial products to lessen the negative impact on the American economy.

Military planners eventually established the principle of rearming methodically over a longer term to ease pressures on American industry. But they also turned to Europe. By November 1949, after the inception of the Military Defense Assistance Program (M.D.A.P.) and the start of N.A.T.O., military planners reduced the numbers of American divisions required for static defense by relying on European ground forces and industry. "The assignment of equipment and supplies to fulfill military objectives", a report by the Joint Munitions Allocation Committee declared, "will be a peacetime venture and consequently not subject to the complex problems of shortages and production capabilities of critical items experienced under wartime duress".[112] Like the solution for potential postwar European economic demise, however, the military could only rely on real industrial strength and not embark on any fanciful restructuring of existing capacities and strength. Did this development, the congruence of civilian and military industrial capacities in policy calculations, already foreshadow the emergence of a German contribution? The logic seemed clear enough.

9.4 The Military Defense Assistance Program

The Truman administration generally rejected Kennan's longstanding aim of ameliorating the negative direction of Soviet policy. The diplomats and military dismissed Kennan's tacit support for Stalin's primary postwar aim of German neutralization through the "restructuring" of the defeated state. Industrial, military and even humanitarian realities prohibited such a venture. After 1947, considerations of Soviet military strength on the ground and in the air mixed induced prominent Americans to tweak their postwar policy even further. Acheson for his part believed that a Soviet menace forced the western

democracies to include western Germany in an economic political and military alliance.[113] The Potsdam decision to erect a demilitarized buffer zone between the eastern and western peripheries therefore fell to the wayside. The militarization of American policy witnessed at the end of the decade, itself largely derived from real and imagined fears of the Soviet Union, pushed the matter of western German remilitarization to the forefront. Indirect and direct German military industrial potential played a dominant role in these considerations.

The years between 1940 and 1950 witnessed growing support in the United States for a new global security arrangement directed from Washington. The contours of this supra-national security system only seemed to originate elsewhere. Whitehall decided in early January 1947 to work towards fusing western Europe into an economic and more importantly military block. What resulted approximated prewar patterns more than any novel approach to national security strategies. The British and French governments formed a bilateral arrangement two months later on 4 March 1947, the Dunkirk treaty, that aimed at containing any future form of German aggression using a "framework" that encouraged cooperation in mutual economic, political and social affairs.[114] For most historians, the Dunkirk Treaty marked the beginnings of the direct process that led to a western European military alliance and established the basis of N.A.T.O. and a military structure binding Europe and the United States.[115] Stalin obviously could not yet perceive of this causal relationship and that he would subsequently be faced with a democratic alliance that set its sights on the Soviet Union. The joint statement calling for a four-power German disarmament and demilitarization treaty that followed the announcement of the treaty further strengthened the attachments to Potsdam. Stalin surprisingly in any case, while not acting on the British suggestion for him to join the democracies and form a tripartite bloc, did not react negatively to the Dunkirk treaty and found the arrangement in line with the United Nations Charter and the spirit of wartime cooperation.[116] Any policy in general agreement with his negative vision for Germany did not seem to aggravate the dictator.

Matters changed a year later. Foreign Secretary Ernest Bevin, after informing Marshall of his intentions to extend the bilateral Dunkirk arrangement, went forward and announced to the world on 22 January 1948 that the "free nations of western Europe must now draw closer together. I believe the time is ripe for a consolidation of western Europe".[117] Bevin invited other western European states to join the process and form "an important nucleus in Western Europe". The foreign secretary even spoke of permitting Italy and "other historic members of European civilisation"—an obvious reference to Germany—to join the new "unit".[118] Belgium, Britain, France, Luxembourg and the

Netherlands, partly accelerated due to the Soviet crushing of political opposition in Prague a few weeks earlier,[119] formed the Brussels Pact or Western Union Defense Organization on 17 March 1948. The "Treaty of Economic, Social and Cultural Collaboration and Collective Self-Defence" retained the standard postwar focus on containing Germany. Article IV however spoke in more general terms:

> If any of the High Contracting Parties should be the object of an armed attack in Europe, the other High Contracting Parties will, in accordance with the provisions of Article 51 of the Charter of the United Nations, afford the Party so attacked all the military and other aid and assistance in their power.[120]

Believing that this change represented an extension of the American-led program of Soviet containment, Stalin reacted very differently and pulled the Soviet representative out of the Allied Control Council and set off on a course of action that led to the Berlin Blockade and the first of the shocks of 1948. That the dictator did not pursue a more radical policy is normally attributed to his understanding of western weakness in the face of overwhelming Soviet superiority.[121]

Older interpretations, either supportive or dismissive in heavily laden moral terms, stress the American involvement in nudging European states down the path of especially military union after the Berlin crisis in 1948 by focusing on Stalin's crude tactics or emphasizing ulterior American motives.[122] Postrevisionist multipolar interpretations since the 1980s have moved rather far from any rigid adherence to the notion of sole American responsibility.[123] Certain historians in fact stress that "British documents reveal that in some crucial areas the Americans had to be persuaded and cajoled into the imperialism described by the revisionists".[124] Irregardless of the strengths of individual arguments, the Truman administration approved wholeheartedly of the direction taken. The State Department, as pointed out, continually pressured European statesmen to rethink their fear of German resurgence and accept a form of western European economic cooperation that included the former enemy.[125] Washington supported these initiatives as evidence of the western European decision to cooperate with the United States in solving the serious postwar economic problems evident in 1947. The multipolar perspective downplays the enthusiasm of American policymakers for strong mechanisms that soothed fears of German reconstruction and tolerated economic ties to the "lynchpin" of American policy in western Europe.[126]

Developments within the United States however displayed a movement towards supporting an alliance with Europe. An acute awareness of Congressional reluctance to

bind the United States to a multilateral and binding alliance gripped the Truman administration after the signing of the Brussels Treaty. For this and other reasons, the State Department attempted to assist the western Europeans in forging ahead on the principle of including western Germany in a more comprehensive defensive system. The Europeans put forward a foot forward and created the Western Defense Organization at the end of September 1948.[127] The White House itself matched Whitehall's enthusiasm for a military commitment to Europe within the context of a viable alliance structure.

Shelving the old American traditions of isolationism proved far less difficult in the aftermath of the war. Talks between Under Secretary of State Robert A. Lovett and the Republican Senator Arthur H. Vandenburg in early 1948 centred on State Department and J.C.S. demands for the creation of a large European defensive organization that included the United States. This direction technically conflicted with the American tradition of rejecting rigid alliances and it also implied enormous financial injections for Europe and the redirection of funds and resources from the Marshall Plan. Kennan, as pointed out, disapproved of the principle of entering and coordinating a military assistance program and therefore accepting an "entangling alliance with Europe".[128] Vandenburg more importantly realized that Congress again required some convincing in order to loosen the purse-strings and support an expensive rearmament package built on an officially sanctioned transatlantic alliance. He framed a resolution that advocated the "progressive development of regional and other collective arrangements", the involvement of the United States in such arrangements based on "mutual aid", and the maintenance of the principle of unilateral action if "any armed attack occur affecting its national security".[129] The notion of assistance fit well with the paradigm that emerged in 1947. The call for enhanced national security and the freedom to act unilaterally soothed the conservatives. Framed in this way, Congress failed to hear the voices of doubt and passed the Vandenburg Resolution in the Senate on 11 June 1948 by a vote of 64 to four.

The stage was set for an expansive defensive system on the European continent. But this decision, like those relating to the E.R.P., were not predicated on a large-scale transfer of American production or industrial resources. Statements to the general public again only made it seem like the United States would shoulder a heavy burden. Truman for example early in 1950 announced that his government aimed at employing American financial and economic resources to resurrect the defensive capabilities of "friendly" nations to defend against the "general Soviet threat".[130] The verbal expressions of policy during the years between the Vandenburg resolution and formal alliance however more

clearly expressed the concepts characteristic of civilian recovery. Averell Harriman for example stated on 12 April 1949 that Europeans would not "save and plan for the future" under the Soviet gun. He added that military support would not therefore contradict the need for economic recovery.[131] Washington now fused both civilian and military industrial sectors into one and the same phenomenon. Truman himself proclaimed that the E.R.P. aimed at the restoration of economic stability in order to increase the military strength of foreign states to build a foundation for lasting peace.[132] National strength could no longer be defined by artillery and tanks alone. The understanding of national security at the end of the decade amalgamated social, economic, political, military and even spiritual factors.[133]

American military officials nevertheless found it hard to discard the fear that any extensive military assistance package might seriously impact their own rearmament program. The Pentagon for this reason pushed hard for the development of foreign military industrial capabilities to eliminate allocation bottlenecks within the United States and release any domestic industrial pressures that might accumulate.[134] A first step was needed. The Joint Munitions Allocation Committee requested that a study group of specialists "examine exhaustively all known factors" to determine the military requirements of foreign states.[135] Washington acknowledged the request and ordered the committee to complete a survey by 15 May 1949.

A dominant postulate informed their work. The committee believed that the strengthening of foreign states to deter the Soviet threat exceeded the economic and industrial capabilities of the United States in peacetime.[136] The committee therefore proposed to employ American financial and intellectual resources to help transform Europe's "considerable military potential in manpower and resources" into direct military muscle.[137] The burden of the industrial contribution fell on Europe. Once again reminiscent of the E.R.P., the specialists believed it more economical to concentrate on the traditional European industrial core and concluded that the "first priority should be given to Western Europe".[138] Simple infusions of armaments were not considered enough. The committee focused providing European manufacturers with raw materials and capital goods such as aluminium, steel, machine-tools and spare parts.[139] Washington ultimately distributed military assistance according to a system of priorities for each particular country relating to economic, political and psychological considerations.[140] That is, participating states would receive assistance according to their potential to make a real difference.

The Secretary of Defense on 9 November 1950 directed the J.C.S. to incorporate this concept as the basis of military assistance and then draft recommendations for

proceeding. The J.C.S. set to work calculating the required military contributions of European states and how the United States could support their general mobilization. This directive included both states directly participating in the arrangement and states such as West Germany that still remained outside formal incorporation. For all the verbiage technically obscuring the German role, the former enemy state represented the lynchpin for the M.D.A.P. in a manner similar to the E.R.P. By the late 1940s and early 1950s, American strategists based their defensive calculations on the premise that western Europe could not stand against a Soviet invasion without employing German soldiers on the east-west axis. Factories and industrial installations mattered more than any other factor. The specialists, as explained earlier in the context of operational planning, hoped to deny the Soviet Union access to German military industrial potential.[141] The J.C.S. strategists now determined that western Germany represented the "first line of defense to the east of the United States". Soviet seizure of the region jeopardized the national security requirements of western Europe and tilted global manufacturing capacities in favour of the Soviet Union. The "economic and industrial advantages" of the Ruhr mattered at the end of the 1940s.[142] The decision to defend this region meant a shift towards the defence of West Germany itself. Some sort of German industrial contribution therefore sat at the heart of M.D.A.P. thinking irregardless of whether Ruhr factories built armaments or not. No real distinguishing features separated E.R.P. and M.D.A.P. conceptualizations in terms of German industry.

The manpower issue represented another issue altogether. The need to defend Ruhr industries implied that Britain, France and the United States shouldered all military responsibilities and burdens unless West Germany could offer a direct military contribution in the form of soldiers and the weapons systems these men carried into battle. While various American military commanders and analysts advocated putting Germans back into uniform as early as 1947 to solve the growing manpower shortages brought by demobilization, this aspect of German rearmament gained currency in 1948 during the European attempts at forming a defensive organization.

The Americans again pressed the issue. At a meeting of the N.S.C. on 20 May 1948, Secretary of the Army Kenneth Royall demanded that Washington refuse to offer military assistance to Europe unless the participating states considered a German military contribution in the form of ground forces. The State Department however understood that European governments and the general public cringed at the general concept of Germans in uniform. The opponents of German military activation would not easily recognize the

military's unemotional calculations. The State Department denounced the Pentagon's request at the May N.S.C. meeting and argued that it would unravel the Western European Union (W.E.U.) and therefore efforts at forging an effective defensive organization on the continent. Truman, who generally supported the Department of State fear that raising the issue of German rearmament would unravel the W.E.U., agreed that it was still too early to raise the question of direct German participation. Washington informed the union of this decision in June 1948.[143] The politics surrounding the manpower issue should not obscure the facts that Washington clearly banked on western German military industrial cooperation and only waited for an opportunity to eventually mobilize German infantry.

The American military therefore incorporated western German military industrial capacities in their strategic calculations long before the official reactivation of a military structure in 1955. The imperative stemmed from calculations as to how the United States could frugally assist the building of a static defence line that protected western German industry from Soviet annexation. Even the Soviet potential to neutralize German industrial capacities through bomber strikes did not deter the strategists. Considerable worrisome thought was however devoted to finding a solution to the poor strategic location and heavy concentration of industry in the Ruhr region—a shortlived problem that briefly intensified after the Soviet detonation of a nuclear device and subsided after modern advances in rocketry. The J.C.S. even tinkered with the idea of employing M.D.A.P. funds to raise new factories "located in those areas which are least vulnerable to capture, bombing or interdiction". But the same sense of urgency that nullified the Level of Industry plans interfered with what would have amounted to a costly and time consuming experiment in economic engineering. In order to "balance" military security and economic feasibility, the J.C.S. determined that the M.D.A.P. concentrate on "existing stocks, tools and facilities" and that "priority for production should be given to those items which each nation is best fitted to produce" in order to achieve "the greatest flow of end products".[144] Practical considerations killed the idea of developing new military industrial regions. The size and potential output of German industry again moved minds away from more radical ventures.

The J.C.S. in any case speculated that the development of an armaments industry from scratch required a "minimum of ten years" if the technological and mechanical skills of the population "are low in the industrial arts".[145] The military linked technological prowess and the general level of overall industrialization of a state to military industrial capabilities. They argued that "arsenals built in foreign agrarian nations…will require indefinite supervision".[146] That conclusion ruled out most of western Europe as a potential

substitute for German weapons merchants. The J.C.S. also argued that resource-poor allied states would in any case only compete with the United States and thereby degrade overall global production levels.[147] "Nations which lack industrial and economic power", the J.C.S. plainly stated, "are not capable of supporting [the] heavy industry necessary for armament production".[148] The military therefore concluded that only highly industrialized states could operate a sufficient military industrial complex. The J.C.S. also accepted an important premise of E.R.P. planners. The military analysts, after examining individual states, happily concluded that western Europe maintained a large number of "unused" industrial facilities that could shift production to military goods without overburdening the civilian sector.[149] It was assumed that these states could rearm without seriously jeopardizing general postwar recovery.[150] This state of affairs existed only as long as the United States promoted the status quo in western Europe and did not embark on a radical course of restructuring. Any departures from traditional industrial patterns only promised to complicate both general recovery efforts and subsequently the allocation efforts of the various military organizations involved.

The creation of a suitable military deterrent to a Soviet attack on western Europe required West German support and Washington included that state in the M.D.A.P. support structure. Before summarizing the level of support offered Germany, it should be borne in mind that the United States already assisted the erection of military forces in other states that were either like Germany officially deemed demilitarized or did not fit well with the determination to concentrate on states capable of industrially supporting a military system. While Austria did not figure prominently in American remilitarization schemes in terms of industrial strength, the Truman administration developed as significant Austrian gendarmerie and army in early 1949 to hold the line to Germany's south and prevent any Soviet breach of the Tyrol region. The Defense and State Departments employed a Council of Foreign Ministers decision that permitted the development of the "strongest possible Gendarmerie and Army under the Treaty Limitations for the purpose of maintaining security and as a possible aid to defending the Tyrol against any Russian attack directed at Italy".[151] This policy furthermore aimed at preventing a communist political victory in Austria that might drive a wedge between Italy and Germany.[152] Even though Austria like Germany did not qualify for direct military aid through the M.D.A.P., the occupation forces planned for a 53,000 man army and secretly developed a military "nucleus". Washington began equipping "at least one regiment" with "U.S. equipment from existing army stocks" in 1948.[153]

The most elementary look at a map of Europe suggests that the United States promoted the militarization of Austria as a precursor to an official policy of holding the line in Germany itself. The expenditure of resources on what would have amounted to a massive salient thrusting deep into the Soviet line of advance seems completely incomprehensible. Political realities in Germany and not just opposition elsewhere nevertheless still held back the obvious decision to rearm the former enemy. The American military nevertheless began a psychological warfare campaign aiming at the reduction of "frictions" between the German population and western military forces in order to "minimize German antagonisms toward the use of the Federal Republic as a base for western operations".[154] A report issued by the Joint Subsidiary Plans Division even advocated the removal of "foreign language signs" and other "symbolic reminders of the occupation".[155] These reports specified that the German population appeared psychologically unready for mobilization. The American military also feared that Soviet propaganda could induce any future German military personnel to defect or easily surrender in times of war. The M.D.A.P. was however structured in such a way as to build on the progress achieved by the E.R.P. and the new plan ultimately helped push western Germans and the rest of western Europe to resist the Soviet Union.[156] The biggest stumbling block, once Washington had agreed on employing western German industry for military purposes, was a political one.

Policymakers therefore hoped to use investment to "stiffen the will of the Western Union Nations to resist".[157] Generous American investment and support helped. Fortified by the original $1.314 billion in funds approved by Congress, the J.C.S. provided European states with finished armaments and technical assistance for the training of soldiers. But the American military supplied much more than the direct tools of war or the knowledge needed to wield them. The assistance plan aimed at encouraging western European armaments self-sufficiency and therefore included machine-tools and production equipment as part of the overall package. West Germany benefited from these actions after the Defense and State Departments finally officially agreed to provide funds for rearmament in 1951. Even prior to this seminal decision, Washington offered West Germany a grant of $200 million in order to stockpile armaments intended for other allies "pending the final decision to rearm".[158] This move obviously made complete nonsense of demilitarization and even technically breached an important condition Congress attached to M.D.A.P. funding. The American government demanded that the military only issue armaments to states "capable of utilizing this equipment effectively".[159] Without the men to wield the

equipment issued by the United States, something growing increasingly unlikely after 1947, a German defensive contribution appeared laughable.

After 1951, the real dimensions of the J.C.S. plans for Germany emerged. A list of priorities issued by the Joint Military Advisory Group concerning the setting of regional defence requirements for Europe defined three major strategic aims that included the defence of Germany, Britain and secure sea communications.[160] The German military contribution took the dimensions of a traditional ground force army.[161] The Americans requested that a $1.2235 billion grant help build 10 divisions, 10 squadrons of aircraft and a basic coastal defence contingent of patrol boats and mine layers.[162] Since the future composition of the German military remained in doubt, with the matter of an air force still hotly contested by other powers, the official J.C.S. list of recommendations did not include the $250 million considered necessary for the 10 squadrons. Instead, the J.C.S. requested an additional $250 million for German "economic assistance to offset unmanageable European defense costs".[163] The total figure for West Germany deviated little from the American subsidization of other states such as France and Britain and was dependent on the role envisioned. The J.C.S. requested $0.4326 billion for Britain and $2,2964 billion for 12 French divisions.[164] The military strategists ultimately requested the massive sum of $8.76275 billion for all countries within the MDAP program for 1952.[165]

The American decision to extend forward defence to protect West German industry from falling into Soviet hands eroded every premise of postwar demilitarization policy. The acceptance of the military industrial importance of the Ruhr informed every aspect of American military calculations. The general economic concerns that saved West German industry from dismantling after 1945 had however predated these developments. But historians focusing on the rearmament of Germany prefer to focus on the western reactions to aggressive Soviet behaviour to explain how American and European rearmament schemes focused on the military mobilization of German manpower to address severe deficiencies in western troop strength.

Others examine the birth of Allied demands for German troops from a civil-military perspective totally divorced from the calculations engrossing American military specialists. Thomas Alan Schwartz for example argues that the British High Commission supported mobilization in 1949 only after West German police forces proved unable to protect British dismantling teams from demonstrators at a Salzgitter factory. The High Commissioner Brian Hubert Robertson subsequently supported the creation of a 25,000 gendarmerie with a "mandate to both guard the internal security of the Federal Republic and provide defense

against a possible East German attack".[166] Schwartz even points out that the State Department opposed British efforts in this regard and expressed concern that Robertson was "utilizing pressure for the creation of a German police force as a first step toward the remilitarization of Germany".[167] These arguments seem trite when confronted by the J.C.S. worries concerning the safeguarding of German industrial installations from foreign invasion. J.J. Carafano seems wide off the mark with his assertion that the "history Germany's postwar rearmament is common knowledge".[168]

These hypotheses neglect to mention why the Pentagon found it necessary to reject their original strategy of withdrawal and adopt a static defence posture on the German-German border. The historiographical conflation of rearmament with direct manpower mobilization therefore obscures important swaths of the historical record. While it seems convincing that American pressure led directly to the creation of the Bundeswehr in 1955, the employment of German troops was only an offspring of a long-term policy trend that ensured the survival of civilian industrial capacities and therefore real military-industry capabilities. The specific form of the future German military contingent represented the chief problem in diplomatic discussions only. The J.C.S. debates concerning European security implicitly remained centred on how to save Ruhr military industrial capacities from Stalin's grasp. The geopolitical ramifications of the Soviet annexation of western Germany shocked the American military into a significant alteration of their operational planning. Any forward defence strategy—holding the line as it were—on German soil now demanded a security arrangement capable of standing against the ground forces of the Red Army. Such a strategy required sufficient manpower and the military turned their eyes towards the Germans themselves.

9.5 The Atlantic Military Alliance System and American Designs

The start of N.A.T.O. should paradoxically enough not be seen in the Dunkirk or Brussels arrangements. American policy in Germany, a policy that aimed at economic reconstruction and then militarization to save the industrial dual-use potential, represented a far more powerful incentive in Washington than foreign attempts at eliciting their support. These arrangements were nevertheless the essential organizational starting point of a transatlantic alliance. The State Department and representatives of Canada and the Brussels Pact governments met in Washington on 6 July 1948 to establish the basis of any future defensive arrangement that spanned the Atlantic Ocean. These meetings, and the first shipments of American military goods, took place even while Vandenburg worked towards gaining the full support of Congress. In keeping with the European model, the diplomats

decided to continue to operate on the basis of the United Nations Charter. On 9 September 1948 they produced a document of guiding principals that clang somewhat lofty considering the basic intention of securing national security interests in the face of an aggressive Soviet Union. The "determination of the Parties to resist aggression" "based on self-help and mutual aid" aimed to "promote peace and security" in an as of that point undetermined area in an organization that would "be more than military: that is, promote the stability and well being of the North Atlantic peoples".[169] Only the formalization of the alliance stood in the way and Vandenburg's work ensured its success.

Signed in Washington on 4 April 1949 and ratified later in the year, the short document represented the complex attempt to erect an alliance structure based on both military and political principles. The treaty first of all followed the patterns set by the Dunkirk and Brussels examples and accorded with the United Nations Charter. Article 51 of Chapter 7 stipulated that states retained the right to form alliances providing the Security Council failed to devise a functioning international system that maintained international peace and security.[170] The security area of the new alliance included a complex arrangement of the territories of the signators such as colonies and even the occupation zones of Germany and Japan. Article 10 determined the possibility of a future expansion of the alliance by suggesting that "any European state may be invited to join the Treaty if all the members agree that it is in a position to contribute to the security of the North Atlantic area".[171] The treaty proclaimed the desire of the members to promote "strengthen their free institutions", "stability" and "well-being" and to denounce the use of force. The alliance surpassed pure military coordination and advanced the alignment of economic, social and cultural policy in order to stabilize Europe in a similar manner to Marshall aid.[172] N.A.T.O. therefore represented an international effort to establish an effective and mutually beneficial collaboration in protecting perceived vital national security and political interests.

A form of collective security and deterrence nevertheless represented the salient aims of the new association. The signators pledged to resist aggression against any of the member states. The treaty also proclaimed the intention to employ the "means of continuous and effective self-help and mutual aid" to "maintain and develop their individual and collective capacity to resist armed attack". Article 5 represented the heart of this new system. It stated that

> The Parties agree that an armed attack against one or more of them in Europe
> or North America shall be considered an attack against them all. Consequently
> they agree that, if such an armed attack occurs, each of them, in exercise of the
> right of individual or collective self-defence recognised by Article 51 of the

> Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.[173]

The treaty did not form a clear defensive system with proscribed roles or a division of responsibilities. Other than determining that the members would erect military structures of sufficient weight to deter aggressors or respond to direct military attack, no hard and fast program was provided. Worse still, the treaty allowed members to individually determine their own specific course of action. This concession obviously stemmed from the American desire for a healthy degree of independence. Vandenberg commented on the N.A.T.O system to the Senate on 6 July 1949 and stated that "[t]he pledge dependably means that whoever is attacked will have dependable allies who will do their dependable part, by constitutional process, as swiftly as possible to defeat the aggressor by whatever means it deems necessary". All of this did not sound particularly military, at least in terms of the usually rigid planning and direct division of responsibilities, but the treaty remained a watershed. It also, and most importantly, demonstrated that Washington had finally abandoned isolationism unequivocally.[174] This important aspect of N.A.T.O. represented the American "pledge" to Europe.[175]

The doctrine of individual freedom of action should not conceal an incontrovertible meaning within the new treaty. The emphasis on national responsibility for the allocation of logistics first of all negated the possible success of any armaments standardization scheme.[176] The development of an Atlantic defence system designed to protect each of the member states more importantly pushed the Pentagon into a final commitment to a land defence of the European mainland. The inclusion of the zones of occupation in Germany in the arrangement axiomatically pushed the members into guaranteeing the inviolability of the Ruhr. Political policy therefore eventually dictated the defeat of any military contingency planning based predominantly on strategic bombing.[177] This development did not at first appear apparent. The initial N.A.T.O. meetings established that the American military would assume strategic air and sea responsibilities, Britain and France would take over the tactical air component, and the rest of the continent would assist by fielding the necessary conventional ground formations.[178] Some historians suggest that the Pentagon did not focus on a land defence of continental Europe until after the detonation of the first Soviet nuclear bomb.[179] This argument implies that the invalidation of nuclear coercion by the balancing effect of a potentially lethal nuclear exchange forced military planners to

discard strategic bombing as useless. But the decision to include western Germany under the N.A.T.O. shield already bound the organization to a land defence arrangement since the peripheral bombing strategy was predicated on the withdrawal of American forces from Europe and not holding the line.

The brief survival of the peripheral strategy reflected economic realities more than any other factor. The N.A.T.O. arrangement itself originated from the significant economic weaknesses of western Europe. That Whitehall acted as progenitors of an Atlantic alliance should not obscure the meaning of the significant financial problems that had helped draw the United States into assuming the defence of Greece and Turkey in 1947 and then of western Europe itself.[180] British officials did not initiate a consequent rearmament program until after the breakout of the Korean conflict in 1950.[181] The alliance system aimed at distributing military costs among a group of allies. Only German industrial resources, Acheson and others had long argued, could stabilize the European economy and new military system. For this reason, a viable military defence of western Europe, the offshoot and corollary of an already binding economic association, depended on more than American involvement. The primacy of a defence of the frontlines pushed German rearmament to the forefront of American policy concerning Germany. Rearmament surpassed all other European or German-specific issues such as political unification or reunification in importance.[182] The treaty rather importantly was devoid of the calls for German industrial demilitarization that had influenced the predecessors. None of the clauses of the agreement mentioned the need to erect a system containing future German ambitions. The Atlantic treaty aimed at bringing Germans and German industry into the Atlantic fold.[183] These realities lead Kaplan towards the strong assertion that "from the beginning N.A.T.O. was linked to Germany".[184] Only the Ruhr could help address the massive Soviet superiority in terms of infantry and armour at the lowest cost to the western Allies.

N.A.T.O. therefore operated as the political mechanism for securing the Marshall Plan concept of binding German industry to western Europe. High-level Washington policymakers, including the president and secretary of state had concluded that European economic and military integration required "the broader framework of the North Atlantic community".[185] These men understood only too well that the political integration of West Germany preceded a more formal declaration of the intent to husband and reinvigorate German military industrial potential. The French government still feared that Washington might at some future point pull American forces out of Europe and leave France facing a

strong German military.[186] The political battles that accompanied the establishment of the western European defence structures, especially in regards to the place of Germany, raged throughout the early 1950s.[187] None of this wrangling should obscure the fact that the J.C.S. continued to urge that western Europe and Germany "build and maintain maximum feasible strength".[188] The traditional interpretation that Washington continued to countenance the demilitarization of German industry using a dismantling strategy clashes with both the E.R.P. and M.D.A.P. concepts.[189] Washington supported economic recovery and the military based German rearmament on economic and more basic military grounds.

American military planning it must be emphasized followed the precedent of economic policy set by E.R.P. policy. The military variant required the mobilization of German manpower and more importantly German industry for any meaningful "immediate military buildup".[190] Much of this assistance took the form of what might be termed a supplying of marginally military goods—that is, providing the dual-use commodities needed by foreign manufacturers to assemble weapons systems. A primary explanation for the "slow and leisurely" deployment of German manpower and material strength rested with strong devotion to nuclear weapons and general concepts of strategic bombing efficacy. John J. McCloy, viewing the situation on the ground in Germany, retained the strong belief that nuclear deterrence would hold back Soviet ambitions.[191] The slow pace of American financial support for military priorities throughout Europe, while quickening after 1949, characterized efforts outside of Germany as well.[192]

The Soviet Union at least theoretically faced significant retaliation in the face of any armed aggression. On 18 March 1950, two weeks before the Truman administration officially sanctioned the binding or "entangling" Atlantic alliance, the treaty was presented to the general public. Soviet intelligence, either through the vaunted spy network or a standard reading of newspapers and other sources, had already understood that the bold words of the N.A.T.O. declarations did not translate into real military power.[193] The historiography therefore points out that heads in Moscow remained relatively cool despite the alliance that now united the arsenals of democracy against them. The Soviet Union did not initiate a large increase in military production. The 20 percent increase in defence spending that followed aimed largely at positioning more troops in eastern Germany and promoting the modernization of satellite armies. The open change towards German remilitarization represented the only threat from the perspective of Moscow and only for one particular reason.

Academics generally explain the lack of a strong anti-N.A.T.O. response by Moscow in terms of power. That is, Stalin understood the vast superiority of his forces. Western forces in Europe amounted to a tiny fraction of the forces at Soviet disposal and could hardly parry a Soviet offensive let alone launch an offensive strike.[194] The construction of a viable alliance required time, considerable resources, and the organizational talent to integrate the military forces and weapons of so many different nations.[195] The dilemma lay with the very fact that this integration aimed at weaning western Germany from potential Soviet penetration and keeping Ruhr factories working in western interests. Stalin understood that a significant danger to the national security of his state rested in the industrial potential of Germany. Understanding this perspective is nevertheless difficult. Marshall, as pointed out in earlier chapters, already openly discussed his belief that the results of the war itself indicated that Germany could not possibly muster the strength necessary to unleash another destabilizing war for at least generation. The activities of the western Allies also appeared at least theoretically intent on industrial demilitarization. On 6 December 1949, the European branch of the Office of International Trade from the Department of Commerce issued a pamphlet that placed another 136 German industrial facilities on the reparations lists. The implicit commitment to industrial demilitarization clashed with other agreements and pronouncements aiming at a complete cancellation of the haphazard program. Stalin also easily enough understood that the E.R.P. and military assistance schemes aimed at integrating Germany into an American-led bloc. This policy represented the very problem.

9.6 The National Security Council Memorandum No. 68 and the German Role

The N.S.C. reached precisely these conclusions in deliberations concerning West Germany and American national security. This organization, formed by statute in 1947 to match military capabilities with overall state interests and therefore to coordinate American foreign and defence policy during peacetime, progressively extended the military's influence over Washington in the worsening atmosphere of the Cold War breach. The J.C.S. had found it impractical to produce strategic appraisals that were not conditioned by other considerations such as financial expenditures. Truman had originally requested Acheson to review global policy from a diplomatic-economic-military perspective and the secretary of state promptly transferred the task to the Policy Planning Staff. The State Department had formed a special Policy Planning Staff of the State Department in order to develop long-term solutions to current foreign policy problems in consultation with the military planners. Kennan took charge of formulating this policy as the group's first

director. The continued inability of the J.C.S. to sustain close relations with the State Department had limited the immediate influence of military issues in the formulation of overall policy. The J.C.S. did however direct Major General Truman H. Landon of the Joint Strategic Survey Committee to represent the military in discussions with the Policy Planning Staff.[196]

Kennan continued to argue that the Soviet Union could not afford a war against the democratic powers and advocated a long-term policy of political containment. "It is clear", the foreign policy specialist argued, "that the main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies".[197] The replacement of Marshall with Acheson as Secretary of State in 1949 however immediately reduced Kennan's influence in foreign policy formulation. Acheson moved quickly to isolate the diplomat. In the summer of 1949 Acheson allegedly placed Paul Nitze on Kennan's team to ease relations between the Policy Planning Staff and the Defense Department. Nitze, who had worked alongside Kennan on the strategic bombing reports and thereafter as Deputy Director of the Office of International Trade Policy and Deputy Assistant Secretary of State for Economic Affairs, had helped introduce the State Department to the economic concerns of the strategic planners concerning Germany. Nitze`s strong support of Marshall's western European rehabilitation policy and his vigorous call for the defence of Germany in 1949 had impressed Acheson.[198] The strong support for an extension of the American "frontline" of defence into Germany itself, a victory for the J.C.S., obviously represented a rejection of any hopes for West German neutrality. Kennan resigned at the end of 1949 and responsibilities were handed over to Nitze at the start of the next year.

The discussions concerning the economic aspects of official American policy between Nitze and Kennan relating to the Paris Peace Conference of 1949 demonstrated the wide divergence in perspectives. Nitze introduced the issue of economic capacities in the deliberations over military policy and initiated the analysis of the Soviet military industrial infrastructure.[199] Nitze immediately rejected the basis of Kennan's views concerning Germany. Kennan's "Plan A" had advocated the reunification of Germany based on the "phased withdrawal of foreign forces from Germany", "free elections", and "limitations on German rearmament under four-power control".[200] Nitze instead focused on the economic importance of western Germany for the democracies. Nitze indicated that the American military conceptions of the postwar period were not focused exclusively on dealing with the Soviet Union. A particular document pressed the importance of a stable international

system, and according to Nitze represented a "policy we would have to pursue even if there were no Soviet threat".[201] For this reason, Nitze argued that the "prime concern" of policy "remained with the economic situation in Europe".[202]

Nitze noted that N.S.C. 68 or the "United States Objectives and Programs for National Security'", a document that Christopher Thorne describes as a "secular hymn to American values",[203] sounded the tocsin.[204] The alarm bells were already ringing loudly. The paper argued that Soviet nuclear capabilities offered Stalin a devastating strategic weapon against a host of targets including the "vital centers" of the United States itself. An unprepared United States, the document argued, might tempt the Kremlin "to strike swiftly and with stealth". The loss of the strategic trump card meant a significant alteration in overall policy. N.S.C. 68 demanded a "rapid build-up of political, economic, and military strength in the free world" through a massive escalation of financial support. Estimates ranged upwards to a maximum of $40 billion or far more than the total bill of Marshall Plan aid. A clear view of Stalin's empire and the democratic response to communism emerged. NSC-68 stated in clear terms that

> The integrity of our system will not be jeopardized by any measures, covert or overt, violent or non-violent, which serve the purpose of frustrating the Kremlin design, nor does the necessity for conducting ourselves so as to affirm our values in actions as well as words forbid such measures, provided only they are appropriately calculated to that end and are not so excessive or misdirected as to make us enemies of the people instead of the evil men who have enslaved them.[205]

The plan was "stalled in the bureaucracy" owing to the prohibitive costs involved but nonetheless kept under advisement by Truman.[206]

N.S.C. 68 relied on the unproven hypothesis derived from wartime experience that the American economy could simultaneously support the civilian sector and military requirements. "One of the most significant lessons of our World War II experience", the document asserted, "was that the American economy, when it operates at a level approaching full efficiency, can provide enormous resources for purposes other than civilian consumption while simultaneously providing a high standard of living".[207] The postwar experience of shortages and strike had however demonstrated that serious economic disruptions could nevertheless occur. Unease concerning the Soviet Union complicated matters. The Truman administration feared a potential Soviet invasion of western Europe and the consequent threats to trade and investment policy. The

policymakers framed N.S.C. 68 to deal with this threat and also emphasized economic issues such as the European balance-of-payments deficit with the United States.[208]

An undue focus on other issues obscures the military's focus somewhat. N.S.C. 68 described the Soviet system in blatant religious terms and thereby firmly established the contours of the ideological Cold War. "The system becomes God", Truman described in an attack on communism, "and submission to the will of God becomes submission to the will of the system".[209] This heavy-handed emphasis on ideology aimed at selling the notion of military expenditures. But the military understood that civilian capacities mattered most. That budget constraints necessarily downsized the possible financial expenditures on the military during times of peace should not be taken as necessarily retarding military development during the period of a revolution in military technology. General Omar N. Bradley, the Chairman of the J.C.S. stated before the House Appropriations Committee of the Senate on 15 March 1950 that "…the eventual strength of our country depends upon its industrial capacity. We must not destroy that by spending too much from year to year. So if we came here and recommended to you a $30,000,000,000 or $40,000,000,000 budget for defense, I think we would be doing a disservice and that maybe you should get a new Chairman of the Joint Chiefs of Staff if I were the one who did it".[210]

N.S.C. 68 fused both civilian and military industrial realms into a single concept. The most important element of the document called for a strengthening of America's allies both militarily and economically. This fusion of M.D.A.P. with the E.R.P. formed an important element of a concept of defense on the periphery. Implicit in the policy, however, was the belief that any industrial transfusions or the supply of weapons were simply not enough. Nitze stated that "[i]n NSC-68 the need for and use of power—military power in particular—are of fundamental importance to the successful pursuit of foreign policy objectives and the protection of national interest".[211] A sound military policy could only be built on sound political principles. The document therefore represented a "comprehensive and integrated general statement of the American position in the international political world, of its objectives and capabilities in that world, and of the means which were necessary to achieve those objectives".[212] But foreign policy concerns also implied that an important plank of the American military defensive system in Europe remained concealed. The planners, while convinced of the importance of mobilizing German resources for the defence of western Europe, simultaneously still viewed rearmament as one of the "greatest dangers" to N.A.T.O. owing to a potential backlash. The recreation of a German military organization, from the French government's

perspective, created a level of sovereignty that permitted a dangerous degree of flexibility. American planners more importantly worried that West Germany might move into the Soviet orbit to reunify the country and therefore kill the fledgling German democracy and seriously weaken the western alliance.[213]

One last issue however demonstrated that, irregardless of political issues, the military clearly understood the need for German industry. The development of European military strength raised the issue of standardization. One of the dominant principles advanced by the American military related to the need for the standardization of armaments, methods, and doctrine. The military established military attachés or M.A.A.G.s at embassies of Britain, France, Italy and other N.A.T.O. signators in order to help streamline weapons purchases and domestic development and production.[214] The military equipped their European allies with the intention of cultivating a wide degree of standardization that sought to create a "comparable" level of military performance.[215]

This policy did not necessarily entail "buying American". Major General L.L. Lemnitzer, the director of the Office of Military Assistance, believed that the European economies only required a "liberal trade policy" that granted access to technical information for the production of their own weapons according to standardized patterns.[216] The United States could simply not divert the resources necessary to produce the needed weapons for all of western Europe. But could Europe correct their woefully inadequate armaments deficit in reasonable time and in keeping with a standardization policy? The answer was an emphatic "no".[217] The immediate and earnest mobilization efforts that followed the outbreak of the Korean War by the United States and western Europe placed "heavy competitive demands for military supplies and equipment".[218] The J.C.S. analysts for example believed that European manufacturers could only produce the American 105mm howitzers after two years of restructuring and retooling their industrial facilities. In order to spur the creation of basic infantry formations in western Europe, the J.C.S. decided that American industry provide most of the field artillery and that the "remaining 86 percent of the equipment (comprising signal, fire control and individual equipment, transportation, and ammunition–which present much simpler production problems) [be] produced in Europe".[219] The military as found in the N.S.C. conceptions was predisposed to a reliance on West German industry.

9.7 Conclusion

Late 1940s American military policy drew on two developments. The growing breach with the Soviet Union represented the major and overriding issue that forced a

rethinking of policy and the readiness of the Armed Forces. The general awareness that the troop complements of the Soviet Union represented a significant although hypothetical threat to American interests in Europe resulted in the pervasive militarization of American military and foreign policy. The analysis of the dominant national security issues facing the United States brought the soldiers into new territory. Military calculations, based on the need to protect foreign markets, represented a change in the direction of overall policy that induced more than simple demands for fiscal support of rearmament.

According to military conceptions, these foreign markets represented allies in a potential struggle against the Soviet Union in a development that predated the actual formation of political and military alliance systems. German industry, similar to earlier developments, figured prominently in the calculations of war. Washington's employment of the Ruhr for reconstruction purposes permitted the continuation of older industrial patterns that granted the German state a large degree of intrinsic geopolitical power. This policy demanded that the military analyse the consequences of losing German industry to a Soviet invasion and the obvious results, dependent on the understanding of dual-use capacities, did not inspire the theorists with confidence. Planners after 1947 feared that the Soviet acquisition of Ruhr industrial strength might actually tip the balance of power in Stalin's favour. Not only did the J.C.S. respond by moving the European line of defence westwards into Germany itself, but the soldiers predicated any peripheral defensive strategy on an integration of both an industrial and military German contribution. From this perspective, the Marshall Plan therefore initiated a process of European economic integration that made complete nonsense of pervious military strategies, German neutrality and industrial demilitarization. H.W. Brands summarizes this development in compact although syllogistic and incomplete terms: "American prosperity rested on the prosperity of other countries. American democracy depended on the survival of democracy elsewhere. American security could not be achieved separate from the security of Europe and Asia".[220] Brands' conclusion downplays the importance of German industry in these calculations.

CHAPTER 10

Rearmament and Military Industrial Capacities

A political problem thought of in military terms eventually becomes a military
problem.

George C. Marshall

10.1 Introduction

American generals and diplomats, although somewhat differently, had advocated either open German rearmament or at least a severe relaxation of industrial controls since the early days of 1947. This demand for remilitarization, as pointed out, stemmed from a wide assessment of real German military and particularly military industrial capacities. Developing a rational plan of industrial demilitarization after 1945 that balanced economic and national security concerns had proven an illusion for the simple reason that Lucius D. Clay and the Office of Military Government United States (O.M.G.U.S.) had diluted the Level of Industry conceptions to ensure German economic survival and recovery. Washington's complete reversal in regards to German industry after 1946, by integrating German factories into the Marshall Plan recovery effort, further underlined the importance of the Ruhr. The Joint Chiefs of Staff (J.C.S.) studied the strategic value of the occupied territories and concluded that Soviet seizure of western German dual-use industrial capacities could swing the balance of power in Europe significantly in their favour. Occupation policy and not strategic farsightedness played the dominant role in this development. The Cold War tensions in Europe and elsewhere only subsequently introduced the need to mobilize sufficient strength in Germany to protect the Marshall Plan investments. The residual dual-use potential of German industry drove the strategic need for re-establishing a German defence contribution—primarily as a cost-effective measure to offset growing American military commitments in an expanding global system aiming at Soviet containment.

The historiography, by downplaying the American emphasis on German heavy industry and especially the strategic calculations derived from an analysis of these capacities, clings to the political developments of 1950 to explain the surge in American and European support for German rearmament.[1] This analysis stresses the delicate handling of the future forms of manpower mobilization and organization. The discussions concerning a future West German military contribution certainly exhibited a clear sense of

uncertainty concerning such important military issues as command structure, the highest level of unit size, and even whether to permit an autonomous national military structure. Matters of industrial production followed a similar pattern. But this political uncertainty cannot be employed as evidence that West Germany reinitiated military production from a deindustrialized state.

This chapter emphasizes that the political discussions concerning rearmament were largely built on the basic premise of existing West German military industrial capacities. The central question for the Americans regarding military production related to what commodities should be permitted and not necessarily how to produce them. But political issues far outranked basic fundamental economic realities in importance during the months prior to the outbreak of the Korean War and after. Convincing the reluctant French and West German populations to accept the need for an adequate defence of western Germany that included German soldiers represented the chief stumbling block faced by State Department officials. Here Konrad Adenauer and the new West German government played a vital role—one that emulated an American strategy. Bonn paradoxically used the need for a German defence contribution to press for the removal of all industrial restrictions while simultaneously stressing the success of industrial demilitarization to the public. This chapter briefly examines the work of such organizations as the "Dienstelle" Blank to demonstrate how the Germans themselves viewed their own military industrial capacities and how Bonn and the inter-Allied debates glossed over matters of industrial potential. The rearmament discussions stressed controls on production as the last act in the attempt to control German industry. The demilitarization strategies of the immediate postwar had utterly failed and the western Allies had returned to the system envisioned at Versailles decades ago.

10.2 Konrad Adenauer and the Issue of German National Security

The visible march towards a political unification of the three western zones under American leadership quickened after the crises of 1948. The French zone of occupation joined "Bizonia", the economic and administrative fusion of the British and American zones, on 8 April 1949. The Allied Control Council (A.C.C.), spared the relentless interference of the Soviet representatives, approved a new German federal constitution less than a month later and set the stage for the first elections in a new West Germany. The voters responded in a manner hoped for by Washington and elected Konrad Adenauer as the first postwar leader of a majority coalition comprised of an essentially conservative

faction surrounding the "Christlich Demokratische Union" or C.D.U. on 15 September 1949. The Bundesrepublik Deutschland (B.R.D.) was born.

This new government represented a middle-class coalition of conservative, liberal, and Catholic forces—a fulfillment of American aspirations that helped further integrate western Germany into Washington's democratic world order. The conservative orientation of Adenauer's government also assisted the domestic stabilization of the new country. The new chancellor helped pull the conservative right into the new democratic system and therefore neutralize the forms of opposition that had destroyed Weimar.[2] The western democracies, in line with their own predilections and the heated international climate, generally supported Adenauer's conservative policies and especially the new government's determination to keep West Germany free of communism and focus on rebuilding a new liberal-capitalist economy.[3]

A brief look at Adenauer's political mindset indicates a range of perspectives closely in tune with those of the Truman administration at the end of the decade. This disposition bore special importance for the B.R.D. since Adenauer, as emphasized by the historiography, exerted a dominating influence over German foreign policy during the formative years of the new country and especially after he personally took control of foreign policy on 15 March 1951.[4] A search for sovereignty characterized Adenauer's thinking. "The foreign policy of a country", Adenauer wrote, "is primarily derived from their real or alleged interests".[5] The chancellor appraised the constellation of powers during the early years after the war and concluded that binding western Germany to the United States offered the best opportunity of easing occupation restrictions, returning western Germany to the international negotiating table, and therefore providing for domestic stability and national security.[6] Considering Washington's strenuous efforts to protect the German heavy industrial system and then center European recovery on Ruhr production from 1945 onwards, Adenauer's derived his conclusions from an open and honest evaluation of postwar trends. It seems hardly surprising that the chancellor's foreign policy conceptions and general aims for an expanded economic and political role, one commensurate with the position of major industrial power, therefore exhibited clear American traits—ones that demonstrated an unwillingness to decouple geostrategic military from economic realities.[7]

Adenauer's foreign policy framework exhibited the longing for sovereignty that fought against excessive controls on German actions in the avenues of international negotiations, domestic politics, industrial affairs and even national security issues. The

search for Allies, partners willing to remove the Potsdam restrictions, represented a cornerstone of this policy. Here the chancellor's realism impacted his impressions of the four occupying powers. He first of all understood the extreme geopolitical dangers for Germany emanating from Moscow. Josef Stalin seemed an unlikely partner in the search for any improvement of economic and social conditions. The horrific record of Soviet atrocities and the significant differences between communism and Ludwig Erhard's "Sozialmarktwirtschaft" drove the belief that the east-west split was inevitable.[8] That this split subsequently benefited western Germany should not obscure Adenauer's belief that blocking Soviet access to western German industrial facilities or influence in economic decision-making superseded most other considerations. While the dictator's domination of the eastern regions confronted Bonn with the serious dilemma of long-term division, the chancellor feared the more significant impact of Soviet interference on western German recovery.

Adenauer therefore employed a tested strategy of the State Department to keep the Soviets out. Like the State Department during the March 1947 Foreign Ministers discussions and afterwards the chancellor advanced the notion of German unity and refused to recognize the existence of a Soviet-dominated eastern region. He even demanded the return of those annexed eastern territories not parcelled out by the Potsdam agreements. This adherence to the letter of international agreements forced Moscow onto the defensive. The leaders of the Soviet Union, in the manner of 19th Century conservatives and not modern revolutionaries, equated land with state power and understood that the permanent and sweeping erosion of German national power represented a premier aspect of Soviet policy in the defeated state. The destruction of Prussia, the Carthage of the modern era, was part and parcel of the postwar Soviet world. That Adenauer in all probability cared little for the fate of these regions, a well-documented theory in the historiography, should not deflect attention from his rational realization that all western efforts at accommodation with the Soviet over zonal division represented a serious danger for the new democratic and liberal-capitalist West Germany.[9] This political expedient deepened the bipolar division of Germany but hardened the foundation for West German reconstruction. The Soviet Union found no place in Adenauer's or western concepts of European integration and the chancellor, like so many western figures of his period, seriously doubted the potential for rational accommodation.[10]

The past weighed heavily on Adenauer's mind. Two potential developments worried the chancellor. Adenauer feared that German nationalists might employ neutrality

to merge east and west and therefore destroy his efforts at binding West Germany to the western Allies.[11]   The policy of international and national security neutralization, a cornerstone of the Potsdam conceptions, threatened to give renewed energy to the arguments for industrial controls and promote a new round of uncoordinated and loose dismantling. Neutrality as a concept stoked the justifications for policies that, as explained in earlier chapters, were incompatible with German and European economic recovery or domestic political stability. German division represented a necessary evil and, considering Stalin's conceptions, a de facto inevitability despite heated claims by some historians. Western integration and cross-cultural interaction represent the single most important factors influencing the post-Nazi normalization of German society.

The chancellor also feared a revival of a French-Russian alliance system aimed at isolating Germany.[12] A seemingly permanent anti-German containment strategy was built into the concept of neutrality. Terminating the post-1945 encirclement of the defeated state represented a clear policy aim of the chancellor.   Postwar France, from Adenauer's perspective, seemed too economically and politically weak to assume a leadership role in Europe.[13]   His astute mind understood that this weakness unfortunately drove French demands for increased national security and generated support for the types of policies frowned on by the C.D.U. in Bonn. A close relationship with London, preferable from Adenauer's standpoint, did not necessarily counteract these French fears and prevent an encircling continental anti-German alliance. The chancellor furthermore doubted Britain's commitment to European integration. The British, he believed, perceived of themselves as "a neighbour of Europe rather than a European nation".[14] Even though Adenauer nurtured hopes for cultivating especially close ties with Britain, Hans-Peter Schwarz demonstrates that Adenauer discarded this dream in the early 1950s and focused his energies on creating a solid and lasting French-German partnership.[15] Only integration through negotiation and not isolation through withdrawal could bring recovery and stability.

The United States, a country euphoric after the defeat of the Axis and in the midst of an unprecedented economic boom, offered the greatest chances for securing a better German future. Only Washington appeared willing and able to neutralize the postwar constraints placed on industry and society and reintegrate the defeated state back into the international order.[16] This rather dull conclusion was hardly surprising considering the visible shift in American policy after March 1947. The Truman administration openly expressed support for what amounted to the bulk of Adenauer's policy aims and in particular the desire for western German economic recovery built on the traditional

foundations of heavy industry. Exceptionally strong ties to the United States, the virtual adoption of the role of supplicant, consequently characterized Adenauer's foreign policy stance.[17] Bonn repaid Washington's assistance in resource allocation for industrial orders in several important ways that included support for American troops stationed on West German soil—an acceptance of military occupation—and the political backing of Truman's staunch anti-Soviet position.[18]

Considering the dominance of economic and industrial issues in the mindset of American and German politicians at the end of the 1940s, it seems frankly hard to imagine any real and satisfactory alternatives to Adenauer's pro-western approach. The chancellor strayed from neutrality as the only method for circumventing the Potsdam decisions and providing for reconstruction. He also realized that détente and disarmament kept the neutrality issue alive and that this alternative only promised to energize demands for dismantling. The presence of American divisions in western Germany, the de facto acceptance of prolonged occupation, represented a trade-off of sorts. Adenauer therefore opposed the American military doctrine of nuclear deterrence and instead placed great emphasis on a conventional strategy that drew in larger numbers of American troops. This policy tightened the bonds between Washington and Bonn and more importantly permitted the relaxation of controls on economic sovereignty owing to the sense of security afforded by a strong military presence on German soil.[19]

In a similar fashion to George F. Kennan, Adenauer hypothesized that an armaments race between the Cold War belligerents would ultimately seriously weaken the Soviet economy and perhaps even spearhead the collapse of communism.[20] This potential outcome pales in importance to the understanding that heightened tensions between Washington and Moscow worked in his favour by elevating the importance of Germany and creating a contest between communism and capitalism for German industrial capacities. The chancellor correctly and not surprisingly believed that the United States would eventually emerge victorious. The desire for German industrial revival figured prominently in Adenauer's foreign policy and drove the chancellor into the arms of the Americans. Here the chancellor exhibited a keen understanding of the fusion between military and civilian industries and the knowledge that any continuation of industrial demilitarization only harmed West German and European recovery efforts. While the chancellor's gaze westwards helped condemn Germany to years of division,[21] Adenauer understood that the Soviet Union offered Germany nothing but a future of economic ruin and de facto slavery—the story of the Deutsche Demokratische Republik (D.D.R.). Bonn's

backing of Washington fuelled the fires of the warming Cold War to a certain degree. A political strategy that emphasized the increase of the American military presence on German soil soothed the western European public's fears of any revanchist proclivities while simultaneously irritating Moscow. Explanations of Stalin's national security demands however fail to explain why the dictator dismissed the presence of western military formations on German soil as a significant control mechanism on German policy. Stalin also seems to have shrugged off the importance of German heavy industry in western economic recovery strategies. Adenauer, like other leaders of the intermediate powers, helped justify the path taken by Washington.[22] Evaluations of the morality of Adenauer's path seem pointless when balanced against the simple fact that Moscow offered Germany and the West little other than the semblance of peace. The chancellor placed a premium on the removing the shackles of military occupation.[23]

Adenauer furthermore presented the High Commission with a memorandum covering central European security issues that argued strongly for a German defence contribution.[24] Adenauer's conservative ethos refused to sanction the "positive" effects of demilitarization. The chancellor, unlike the Allied policymakers of 1945, realized that military organizations offer the state a necessary weapon against subversion from within. The civil-military function of the armed forces generally went unnoticed by the victorious governments after 1945. Adenauer saw an opportunity to bind traditional conservatives to the new democracy. The chancellor believed that the new democracy required the staying hand of a domestic German military organization and generally believed that a "democratic state can least afford to do without the lofty values of true soldierdom".[25] A military contribution also promised the return of Germany as a sovereign state in the international community by removing the bulk of the restrictions imposed on Germany. Bonn's policies helped the former officers and enlisted men of Hitler's Wehrmacht polish their tarnished image by helping create a positive German military role in western defence strategies. "In its eagerness for sovereignty and legitimacy", Jay Lockenour points out, "the Federal Republic pursued policies that gave former officers a stake in the new democratic society".[26] The officers returned the favour by assisting the consolidation of democratic values in Germany.[27] Not all of the officers, of course, agreed with Bonn. Dissenting voices criticized doctrines and structures chosen during the course of the rearmament discussions.[28] Remilitarization nevertheless offered a long list of positive benefits.

Adenauer's government charged forward and formed special groups of experts to analyse the nature of a military contribution. The western occupation authorities did not

stand in the way of Adenauer's exertions. Nor did the new German "Grundgesetz" or constitution present a problem for Bonn. In 1948 the military governors had instructed German authorities to form a parliamentary council and draft a constitution in consultations with the occupation authorities. The new council met on 1 September 1948 and started with an extensive examination of previous legal systems to forestall the creation of another deficient and weak system of government that had failed to protect the Weimar Republic.[29] The "Grundgesetz" was finished on 8 May 1949, accepted by the occupation authorities on 12 May, and officially inaugurated on 24 May 1949. The German and Allied authorities erected a legal system primarily concerned with safeguarding Germany against anti-democratic forces. The "Grundgesetz" contained only a few articles dealing with the military. This absence of concrete military provisions technically indicated continued support for permanent demilitarization since no contingency planning concerning an indigenous defence structure existed.[30] The military security of Germany, as defined by the Brussels Treaty of 17 March 1948, was provided by the occupation forces under the direction of the Allied High Commission.[31]

The absence of references to demilitarization in the "Grundgesetz", an extremely strange oversight considering that Allied policymakers used nearly every possible occasion to announce their firm devotion to a neutralized German state, hinted that some form of domestic defensive system was at least legally possible. Article Nine of the Japanese "Peace" Constitution, also written under American tutelage, proclaimed Japan "free of the military and war" and outlawed a standing army.[32] The Japanese constitution severely restricted rearmament by fixing permanent disarmament firmly into place. The legal specialists that wrote the German constitution left the door to remilitarization wide open. The history of amendments to the Grundgesetz during 1949 and after displayed a swift movement towards militarization. The judicial branch of the new German government followed the pattern of restoration already established by the American authorities in terms of German industry. The democratic governments altered the Grundgesetz to permit the issuing of licences to heavy industry for the manufacturing of dual-use and military end products until plans for German models surfaced.[33]

10.3 The Korean War and the 1950s War Scare

A general militarization of American policy followed the outbreak of the Korean War in mid-1950. The Asian conflict, that officially covered the period from 25 June 1950 to 27 June 1953, sprang from complex origins with the South Korean elections in May 1950 acting as the trigger-event influencing a North Korean strike to rectify the declining

fortunes of socialism in the south. The Soviet-equipped North Korean invasion force once again demonstrated the communist contempt for international agreements and the employment of brute force to address political concerns. Even though the region did not initially represent an "essential" American priority in military strategic doctrinal terms after 1945, Truman's government responded swiftly and with urgency.[34] The dangers of a military escalation between the superpowers nevertheless remained minimal during the first phase of the war.[35] A period of jostling for an improved global position characterized the summer months of 1950. Washington appealed to the Security Council at the United Nations, boycotted by the Soviet regime for the American-led support of the Nationalist Chinese faction, and received support for the principle of collective security. With a significant proportion of the global community behind him, Truman ordered General Douglas MacArthur to land emergency forces in South Korea to resist the communist invasion.

But rearmament more importantly followed on the heels of military action. The war scare that accompanied the outbreak of the Korean War induced the generals on both sides of the Cold War to scramble for additional military manpower and additional resources. The Truman administration introduced sweeping economic controls on global raw materials and natural resources to help manage the needs of the western military industrial system.[36] Truman sent increasingly large numbers of soldiers to South Korea and discarded his earlier policy of restricting military expenditures. American expenditures on armaments more than tripled during this period and they reached $50 billion by 1952.[37] The United States military nevertheless appeared outnumbered and under-gunned on every front. American intelligence estimated that the 110,000 men of MacArthur's 8th and 10th Corps faced roughly 100,000 North Korean and later 256,000 Chinese soldiers.[38] The chilling new threat of Soviet nuclear weapons heightened American insecurity. The J.C.S. speculated in 1953 that the Soviet nuclear arsenal included 120 atomic weapons and approximately 1,000 bombers that could strike targets throughout Europe and Asia and even hit the United States provided the pilots flew a one-way suicide mission.[39] A perception of declining fortune increased the importance on America's allies and especially West Germany.

The Korean War intensified the American feeling of military insecurity and fired the drive for countermeasures. Moscow had moved first on the German issue. The Soviet authorities responded to the Cold War crises with the creation of a 50,000 troop contingent in eastern Germany and assisted the Chinese-Korean forces with armaments.[40] A similar

pattern developed in the United States. The subdued high-level criticism of the J.C.S. position concerning the mobilization of West German industry and manpower vanished. The American military, as demonstrated in the previous chapter, had already formulated a strategic concept of European defence that incorporated a German contribution in the late 1940s. In May 1950, a month prior to the outbreak of the Korean War, the J.C.S. requested the initiation of West German rearmament in line with these conceptions.[41] The American military, based on their preliminary work, understood that the task for the most part did not represent a complex matter. John J. McCloy, who had replaced Clay as High Commissioner in 1949, had hypothesized that West Germany could construct a "substantial" military "within a year or eighteen months".[42] The Korean War injected a sense of urgency into the demands of the military. "If we are to defend Western Europe", the J.C.S. declared in June 1950, "German manpower and industrial resources must be employed; and the defensive position must be established east of the Rhine River".[43]

The military's demands and the German capacity to fulfill them did not of course quiet the unease in various quarters concerning the ramifications of early rearmament. McCloy did not originally support the idea. He denounced the trend towards remilitarization in a speech in Stuttgart in early February 1950. The high commissioner feared that rearmament "would mean the abandonment of all serious efforts to nurture the German state into a liberal constructive element in Europe".[44] Any attempts at direct remilitarization spelled the official end of the social experiment in Germany. Harry S. Truman and the State Department in general also shared McCloy's view and still debated the need for German rearmament itself. They cited the requirements of answering critical organizational and international issues before moving ahead in that direction.[45] Henry Byroade, the Director of the State Department's Bureau of German Affairs, summarized this opinion:

> There came a time in this when I was very leary about German rearmament as such. I wanted to find some safe way to do this. But things reached the point in Washington, at one stage, where it was pretty obvious—you know, after Korea and so on—it was pretty obvious that there was going to be German rearmament whether I liked it or not. I remember calling McCloy on the telephone and in gobbledygook, saying, you know, "This is going to happen whether we want it or not". McCloy felt about like I did— whether we want it or not. So what we had to work out, right away, and we've got to hurry, is to get some acceptable way to do this.[46]

The Korean conflict transformed the rearmament debate by generating a sudden wide acceptance of the need for a West German military contingent that cut through the departments of Washington and elsewhere. The supporters of a German military

contribution, their ranks already swelling after 1947, marched forward in bold fashion. The chorus of voices demanding German rearmament grew louder after the North Korean invasion.[47] Winston Churchill demanded the creation of a European army that included Germany at a European Council meeting in Strasbourg on 11 August 1950.[48] McCloy now stressed the immediate mobilization of "German resources and men".[49] General Hays, the military advisor to McCloy, even visited Graf von Schwerin, a former Wehrmacht general and Adenauer's Berater für Militär- und Sicherheitsfragen or Military and National Security Advisor as of May 1950, during that summer and declared that "we must immediately begin the formation of German defensive strength".[50] Dean Acheson informed the president that the State Department now considered the formation of German soldiers unavoidable and began debating the form of a military contribution.[51] The next step represented the search for the specific contours of a new West German military.

The initial American political discussions demonstrated the difficulties ahead. Henry Byroade formulated a plan in consultation with the Department of Defense during August 1950 that exhibited two specific directions—ones that characterized the rearmament debate for the next four years. The overriding consideration, Byroade stated, was "how do we safely add German strength to the West". Byroade at first advocated the creation of a "European Defense Concept" that would merge all western military forces into an international conglomeration under American direction. This concept aimed at removing the worries involving a large and independent German military. The Pentagon however baulked at the idea and recognized that the State Department concept would sacrifice efficiency for political priorities. The American military stressed the retention of national military structures. The use of division-strength formations accorded with military thinking and promised to quicken the pace of rearmament by avoiding complex discussions concerning the structure of mixed international units. The Army more importantly stressed the idea of "controlled rearmament" without at first establishing the "nature of the controls". Byroades stated in a later interview that "We just didn't want to say there should be a German Air Force, and there should be thirteen divisions, etc". This work would follow. A modified approach, one based on the employment of divisions in a united force, eventually won over Byroade's sympathies.[52]

Scholars for obvious reasons view the outbreak of the Korean War as the primary motivating factor determining the western decision to rearm Germany. Thomas Alan Schwartz points out that the Korean conflict, the "Pearl Harbor of the Cold War", helped clear away the political roadblocks to remilitarization.[53] While the Korean War pushed

German rearmament to the top of the American agenda, the apocalyptic fear of a Soviet attack against western Europe nevertheless drew its strength from earlier events. The Soviet detonation of a nuclear device and Mao Zedong's victory in China in 1949 had already unleashed a wave of fear in the United States.[54] Revisionist historians in particular point out that these events and the feelings of insecurity that followed assisted the efforts of Joseph McCarthy, the alcoholic senator from Wisconsin, to wage a domestic war against the communist political ideology by unleashing a destabilizing wave of "public paranoia".[55] Fear of communist expansion abroad and especially domestic subversion at home chilled western governments. Domestic developments in this case helped influence foreign policy to a certain degree. David Cambell asserts that "the Cold War at home loomed even larger than the Cold War abroad".[56] This interpretation, while it offers some insight into the forces driving Washington's international policies, fails to answer why the Truman administration responded to the Korean conflict in a nearly hysterical manner.[57] Senator McCarthy's witch hunt had already assisted the efforts of hardliners in the Truman administration in gaining support for N.S.C. 68 and a general policy of rearmament within the United States.[58] Both McCarthy's anti-communist hysteria and the military's plans for expansion predated the Korean conflict. The militarized worldview symbolized by N.S.C. 68 therefore formed long before North Korean forces had moved against the south. The war only revised the timetable.

The Korean War underscored the economic importance of Germany for the western democracies. A host of difficulties for example struck the British economy. The socialist Atlee, whose political ideology did not share Truman's fears of communism,[59] did worry that the Korean conflict would draw resources away from European civilian markets. The United Nations "should not be trapped into diverting a disproportionate effort to the Far East", the prime minister informed his cabinet in late November 1950. "Korea was not in itself of any strategic importance to the democracies", he continued, "and it must not be allowed to draw more of their military resources away from Europe and the Middle East".[60] Rearmament siphoned resources away from the civilian economy. The resulting bottlenecks in crucial commodities such as steel impacted overall production levels.[61] The demands of rearmament further exasperated the postwar shortages caused by the priorities of reconstruction on an industrial system already employing most of the available British manpower. The strains of war preparation also drove up market prices for raw materials that in turn worsened the British shortage of American dollars.

The Korean episode, more than anything else, represented the final disaster for the Soviet policy of German power neutralization.[62] The conflict helped remove most of the obstacles to rearmament and influenced radical changes in the administration of western Germany. German military experts now initiated work on purely military matters such as armaments procurement and operational tactics.[63] American generals, dissatisfied with Ludwig Erhard's focus on consumer production, now pressured Adenauer's government to shift attention to large increases in such areas as steel manufacturing to meet the demands of the military industrial sector.[64] The urgency that characterized planning underlined the plain and widely acknowledged fact that only West Germany could mobilize unused capacities to assist the rearmament effort.[65]

The rearmament drive also influenced general changes in policy to psychologically assist Adenauer's government. McCloy released 79 German war criminals, including industrialists, from their prisons in 1951. Strong public pressure, Thomas Alan Schwartz concluded, contributed to McCloy's decision.[66] Not all of these industrialists however wished to cooperate with the Americans and work for western rearmament and security schemes.[67] Political motivations underscored their decision. Constraints on the armaments industry nevertheless fell away. In terms of the West German military contribution, the historiography by and large deals with the contours of future manpower mobilization and does not deal with military industrial matters. The dual-use capacities remain an implicit issue. Scholars recognize the strategic importance of German industry as a whole and demonstrate that both Moscow and Washington hoped to prevent the other side from gaining control over all of German industry.[68] Questions relating to manpower far outweigh industrial issues in the historiography. The American military call for increased production underlines their conclusions concerning large German heavy industrial capacities. Other more surprising developments followed. Even controls on experimentation with fissile materials disappeared. As early as 1949 the United States Atomic Commission had worked towards establishing "adequate administrative controls" to control the export of "atomic energy materials and equipment" from Germany.[69] West Germany ultimately assumed the responsibilities of nuclear energy in part because of the Korean War.

10.4 Domestic and Foreign Pressures against Visible Remilitarization

The international and especially domestic German discussions concerning rearmament treated German industry as a thoroughly demilitarized entity and viewed any actions that seemed to foreshadow even the most limited form military revival with

significant alarm. S.P.D. criticism of Adenauer's policies assist in drawing out some of the reasoning behind McCloy's claim that early rearmament threatened to destabilize German society. The socialists pointed out that Bonn's policy of providing foreign troops stationed on German soil with industrial production and labour negatively impacted civilian economic recuperative power. West Germany provided approximately 1.5 percent of total G.N.P. for foreign military occupation and thousands of non-combatants for the needs of Allied troops in Germany. The socialist politicians questioned whether such activities constituted a preliminary form of military service since the assistance theoretically implied a dual-use capacity if switched to purely military expenditures.[70] Considering this financial support of the western occupations, coupled to the American military's acceptance of basic western German dual-use industrial strength, the evidence supporting the S.P.D. contention that rearmament meant a revolutionary change in policy appeared thin. Things were far different in the political realm.

Adenauer had led his coalition against an S.P.D. that adopted an "ohne mich" attitude regarding German rearmament. The socialist party of Kurt Schumacher, a man scarred by ten years' imprisonment in a Nazi concentration camp, accurately recognized the dominant antiwar sentiments of the German population and pressed for neutrality in the Cold War against the wishes of the conservatives. Two-thirds of the German electorate opposed rearmament in the early 1950s even though the same population had rewarded the C.D.U. with electoral success in 1949.[71] Prevailing opinion in Europe and especially in West Germany espoused the belief that rearmament constituted a needless reversal of a generally successful policy. The S.P.D. in particular believed that only neutrality based on complete demilitarization offered a realistic chance to lessen American-Soviet tensions and achieve reunification.[72] Without the majority support of the population, and facing a strong opponent in Schumacher,[73] Adenauer could not loudly broadcast his decision to move forward with rearmament. Clay had understood that a slow approach was necessary and remarked on this process years later.

> Well, that was something that had to evolve. It has evolved to where now a German is commander over Allied forces. Adenauer saw this necessity for a gradual evolution. But you also had a group of youngsters who were completely against any kind of military activity. They didn't realize the basic necessity of a country being able to defend itself. All they wanted to do was to create world peace by world disarmament, and they were perfectly happy for Germany not to be armed. There were a lot of them.[74]

Bonn mobilized several political agencies to fight pacifist tendencies—particularly the economic arguments against rearmament. Military spending, it was pointed out, only

seemed to clash with the government's stated priorities of rebuilding the urban infrastructure and generating a high degree of economic growth.[75] The "Volkswirtschaftliche Gruppe des Bundesministeriums der Finanzen" comprehensively attacked the viewpoint that rearmament threatened the civilian economy. The organization offered a host of reasons why state expenditures on armaments benefited the entire economy. The group asserted out that future rearmament would stimulate increases in industrial capacities, decrease unemployment levels, and increase wealth in general.[76] The "Bundeswirtschaftsministerium" cautiously echoed these views in meetings held on 7 and 8 June 1952. "The growth rate of the national product should be sufficiently large", they surmised, "to enable ever larger support for defence in addition to maintaining the net increase of investments and consumption necessary for the maintenance of the growth".[77]

A significant stumbling block nevertheless stood in the way of the conservatives. Postwar attitudes in Germany, at least on a popular level, appeared thoroughly demilitarized. This development, when balanced against industrial capacities and productive trends, should not however be used as evidence of real industrial demilitarization. It was also clear that the more traditional German conservatives understood the necessity of a national security contribution as a method of freeing industrial production from outside influence and moving the process of European integration forward. Luckily for the chancellor and American military planners, domestic opposition to rearmament never emerged as a cohesive movement capable of seriously threatening the call to arms.[78] Domestic German attitudes in this important case eventually followed those of the political leadership.

The attitudes of western European politicians and the populations they represented presented the greater danger to the erection of a solid defensive barrier in central Europe to forestall Soviet aggression. The British government generally supported a German military contribution even though policymakers originally feared that the rearmament discussions might alienate Paris and provoke Moscow.[79] But Whitehall generally withdrew somewhat from international discussions concerning Germany during the early 1950s. Until the middle of the decade, a process pointed out later in this chapter, American, French and German politicians struggled to find a suitable format for a new West German military. In 1954 British politicians salvaged the still torturous rearmament discussions with a proposal to integrate West Germany into N.A.T.O. Whitehall opposed the French government's desire for a unified European military structure that restricted the sovereignty of the individual participants.[80] The traditional British aversion to continental commitments

coloured their perspectives. British negotiating tactics supported Ludwig Erhard's demands for economic sovereignty in order to slow the movement towards European political integration.[81] The British government therefore did not take a leading role in the discussions concerning a unified military community and the negotiations concerning West German rearmament between 1950 and 1954.[82]

Paris adopted a far different position. Adenauer generally viewed the policies of the French government as hostile to German interests prior to 1950. French postwar policy, like that of Stalin, aimed at creating a new balance of power in Europe by dramatically increasing domestic industrial power at German expense.[83] Adenauer understood that Paris advocated a significant reduction of their neighbour's industrial output to remove a major competitor and impose a security arrangement that prevented German economic revival over a longer term. Parisian politicians worried that the economic revival and later rearmament of their traditional enemy might destabilize the Fourth Republic from within and adopted a rigid policy that hindered Bonn's attempts at attaining sovereignty. French politicians plainly feared the reestablishment of German economic and military predominance in Europe. "The French have an almost hysterical fear", Dwight D. Eisenhower remarked in 1951, "that we and the British will one day pull out of Western Europe and leave them to face a superior German armed force".[84] Men such as André François-Poncet openly opposed any form of remilitarization. The "creation of a German army in any form", the former French high commissioner and ambassador in Bonn after 1949 declared, "was absolutely out of the question".[85] The French government, as demonstrated in earlier chapters, nevertheless compromised behind the scenes despite the outward projection of rigidity.[86] American dollars and general support once again counted more than the unlikely spectre of a new German menace.

Adenauer understood that the weakened postwar state of France heightened the general fear of Germany and negatively impacted his pursuit of attaining sovereignty and assuming a major leadership role.[87] This French fear threatened Adenauer's plan to convince the western democracies to accept the creation of a sovereign German military structure. The chancellor looked to the United States for assistance. He understood that the Truman administration clearly advocated West German rearmament by mid-1950 to help erect a defensive alliance with substance. France lacked the industrial capacities and manpower to "bear the brunt of Western Europe's defense".[88] But Washington in this case avoided undue pressure to avoid destabilizing the new French government.[89] The State Department instead slowly nudged Paris to accept American policy using the lure of

economic advantages.[90] The French need for dollars and resources drew that state slowly into the American orbit and forced the government to ameliorate its position over Germany and reevaluate their stance concerning the dangers of a Soviet offensive.[91] Washington for example had persuaded the British and French governments in early 1949 to accept a series of embargo arrangements against eastern Europe to limit trade with the Soviet Union.[92]

The Truman administration employed two tactics to prepare the political ground for German rearmament. Washington first of all continued to pay lip service to industrial demilitarization to quiet the critics of German rearmament.[93] This deflection strategy stood in stark contrast to the requirement of a sizeable German military contingent for the creation of an adequate conventional defensive bulwark against a Soviet invasion.[94] The J.C.S., although committed to the creation of an independent West German military organization with only a few limits on armaments production, accepted the need for political caution in dealing with the critics.[95] This admission did not however modify the insistence that the transfer of further American divisions to Europe would be built on "iron-clad commitments by the Europeans to their own contributions, and in particular, upon unequivocal acceptance of an immediate start on German rearmament in a form technically acceptable to American strategists".[96] The tacit support of dismantling therefore continued to echo through the administrative buildings of London, Paris and Washington at the start of the 1950s even though industrial demilitarization as a practical national security solution was long dead.[97] What followed from these half-hearted discussions mirrored the results of earlier years. The western democracies still spoke of targeting companies like Siemens for deconcentration in 1951 but again terminated the discussion a year later without taking any actions.[98] This tactic represented a clear ruse.

The second and more important tactic accepted the termination of industrial demilitarization and instead related to establishing what types of weapons should be produced. Here the J.C.S. played down the importance of German industry even though all of the calculations indicated otherwise. "Without West German forces it will not be possible to hold the Ruhr", they stated, "which is vital to Western Europe. The U.S. cannot afford to jeopardize its own security and that of Western Europe by not utilizing all of the forces that can be made available for European defense".[99] This concept linked American national security to Ruhr production capacities—another clear recognition that Soviet acquisition of this region threatened the global military position of the United States. This tactic also paradoxically aimed at limiting the German production of such modern and essential weapons systems as aircraft or tanks and focused more on the creation of a

second-rate military without any real bite. McCloy had originally proposed the creation of a "small" police force to grant West Germany the minimal comfort of a civil-military capability.[100] Now the argument turned to what weapons West Germany should produce. The J.C.S. offered a political solution that distracted attention away from their real intentions:

> German industry should provide only light transportation and equipment. Tanks, heavy weapons and other heavy equipment for German forces should come from other sources. In order properly to exploit the potential of the Ruhr, Germany should provide substantial quantities of steel and iron for fabrication in other European countries' munitions factories.[101]

This concept first of all positioned the Ruhr as a dominant dual-use producer in military allocation strategies. That this viewpoint did not accord with European manufacturing realities, namely that German machine-shops represented the largest and potentially most productive in Europe, was also relatively clear. A decrease in official controls on German industry and not a rebirth of industrial demilitarization characterized this period. As pointed out in earlier chapters, more and more industrial facilities were struck off of the dismantling lists.[102] The same governments that outwardly clung to the concept of industrial demilitarization revised the statutes in March 1951 to permit German rearmament and fully countenanced military industrial production. The re-emergence of companies such as Borsig demonstrated this process. The American military clearly desired the positioning of effective firepower on German soil by using German manufacturing. Washington's commitment to defend West Germany deepened throughout the early 1950s and the first American nuclear weapons arrived in Germany in 1953.[103]

The military planners nevertheless understood the need for a political arrangement with France and that only slow and deliberate negotiations could lead to satisfactory results without splitting the alliance.[104] Here industrial and military issues merged. Washington brokered a series of deals between Bonn and Paris such as the compromise over Ruhr industry in 1950. These arrangements again generally ignored British perspectives even though the island nation represented the zone's occupying authority.[105] Jean Monnet and the French Foreign Minister Robert Schuman presented a plan for the merger of western European coal and steel industries in May 1950. The plan proposed the creation of a central authority to regulate the French and West German coal and steel industries. Paris chose to alter direction after policymakers recognized the general failure to stand against the predominantly American decision to recharge West German industry after 1947.[106] The plan aimed at controlling the West German industrial upsurge evident after 1948 that

clearly outperformed French industrial growth.[107]   The French government also increasingly viewed American military and economic domination in Europe with a degree of alarm.[108]   Adenauer and the Truman administration embraced the offer as a method of quieting French opposition by establishing a control mechanism. The Schuman Plan went into effect on 1 July 1952. The plan deepened Franco-German cooperation and presented Paris with the opportunity of placing German industrial expansion "in a controlled, politically balanced, and economically liberal environment" to quiet domestic opposition.[109]

10.5 The German Perspective on Dual-Use Matters

The apparent economic weakness of western Europe and the growing list of American global commitments underscored the benefits of integrating a German military contribution. French policymakers felt the winds of changes and attempted to control the future form of a West German military contribution.   In October 1950 René Pleven proposed a supranational western European military force administered by a central authority that regulated all military aspects including armaments production.   Pleven formulated the plan in response to a clear demand by American authorities at the North Atlantic Council meeting in New York in September 1950 that the western democracies support German rearmament.[110]   Paris responded with a militarized version of those concepts presented in the earlier Schuman Plan. The new proposal attempted to control the nearly inevitable rebirth of the German armaments industry.   Paris argued for the development of a supranational military organization, the European Defense Community (E.D.C.), to operate as a safety mechanism and control the extent and nature of German rearmament.[111]   Industrial demilitarization, from the French perspective, had changed to a policy of controlled armaments production.[112]

American policymakers, in the supercharged atmosphere of the Korean War, had decided to accept the E.D.C. as a method of encouraging swift German rearmament.[113] The Defense Department nevertheless generally opposed a unified European force owing to the inherent problems associated with organizing such an institution.[114]   The American military and State Department furthermore deemed the attempt at controlling German military industrial production a hindrance to the efforts at attaining real European security.[115] The American planners understood that neither Britain nor France retained the military industrial resources required for general rearmament and especially that the French armaments industry could not equip the proposed German military forces.[116]   Political considerations however influenced the decision to accept the direction of French policy.

The Allied High Commissioners did not relinquish the powers of disarmament or demilitarization in Germany even after the western democracies granted Germany "full sovereignty" during the Nine-Power Conference in London in the autumn of 1954.[117]

The defence ministers of Britain and the United States met with their French counterparts to remove all opposition to the establishment of an autonomous German military within the N.A.T.O. framework. Both made little headway. Paris only agreed to the strengthening of West German police forces and the resumption of planning for the production of light military equipment and strictly rejected any larger contribution. The Truman administration chose not to proceed on the matter without French acquiescence.[118]

Adenauer had moved boldly forward on the matter of rearmament despite the protracted negotiations with France. The chancellor attempted to capitalize on the Korean War scare in order to increase western interest in a military solution. The war raised Adenauer's hopes of binding West Germany to the western powers using a military option.[119] As stated at the outset of this chapter, Adenauer therefore accepted a permanent foreign military presence in West Germany based on the adoption of a conventional forward defence policy. This policy promised to remove foreign and domestic obstacles to remilitarization and illuminated Adenauer's tactic of weakening the occupation statutes in pursuit of sovereignty.[120] Policy papers composed after this period illustrate that the chancellor desired an end to the occupation statutes altogether, a stop all remaining dismantling, and the removal of all theoretical limits to German industrial growth.[121] In view of the advantages gained by the "military option", it seems secondary in importance that the Korean War actually heightened Adenauer's fear of Soviet expansion into western Europe.[122]

In a memorandum entitled "Memorandum über die Sicherung des Bundesgebietes nach innen und außen", the chancellor demonstrated acute awareness of the political constraints inhibiting remilitarization. In order to calm foreign and domestic fears of a new German army, Adenauer declared his unwillingness to form a national army under exclusive West German control.[123] The defense of West Germany, he understood, "lies primarily lie in the hands of the occupation troops". Considering the reluctance of the American, British and French governments to muster the strength necessary to defend the Ruhr against a Soviet onslaught of over 40 divisions bolstered by 70,000 East German police, Adenauer strongly requested the increase of troop strength in West Germany to demonstrate the level of a western commitment to his electorate and to shield the remilitarization efforts from pre-emptive attack.[124] Adenauer even over-exaggerated the

number of East German soldiers by between 10,000 and 20,000 to add urgency to his request.[125]

Adenauer's strategy worked. Washington and London supported the chancellor. At the Foreign Ministers Conference of 12-18 September 1950, the western powers agreed in principle to West German autonomy, and declared the intention of ending the state of war with Germany, revising the occupation statutes, loosening economic restrictions, and promised to defend West Germany from attack by East German police forces with an additional four divisions. The American delegation demanded the establishment of a relatively strong 10-division German contingent to accompany a general increase in western military power. The delegation exhibited a firm resolve to end all opposition to German rearmament by binding this policy to the continual presence of American troops on European soil. Conditions in Germany changed even negotiations with the French government lingered on. The Allied High Commission decided on 6 March 1951 to lift important restrictions on West German political and economic sovereignty. The commission granted the West German government greater control over foreign policy under the responsibility of the Auswärtiges Amt. West German industry was furthermore included in raw material procurement programs initiated to ease the by now inexorable movement towards military production.[126]

Adenauer's government also blatantly disregarded the initial inter-Allied failures to agree on the forms of rearmament. After negotiations with the western Allies in late summer and early fall 1950, the West German government ordered former generals of the Wehrmacht to study the strategic conditions of German remilitarization and formulate proposals for action. Certain members of Adenauer's administration questioned the legality of Adenauer's flight forward and Gustav Heinemann, a prominent cabinet minister and pacifist, resigned his post.[127] Adenauer for his part held traditional conservative values in high regard and stated openly that "precisely the democratic state can least afford to do without the lofty values of true soldierdom".[128] This process of enhancing democratic legitimacy "gave former officers a stake in the new democratic society" and contributed to the "ultimate survival" of the new state.[129] The Truman administration, hardly surprising after the outbreak of the Korean War, sponsored the reconstitution of the old conservative administration to combat communism and general disruption.[130] The American occupation authorities in fact now tolerated postwar Wehrmacht lobby groups who pressed for an improvement in pensions and for a general support structure. This change represented an

important step towards legitimizing the military profession in Germany in an extremely difficult climate.

A host of former Wehrmacht officers found new posts in Adenauer's government and the emerging military. In May 1950 General Gerhard von Schwerin had already started planning for the creation of a federal police force—a force to be equipped with heavy mortars and other weapons not normally associated with such organizations.[131] Three other retired generals, later joined by a long list of others, formed ranks in a small organization in the "Zentrale für Heimatdienst". Johann Adolf Graf von Kielmansegg, Axel von dem Bussche and Achim Oster had already worked on defence concepts for several years.[132] Many of these officers had completed their training during the "Kaiserreich" and had witnessed the interwar political conflicts between the democratic politicians of the Weimar republic and the armed forces. Hans von Seeckt's attempt in the 1920s to isolate the older Prussian military class from revolutionary ideologies had decisively weakened democratic support in Germany and assisted the rise of Hitler to power. [133] Political issues counted in the future army.

Working in a new climate after the summer of 1950, one where American military planners now rejected the utility of an enlarged West German police force, the German generals could conceive of alternative measures to those adopted by the Soviet Union in eastern Germany. As stated, the Soviets had built up the East German "Volkspolizei" to a contingent numbering over 70,000.[134] That the "People's Police" in reality represented a military force was clear. Rolf Steininger describes this development as a sign of tentative Soviet "Remilitarisierung".[135] Contemporary western observers, as described earlier, maintained a similar viewpoint in regards to the Soviet Union and their own actions in Germany. The American military considered the "Bundesgrenzschutz" an interim solution to the problem of military defence, having tinkered with the idea of fluid guerrilla forces, and almost half of the members of this organization later filled the ranks of the Bundeswehr in 1956. The militarized nature of the West German police forces, as a precursor to real rearmament, could not be more evident.

A small group of "retired" generals met at the Eifelkloster Himmerod from 6-9 October 1950 in order to plan for an eventual German military contribution. Kielmansegg acted as Secretary. The meeting, not attended by the occupation authorities and therefore outside of Allied jurisdiction, represented a breach of the occupation statutes. The western failure to respond to the meeting indicated that military matters now completely overshadowed the old Potsdam program.[136] The generals condensed political, operational,

logistical, and territorial questions into a single document that represented the West German program for negotiations with the western democracies. The planners also tackled military capabilities and evaluated Germany's ability to field 12 armoured divisions. The generals worked from experience since military documents that had survived the war were still in the hands of the Allies.[137] The meeting resulted in the "Denkschrift über die Aufstellung eines Deutschen Kontingents im Rahmen einer übernationalen Streitmacht zur Verteidigung Westeuropas".

The document espoused the end of the formal occupation and the restrictive statutes and the re-establishment of sovereignty including the right to bear arms as an equal partner.[138] The generals concluded that the creation of 12 armoured divisions, stationed on the inner-German border and supported by a tactical air force and coastal marine, would afford western Germany a sufficient level of security. The generals rejected the notion that large police forces could assist N.A.T.O. and instead called for a strict division between the constabulary and military. The document also supported the idea of a forward N.A.T.O. defensive arrangement on German soil and argued for an end to American preparations for partisan warfare using German irregulars. The generals hoped that N.A.T.O. would instead send sufficient military strength to create a shield behind which West Germany could rearm. The document clearly reflected the developments found in American strategic planning.[139]

While the Himmeroder discussions had been undertaken by former officers of the Wehrmacht, with a virtual monopoly of control exerted by Kielmansegg, Oster and Bussche, a political development however induced Adenauer to change direction and place a civilian at the head of a new organization formed to handle "all questions arising out of the reinforcement of Allied troops".[140] Against the wishes of Adenauer, Schwerin had spoken openly to the press and explained the activities of the "retired" generals. Schwerin's action conflicted with Adenauer's desire to conduct rearmament planning as quietly as possible in order to prevent a destabilizing political reaction by the largely anti-military German population. Bonn correctly feared that a significant domestic and foreign outcry would negatively impact the attempt at creating an autonomous West German military and grant support for French designs of using Germans in foreign armies.[141] It was also rumoured that Schwerin was closely attached to the British military while his principal opponents were closely associated with the Adenauer's favoured Americans.[142] Schwerin's imprudence nevertheless cost him his post and Adenauer forced his resignation

from the "Zentrale für Heimatdienst". The incident reinforced the reality that domestic and foreign constraints determined the timetable for rearmament.

Bonn granted Theodor Blank, a catholic trade unionist and C.D.U. Bundestag member, the responsibility for carrying on the work of the generals and establishing an "embryonic Defense Ministry and plan for the creation of the German forces".[143] The organization, which grew in size and importance until taken over by the subsequent "Verteidigungsministerium", developed a civilian orientation that generated friction with the military professionals. Major cleavages grew out of military opposition to the rearmament of Germany while that state was still so comprehensively occupied, prisoners of war still languished in prisons and work camps, and the fate of veterans remained unsure. Despite these problems 174 former Wehrmacht officers joined Blank's organization by September 1952.[144] But the open rehabilitation of military values still required considerable foreign prodding. Blank stated to Kielmansegg at the end of 1950 that the greatest problem faced in rearming Germany was the alteration of perceptions cultivated by the denazification process and Allied propaganda in general.[145] The officers demanded the re-establishment of the "honour of the soldier" as the basis of a defence contribution.

The American military agreed. The occupation authorities that had dismantled the German military could not simply expect the occupied population to take up arms after years of considerable anti-military propaganda. Former German officers and experienced soldiers often chose to remain at their more lucrative civilian posts instead of accepting employment in service of the government. The Truman administration, realizing that their postwar policies of re-education might now harm the new course, initiated a propaganda drive to clean up the Wehrmacht's image. Eisenhower for example stated during his January 1951 trip to Germany that the views expressed in his booklet entitled "Crusade in Europe" were flawed and that the German army did not share collective guilt for Nazi crimes.[146]

These issues should not however obscure the basic premise of military capabilities emphasized by the Himmeroder discussions. The German records themselves emphasize the conclusions reached by the J.C.S. during the late 1940s concerning residual military industrial capacities. This work, that in part centered on analyses conducted under the supervision of the "Dienstelle Blank", uncovered significant latent military industrial potential and demonstrated the virtually universal point of view that West German industry could assist in the erection of a defensive barrier to a Soviet military adventure.

These conclusions were discussed by the "Ausschuss für Wirtschaftspolitik" or Committee on Economic Policy in October 1952. The committee, comprised of representatives of the major West German political parties and government agencies that included the "Dienstelle Blank", met at the Bundeshaus in Bonn to examine the future rearmament measures from the perspective of the "Convention on Relations between the Three Powers and the Federal Republic of Germany" or "Deutschlandvertrag". The agreement, signed by the western powers and Germany on 26 May 1952, had returned sovereignty to West Germany and prepared the grounds for a military contribution.

The political tone of the exchanges demonstrated the heightened emotional atmosphere surrounding rearmament and the difficulties of selling the idea of mobilizing the existing dual-use capacities. The discussions furthermore revealed the typical political stratification over rearmament issues between the conservatives and socialists. The S.P.D. generally criticized Bonn for providing N.A.T.O. troops stationed on German soil with industrial production and labour since they believed that these contributions already violated the substance of demilitarization. The socialists raised issues of economic frugality to attempt to erode the emphasis on national security.[147] Other ministers however applauded the opportunity of resuming the production of armaments and hinted that no shortages of strategic raw materials such as copper existed. The discussions focused on the problems inherent in coupling armaments production to civilian economic policy such as the allocation of resources and not the complicated matter of producing machinery or training a new generation of specialists for a new military industrial system.[148]

The S.P.D. did not recognize the plain and simple fact that Washington greatly assisted the German search for raw materials. Nor did they fathom that Bonn needed to demonstrate political goodwill and support for American global interests in order to ensure the smooth continuation of this policy. The notion that military expenditures and civilian recovery were incompatible was in any case purely theoretical. One member in particular echoed the work of others and argued that German industrial growth levels permitted military production without the potential for straining the overall economy. He referred to the work of Blank's organization—who in turn cited initial American conceptions—and argued that a large part of the initial German military budget would be spent on troop transport or communications systems and not just uniforms, ammunition and guns.[149] 1950s rearmament priorities would follow the pattern set by previous governments and divert resources to infrastructural projects. Even the Nazi example, outlined in earlier

chapters, demonstrated that modern rearmament strategies emphasized investment in the civilian automotive sector as much as purely military outlays.

The "Ausschuss für Wirtschaftspolitik" in consequence attempted to define the meaning of armaments on 22 October 1952. The difficult separation of military from civilian, an incredibly complex distinction that caused serious headaches for military planners and politicians throughout the 1930s and 1940s, once again surfaced. Kalbitzer, another S.P.D. representative, brought up the issue of the German shipbuilding firm Blohm & Voss to explain the difficulties in creating a precise definition. He mentioned that the Allies had dismantled a part of the firm after 1945 and wondered whether or not the company could return to production in the near future. Kalbitzer drew attention to the fact that all machine-tools contained a military potential. "In my opinion and based on the experiences from the war", he explained, "the danger still exists that all that is required for civilian demand is also required for war and vice versa".[150] Dr. Thieme even responded with a clarification of the definition that machines capable of producing weapons constituted armaments according to German law. Thieme however explained that the attempt at classifying "Einzelsweckmaschinen" or specialized machine-tools used exclusively for weapons production by a group of experts resulted in a list encompassing only four or five examples. The legal system, Thieme continued, permitted all industrial equipment with a dual-use potential and that this list included shipbuilding.[151] In the case of Blohm & Voss, the company used existing machine-tools to return to the production of naval vessels such as the training ship "Gorch Fock" by the end of the decade.

Blank addressed the committee on the next day and dealt specifically with the West German readiness to manufacture armaments. Blank first tackled the matter of armoured vehicles from the perspective of standardization. The French politician Rene Pleven's plan of 24 October 1950 had advocated a unified European armed force commanded by a central European authority employing standardized military hardware. Military policymakers outside of France ultimately rejected the Pleven Plan concept of a united European military partly owing to the immense impracticality of forming a working military organization from disparate nations and military industrial systems.[152] Blank addressed remilitarization from this perspective. "The question that plays a role here", the minister declared, "is what armaments orders await us".[153] Blank explained that studies conducted by his department underlined that the capacities of West German industry already permitted the production of essential components such as motors for the assembly of weapon systems elsewhere. The minister did not however believe that West Germany could start producing tanks within the

year owing to the unresolved problems of standardization confronting the western democracies.[154] The governments of the N.A.T.O. members needed to resolve outstanding political and organizational issues prior to a German industrial commitment. The ability of West Germany to produce tanks, hardly surprising owing to the rapidly expanding automotive production capacities of the early 1950s, was beyond question.

Blank turned to a discussion of the "powder line". E.D.C. industrial planning created the concept of a "strategically endangered zone" in order to subject industrial facilities on the immediate Soviet periphery to specific limitations.[155] The French government proposed, among other things, that all explosives production on the Soviet border cease and that the responsible authorities dismantle the facilities. The policy theoretically aimed at preventing Soviet acquisition of valuable military resources in case of war, but it was obvious that the French government aimed at slipping in yet another industrial demilitarization proposal to counteract earlier decisions reversing the original Potsdam decisions. Blank and the Adenauer government realized that the policy in fact represented a thinly disguised attempt by Paris to further dilute German industrial effectiveness by making coal-mining dependent on foreign explosives imports and basically removing any pretence of a functioning German military. Blank argued that German defensive requirements necessitated a domestic explosives capability and emphasized that Germany retained the right to build such facilities. He did not of course wish to add fuel to the fire and mention the explosives plants already in existence.[156] The industrial capacities to build a broad range of military hardware that included motors and explosives, as recognized by the West German government, were already in existence prior to 1955. The Bundesverband der Deutschen Industrie or B.D.I., the umbrella organization of German industry concluded in 1955 that the West German economy could sustain a standing army of over 500,000 soldiers—a number comparable with the peacetime forces assembled by Adolf Hitler.[157]

10.6 Conclusion

The need to develop controls on German civilian and dual-use industry faded in the years after 1950. The short-lived resurgence of the issue as part of the French proposals for an E.D.C. based on a fully integrated western military and military industrial system failed to gain the support of either West Germany or the other allies. Paris still held to their course in later years. At the end of the 1950s, for example, the French government lobbied for the establishment of joint Franco-German aircraft factories in Africa to harness German technical expertise and help control German production.[158] These tactics should not

however form the basis of an argument supposing the industrial demilitarization of Germany. The United States military did not think highly of such schemes. Nor did certain West German politicians and industrialists agree. American and West German opposition to the E.D.C. concept of a "strategically endangered zone", one that only promised to place less emphasis on the forward defence of the Ruhr, helped undermine support for a type of unified military structure desired by Paris. The diplomatic tensions over the issue of German rearmament continued into the Eisenhower presidency until formal declaration in 1955.[159]

The evidence therefore suggests that significant industrial capacities were in existence by the early 1950s. The rearmament discussions brought these realities to the forefront of parliamentary debate in Germany. The 1950s political discussions concerning a German military contribution only thinly obscured the fact that American and German military planners acknowledged an intrinsic military industrial potential in Germany. The major issue, as far as the French government was concerned, related to erecting a system whereby foreign states could control this potential. The military and diplomatic experts involved in the rearmament debate faced a considerable amount of work over the next few years. Historians however cannot employ these debates to substantiate the claim that the Allies demilitarized German industry after 1945. The evidence clearly suggests that West Germany retained considerable military strength as reflected in the dual-use industrial capacities.

CONCLUSION

To wage war on misery and to struggle against injustice is to promote, along with improved conditions, the human and spiritual progress of all men, and therefore the common good of humanity. Peace cannot be limited to a mere absence of war, the result of an ever precarious balance of forces. No, peace is something that is built up day after day, in the pursuit of an order intended by God, which implies a more perfect form of Justice among men.

Paul VI

11.1 The Characteristics of American Industrial Demilitarization Policy

A divided postwar Germany emerged as two entities that seemed largely unrelated to the state ruled by Adolf Hitler between 1933 and 1945. The victorious powers according to much of the historiography "remade" the defeated nation.[1] The outward political appearance of both states, one democratic and the other communist, underscored these changes. It is hardly surprising that the conventional and extant historiography views the postwar pursuit of disarmament and industrial demilitarization, two of the primary Allied national security goals in Germany, in view of these revolutionary changes. The victors quite simply removed all military capabilities and productive capacities and in the process created a purely civilian manufacturing system. "If there was one thing that everybody in the West was sure about during World War II", Gordon Craig writes, "it was that, once National Socialism was defeated, Germany would never again be allowed to have an army. This was the view of the man in the street and of the people who sat in government offices and worked on postwar planning".[2] "Everyone" seemed certain that the Allies would "remake" German industry as a part of this process.

What did the victors however mean by industrial demilitarization, and what attributes or elements formed this concept? Contemporaries thought of the first part of this question in rather simplistic fashion. "Industrial capacity for war", as stated in a postwar Industrial College of the Armed Forces lecture, "may be defined as that part of the economic potential that relates to the ability of the industrial facilities of a country to produce and transport those manufactured and processed items that are necessary for the prosecution of a war, excluding the elements of manpower and raw materials".[3] This view of the military manufacturing system conceptually separated war-making capacity from civilian processes using the end product as the means of classification. Military-industry therefore represented a genus of industrial production with attributes different from those of

civilian manufacturing. Contemporaries understood the removal of military industrial potential as an act of destroying these attributes.

Defining these attributes proved much harder than initially believed. With the war effort fresh on their minds, the policymakers realized that all elements of the civilian system constituted parts of the other genus. The strategic bombing theorists had understood this reality and modified their plans to incorporate a total war against the civilian population itself. This realization also induced the spring in logic that inspired Morgenthau's pastoralization concepts and the indiscriminate looting of the Red Army. Politicians and specialists accepted the viewpoint that "soap is as indispensable as small arms ammunition" for the prosecution of war. That is, the real differences in usage between armoured fighting vehicles and automobiles or explosives and fertilizers distorted the similarity of the processes from which they were derived. Industrial demilitarization from this perspective did not separate civilian and military usages into separate categories. It became increasingly apparent that only a massive reduction in overall German productive capacities or even the wholesale termination of complete branches of industry could fashion the new and pacified state. The deliberations in the Foreign Economic Administration (F.E.A) and Allied Control Council (A.C.C.) therefore concentrated on the level of reductions necessary for the creation of a subsistence economy that only met the most primitive basic needs of the population. The lists developed by both organizations, the first theoretical and the second as official policy, nevertheless represented the qualitative and quantitative guides with which scholars can judge the effectiveness of the operation.

Despite the fact that the industrial demilitarization policy is mentioned in a large number of analyses of postwar Germany, from either the specific focus on Allied occupation policy or as part of explanations of the seminal events of the immediate postwar such as the Marshall Plan or the Cold War rupture, no conceptual analysis of the actual adopted definition or its logical consistency exists. Scholars rarely surpass the primitive encyclopedic definition of the concept or discuss the real meaning of the A.C.C. lists. John H. Backer, characteristic of every work consulted with only a few minor and meaningless variations, cites contemporaries such as Lucius D. Clay and notes that Washington's "first objective is to smash whatever remaining power Germany may have with which to develop a future war potential".[4] This vision nevertheless required substantial definition unless Germany itself was to be "smashed". Backer for his part struggles throughout his monograph citing the A.C.C.'s lists of percentages and figures, revisions of these strange computations, and then the revisions of the revisions. Scholars apparently seem unwilling

to take a step back and question the assumption of an easy separation of military and civilian industries and then evaluating the validity of such documents as the Level of Industry plans. The postwar fate of dual-use industries such as automotive or tableware firms, never prevalent in the discourse and yet vital to the modern war effort, is left unexplained and shrouded by the mysterious category known as the "war plant".

Prior to pointing out what industrial demilitarization actually represented, it is useful to describe what the policy was not. The Allies determined to surpass any traditional disarmament project that only hoped to reduce, limit or control Germany's armed forces and military equipment. Industrial demilitarization was a departure from policy norms in keeping with the seriousness of the war itself. This disarmament and not industrial demilitarization nevertheless proceeded swiftly after 1945. The variables are easily listed and studied. The Allied governments demobilized and disbanded all German armed forces, destroyed or quarantined the bulk of the Wehrmacht's arsenal including weapons systems such as tanks and artillery, officially stopped the output of new armaments at assembly points, and initiated a number of supplementary measures to ensure the cessation of hostilities. Backer cites these measures and concludes that "the occupying armies had been able to implement most of demilitarization in the American zone before responsibility shifted to the military government".[5] These measures did not however imply the eradication of military industrial potential and only represented the initial steps taken by the military to secure the occupied regions. Scholars for example generally consider the United States a disarmed country in 1939 even though the state was blessed with the world's greatest potential to build and take up arms. Backer's work therefore exhibits a serious confusion of traditional disarmament with industrial demilitarization.

Nor did a host of other measures adopted by the American military entail the restructuring of the German productive system. Backer for example dotes on the attention placed on what might be termed the demilitarization of the mind:

> In a collateral effort to remove all vestiges of Germany's military past, Clay ordered not only Nazi names of streets, parks, and public buildings obliviated, but also those of Bismark, Moltke, Gneisenau, and other historical figures antedating the present century. Even a world-renowned research organization like the Kaiser Wilhelm Gesellschaft was permitted to resume its work only after the name had been changed to Max Planck Institute. In accordance with American public sentiment, the same directive called for the removal of monuments, statues, emblems, and symbols associated with German militarism. Other measures were under preparation, Clay reported to Washington, "as part of our unrelenting policy of uprooting Nazi influence from Germany".[6]

The destruction of signs and renaming of institutes represented a policy of abstract demilitarization that was only related to the material productive attributes of state power in the most modest of manners. A concentration on these policies only tends to warp the objective appraisal of the material aspects of demilitarization strategies. The desire and steps taken to destroy German "militarism"—yet another vague and slippery concept that begs substantive classification—hardly offer the stuff with which to judge either the meaning or translation of industrial demilitarization.

The concept of industrial restructuring as stated initially took the division between military and civilian realms for granted. As pointed out at the beginning of this dissertation, however, no easily comprehensible or clear definition of the military production network existed. Military industrial production depended on precisely the same technologies and productive capacities that manufactured goods as moving as automobiles or as mundane as tableware. These firms produced the bulk of the weapons systems used by either side to kill during the war. What historians might acknowledge as military production facilities—the so-called war plant—such as Alkett-Berlin in fact represented assembly points where workers milled steel or hammered out armoured plating to a certain degree but mostly put together a large number of parts manufactured by an equally large number of firms spanning vast networks. The complexity of these networks proved so great that essentially every aspect of the modern industrial system represented constituent elements of both military and civilian production. Policymakers could not escape the vortex of dual-use industries. Every aspect of the industrial system could be employed for military production. The sum of these parts meant much more than individual components.

Scholars too often take a mid-20th Century separation between civilian and military industrial realms for granted. Part of the reason stems from the unique Anglo-Saxon perception of Hitler's war machine that, according to recent accounts, does not harmonize with reality. This dissertation must stress the point presented in the introduction that dual-use industries themselves represent a nebulous categorization or even some form of conceptual expedient. Military theorists during the interwar period, drawing on the wealth of experience obtained in the first of the world wars, discarded an important qualification of the rules of engagement. Differences between combatant and civilian vanished. Military power in the modern age first of all represented far more than a quantifiable amount of weapons systems. "National leaders on all levels", Holger Herwig points out, "must coordinate and integrate domestic and foreign policy, strategic and psychological war

planning, and economic and armaments production in order to arrive at a coherent concept of national strategy".[7] Military planners have understood the importance of what is termed civilian industry as an essential element of the power equation since at least the early 20th Century. The strategic bombing pundits hoped to smash the productive capacities and willpower of an opposing nation. The notion of a separation between civilian and military industrial systems—and of combatant and civilian—disappeared during over the skies of Europe after 1939.

The strategic bombing theorists initially attempted to formulate a policy during the interwar whereby aircraft could destroy an opposing nation's military industrial system and starve the frontline forces into submission. Military specialists expended considerable thought analysing the disruptions caused by bombing a host of factories, power plants or synthetic oil installations. Strategic bombing was therefore an important precursor of industrial demilitarization. But far too many potential targets presented themselves during the war. The pundits encountered the bewildering problem of defining which targets represented the heart of the enemy's overall infrastructure and no satisfactory results initially followed the heavy raids prior to 1944. During the year marked by the invasion of France and the Soviet destruction of German fighting power on the eastern front, the American and British air staffs decided to forgo raids on panacea targets such as the ball-bearing works at Schweinfurt to concentrate on wearing down the Luftwaffe, eliminating synthetic oil production, and pounding the German transportation network and cities to rubble. The policy of paralysing industrial and military movement in Germany instead of eliminating key industrial sectors worked wonders and production plummeted in 1945. But the enormous efforts of the men of Bomber Command and the 8th Air Force, who flew thousands of sorties against virtually every conceivable target in Germany between 1939 and 1945, still failed to destroy the sinews of industry—the machine-tools in the factories.

The notions of "war plants" and dual-use industrial facilities represented aspects of the contradictory beliefs that Hitler had created an enormous war machine between 1933 and 1939 and the realization, partly based on domestic observations and the resiliency of the German system to strategic bombing, that the industrial network was much wider than originally conceived. The strategic bombing pundits, as demonstrated, did not really differentiate between civilian and military industries—that is, of course, unless a warped definition dumping ball-bearings or steel into the latter category is employed. The United States Strategic Bombing Survey (U.S.S.B.S.) teams uncovered an important result of the indiscriminate Allied bombing policy. One of the most spectacular conclusions derived

from the strategic bombing campaign was that the bombers threw relatively limited amounts of explosives at targets such as the tank assembly facilities of Alkett in Berlin in relation to those dumped on apartments and general living quarters. The actual destruction of industrial equipment, as opposed to the buildings housing then, remained relatively minor. Wartime repairs and expansion more than compensated for the losses. The desolate image of most German cities nevertheless underlined the frightening capabilities of strategic warfare. To the annoyance of Kenneth Galbraith, the view circulated through American quarters that the bombers had already demilitarized German industry despite his provision of actual statistics that proved otherwise. The American military, the organization ultimately tasked with the occupation of southern Germany, ultimately confused the destruction of what amounted to the civilian urban infrastructure with military capabilities—hence Clay's stated objective to "smash whatever remaining power [in] Germany". It was curious that the rational and essentially justifiable confluence of military and civilian industrial realms that led to such widespread urban destruction conditioned postwar beliefs in a manner that subsequently underscored a false appraisal of remaining industrial capacities in Germany.

The concept of industrial demilitarization in the latter stages of the war represented a general idea or abstraction without any established list of attributes. A series of policy papers and agreements nevertheless gave the conception a minor degree of clarity. It is worthwhile to repeat the essence of some of the examples cited in this dissertation. The American Treasury Department, the State Department and the Joint Chiefs of Staff (J.C.S.) all presented extremely unsophisticated definitions of industrial demilitarization. Industrial demilitarization as a concept was still predicated on the understanding that a determinable gulf existed between civilian and military industries, that a refining process could remove armaments potential from the modern industrial system, that the civilian economy could function without these "redundant" military elements and that this final cleansed product would remain permanently pacified. While it was clear that the production of aircraft by German firms would cease after 1945, for example, the documentation from the early period does not indicate any awareness that automobile manufacturers represented the major producers of aircraft components during the war. Scholars cannot simply infer as sufficient any comprehensive industrial demilitarization strategy that ignored such basic realities. The temporal dimensions of the proposed program during this period are also hard to understand. At times, for example, policymakers arbitrarily placed a limit of 40 years on German demilitarization.[8]

Allied postwar policy in Germany demonstrated that policymakers could not initially move beyond a jumble of contradictory and poorly explained notions. This logic was not lost on Henry Morgenthau and he aimed at avoiding the problem altogether using a definition that negated the need for any detailed industrial demilitarization program. He instead targeted most of the tools and equipment within Germany and argued, rather shockingly in light of the basic realities of modern industrial society such as the need for considerable agricultural machinery, that only the barest minimum sufficed to support the population. This perspective, irregardless of its severity, nevertheless still failed to offer a specific program of industrial demilitarization with which historians can judge effectiveness. The Allies did not pastoralize western Germany.

The F.E.A. and A.C.C. as mentioned represented two organizations that established a basis by which scholars can judge industrial demilitarization. Clay and his military government ignored the results of the F.E.A.'s work, calling them utterly impractical, and worked according to his own understanding. The deliberations and conclusions of the organization nevertheless help illustrate the difficulties inherent in the attempt to control military industrial potential in the modern world. The various F.E.A. groups tasked with industrial demilitarization chose an especially broad definition that accorded with wartime experience. Civilian and military industries were not separable into distinct families. They for example argued that "[a]ny vehicle industry is a major force for war" and that "German automotive manufacturing should be prohibited because it was a war industry".[9] The same belief informed the work of the A.C.C. in Germany. This organization, after relatively swift deliberations, itself referred to war material as "any material of whatever nature and wherever situated, intended for war on land, sea, or in the air, or which is or may be or has been at any time in use by, or intended for use by, the armed forces, civil defence, or other formations or organizations".[10] An equally loose definition of military-industries followed and covered "all plant and related equipment employed in armaments manufacturing including, for example, "machinery, plant, jigs, instruments, moulds, models, patterns, punches [and] dies".[11] Both organizations employed definitions that implicitly assumed major alterations to sectors traditionally deemed civilian in nature.

11.2 The End Results of Industrial Demilitarization

This dissertation demonstrates that the Allied governments in western Germany failed in their aim to remove military potential from German industry by reducing the overall capacities of the civilian economy. This program aimed at restricting levels of production using such means as controlling the importation of resources and most

importantly destroying manufacturing facilities and machine-tools. The work of economic historians since the 1980s that intensified with Werner Abelshauser quite definitively points out that western Germany even surpassed general prewar capacities. Overall differences between 1939 or even 1944 and the postwar remained slight and related to bottlenecks in production caused by shortages of raw materials and not of theoretical productive potential. The debate concerning whether or not the Marshall Plan acted as the catalyst of this postwar development unfortunately obscures the importance of increased capacities for judging industrial demilitarization. Abelshauser's diminution of the importance of American assistance and the scholar's dissenters refer to the impact of price stabilization and other developments not necessarily associated with hard productive capacities. The Marshall Plan in any case offered more dollars to Britain and France than flowed to Germany. The chapter relating to the Marshall Plan pointed out those domestic German capacities prior to and after 1947 remained high. The Allied military governments therefore did not significantly reduce the number of "machinery, plant, jigs, instruments, moulds, models, patterns, punches [and] dies" in Germany. The economic historians have laboriously assembled the macro-economic data to substantiate these claims.

The American Joint Logistics Committee also compiled their own indices of German economic war potential in the late 1940s and early 1950s. Backer, like so many of the analyses tentatively addressing industrial demilitarization, chronicles the delays and alterations in A.C.C. handling of the program and yet still concludes that the Allies removed the German potential to rearm. This dissertation, employing the work of the A.C.C. as the guide by which to judge the overall effectiveness of the ambitious program and judging them against assessments gleaned from American military government and J.C.S. records, demonstrates another interpretation. The central planks of the Level of Industry plans such as the elimination of synthetic nitrogen production, the downsizing of automotive facilities and especially the destruction of "war plants" such as Alkett-Berlin were never realized. Empirical inquiry using the available definitions most importantly demonstrates that at least some important elements of direct military production survived the occupation period. The work of the logistics committee in any case demonstrated the continuity of German capacities in a wide range of dual-use areas such as nitrogen synthesis, automotive production, and steel generation. This understanding lay at the heart of military appraisals of the strategic importance of German industry in the emerging Cold War. The next sections summarize the radical importance of this development. For the moment, however, it must be repeated that the available evidence demonstrates that the

industrial demilitarization program, employing terms much too broad and ultimately untenable, failed in a comprehensive manner. Where is the quantitative evidence for any other conclusion?

11.3 The Mechanisms that Spoiled Industrial Demilitarization

A wide variety of reasons explain why the United States government—and that in Great Britain to an equal degree—departed from the industrial demilitarization project in Germany long before the A.C.C. and military governments had supposedly completed their work. Scholars nevertheless seem bound to the letter of the proclamations elicited by contemporary policymakers like John J. McCloy as late as 1951 that the destruction of a German war potential would continue. If this argument is accepted, then the Bundeswehr that emerged after 1955 represented a new course or "Neugründung" in German history based on a monocausal explanation that is simply difficult to comprehend.[12] Why did American military specialists for example push the concept of West German rearmament if postwar policy had removed all military potential from that state? However, the proclivity to judge the form of the Bundeswehr and not the foundation on which it was built drives this contradictory hypothesis. The Pentagon and State Department as demonstrated clearly accepted a West German remilitarization project by 1950. The primary motivator for this decision rather characteristically sprang from two related issues. Washington in the postwar accepted the survival of a large German heavy industrial core as the lynchpin of their international policies and an important element in promoting domestic stability. The subsequent break in American-Soviet relations forced the realization that Europe required a security arrangement protecting the Ruhr from either political or military encroachment. The decision to stop industrial dismantling and concentrate on recovery therefore fuelled the mechanism that led to the weakening of support for industrial demilitarization itself and then to binding West German industry to what became N.A.T.O. (North Atlantic Treaty Organization).

Several seemingly unrelated postwar elements drove this mechanism. A misunderstanding concerning the results of the strategic bombing campaign indirectly implied that the wartime pounding of the German urban infrastructure seriously compromised the efficacy of any future occupation. The A.C.C. adopted a level of industry conception in March 1946, one that reflected a core argument found in J.C.S. 1067, which attempted to integrate both the maintenance of a peacetime economy with the radical aim of removing all military industrial potential. This imprecise policy of restructuring German industry through dismantling while simultaneously maintaining the most basic levels

conducive to a sustainable society plagued military government officials. This argument is not new. Earl F. Ziemke pointed out in his seminal work on the American occupation that the military in particular took great pains in maintaining a "decent standard of living".[13] A basic understanding that the war had destroyed the infrastructure of Germany took hold and militated against further reductions. Clay wrote in his memoirs that "[w]e were shocked at the…failure to grasp the realities of the financial and economic conditions which confronted us. It seemed obvious to us even then that Germany would starve unless it could produce for export and its industrial production be promptly revived".[14] The historiography clearly documents the American military's distaste for the high-level policy decisions reached either in Washington or in unison with other governments. An emphasis on reconstruction then rapidly overtook the immediate postwar concern with national security priorities in the months after victory.

This dissertation points out that this perception was based on what might be termed a false premise largely derived from a contemporary dismissal of the conclusions reached by the bombing survey teams. The U.S.S.B.S. for example uncovered a large number of intact machine-tools and pointed out that the bombing had not significantly reduced civilian or military productive capacities. Economic analysis over the last decades has substantiated this argument. The major contribution of air power rested with the paralysis of society brought by the Transportation Plan's neutralization of movement through the destruction of railway nodes and the suppression of petroleum synthesis. The strategic bombing campaign, according to contemporaries on the ground, had nevertheless negatively affected the civilian attributes of German industry. The farmers did not receive the fertilizer needed to boost crop yields, all industry suffered from the energy shortages brought by insufficient coal-mining, and the general population huddled in the basements of shattered houses to escape exposure to the elements. The extremely low postwar production levels most of all seemed to question the U.S.S.B.S. results and the basis of industrial demilitarization itself. Removing the nitrogen fixation plants that provided the materials for explosives, for example, also impacted the generation of fertilizer since both relied on the same process. Military government focused on this problem for obvious reasons and it more than any other factor drove the argument against the poorly defined manipulation of the German industrial system. It simply seemed like the bombers had torched industrial capacities across the board and that further dismantling would condemn German society to a future of misery.

Postwar American occupation policy was therefore always predicated on an uneasy separation of military and civilian industrial realms. But the end product of years of consultation and deliberation on the subject, conceived during the final months of the war and encapsulated in the Morgenthau Plan and the work of the A.C.C., only managed to construct a worthless conception concerning the understood elements of a supposed separate military industrial sector. It was of course natural for Clay to dismiss this academic separation. The general followed the lessons he had learned regarding weapons allocation during the war and what amounted to a basic understanding of 20th Century military theory. He realized that nearly all elements of German civilian industry required the same infrastructure that fed the war machine and that this fluidity even held true for the specific machines that manufactured armaments. The pundits of strategic bombing, as witnessed in lists of targets that they assembled, did not distinguish between military and civilian industry. Clay's perceptions therefore reflected disarmament and not industrial demilitarization. Clay revolted when the State Department proceeded in negotiations with the other occupiers and established a Level of Industry agreement that promised only mass starvation and total industrial breakdown. Here the U.S.S.B.S. inadvertently helped remove the basis of the postwar policy by stressing the wartime strangulation of Hitler's war machine. The visible destruction of Germany's urban core helped remove the urgency behind demilitarization schemes as originally conceived by Washington. This mindset influenced the belief that job was already completed—a point pushed by George Marshall in negotiations with the other foreign ministers in Moscow in early 1947 and already adopted by Clay in the weeks after German defeat.

The activities of the Soviet military worked in unison with the impressions of a destroyed industrial state and the weak conceptual basis of industrial demilitarization to modify American attitudes in Germany. The Red Army's ruthless treatment of the German population in the dying months of the war and after the Wehrmacht's official surrender further emphasized the difficult situation that awaited the American military on the ground. The military formations that entered Berlin in the summer of 1945 and the reports issued by Clay's political advisor informed Washington of a barbarism that in quantitative and qualitative terms hardly distinguished themselves from those of Nazism. The recent scholarly appraisals of the treatment of Germany by the Red Army stress the negative reactions of Harry S. Truman and his government to what amounted to "brutal chaos".[15] While it is true that the historiography seems moving in a direction that draws correlations between the near-genocidal character of Soviet policy in eastern Germany and the policies

of the Truman administration, the connection between Soviet rape, killing and looting and the creation of an effective postwar administration of Germany still seems far too weak. Considering that the Allies at Potsdam predicated their postwar policies on the flow of goods across zonal boundaries, inter-German trade, it is difficult to accept that the extensive Soviet seizures did not influence industrial demilitarization strategies. The Soviet actions in fact invalidated the A.C.C. calculations because they chose not to operate according to any rational or coordinated system. Truman's personal anti-Soviet reactions to this sort of brutality or Clay's speculation that Germany would be reduced to the status of pauper in permanent dependency on American charity were only expressions of something larger—namely the clear understanding that the ideas hammered out in quadripartite discussions like a rational system of industrial demilitarization were based on nothing but illusions.

Historians have debated whether Washington's reactions to Soviet behaviour, reactions that included Clay's stoppage of reparations shipments or the revolutionary decision expressed by Byrnes' Stuttgart speech late in 1946, stemmed in part from the desire of American elites to bring their brand of market capitalism to Germany and other countries in order to enhance overall American power. The revisionist literature in particular views postwar Soviet activities as generally innocuous, at least vis-à-vis the military security of the United States, and attributes aggressive hues to American policies instead. In essence, domestic economic concerns induced the elites to pursue the reconstruction of foreign markets for American industry. Thomas Paterson for example argues that "[c]oercion characterised United States reconstruction policy".[16] While recognizing the importance of these findings for understanding Washington's need for German heavy industry to help rebuild European markets, a central plank of Truman's postwar vision, unilateral Soviet activity nevertheless promised to ruin Germany even according to the Level of Industry plans regardless of American designs. Pervasive Soviet looting furthermore preceded any American economic penetration of continental Europe or indications of an ameliorated policy in western Germany. Washington, as argued by the realists and adapted here, therefore reacted to the general impossibility of dealing rationally with Josef Stalin and the Soviet government. Not only did Moscow invalidate the already tenuous industrial demilitarization plan, Soviet activities questioned the future of most aspects of western postwar policy such as general economic recovery and the establishment of a stable international system. The industrial demilitarization project, hard to define and understand in a postwar European economic and social system defined more by chaos than

anything else, was compromised by the pull and tug of divergent American and Soviet interests that characterized the Cold War.[17]

The mechanisms that helped erode the industrial demilitarization project therefore included general reactions to the results of the strategic bombing campaign, the American military's understanding of dual-use commodities, general postwar American economic policy, the actions of the Soviet military and most importantly that the plan was poorly defined and out of alignment with modern economic and democratic realities. While it is apparent that the turgid communist-capitalist dichotomy of many Cold War analyses assisted the breakdown of dismantling, this monocausal explanation is simply far too simplistic a tool to help understand the extremely complex developments and movements in occupation policy after 1945.

11.4 Dual-Use Industry as a Component of the Developing Cold War Calculus

Traditional appraisals of the industrial demilitarization project generate a series of assumptions concerning the Cold War breach. These studies generally describe A.C.C. aims and uncritically assume their translation into reality. This hypothesis in turn implies more than a strong degree of American-Soviet cooperation regarding what represented the single most important postwar national security issue. This argument asserts that the erosion of Allied unanimity in either the administration of a unified German economy or political developments in far off countries transformed—in fact revolutionized—occupation policy. The Cold War therefore predated and influenced most changes in industrial policy and subsequently industrial demilitarization itself. Policymakers subsequently reversed directions and sought West German assistance in first containing Stalin's political ambitions and then in constructing a military ring around the Soviet Union.

Before summarizing the various weaknesses of this theory, it is necessary to take a step backwards and define the Cold War more precisely. Scholars generally assert that the dominant global conflict after 1945 in essence represented one of political tension or even military confrontation by proxy whereby Washington and Moscow jostled for an improved power position in relation to the other. That this conflict never erupted into an outright test of arms reflected a wide range of factors such as the change in strategic conceptions brought by nuclear weapons. Answering when and why the two new superpowers wrapped their fingers around each other's throats nevertheless represents a central point of contention. The traditionalists stress that the Truman administration reacted to Stalin's violation of international agreements such as the Yalta accords and particularly the global expansion and consolidation of Soviet power. The revisionists take the blame off Stalin's

shoulders and accuse Truman of altering understood agreements such as dismantling in Germany and thereby provoking an understandably sharp reaction from Stalin. The postrevisionist school, although recognizing the economic advantages brought by the reactivation of German industry, takes the middle road and attributes systemic mechanisms such as mutual distrust and ideological differences as leading to the transformation of postwar policy on both sides. All of these historiographical schools take basic postwar policy unanimity concerning the restructuring of German industry for granted.

A serious problem arises out of this certainty. The prevailing theory fails to explain and acknowledge why American military thinkers after 1947 pushed for the inclusion of a theoretically military deindustrialized and therefore militarily worthless state into an Atlantic defensive system. This argument also fails to address the importance that both Washington and Moscow attached in regards to the future of German industry. This dissertation grapples with these complex issues and in fact points out that both superpowers understood and responded to the military potential of Ruhr production.

The American attempt to define industrial demilitarization, either by the F.E.A. or by others, displayed the immense difficulties confronting those responsible. No streamlined and workable concepts emerged from these efforts. The inability to separate military from civilian production stood at the heart of this dilemma. American policymakers therefore continued in the direction taken by the strategic bombing pundits and targeted the broad expanse of industry in Germany. The major questions tackled by the A.C.C. subsequently related to how much civilian downsizing the German state could withstand and yet still function within the norms of modern industrial society. Washington like Moscow remained outwardly dedicated to industrial demilitarization throughout this period. Both capitalist and communist states however operated according to value systems completely out of alignment with one another. A general and not necessarily ideological difference coloured their approaches in different hues. Marc Trachtenberg argues that the need to construct a mutually acceptable German peace initiated the polarization process that sparked the Cold War.[18] Stalin wanted to neutralize German power for the conceivable future and his particular understanding of the proximity of civilian and military industrial power, whether motivated by his Marxist philosophy or not, influenced what amounted to an extremely rough and cruel handling of postwar Germany. This extremely negative policy was bound to create frictions in inter-Allied negotiations if only for humanitarian reasons. Military and economic issues of course took precedence.

In the simplest terms, basic policy proved impossible to define and this imprecision doomed any agreement concerning Germany. The military specialists and diplomats of the Roosevelt administration already understood that the official direction of occupation policy between the Yalta and Potsdam agreements was based on dangerously destabilizing conceptions. Postwar economic problems, caused as much by the results of the war and the unrealistic appraisal of global industrial patterns, surfaced after May 1945. Preliminary calculations had anticipated this eventuality. Economic malaise and a humanitarian disaster surfaced. Clay reacted immediately and in a manner that accorded with the opinions of some influential policymakers in Washington. Domestic and foreign economic problems and aims, from the perspective of the conservatives, focused attention on husbanding German industrial potential for later activation. This dissertation demonstrated how domestic fears of a return to depression conditions motivated the support of foreign markets for the benefit of American industry. Basic economic, humanitarian and geopolitical realities relating to the inherent weaknesses of the Potsdam system therefore influenced the course of policy in Germany as much as international developments such as responses to perceived Soviet attempts to penetrate beyond their periphery. Criticizing Washington for the adoption of a more lenient occupation policy, a favourite of the revisionists, appears cold, callous, and illogical.

In contrast to the Soviet government, that swung the pistol to smash all opposition throughout eastern and central Europe and subjected eastern Germany in particular to rampant looting and worse, American policy remained fixed on an essentially positive direction for the postwar world. This spirit seized hold of occupation policy even though certain groups in Washington such as the Treasury Department questioned the merits of a humane plan for Germany. The proponents of a more positive German policy achieved a substantial victory in early 1947. In that year, the Truman administration rejected the concept of widespread dismantling and instead sought to employ German resources as part of a comprehensive European aid package. The American government even argued for a return of the Ruhr to its former position as "workshop of Europe". The documents demonstrate that the survival of these industrial capacities, coupled to the clear understanding that tampering with traditional economic patterns threatened Europe and the United States with disaster, helped determine this process. The Marshall Plan, as depicted by Melvyn P. Leffler and others, defined Germany as the nexus of recovery efforts in Europe. This American policy ultimately rebuilt the European economic system, brought

long-term political stability, and avoided a return to depression conditions in the United States. The European Recovery Program succeeded.

The survival of western German industry, as dictated by the dual-use postulate, endowed postwar Germany with considerable military industrial potential. This dissertation contends that the survival of these dual-use capacities acted as an important motor of Cold War. Explanations of the bipolar split must therefore take both the unsound and destabilizing basis of industrial demilitarization into account. Differences in demilitarization practices mattered. This dissertation demonstrates that the Truman administration generally adopted an openly anti-Soviet attitude during 1946 for a multitude of reasons that included the deep gulf between both governments' policies in Germany. Washington interpreted dismantling as potentially ruinous and Moscow appeared intent such a course. The widening breach helped create a framework that presented the actions of the other in an extremely negative manner. The experience in Germany however underlined Stalin's clear and brutal pursuit of reparations in order to increase the power of the Soviet Union. Some interpretations stress the passive nature of Soviet reparations claims. Historians such as Lea Brilmayer even condemn the United States for failing to act as a benign international hegemon and rejecting the traditional framework of international relations.[19] It however became clear in Washington that reparations and dismantling potentially threatened to increase Soviet military industrial capacities at great expense to the populations of Germany, Europe and the United States. Contrary to some historical interpretations, these pages demonstrate that the difficulties in forging a workable postwar order, most evident in Germany, shifted attention towards appreciating the impact of Stalin's grand design for Europe. Policymakers in Washington shuddered at what they saw.

There is no reason to argue that a "misunderstanding" characterized this debate or that Washington in fact departed from a supposedly logical and worthwhile set of inter-Allied postwar agreements. The survival of heavy industry in western Germany—on which the future of Europe and the United States depended—demanded a wide range of answers to the pressing national security issues that resulted. Few of the post-1945 developments, along with the decision to support remilitarization, make any sense unless scholars accept that significant constraints hampered and ultimately doomed the military deindustrialization project in western Germany. The Truman administration chose political and then military integration for rational reasons. "Double containment", as can be extrapolated from the remarks of George C. Marshall and others, served to protect German

industry from the dismantling program by binding the United States to Europe. Washington's interpretation of the N.A.T.O. concepts did not see "double containment" as a measure to protect against a renewed German drive for European dominance. The N.A.T.O. alliance served to integrate Western Europe into the system of mutual defense pacts that worked against concepts of German neutralization.

American military planners seized on the importance of German industry and redefined their strategies for the defense of Europe by 1948. The strategists established the need to organize an effective military defense of Germany in order to safeguard the investments made in industrial recovery. The growing Cold War only accentuated the pivotal role of German industry for global American economic and political policies. The expense of a comprehensive economic rehabilitation package and the needs for rearmament emphasized the "German solution". Congress, regardless of the economic and military power of the United States,[20] quite simply baulked at the idea of committing a vast percentage of American domestic industrial capacities towards their ambitious foreign policy. Military and State Department planners reacted to the complexity of the world of the late 1940s and gravitated towards German remilitarization for the very same reasons that had influenced the rejection of postwar industrial dismantling. The continued existence of German dual-use industrial capacities made these developments possible. These conclusions corresponded with American military thinking and the military potential of Germany drove the United States to recommend full remilitarization as the most economical method of safeguarding the dual-use potential of Ruhr industries.

Once officially sanctioned, other groups analysing German military industrial potential easily discovered the A.C.C. failure to restructure the defeated state after 1945. German organizations analyzing military potential offered what amounted to startling conclusions. The Amt Blank for example concluded that no significant issues stood in the way of the production of armoured fighting vehicles. As demonstrated by various examples including the work of the J.C.S., this reality held true for a wide array of clearly military products that included artillery and explosives. This latter point should not however obscure the fact that American planners considered the West German export of dual-use commodities more important than the stimulation of a revived domestic arms industry. As stressed throughout this dissertation, the immediate postwar plans for Germany had targeted precisely these capacities.

Western Germany officially rearmed after 1955. A host of international, domestic and military problems limited the speed with which that state could augment N.A.T.O.

military strength and therefore help construct an anti-Soviet barrier.[21]   This time lag between the original American decision to pursue German rearmament and the actual initiation of military industrial production should not however obscure the failure of the postwar policy of industrial demilitarization. "Postrevisionism", Nigel Gould-Davies points out, "stressed the tragic and inevitable character of the [bipolar] conflict.[22] This school, as mentioned, focuses on the dynamics of American-Soviet interaction to explain the breakdown of Potsdam unanimity.   This dissertation however adds that important constraints on these policies, such as the inability to define industrial demilitarization, shaped the course of international relations after 1945. The Allies continued to proclaim the need to demilitarize German industry until 1954.   At the Nine-Power Conference in September-October 1954, the governments of Britain, France and the United States declared that the Allied High Commissioners would not relinquish the powers of disarmament or demilitarization in Germany even after "full sovereignty" returned the former enemy but that the former enemy would now prepare a defense contribution. A year earlier, the Secretary of Defense Charles E. Wilson had declared that the time had come to stop talking out of "both sides of our mouth at the same time, on the one hand urging an increase in the level of armament for the defense of the free world, and on the other urging the virtues of arms limitation".[23] The duality that had characterized industrial demilitarization, a duality that reflected the complexities of the dual-use industries themselves, even existed after the rise of West Germany to European industrial dominance, the birth of the Bundeswehr, and the emergence of a new and potent armaments industry.

ABBREVIATIONS

A Decade of American Foreign Policy	U.S. Department of State. A Decade of American Foreign Policy: Basic Documents, 1941-49.
AA	Auswärtiges Amt. B14 and B86.
ACC	Allied Control Authority Germany. Enactments and Approved papers of the Control Council and Coordinating Committee (9 vols).
Clay Papers	The Papers of General Lucius D. Clay, ed. Jean Edward Smith (2 vols.)
FRUS	Foreign Relations of the United States.
GI Roundtable Pamphlets	American Historical Association Historical Service Board, G.I. Roundtable Pamphlets (2 vols.).
IMT	International Military Tribunal—Der Prozeß gegen die Hauptkriegsverbrecher vor dem Internationalen Gerichtshof Nürnberg (Amtlicher Wortlaut in deutscher Sprache) (23 vols).
Internal Affairs: Political	U.S. State Department. Central Files. Germany, Internal Affairs. 1945-1949. Part I: Political Governmental and National Defence Affairs (41 reels).
Internal Affairs: Social	U.S. State Department. Central Files. Germany. Internal Affairs. 1945-1949. Part 2: Social, Economic, Industrial, Communications, Transportation and Science Affairs (68 reels).
JCS: Europe and NATO	U.S. Department of Defense. Joint Chiefs of Staff. Records of the Joint Chiefs of Staff. Part 2: 1946-53. Europe and NATO (9 reels).
JCS: Meetings	U.S. Department of Defense. Joint Chiefs of Staff. Records of the Joint Chiefs of Staff. Part 2: 1946-53. Meetings of the Joint Chiefs of Staff (8 reels).
JCS: Strategic Issues, Section 1	United States. Department of Defense. Joint Chiefs of Staff. Part 2: 1946-53. Strategic Issues. Section 1 (12 Reels).
JCS: Strategic Issues, Section: 2	U.S. Department of Defense. Joint Chiefs of Staff. Records of the Joint Chiefs of Staff. Part 2: 1946-53. Strategic Issues. Section 2 (14 reels).
LAB	Landesarchiv Berlin. B Rep. 036 and B Rep. 037.
OMGUS Weekly Summaries	Office of Military Government United States Land Hessen Weekly Summaries.
Oral Interviews	The "Truman Presidential Museum & Library" Interviews.
USSBS	United States Strategic Bombing Survey. The printed reports and those compiled by David MacIsaac (10 vols.).
World Affairs	The United States in World Affairs, Publications of the Council on Foreign Relations, ed. John C. Cambell.

ENDNOTES

Introduction Endnotes

[1] The concept also accorded with Johan Galtung's concept of the "negative" peace. A "positive" peace, according to the scholar, attempts to forge a stable order that militates against the use of violence. A "negative" peace more simply aims at the elimination of the violent state of being. Johan Galtung, Peace by Peaceful Means: Peace and Conflict, Development and Civilisation (London: SAGE, 1996) pp. 1-3.

[2] As will be demonstrated, American military planning and especially such conceptions as "Operation Talisman" contended that denazification, disarmament and the establishment of a smooth occupation machinery represented the chief tasks during the months following the German surrender. The emphasis on disarmament did not necessary mean industrial disarmament. U.S. Army. European Command. Historical Division. Planning for the Occupation of Germany. Occupation Forces in Europe Series 1945-46 (Frankfurt am Main: Office of the Chief Historian, European Command, 1947) pp. 60-61.

[3] U.S. Technical Industrial Disarmament Committee. Study by Interagency Committee on the Treatment of the German Automotive Industry from the Standpoint of International Security, T.I.D.C. Report No. 12 (Washington, D.C.: U.S.G.P.O., 1945) n.p.

[4] USSBS. Over-all Report (European War), p. 65 and The Effects of Strategic Bombing on the German War Economy, pp. 172-179.

[5] On average, as explained in chapter 2, 40% of the dwellings in the larger cities were destroyed. "A survey of machine-tool damage at five tank plants gave no definite conclusion as to the most effective method of knocking out machine tools. From the plants investigated, it was shown that no fixed relationship existed between total building damage and damage to machine tools". USSBS, Over-all Report (European War), pp. 66-68 and The Effects of Strategic Bombing on the German War Economy, pp. 162-171.

[6] The Käfer production statistics were: 1945: 1,785; 1946: 10,200; 1947: 8,987; 1948: 19,244; 1949: 46,146; 1950: 81,979. A total of 168,161 were built between 1945 and 1950. On 8 May 1945, surprising as it might seem, an American film crew set to work recording the first trucks produced in postwar Germany. Reinhold Billstein (et al.), Working for the Enemy: Ford, General Motors, and Forced Labor in Germany during the Second World War (New York: Berghahn Books, 2000) p. 119.

[7] Peter Novick, That Noble Dream: The "Objectivity Question" and the American Historical Profession (Cambridge: Cambridge University Press, 1988) p. 3.

[8] Telford Taylor, "Zweihundertfünfzehnter Tag: Freitag 30. August 1946, Der Prozess gegen die Hauptkriegsverbrecher vor dem Internationalen Militärgerichtshof", IMT, vol. 22, p. 337.

[9] Evgeniy Gorkovskiy, Disarmament Education: Conference on Building the Future Today—World Peace (Mexico City: The IAUP/UN Commission on Disarmament Education, Conflict Resolution and Peace, 2 April 2001) n.p.

[10] Matthew C. Waxman, International Law and the Politics of Air Operations (Santa Monica, California: Rand Corporation, 2000) p. 20.

[11] For an overview of traditional interpretations of the demilitarization argument see the introduction of Roland G. Foerster (et al.), Von der Kapitulation bis zum Pleven-Plan, series: Anfänge westdeutscher Sicherheitspolitik, 1945-1956 (München: Oldenbourg, 1982) p. xiii.

[12] A large number were dismissed or forced to pay small fines. Earl F. Ziemke, The U.S. Army in the Occupation of Germany, 1944-1946, Army Historical Series (Washington, D.C.: Center of Military History, United States Army, 1975) p. 446.

[13] Historians charge that denazification ultimately achieved relatively little in terms of marked changes in German society. The scholars who support this hypothesis, by all means one hard to qualify and quantify, do present their readers with certain strong "markers". Peter J. Katzenstein and Willi Oberkrome for example argue that the victors failed to alter the composition of blatantly Nazi university faculties after 1945. For an especially hard critique of the entire denazification process, see the works of the journalist Tom Bower. Tom Bower, "'Alle deutschen Industriellen sassen auf der Anklagebank': Die Nürnberger Nachfolgerprozesse gegen Krupp, Flick und die IG Farben", ed. Rainer Eisfeld und Ingo Müller, <u>Gegen Barbarei: Essays Robert M.W. Kempner zu Ehren</u> (Frankfurt am Main: Athenäum, 1989) p. 245; Tom Bower, <u>The Pledge Betrayed: America and Britain and the Denazification of Postwar Germany</u> (Garden City, N.Y.: Doubleday, 1982) pp. 287-354; Peter J. Katzenstein, <u>Policy and Politics in West Germany: The Growth of a Semi-Sovereign State</u> (Philadelphia: Temple University Press, 1987) p. 13 and Willi Oberkrome, "Reformansätze in der deutschen Geschichtswissenschaft der Zwischenkriegszeit", ed. Michael Prinz und Rainer Zitelmann, <u>National-sozialismus und Modernisierung</u> (Darmstadt: Wissenschaftliche Buchgesellschaft, 1991) pp. 216-238.

[14] Donald Abenheim, <u>Bundeswehr und Tradition. Die Suche nach dem gültigen Erbe der deutschen Soldaten</u>, series: <u>Beiträge zur Militärgeschichte</u> (München: Oldenbourg Verlag, 1988) pp. 29-30. [Citations from English version use title <u>Reforging the Iron Cross</u>].

[15] David Clay Large, <u>Germans to the Front: West German Rearmament in the Adenauer Era</u> (University of North Carolina Press: Chapel Hill, 1996) p. 2.

[16] A host of analyses deal with the fate of German soldiers and generals, the overall contours of the remilitarization debate from various perspectives, and especially the controversies surrounding a postwar German military contribution that exist to the present day. These texts do not assist in the investigation of postwar German military industrial capacities and in fact help cultivate the image that Germany was in fact demilitarized—but only on the level of societal attitudes. Stephen E. Ambrose and Günter J. Bischof, <u>Eisenhower and the German Pows: Facts Against Falsehood</u> (London: Louisiana State University Press, 1992); Omer Bartov, <u>Hitler's Army: Soldiers, Nazis and War in the Third Reich</u> (New York: Oxford University Press, 1991); Stephen G. Fritz, <u>Frontsoldaten: The German Soldier in World War II</u> (Lexington: University Press of Kentucky, 1995); Guido Knopp (et al.), <u>Hitlers Krieger</u> (München: Bertelsmann, 1998); Klaus Latzel, <u>Deutsche Soldaten–Nationalsozialistischer Krieg?: Kriegserlebnis, Kriegserfahrung 1939-1945</u> (Paderborn: Schöningh, 1998); Klaus-Jürgen Müller, <u>Das Heer und Hitler; Armee und nationalsozialistisches Regime 1933-1940</u> (1969) (Stuttgart: Deutsche Verlags-Anstalt 1988); Rolf-Dieter Müller and Hans-Erich Volkmann (eds.), <u>Die Wehrmacht: Mythos und Realität</u> (München: Oldenbourg, 1999); Heribert Prantl (ed.), <u>Wehrmachtsverbrechen: Eine deutsche Kontroverse</u> (Hamburg: Hoffmann und Campe, 1997); Hans Poeppel (et al.), <u>Die Soldaten der Wehrmacht</u> (5th ed.) (München: Herbig, 1998); Alaric Searle, <u>Wehrmacht Generals, West German Society, and the Debate on Rearmament, 1949-1959</u> (Westport, Conn.: Praeger, 2003). Hans-Günther Thiele (ed.), <u>Die Wehrmachtausstellung: Dokumentation einer Kontroverse</u> (Bremen: Temmen, 1997); Detlef Vogel and Wolfram Wette (eds.), <u>Andere Helme–Andere Menschen?</u> (Essen: Klartext, 1995) and last but not least the 22 volumes of the Wissenschaftliche Kommission für deutsche Kriegs-gefangenengeschichte or „Maschke Commission" which are roughly dealt with in Erich Maschke (ed.), <u>Zur Geschichte der deutschen Kriegsgefangenen des Zweiten Weltkrieges: Beiheft</u> (München: E.u.W. Gieseking, 1967).

[17] For the re-educational aspects see Sebastion Meissl, Klaus-Dieter Mulley and Oliver Rathkolb (eds.), <u>Verdrängte Schuld, verfehlte Sühne. Entnazifizierung in Österreich 1945-1955</u> (München: R. Oldenbourg Verlag, 1986); Richard L. Merritt, <u>Democracy Imposed. U.S. Occupation Policy and the German Public, 1945- 1949</u> (New Haven: Yale University Press, 1995); James F. Tent, <u>Mission on the Rhine: Reeducation and Denazification in American Occupied Germany</u> (Chicago: University of Chicago Press, 1982) and Reinhold Wagnleitner, <u>Coca-Colonization and the Cold War. The Cultural Mission of the United States in Austria after the Second World War</u>, trans. Diana M. Wolf (Chapel Hill: University of North Carolina Press, 1994). For an alternative perspective see

Edward N. Petterson, <u>The American Occupation of Germany, Retreat into Victory</u> (Detroit: Wayne State University Press, 1977).

[18] David Clay Large, <u>Germans to the Front</u>, p. 2.

[19] Grant T. Hammond, <u>Plowshares into Swords, Arms Races in International Politics, 1840-1991</u> (University of South Carolina Press, 1993) pp. 191-192.

[20] Donald Abenheim, Hans-Martin Ottmer and the four volumes of the Anfänge westdeutscher Sicherheitspolitik, 1945-1956 series deal somewhat with West German armament allocation problems in the mid-1950s. These texts by no means offer detailed explanations or narrative of the Allied methods of industrial demilitarization. Werner Abelshauser and Walter Schwengler, <u>Wirtschaft und Rüstung, Souveränität und Sicherheit</u> (München: Oldenbourg, 1997); Donald Abenheim, <u>Bundeswehr und Tradition</u>; Hans Ehlert (et al.), <u>Die NATO-Option</u> (München: Oldenbourg, 1993); Roland G. Foerster (et al.), <u>Von der Kapitulation bis zum Pleven-Plan</u> (München: Oldenbourg, 1982); Lutz Köllner (et al.), <u>Die EVG-Phase</u> (München: Oldenbourg, 1990) and Hans-Martin Ottmer and Karl Diefenbach, <u>Entwicklung deutscher Sicherheitspolitik und die Geschichte der Bundeswehr</u> (2nd ed.) (Berlin: E.S. Mittler, 1995).

[21] The British conservatives approximated the opinions expressed by a relatively large number of academics. Errol A. Henderson however points out that conversion does not necessarily benefit the civilian economy since that sector cannot easily absorb the specialized equipment and labour of the armaments producers. Kevin J. Cassidy and Gregory A. Bischak (eds.), <u>Real Security: Converting the Defense Economy and Building Peace</u> (Albany: State University of New York Press, 1993); Errol A. Henderson, "Military Spending and Poverty", <u>Journal of Politics</u>, 60, 2 (1998) pp. 503-520 and Michael Geyer, <u>Deutsche Rüstungspolitik 1860-1980</u> (Frankfurt am Main: Suhrkamp, 1984) p. 181.

[22] Melvyn P. Leffler, "From the Truman Doctrine to the Carter Doctrine: Lessons and Dilemmas of the Cold War", <u>Diplomatic History</u>, 7, 3 (1983) pp. 253-254.

[23] This concept represents an essential factor influencing industrial demilitarization as seen in subsequent chapters.

[24] This trend approximates the problems encountered by the democracies in determining the boundaries of their own military machines. Austin Robinson, "Munitions Output of the United Kingdom, 1939-1944: A Comment", <u>Economic History Review</u>, XLV, 2 (1992), pp. 376-377.

[25] "In both of these regions, dumped chemical weapons caused serious problems for the fishing industry. Fishermen in the Baltic and off the coast of Japan still haul old chemical weapons up in their nets, and are sometimes exposed to still-active agents. Certain areas have been marked off limits to fishing vessels for fear of future incidents. In addition, sea-dumped chemical munitions do not always stay in the sea, and a number of countries-including France, Australia and Poland, to name a few-have had chemical munitions wash up on their beaches. There have also been unconfirmed reports that chunks of polymerized mustard have washed up on beaches in the Baltic region". Maria Bowers, "The Disposal of Surplus Chemical Weapons Coping with Surplus Weapons: A Priority for Conversion Research and Policy", eds. Maria Bowers (et al.), <u>BICC Brief 3: Coping with Surplus Weapons. A Priority for Conversion Research and Policy</u> (Bonn: Bonn International Center for Conversion, 1995) p. 20.

[26] Alan L. Gropman, <u>Mobilizing U.S. Industry in World War II</u> (Washington, D.C.: Institute for National Strategic Studies, National Defense University, 1996) p. 20.

[27] Pennacchio, Charles F., "The East German Communists and the Origins of the Berlin Blockade Crisis", <u>East European Quarterly</u>, 29, 3 (Fall 1995).

[28] For another study that condemns US policy in Germany see Carolyn Eisenberg, <u>Drawing the Line: The American Decision to Divide Germany</u> (New York: Cambridge University Press, 1996). For a more positive appraisal, see John Gillingham, "From Morgenthau Plan to Schuman Plan: America and the Organization of Europe", eds. Jeffry M. Diefendorf (et al.), <u>American Policy and the Reconstruction of West Germany, 1945-1955</u> (Washington, D.C.: German Historical Institute, 1993) pp. 111-133.

[29] The intensely politicized debate over Cold War origins reflects the postwar polarization of American-Soviet ideology or a left-right stratification. This historiographical debate consists of

multiple complex sub-questions concerning structural, national, and personal issues. See J. Samuel Walker, "Historians and Cold War Origins: The New Consensus", eds. Gerald K. Haines and J. Samuel Walker, American Foreign Relations: a Historical Review (Connecticut: Greenwood, 1981) pp. 207-236 and Howard Jones and Randall B. Woods, "Origins of the Cold War in Europe and the Near East: Recent Historiography and the National Security Imperative", Diplomatic History, 17, (Spring 1993) pp. 251-276.

[30] Jerald A. Combs, American Diplomatic History: Two Centuries of Changing Interpretations (Berkeley: University of California Press, 1983) pp. 235-257 and Anders Stephanson, "The United States", ed. David Reynolds, The Origins of the Cold War in Europe: International Perspectives (New Haven, Conn.: Yale University Press, 1994) pp. 30-35. For examples of revisionism, see Bruce Cumings, The Origins of the Korean War, vol. 2: The Roaring of the Cataract, 1947-1950 (Princeton, N.J.: Princeton University Press, 1990); Robert H. Johnson, Improbable Dangers: U.S. Conceptions of Threat in the Cold War and After (New York: St. Martin's Press, 1994) and Thomas G. Paterson, Meeting the Communist Threat: Truman to Reagan (New York: Oxford University Press, 1988) and R. Craig Nation, Black Earth, Red Star: A History of Soviet Security Policy, 1917-1991 (Ithaca, N.Y.: Cornell University Press, 1992) pp. 158-201.

[31] Jerald A. Combs, American Diplomatic History, pp. 220-257 and 322-346; Geir Lundestad, "Moralism, Presentism, Exceptionalism, Provincialism, and Other Extravagances in American Writings on the Early Cold War Years", Diplomatic History, 13, 4 (1989) pp. 527-546 and Anders Stephanson, "The United States," in David Reynolds, ed., The Origins of the Cold War in Europe: International Perspectives (New Haven, Connecticut: Yale University Press, 1994) pp. 23-52. For examples of traditionalist scholarship see Herbert Feis, From Trust to Terror: The Onset of the Cold War, 1945-1960 (New York: W. W. Norton, 1970); Paul Y. Hammond, The Cold War Years: American Foreign Policy Since 1945 (New York: Harcourt Brace Jovanovich, 1969); Hugh Seton-Watson, Neither War Nor Peace: The Struggle for Power in the Postwar World (New York: Praeger, 1960) and Adam B. Ulam, Expansion and Coexistence: Soviet Foreign Policy, 1917-73 (2nd ed.) (New York: Praeger, 1974).

[32] For an analysis of the anti-Communism of the Truman administration see Melvyn P. Leffler, A Preponderance of Power: National Security, the Truman Administration, and the Cold War (Stanford, California: Stanford University Press, 1992) pp. 511-515 and Melvyn P. Leffler, "New Approaches, Old Interpretations, and Prospective Reconfigurations", Diplomatic History, 19, 2 (1995) pp. 173-196.

[33] The postrevisionist viewpoint continues to be dominant in the most popular history textbooks. For typical examples of postrevisionist literature see John Lewis Gaddis, The United States and the Origins of the Cold War, 1941-1947 (New York: Columbia University Press, 1972); John Lewis Gaddis, "The Emerging Post-Revisionist Synthesis on the Origins of the Cold War", Diplomatic History, 7,3 (1983) pp. 171-190; John Lewis Gaddis, Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy (New York: Oxford University Press, 1982) and J. Samuel Walker, "The Origins of the Cold War in United States History Textbooks", Journal of American History, 81, 4 (1995) pp. 1652-1661.

[34] Neorealists include Hans Morgenthau, Politics Among Nations: The Struggle for Power and Peace (New York: Alfred A. Knopf, 1978) and Kenneth Waltz, Theory of International Politics (Reading, Mass.: Addison-Wesley, 1979).

[35] John Lewis Gaddis, The Long Peace: Inquiries into the History of the Cold War (New York: Oxford University Press, 1987) p. 148.

[36] Beatrice Heuser, "NSC 68 and the Soviet Threat: A New Perspective on Western Threat Perception and Policy Making", Review of International Studies, 17, 1 (January 1991) pp. 17-40 and Wilson D. Miscamble, "The Foreign Policy of the Truman Administration: A Post-Cold War Appraisal", Presidential Studies Quarterly, 24, 3 (1994) p. 494.

[37] Geir Lundestad, The American "Empire" and Other Studies of U.S. Foreign Policy in a Comparative Perspective (New York: Oxford University Press, 1990) pp. 31-61.

[38] Melvyn P. Leffler, "New Approaches, Old Interpretations, and Prospective Reconfigurations", p. 189; Ritchie Ovendale, "Britain, the United States and the Cold War in Southeast Asia, 1949-1950",

International Affairs, 58, 3 (1982) pp. 454-458 and 460-461 and Joseph M. Siracusa and Glen St. John Barclay, "Australia, the United States, and the Cold War, 1945-51", Diplomatic History, 5, 1 (1981) pp. 39-52.

[39] Eliot A. Cohen, "A Revolution in Warfare", Foreign Affairs, 75 (1996) pp. 37-54.

[40] "SIPRI Fact Sheet", The Chemical Weapons Convention, April 1997.

[41] See Sterling Seagrave, Yellow Rain: A Journey Through the Terror of Chemical Warfare (New York: M. Evans, 1981); David Tschanz, "A Whiff of Death: Chemical Warfare in the World Wars", Command: Military History, Strategy & Analysis, 33 (March-April 1995) pp. 46-57; Dieter Martinetz, Der Gaskrieg 1914/18: Entwicklung, Herstellung und Einsatz chemischer Kampfstoffe; das Zusammenwirken von militärischer Führung, Wissenschaft und Industrie (Bonn: Bernard & Graefe, 1996).

[42] "The OPCW at Work", Chemical Disarmament: Basic Facts [Internet]

[43] Maria Bowers, "The Disposal of Surplus Chemical Weapons Coping with Surplus Weapons", p. 17.

[44] Mitchel B. Wallerstein, "Responding to Proliferation Threats", Strategic Forum, 138 (May 1998) n.p.

[45] Ibid.

[46] Clark C. Abt, "Disarmament as a Strategy", ed. Davis B. Bobrow, Components of Defense Policy (Chicago: Rand McNally & Co., 1965) p. 313.

[47] United Nations. General Assembly. Review of the Implementation of the Recommendations and Decisions Adopted by the General Assembly at its Tenth Special Session. Development and Interntional Economic Cooperation. Study of the Relationship between Disarmament and Development. Report of the Secretary-General, Thirty-Sixth Session, Agenda Items 51 (d) and 69 (United Nations General Assembly, 5 October 1981) annex, p. 15.

[48] In Hitler's Germany alone, the list of companies that employed slave labour for wartime production ranged from the Accumulatoren-Fabrik AG to Zwiebel u. Knobel and numbered over 1168. Cohen, Milstein, Hausfeld & Toll, "Forced and Slave Labor Atrocities—List of Companies" (1999) http://www.hagalil.com/ shoah/zwangsarbeit/slave.htm.

[49] Doug Beason, DOD Science and Technology: Strategy for the Post-Cold War Era (Washington D.C.: N.D.U. Press, 1995).

[50] Ibid.

[51] Ibid.

[52] United Nations. General Assembly. Review of the Implementation of the Recommendations and Decisions Adopted by the General Assembly at its Tenth Special Session, annex, p. 80.

[53] Ibid., annex, pp. 108-109.

[54] Ibid., annex, p. 51.

[55] Ibid., annex, p. 51 and p. 109.

[56] Ibid., annex, p. 109.

[57] "Conversion and redeployment is not a phenomenon uniquely associated with disarmament. Any form of economic and social change represents a continuous process of conversion. Particularly in modern industrial economies, the factors of production must respond continuously to the development of new products and the phasing-out of old ones and to the introduction of new production techniques". Ibid., annex, p. 168.

[58] Clark C. Abt, "Disarmament as a Strategy", p. 317.

[59] The contemporary scholastic fascination with the non-technical side of demilitarization does not accord with the clear post-1945 emphasis on industry. This dissertation does not equate the Allied attempts at re-educating or denazifying German society with a real tangible form of demilitarization.

[60] Michael E. Howard, "The Forgotten Dimensions of Strategy", ed. Philip Towle, Estimating Foreign Military Power (London: Croom Helm, 1982) p. 264.

[61] Ibid., p. 267.

[62] Phillip S. Meilinger, "Clipping the Bomber's Wings: The Geneva Disarmament Conference and the Royal Air Force, 1932-1934", War in History, 6, 3 (1999) pp. 306-330.

[63] Michael E. Howard, "The Forgotten Dimensions of Strategy", p. 264.

[64] U.S. Congress. <u>Adherence to and Compliance with Arms Control Agreements</u> (Washington, D.C.: U.S.G.P.O, 1998) n.p.

[65] Nicholas Balabkins, <u>Germany under Direct Controls: Economic Aspects of Industrial Disarmament, 1945-1948</u> (New Brunswick, N.J., Rutgers University Press, 1964) p. 29.

[66] Few might suggest that modern India maintains higher military industrial capacities that Japan simply because of the raw statistics of weapons output. Clark C. Abt, "Disarmament as a Strategy", p 327.

[67] Errol A. Henderson, "Military Spending and Poverty", <u>Journal of Politics</u>, 60, 2 (1998) pp. 503-520.

[68] U.S. Army. Center of Military History. <u>American Military History</u> (Washington, D.C.: U.S.G.P.O, 1989) p. 6.

[69] Ibid., p. 3.

Chapter 1 Endnotes

[1] Carl von Clausewitz, <u>On War</u>, ed. Peter Paret and Michael Howard (Princeton: Princeton University Press, 1984) p. 91.

[2] William Clinton, "A New Covenant for American Security," <u>ROA National Security Report</u>, February 1992, p. 150.

[3] Michael Geyer, <u>Deutsche Rüstungspolitik</u>, p. 14.

[4] Carl von Clausewitz, <u>On War</u>, p. 87.

[5] John Keegan, <u>A History of Warfare</u> (New York: Alfred A. Knopf, 1993) p. 313.

[6] Alan L. Gropman, <u>Mobilizing U.S. Industry in World War II</u>, p. 133.

[7] Lucius D. Clay, <u>Clay Papers</u>, vol. 1, p. 152.

[8] Alan L. Gropman, <u>Mobilizing U.S. Industry in World War II</u>, p. 135.

[9] Governmental studies made in the immediate postwar exposed a "terrific waste" in the conversion process: "many a plant was changed over to war production when it normal product was more needed than its new product. Locomotive plants went into tank production, when locomotives were more necessary—but the Tank Division did not know this. Truck plants began to produce airplanes, a change that caused shortages of trucks later on. In some cases, plants were converted at great cost of steel and copper, when a fraction of the previous metals involved would have brought a greater return at some other place in the economy. The scramble for a production we could not attain, brought us waste instead". U.S. Bureau of the Budget, <u>The United States at War; Development and Administration of the War Program by the Federal Government. Prepared under the Auspices of the Committee of Records of War Administration by the War Records Section, Bureau of the Budget</u> (Washington, D.C.: U.S.G.P.0., 1946) pp. 113-114.

[10] Lucius D. Clay, <u>The Papers of General Lucius D. Clay: Germany, 1945-1949</u>, vol. 1, p. 154.

[11] Alan L. Gropman, <u>Mobilizing U.S. Industry in World War II</u>, p. 133.

[12] Richard J. Overy, <u>The Air War, 1939-1945</u> (New York: Stein and Day, 1980) p. 156.

[13] In May 1933 Roosevelt seemed to lament both the failure of the League of Nations to control global armaments and the rise of Hitler. He blamed armaments for politically destabilizing the planet. "If all Nations will agree wholly to eliminate from possession and use the weapons which make possible a successful attack, defenses automatically will become impregnable, and the frontiers and independence of every Nation will become secure". Franklin D. Roosevelt, "Message to the Nations of the World appealing for Peace by Disarmament and the end of Economic Chaos, by cable from Washington, D. C.", 16 May 1933 and "Address before the Inter-American Conference for the Maintenance of Peace, Buenos Aires, Argentina", 1 December 1 1936, Franklin D. Roosevelt, <u>Development of United States Foreign Policy: Addresses and Messages of Franklin D. Roosevelt Compiled from Official Sources, Intended to Present the Chronological Development of the Foreign Policy of the United States from the Announcement of the Good Neighbor Policy in 1933, Including the War Declarations</u> (Washington, D.C.: U.S.G.P.O., 1942) pp. 4 and 17.

[14] Franklin D. Roosevelt , "'Quarantine' Speech", 5 October 1937, Ibid., p. 23.

[15] Franklin D. Roosevelt, "Message to the Congress recommending increased armament for national defense", 28 January 1938, Ibid., p. 25.

[16] Franklin D. Roosevelt , "Annual Message to the Congress", 4 January 1939, p. 34.

[17] Franklin D. Roosevelt, "Address before a joint session of the Senate and House of Representatives recommending revision of the neutrality law", 21 September 1939, Ibid., p. 50.

[18] Alan L. Gropman, Mobilizing U.S. Industry in World War II, p. 60.

[19] Ibid., p. 116.

[20] Ibid., p. 59.

[21] The notion of the military industrial complex supposes a union between various government officials, generals and industrialists to press the militarization of state policy to generate support for expensive weapons systems. Explorations of this concept in the 1960s, in reflecting the leftist bias of the period, argued that this conjunction of political- military industrial forces conspired to destabilize global politics for the purposes of self-aggrandizement or sinister altruistic reasons. Paul A. C. Koistinen in fact argues that the convergence of these forces began early in the 20th Century owing simply to the potential to make money. This dissertation uses the term to describe the large industrial support structure behind armaments production—a structure highly "civilian" in nature. Paul A. C. Koistinen, Arsenal of World War II: The Political Economy of American Warfare, 1940-1945 (Lawrence: University Press of Kansas, 2004) pp. 1-2 and 165 and Steven Rosen, "Testing the Theory of the Military-Industrial Complex", ed. Steven Ross, Testing the Theory of the Military-Industrial Complex (Lexington, Mass.: Lexington Books, 1973) p. 3.

[22] United States. Bureau of the Budget, The United States at War, pp. 132-133 and 461-463.

[23] Ibid., pp. 504-505.

[24] The documents available to historians analyzing German prewar mobilization are few. A large percentage of the documents of the Wehrmacht's mobilization organizations vanished in the fires of war. Some of the comments and views of major military figures survived. Franz Halder, "Taktische und Strategische Erwägungen zum kommenden Krieg gegen Polen" in Christian Hartmann und Sergej Slutsch, "Franz Halder und die Kriegsvorbereitung im Frühjahr 1939", Vierteljahrhefte für Zeitgeschichte, 45 (1997) p. 467.

[25] Adolf Hitler for example stated: "Damit ziehen wir Nationalsozialisten bewusst einen Strich unter die aussenpolitische Richtung unserer Vorkriegszeit. Wir setzen dort an, wo man vor sechs Jahrhunderten endete. Wir stoppen den ewigen Germanenzug nach dem Sueden und Westen Europas und weisen den Blick nach dem Land im Osten. Wir schliessen endlich ab die Kolonial- und Handelspolitik der Vorkriegszeit und gehen über zur Bodenpolitik der Zukunft. Wenn wir aber heute in Europa von neuem Grund und Boden reden, können wir in erster Linie nur an 'Russland' und die ihm untertanen Randstaaten denken". Wilhelm Deist, Manfred Messerschmidt, Hans-Erich Volkmann, Wolfram Wette (eds.), Ursachen und Voraussetzungen des Zweiten Weltkrieges (Frankfurt am Main : Fischer, 1989) p. 742.

[26] Hans-Erich Volkmann, "Die NS-Wirtschaft in Vorbereitung des Krieges", ed. Deist, Wilhelm, Manfred Messerschmidt, Hans-Erich Volkmann, and Wolfram Wette, Ursachen und Voraussetzungen der deutschen Kriegspolitik, vol 1: Deutsche Reich und der Zweite Weltkrieg, MGFA series: Beiträge zur Militär- und Kriegsgeschichte, (Stuttgart: Deutsche Verlags-Anstalt, 1979) p. 236.

[27] Gian Peri Gentile, "Advocacy or Assessment? The United States Strategic Bombing Survey of Germany and Japan", Pacific Historical Review, 66, 1 (1997) p. 59 and John K. Galbraith, A Life in Our Times (Boston: Houghton Mifflin, 1981) pp. 210-212.

[28] Albert Speer, Erinnerungen (Berlin: Verlag Ullstein GmbH, 1969) p. 229.

[29] Wilhelm Deist, Manfred Messerschmidt, Hans-Erich Volkmann, Wolfram Wette (eds.), Ursachen und Voraussetzungen des Zweiten Weltkrieges, pp. 529-532.

[30] Richard J. Overy, "An Economy Geared to War", History Today, 51, 11 (November 2001) pp. 27-129.

[31] The "Launching of Wars of Aggression" series by the American Office of Chief of Counsel for the Prosecution of Axis Criminality has gone through various reprints and is also included at the Avalon Project website. Volume and Chapter are included here. U.S. Office of Chief of Counsel for

the Prosecution of Axis Criminality. <u>Nazi Conspiracy and Aggression</u> (Washington, D.C.; U.S.G.P.O., 1946) vol. 1, chap. 9.

[32] The IMT documentation also offers the six-week driver training courses of the NSAK (National Socialist Automobile Corps) as evidence of militarization. According to this logic, all persons able to drive an automobile or truck represented potential tank drivers and were therefore "motorized soldiers". While the Nazis themselves described virtually all aspects of the post-1933 German state in military terms, these programs more often than not served to form a spirit of camaraderie and therefore fit well with the Nazi concept of "Gleichschaltung". U.S. Office of Chief of Counsel for the Prosecution of Axis Criminality. <u>Nazi Conspiracy and Aggression</u> (Washington, D.C.; U.S.G.P.O., 1946) vol. 1, chap. 7.

[33] Ibid., vol. 1, chap. 9.

[34] Ibid., vol. 1, chap. 8.

[35] The German industrialists, although The head of the Reichsbank Hjalmar Schacht viewed the situation in more realistic terms, could hardly have been aware of the fact that inflationary labour prices and unhealthy American loans had fuelled the German depression. Contemporary explanations of the crisis did not necessarily soothe the fears of the industrial elite. The failure of the American stock market cost the founder of General Motors over $40 million and ruined the once powerful magnate. Nor did it appear that the solutions for the global quagmire were easy to find. France, for example, returned to 1929 economic levels as late as 1950. Nowhere was the problem as difficult as in the United States. "How bad was the Great Depression? Over the four years from 1929 to 1933, production at the nation's factories, mines, and utilities fell by more than half. People's real disposable incomes dropped 28 percent. Stock prices collapsed to one-tenth of their pre-crash height. The number of unemployed Americans rose from 1.6 million in 1929 to 12.8 million in 1933. One of every four workers was out of a job at the Depression's nadir, and ugly rumors of revolt simmered for the first time since the Civil War". Timothy J. Kehoe and Edward C. Prescott, "Great Depressions of the 20th Century", <u>Review of Economic Dynamics</u>, 5 (2002) p. 13; Lawrence W. Reed, "Great Myths of the Great Depression", <u>Mackinac Center for Public Policy</u> (2000) pp. 3 and 6 and Murray N. Rothbard, <u>America's Great Depression</u> (1963) (Auburn, Alabama: The Ludwig von Mises Institute, 2000) p. xv.

[36] Wilhelm Deist, "Arbeitsbeschaffung und Rüstungskonjunktur", Hans Buchheim (et al.), <u>Aspekte der deutschen Wiederbewaffnung bis 1955</u> (Boppard am Rhein: H. Boldt, 1975) p. 238.

[37] Quoted in Wilhelm Deist, "Arbeitsbeschaffung und Rüstungskonjunktur", p. 239.

[38] Bernard P. Bellon, <u>Mercedes in Peace and War: German Automobile Workers, 1903-1945</u> (New York: Columbia University Press, 1990) p. 221.

[39] Richard J. Overy, "An Economy Geared to War", pp. 27-129.

[40] Hans-Erich Volkmann, "Die NS-Wirtschaft in Vorbereitung des Krieges", p. 237 and Jürgen Stelzner, <u>Arbeitsbeschaffung und Wiederaufrüstung 1933-1936: Nationalsozialistische Beschäftigungspolitik und Aufbau der Wehr- und Rüstungswirtschaft</u> (Bamberg: Schadel & Wehle, 1976) p. 223.

[41] Richard J. Overy, "An Economy Geared to War", pp. 27-129.

[42] Ibid.

[43] Quoted in Wilhelm Deist, "Arbeitsbeschaffung und Rüstungskonjunktur", p. 242.

[44] Jeffrey Fear, "Die Rüstungsindustrie im Gau Schwaben 1939-1945", <u>Vierteljahrhefte für Zeitgeschichte</u>, 35, A (1987) pp. 214.

[45] Bernard P. Bellon, <u>Mercedes in Peace and War</u>, p. 239.

[46] Steven Casey, <u>Cautious Crusade: Franklin D. Roosevelt, American Public Opinion, and the War against Nazi Germany</u> (New York: Oxford University Press, 2001) p. 8.

[47] Hans-Erich Volkmann, "Die NS-Wirtschaft in Vorbereitung des Krieges", pp. 182-5.

[48] Ibid., p. 279.

[49] Williamson Murray, <u>The Change in the European Balance of Power, 1938-1939: The Path to Ruin</u> (Princeton: Princeton University Press, 1984) p. 16.

[50] Hans-Erich Volkmann, "Die NS-Wirtschaft in Vorbereitung des Krieges", p. 281.

[51] Geyer hypothesizes that the Third Reich's economic policy irreversibly restructured the German state. The Nazis replaced the old bureaucratic authoritarian state with a new structure whereby power was parceled out to new public actors who exercised coercive sovereignty and autonomy over resources within a limited domain. Michael Geyer, Deutsche Rüstungspolitik, pp. 206-207.

[52] Richard J. Overy, "An Economy Geared to War", pp. 27-129.

[53] Norman J. G. Pounds, The Economic Pattern of Modern Germany (London: J. Murray, 1963) pp. 66-94.

[54] See the various reports, examined in later chapters, relating to the American demilitarization commissions entitled "TIDC Reports" in Internal Affairs: Social, reel 11.

[55] USSBS. Over-all Report (European War), pp. 49-53 and The Effects of Strategic Bombing on the German War Economy, pp. 87-88.

[56] USSBS. "The Integration of the German Oil, Chemical, Rubber and Explosives Industries" in Oil Division Final Report.

[57] Ibid.

[58] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 56.

[59] USSBS. Over-all Report (European War), pp. 49-53 and The Effects of Strategic Bombing on the German War Economy, pp. 87-88.

[60] Harold J. Clem, Mobilization Preparedness (Washington, D.C.: National Defense University, 1983) p. 29.

[61] "U.S. Defense: The Sinews", Fortune, 22, 4 (October 1940) p. 52.

[62] Francis Harry Hinsley, British Intelligence in the Second World War: Its Influence on Strategy and Operations (4 vols.) (London: H.M. Stationery Office, 1979-1988), vol. 1, pp. 62-76.

[63] Noel Gilroy Annan, Changing Enemies: The Defeat and Regeneration of Germany (New York: W.W. Norton & Co., 1996) p. 8.

[64] John Terraine, A Time for Courage: The Royal Air Force in the European War, 1939-1945 (Macmillan Publishing Company: New York, 1985) pp. 55-57 and Richard J. Overy, The Air War, 1939-1945, p. 23.

[65] Richard J. Overy, "An Economy Geared to War", pp. 27-129.

[66] Ibid., p. 22.

[67] David Edgerton, "The Rise and Fall of British Technology", History Today, 44, 6 (1994) pp. 43-48.

[68] Richard J. Overy, The Air War, 1939-1945, p. 23.

[69] Ulrich Kreutle "Schwieriger Osten: Die BASF auf den osteuropäischen Märkten". Zeitschrift für Unternehmensgeschichte, 38 (1993) pp. 114-121.

[70] Burton H. Klein, Germany's Economic Preparation for War. Harvard Economic Studies (Cambridge: Harvard University Press, 1959) pp.235-236.

[71] Robert Paul Shay, Jr., British Rearmament in the Thirties: Politics and Profits (Princeton, N.J.: Princeton University Press, 1977) p. 279 and Wesley K. Wark., The Ultimate Enemy: British Intelligence and Nazi Germany, 1933-1939, Cornell Studies in Security Affairs (Ithaca : Cornell University Press, 1985) pp. 155-87.

[72] Michael Howard, The Continental Commitment: The Dilemma of British Defence Policy in the Era of the Two World Wars (London, 1972), pp. 134-35.

[73] See Thomas Parrish, The Ultra Americans: The U.S. Role in Breaking the Nazi Codes (New York: Stein and Day, 1986).

[74] John Patrick Finnegan, Military Intelligence, ed. Romana Danysh (Washington, D. C.: Center of Military History United States Army, 1998) p. 86.

[75] Marc B. Powe, The Emergence of the War Department Intelligence Agency, 1885-1918 (Manhattan, Kansas.: Military Affairs, 1975) p. 84.

[76] U.S. Congress. House Committee on Government Operations. National Security Act of 1947. Hearings before the Committee on Expenditures in the Executive Departments, House of Representatives, Eightieth Congress, first session, on H. R. 2319, a bill to promote the national security by providing for a National Defense Establishment which shall be administered by a Secretary of National Defense and for a Department of the Army, a Department of the Navy and a

Department of the Air Force within the National Defense Establishment and for the coordination of the activities of the National Defense Establishment with other departments and agencies of the Government concerned with the National security (Washington, U.S. Government Printing Office, 1947) p. 10.

[77] John Mendelsohn (ed.), The History of the Counter Intelligence Corps (CIC) (New York: Garland, 1989) p. 87.

[78] Annan criticized the Allied bombing effort and believed as many asserted in the years after the war that the bombing of civilian targets helped drain German military resources but represented a slow method of reducing German combat effectiveness through attrition. Noel Gilroy Annan, Changing Enemies, pp. 83-99.

[79] John Patrick Finnegan, Military Intelligence, pp. 83-84.

[80] Jeffrey Fear, "Die Rüstungsindustrie im Gau Schwaben 1939-1945", pp. 200-204.

[81] John K. Galbraith, A Life in Our Times (Boston: Houghton Mifflin, 1981) p. 204.

[82] Allied strategists—in large part conditioned by a belief system that emerged after 1918 that is analysed in chapter two—originally believed that a blockade of iron ore shipments from Sweden alone would paralyse the Nazi war effort. Historians such as Alan S. Milward, Sven-Olof Olsson, Klaus Wittmann and Gerhard Weinberg describe this point of view. Liddell Hart equally demonstrated the German military's conclusion that securing this trade route represented a vital priority. Weinberg's work has however demonstrated rather authoritatively that the German economic system could have placed greater pressures on alternative suppliers to alleviate any disruptions in Swedish ore. Olsson doubts whether Swedish industrialists were indeed enticed by the offer. B.H. Liddell Hart, The German Generals Talk (1948) (New York: Quill, 1979) p. 37; Alan S. Milward, "Could Sweden have stopped the Second World War?", The Scandinavian Economic History Review, 15 (1967) pp. 127-138; Klaus Wittmann, Schwedens Wirtschaftsbeziehungen zum Dritten Reich 1933-1945 (München: Oldenbourg, 1978) p. 242; Sven-Olof Olsson, German Coal and Swedish Fuel 1939-1945 (Göteborg: Institute of Economic History, Gothenburg University, 1975) p. 138 and Gerhard Weinberg, A World At Arms: A Global History of World War II (Cambridge: Cambridge University Press, 1994) pp. 73-78.

[83] "The Consul General at Berlin (Messersmith) to the Under Secretary of State (Phillips)", 23 November 1933, U.S. Department of State. Peace and War: United States Foreign Policy, 1931-1941 (Washington, D.C.: U.S.G.P.O., 1943) p. 195 and U.S. Congress, Events leading up to World War II. Chronological history of certain major international events leading up to and during World War II with the ostensible reasons advanced for their occurence, 1931-1944 (Washington, D.C.: USGPO, 1944) p. 29.

[84] U.S. Congress, Events leading up to World War II, pp. 36 and 42.

[85] N. H. Gibbs, Grand Strategy (London, 1976), vol. 1, pp. 93-99 and 102-28.

[86] United States, Congress, Events leading up to World War II, p. 57.

[87] Quoted in Wilhelm Deist, "Arbeitsbeschaffung und Rüstungskonjunktur", p. 246.

[88] Franz Halder, "Taktische und Strategische Erwägungen zum kommenden Krieg gegen Polen", p. 492.

[89] Michael S. Sherry, The Rise of American Air Power: The Creation of Armageddon (New Haven: Yale University Press, 1987) p. 76.

[90] Mark A. Stoler, George C. Marshall: Soldier-Statesman of the American Century (Boston: Twayne Publishers, 1989) pp. 126-127.

[91] David Edgerton, "The Rise and Fall of British Technology", pp. 43-48.

[92] Edward C. Mann (et. al), Thinking Effects: Effects-Based Methodology for Joint Operations (Alabama: Maxwell Air Force Base, 2002) pp. 18-19.

[93] Klaus A. Maier (et al.), Die Errichtung der Hegemonie auf dem europäischen Kontinent (Stuttgart: Deutsche Verlags-Anstalt, 1979) p. 282.

[94] Franz Halder, "Taktische und Strategische Erwägungen zum kommenden Krieg gegen Polen", p. 490; Klaus A. Maier (et al.), Die Errichtung der Hegemonie auf dem europaischen Kontinent, p. 282 and Karl-Heinz Frieser, Blitzkrieg–Legende. Der Westfeldzug 1940 (München: R. Oldenbourg, 1995) p. 41.

[95] „Urteil", 1 October 1946, IMT, vol. 1, p. 203.

[96] John Terraine, <u>A Time for Courage</u>, pp. 68-69.

[97] The British Bombing Survey Unit was much smaller than their American counterparts. The British survey team also incorporated many of the American findings into their analysis. For these reasons, this dissertation does not concentrate on their results. British Bombing Survey Unit, <u>The Strategic Air War Against Germany, 1939-1945: Report of the British Bombing Survey Unit</u> (London: Frank Cass Publishers, 1998) p. 67.

[98] Adelheid von Saldern, "Permanente Krise? Stabilität und Instabilität des Herrschaftssystems im deutschen Faschismus", <u>PROKLA: Zeitschrift für kritische Sozialwissenschaft</u>, 52 (l983) p. 97.

[99] Gian Peri Gentile, "Advocacy or Assessment?", p. 59.

[100] USSBS. Munitions Division. <u>Tank Industry </u>Report, p. 8.

[101] Richard J. Overy, "'Blitzkriegwirtschaft?' Finanzpolitik, Lebensstandard und Arbeitseinsatz in Deutschland 1939-1942", <u>Vierteljahrshefte für Zeitgeschichte</u> 36, 3 (1988) pp. 379-435 and Richard J. Overy, <u>Why the Allies Won</u>, p. 133.

[102] Determining interwar productive capacities is exceedingly difficult owing to the fact that "During the Nazi economic recovery, German industrial firms earned enormous profits which were understated in the disclosed balance sheets. The capital goods industry profited most from the Nazi's armaments programs, and hence we find the strongest diversion between (high) actual profits and (mediocre) disclosed profits in their balance sheets". Mark Spoerer, <u>Window-Dressing in German Interwar Balance Sheets</u> (University of Hohenheim, 1998) p. 17.

[103] „Urteil", 1 October 1946, IMT, vol. 1, p. 203.

[104] The production statistics of various weapons systems such as the PzkW IV are readily available from a multitude of sources. For a compact interpretation of these numbers from the standpoint of the various nationalities see Mark Harrison, <u>The Economics of World War II: Six Great Powers in International Comparison</u> (Cambridge: Cambridge University Press, 1998).

[105] USSBS. <u>Over-all Report (European War)</u>, p. 31.

[106] „Urteil", 1 October 1946, IMT, vol. 1, p. 203.

[107] Robin Higham and Mark P. Parillo, "The Management Margin: Essential for Victory", <u>Aerospace Power Journal</u> (Spring 2002) p. 26.

[108] Joel S. A. Hayward, "Stalingrad: An Examination of Hitler's Decision to Airlift", <u>Aerospace Power Journal</u> (Spring 1997) pp. 21.

[109] Charles R. Anderson, <u>Tunisia: 17 November 1942-13 May 1943: United States Army in World War II</u> (Washington, D.C.: Center of Military History, United States Army, 1992) p. 27.

[110] Donald D. Chipman, "Airpower: A New Way of Warfare (Sea Control)", <u>Aerospace Power Journal</u> (Fall 1997) p. 61.

[111] David Irving, <u>Hitler's War</u>, (New York: Avon Books, 2000) p. 463.

[112] Between the start of Barbarossa and the end of 1943 the German military lost approximately 2 million soldiers, 25,000 tanks, 40,000 artillery pieces and 20,000 aircraft. Joachim Piskol, <u>Konzeptionelle Pläne und Maßnahmen der deutschen Monopolbourgeoisie für den Übergang vom imperialistischen Krieg zum imperialistischen Frieden und zur Rettung ihrer Machtgrundlagen aus der faschistischen Niederlage (1943-1945)</u> (Berlin: Deutscher Landwirtschaftsverlag, 1972) p. 2.

[113] David Irving, <u>Hitler's War</u>, p. 483.

[114] Adolf Hitler, "Geheimerlass zur Vorbereitung des totalen Krieges, 13.1.1943", Wolfgang Michalka (ed.), <u>Deutsche Geschichte 1933-1945. Dokumente zur Innen- und Aussenpolitik</u> (Frankfurt: Fischer Taschenbuch, 1993) pp. 292-294.

[115] Joseph Goebbels, "Rede im Berliner Sportpalast, 18.2.1943, Deutsche Allgemeine Zeitung 85 (19.2.1943)", ed. Herbert Michaelis, vol. 18: <u>Das Dritte Reich. Die Wende des Krieges. Stalingrad-Nordafrika. Die deutsche Besatzungspolitik. Wirtschaft und Rüstung I</u>, <u>Ursachen und Folgen. Vom deutschen Zusammenbruch 1918 und 1945 bis zur staatlichen Neuordnung Deutschlands in der Gegenwart. Eine Urkunden- und Dokumentensammlung zur Zeitgeschichte</u> (25 vols.) (Berlin, 1958) p. 116.

[116] The Blitzkrieg theory was orignally advanced by Milward until later retracted.

[117] Speer's ministry took over all military industrial issues from the Wehrwirtschafts- und Rüstungsamt (OKW). Adolf Hitler, "Erlass zur einheitlichen Steuerung der Rüstungswirtschaft, 7.5.1942", ed. Herbert Michaelis, vol. 19: <u>Das Dritte Reich. Auf dem Weg in die Niederlage. Wirtschaft und Rüstung II. Die Radikalisierung der inneren Kriegsführung. Rückzug im Osten, Ursachen und Folgen Vom deutschen Zusammenbruch 1918 und 1945 bis zur staatlichen Neuordnung Deutschlands in der Gegenwart. Eine Urkunden- und Dokumentensammlung zur Zeitgeschichte</u> (25 vols.) (Berlin, 1958) p. 19.

[118] The German military launched 10,492 V-1s and 1,358 V-2s against London. The total mass of V-1 explosives, and only 3,876 V-1s hit the greater London area owing to technical difficulties and British countermeasures, represented 7,100 tons or roughly double the load of bombs that hit Dresden in February 1945. These attacks did kill 8,938 people and destroy over 20,000 buildings, but these numbers seem trivial in comparison with the situation on the ground in Germany in 1945. Kenneth P. Werrell, <u>The Evolution of the Cruise Missile</u> (Alabama: Air University Press, 1985) pp. 60-61.

[119] Jörg Friedrich, <u>Der Brand: Deutschland im Bombenkrieg 1940-1945</u> (2002) (Berlin: Propyläen, 2004) pp. 132-133 and Józef Garlinski, <u>Hitler's Last Weapons: The Underground War against the V1 and V2</u> (London: J. Friedmann, 1978) p. 194.

[120] Deutsches Institut für Wirtschaftsforschung, <u>Die deutsche Industrie im Kriege 1939-1945</u>, ed. Rolf Wagenführ (2nd ed.) (Berlin: Duncker & Humblot, 1963) and Reichsministerium für Volksaufklärung und Propaganda. <u>Wollt ihr den totalen Krieg? Die geheimen Goebbels-Konferenzen, 1939-1943</u>, ed. Willi A. Boelcke (München: Deutscher Taschenbuch, 1969) p. 52.

[121] Rolf-Dieter Müller, <u>Organisation und Mobilisierung des deutschen Machtbereichs: Das Deutsche Reich und der Zweite Weltkrieg</u>, vol. 2: <u>Kriegsverwaltung, Wirtschaft und personelle Ressourcen, 1942-1944/45</u>, ed. Bernhard Kroener (et al.) (Stuttgart: Deutsche Verlags-Anstalt, 1999) p. 363.

[122] "Die nationalsozialistische Herrschaft 1933-1945", <u>Der Grosse Ploetz</u> (Freiburg, 1986) p. 933.

[123] USSBS. <u>Over-all Report (European War)</u>, pp. 162-171 and <u>Tank Industry Report</u>, p. 22.

[124] Dietrich Eichholtz, <u>Geschichte der deutschen Kriegswirtschaft 1939-1945</u>, vol. 3: <u>1943-1945</u> (Berlin: Akademie-Verlag, 1996) p. 106.

[125] John K. Galbraith, <u>A Life in Our Times</u> (Boston: Houghton Mifflin, 1981) p. 210.

[126] "Rede vom 18. April 1942 vor den Gauwirtschaftsberatern", Albert Speer, <u>Erinnerungen</u>, p. 235.

[127] According to the USSBS, the concentration on critical weapon systems represented the most significant factor in increased German weapons production totals. USSBS. <u>Over-all Report (European War)</u>, p. 32.

[128] Albert Speer, <u>Erinnerungen</u>, p. 238.

[129] USSBS. <u>Summary Report (European War)</u>, p. 11.

[130] Victor H. Bernstein, "Ford Empire Played Both Sides in War", <u>Technocracy Digest</u> (1945). Reprinted in <u>Northwest Area News</u>, 126 and 127 (August and September 1994) no page numbers.

[131] Werner Abelshauser, "Germany: Guns, Butter and Economic Miracles", ed. Mark Harrison, <u>The Economics of World War II</u>, pp. 122-176.

[132] This is the basic argument set forward by Müller and others in a two-volume series. Bernhard Kroener (et al.), <u>Organisation und Mobilisierung des deutschen Machtbereichs: Das Deutsche Reich und der Zweite Weltkrieg</u> (2 vols) (Stuttgart: Deutsche Verlags-Anstalt, 1988 and 1999).

[133] Richard J. Overy, <u>Why the Allies Won</u>, p. 207.

[134] Rolf-Dieter Müller, „Grundzüge der deutschen Kriegswirtschaft 1939 bis 1945", ed. Karl Dietrich Bracher (et al.), <u>Deutschland 1933-1945. Neue Studien zur nationalsozialistischen Herrschaft</u> (Bonn: Bundeszentrale für Politische Bildung, 1992) p. 374.

[135] Harrison Lewis (Secretary of Legation), "Dictated Economy as a Factor in Prolonging German resistance", 18 January 1945, Internal Affairs: Social, reel 10.

Chapter 2 Endnotes

[1] Carl von Clausewitz, <u>On War</u>, p. 75.

[2] "The strategy and operations of any war can be understood only in the light of conditions of the ten or twenty years before its beginning. Technology, organization, doctrine, training, command and staff appointments—all the essentials of action in war—are put in place and developed in peacetime. The testing experience of combat will bring about change, but prewar elements continue to affect many events throughout the longest of conflicts". Peter Paret quoted in Scot Robertson, "The Development of Royal Air Force Strategic Bombing Doctrine Between the Wars", Airpower Journal, 12, 1 (Spring 1998) p. 37.

[3] "Statistics of the Military Effort of the British Empire During the Great War 1914-1920, Part XXIV: Airship and Aeroplane Raids over Great Britain and Bombardment of the Coast, with resulting Casualties", 1922, quoted in John Terraine, A Time for Courage, p. 10.

[4] For a basic analysis of Giulio Douhet, Dominio dell'aria, USAF Warrior Studies (Washington, D.C.: Office of Air Force History, 1983) see Williamson Murray, Strategy for Defeat: The Luftwaffe 1933-45 (Maxwell Air Force Base, Alabama: Air University Press, 1983) pp. 6-14.

[5] Charles Webster and Noble Frankland, The Strategic Air Offensive against Germany, 1939-1945, (London: Her Majesty's Stationery Office, 1961) vol. 1, p. 35.

[6] The following texts offer accounts of British airpower development during WWI and especially the interwar period: Andrew Boyle, Trenchard (London: Collins, 1962); Malcolm Cooper, The Birth of Independent Air Power: British Air Policy in the First World War (London: Allen & Unwin, 1986); Maurice Dean, The Royal Air Force and Two World Wars (London: Cassell, 1979); Neville Jones, The Origins of Strategic Bombing (London: Frank Cass, 1973); John Terraine, A Time for Courage and Charles Webster and Noble Frankland, The Strategic Air Offensive against Germany, 1939-1945, vol. 1.

[7] See John Sweetman, "The Smuts Report: Merely Political Window Dressing?", Journal of Strategic Studies, 4, 1 (1981) pp. 152-74 for an analysis of the report. The report itself is reproduced in Eugene M. Emme (ed.), The Impact of Air Power (New York: D. Van Nostrand Co., Inc., 1959) pp. 33–37.

[8] John Terraine, The Mighty Continent: A View of Europe in the Twentieth Century (Garden City, N.Y.: Doubleday, 1975) p. 139.

[9] Williamson Murray, Strategy for Defeat, pp. 6-14.

[10] "Chief of the Air Staff Memorandum: Status of the RAF", 14 August 1919 cited in Scot Robertson, "The Development of Royal Air Force Strategic Bombing Doctrine Between the Wars", p. 43.

[11] Ibid.

[12] "Air control" offered the British government a cheap alternative to traditional ground and naval forces in policing the empire against the industrially backward colonies. The use of airpower in the colonies did not offer the type of targets which the RAF required to refine purely strategic bombing. For a discussion of "air control" see Malcolm Smith, British Air Strategy between the Wars (Oxford: Clarendon Press, 1984) pp. 22-23.

[13] "Ist die militärische Produktion erst militärisches Ziel, ist bald alle Produktion militärisch. Was geht in das Flugzeug ein, was gar nicht in der Flugzeugfabrik fabriziert wird: Walzblech, Kugellager, Gummi, Schmieröl, Anzeigeinstrumente und in all dies Facharbeit. Kurz: das, was eine Stadt beherbergt und wozu sie existiert. Trenchard hat, um die Wirkamseit seiner Waffe nicht gleich wieder zu halbieren, ihre Ziele umfassend definiert, nämlich 'alle Objekte, die wirksam zur Zerstörung der gegnerischen Mittel des Angriffs beitragen und seine Entscholssenheit zum Kampf verringern'". Jörg Friedrich, Der Brand, p. 68.

[14] David MacIsaac, "Voices, from the Central Blue," ed. Peter Paret, Makers of Modern Strategy: From Machiavelli to the Nuclear Age (Princeton, N.J.: Princeton University Press, 1986) p. 633.

[15] Scot Robertson, "The Development of Royal Air Force Strategic Bombing Doctrine Between the Wars", p. 48.

[16] Williamson Murray, Strategy for Defeat, p. 330.

[17] Charles Webster and Noble Frankland, The Strategic Air Offensive against Germany, vol. 1, p. 107.

[18] This concept created a new "way to uphold New Era virtues of economy, efficiency, and technological innovation"—a decidedly American approach to war. William Mitchell, <u>Memoirs of World War I: From Start to Finish of Our Greatest War</u> (New York: Random House, 1928) p. 5 and Johnny R. Jones, <u>William "Billy" Mitchell's Air Power: Compiled from the Published and Unpublished Writings and Commentaries of William Mitchell</u> (College of Aerospace Doctrine, Research, and Education: Maxwell Air Force Base, Alabama, September 1997) p. 3. This concept is further scrutinized in Michael S. Sherry, <u>The Rise of American Air Power: The Creation of Armageddon</u> (New Haven, Conn.: Yale University Press, 1987) p. 35.

[19] "Every airplane that a nation owns, whether commercial, civil or military, is a great asset, as they can all be used in an emergency". Johnny R. Jones, <u>William "Billy" Mitchell's Air Power</u>, p. 16 and 19.

[20] William Mitchell, <u>Memoirs of World War I: "From Start to Finish of Our Greatest War"</u> (1960) (Westport, Conn.: Greenwood Press, 1975) pp. 2-3 cited in Russell Frank Weigley, <u>The American Way of War: A History of United States Military Strategy and Policy</u> (Bloomington: Indiana University Press, 1977) p. 234.

[21] Russell Frank Weigley, <u>The American Way of War</u>, p. 237 and Johnny R. Jones, <u>William "Billy" Mitchell's Air Power</u>, p. 19.

[22] Johnny R. Jones, <u>William "Billy" Mitchell's Air Power</u>, p. 50.

[23] The American military however clung to orthodoxy. They demoted Mitchell in 1925 and court-martialled the air enthusiast after he accused the military of "criminal negligence" in the crash of the naval airship "Shenandoah" in September 1925. Ibid., p. xiv.

[24] Modris Eksteins, <u>Rites of Spring: the Great War and the Birth of the Modern Age</u> (New York: Anchor Books, 1990) p. 169.

[25] Lionel Evelyn Oswald Charlton, <u>War from the Air: Past, Present, Future</u> (London: T. Nelson and sons, 1935) pp. 172-173 cited in Phillip S. Meilinger, "Clipping the Bomber's Wings: The Geneva Disarmament Conference and the Royal Air Force, 1932-1934", <u>War in History</u>, 6, 3 (1999) pp. 306-330.

[26] Barry Powers, <u>Strategy without Slide-Rule: British Air Strategy, 1914-1939</u> (New York: Holmes & Meier, 1976) p. 110.

[27] Modris Eksteins, <u>Rites of Spring</u>, p. 263.

[28] Malcolm Smith, <u>British Air Strategy between the Wars</u>, p. 1.

[29] A host of attempts at protecting civilians from airpower failed during the 1920s and 1930s. The Hague Aerial Bombardment Rules in 1922 were never ratified. Nor was the Draft Convention on Protection of Civilians in 1934. As it stood, the aerial eradication of cities—along with the inhabitants—did not constitute a war crime until after the war. See Kenneth R. Rizer, "Bombing Dual-Use Targets: Legal, Ethical, and Doctrinal Perspectives", <u>Air & Space Power Chronicles</u> (May 2001) pp. 1-16.

[30] Fred L. Israel (ed.), <u>Major Peace Treaties of Modern History, 1648-1967</u> (New York, Chelsea House Publishers, 1967) vol. 2, p. 1277.

[31] Phillip S. Meilinger, "Clipping the Bomber's Wings", pp. 306-330.

[32] The failure to control strategic airpower dramatically influenced British foreign policy during the 1930s. See Uri Bialer, <u>The Shadow of the Bomber: The Fear of Air Attack and British politics, 1932-1939</u> (London: Royal Historical Society, 1980).

[33] British airmen such as Harris certainly marked the high point of enthusiasm for airpower and generally accepted the concept of indiscriminate bombing as a suitable weapon. "I do not personally regard the whole of the remaining cities of Germany", Harris commented in the final months of the war, "as worth the bones of one British Grenadier". Frederick Taylor, <u>Dresden: Tuesday, February 13, 1945</u> (London: Bloomsbury, 2004) p. 432. For Marshall's perspectives see George C. Marshall, <u>George C. Marshall: Interviews and Reminiscences for Forrest C. Pogue</u>, ed. Larry I. Bland. (Lexington, Va.: G.C. Marshall Research Foundation, 1991.) pp. 423-425.

[34] Barton J. Bernstein, "The Atomic Bombings Reconsidered", <u>Foreign Affairs</u>, 74, 1 (1995) pp. 135-152.

[35] Michael S. Sherry, <u>The Rise of American Air Power</u>, p. 79.

[36] Ibid., pp. 61-62.

[37] Harold L. Ickes, The Secret Diary of Harold L. Ickes (New York: Doubleday, 1954) vol. 2, p. 469.

[38] Quoted in John Morton Blum, From the Morgenthau Diaries, vol. 2: Years of Urgency, 1938-1941 (Boston, Houghton Mifflin, 1959-67) p. 118.

[39] Herman S. Wolk and Richard P. Hallion, "FDR and Truman", Airpower Journal, 9, 3, (Fall 1995) p. 56.

[40] See Carl Berger, B-29: The Superfortress (New York: Ballantine Books, 1970).

[41] H. H. Arnold, Global Mission (New York: Harper, 1949) p. 179.

[42] Haywood S. Hansell, Jr., The Strategic Air War Against Germany and Japan: A Memoir (Washington, D.C.: Office of Air Force History, U.S. Air Force, 1986) pp. 7-10.

[43] Haywood S. Hansell, Jr., The Air Plan That Defeated Hitler (Atlanta: Higgins-McArthur/Longino and Porter, 1972) pp. 80-85.

[44] John Terraine, A Time for Courage, p. 80.

[45] Ibid., p. 81.

[46] Arthur Travers Harris, Bomber Offensive (New York: Macmillan Co., 1947) pp. 77-78.

[47] Carl von Clausewitz, On War, p. 595.

[48] Noble Frankland, "The Combined Bomber Offensive: Classical and Revolutionary, Combined and Divided, Planned and Fortuitous", ed. William Geffen, Command and Commanders in Modern Warfare: The Proceedings of the Second Military History Symposium U.S. Air Force Academy 2-3 May 1968 (Washington, DC: Office of Air Force History and United States Air Force Academy, 1971) p. 256.

[49] Carl von Clausewitz, On War, 595.

[50] For a general discussion of this problem see John A. Warden, The Air Campaign: Planning for Combat (National Defense University Press Publication, 1988).

[51] Jörg Friedrich, Der Brand, p. 75.

[52] For calculations and descriptions see John E. Fagg, "Mission Accomplished", ed. Wesley Frank Craven and James Lea Cate, The Army Air Forces in World War II (Washington, D.C.: Office of Air Force History, 1983) pp. 783-810 and Charles Webster and Noble Frankland, The Strategic Air Offensive against Germany, 1939-1945, vol. 2, pp. 215-216.

[53] Conrad C. Crane, Bombs, Cities, and Civilians: American Airpower Strategy in World War II (Lawrence, Kan.: University Press of Kansas, 1993) p.118.

[54] Jörg Friedrich, Der Brand, p. 82.

[55] Barry D. Watts, Clausewitzian Friction and Future War (Washington, D.C.: Institute for National Strategic Studies, National Defense University, 1996).

[56] Stewart Halsey Ross, Strategic Bombing by the United States in World War II: The Myths and the Facts (Jefferson, NC: McFarland & Company, Inc, 2003).

[57] U.S. Air Force. Assistant Chief of Staff. Studies and Analysis. The Relationship Between Sortie Ratios and Loss Rates for Air-to-Air Battle Engagements During World War II and Korea—Saber Measures (Washington, D.C.: Headquarters, U.S. Air Force, 1970) p. 15.

[58] William R. Emerson, Operation Pointblank: A Tale of Bombers and Fighters, The Harmon Memorial Lectures in Military History, no. 4 (Colorado Springs, Colo.: United States Air Force Academy, 1962) p. 33 and Herman S. Wolk, Strategic Bombing: The American Experience (Manhattan, Kans.: MA/AH Publishing, 1981) p. 22.

[59] Haywood S. Hansell, Jr., The Air Plan That Defeated Hitler, pp. 208-9 and Noble Frankland, "The Combined Bomber Offensive", pp. 253-267.

[60] Adolf Galland, Die Ersten und die Letzten: Jagdflieger im Zweiten Weltkrieg (München: Wilhelm Heyne Verlag, 1975) p. 269.

[61] Haywood S. Hansell, Jr., The Air Plan That Defeated Hitler, pp. 180-192.

[62] Robert F. Futrell, "Commentary", p. 277.

[63] Jörg Friedrich, Der Brand, p. 81.

[64] Ibid., p. 122.

[65] Robert F. Futrell, "Commentary", p. 280.

[66] Conrad C. Crane, Bombs, Cities, and Civilians, p. 118.

[67] Noel Gilroy Annan, <u>Changing Enemies</u>, p. 5.

[68] The attempt at paralysing the German economy using airpower failed in a manner similar to 20th Century political attempts at coordinating a successful centrally controlled economy. A centralized economy operating according to strict concepts is, in Hayek's opinion, "logically impossible". Long-term planning fails to account for the highly interdependent modern economic system and the need to coordinate policy with changing market conditions. For this reason, Hayek points out that "unintended consequences are paramount: a distribution of resources is effected by an impersonal process in which individuals, acting for their own ends (themselves also often rather vague), literally do not and cannot know what will be the net result of their interactions". Constraints in information gathering meant that Allied planners could not predict German reactions to bombing nor how the market itself would react. Detailed predictability within the modern economic system is an illusion. Barry D. Watts, <u>Clausewitzian Friction and Future War</u>, op. cit.

[69] Ibid.

[70] Ibid.

[71] USSBS. <u>Over-all Report (European War)</u>, p. 37.

[72] Haywood S. Hansell, Jr., <u>The Air Plan That Defeated Hitler</u>, p. 153 and also emphasized in Noble Frankland, "The Combined Bomber Offensive", pp. 253-267.

[73] Haywood S. Hansell, Jr., <u>The Air Plan That Defeated Hitler</u>, p. 168.

[74] Cajus Bekker, <u>The Luftwaffe War Diaries</u> (New York: Ballantine Books, 1969) p. 7.

[75] Robert Futrell, "Commentary", p. 282.

[76] Cajus Bekker, <u>The Luftwaffe War Diaries</u>, pp. 200-201 and Telford Taylor, <u>The Breaking Wave</u> (New York: Simon and Schuster, 1967) p. 145.

[77] Robert Futrell, "Commentary", p. 285.

[78] See the methodology employed in Charles Webster and Noble Frankland, <u>The Strategic Air Offensive against Germany</u>.

[79] Jörg Friedrich, <u>Der Brand</u>, p. 140.

[80] Ibid., p. 168.

[81] Gian Peri Gentile, "Advocacy or Assessment?", p. 62.

[82] Ibid., p. 54.

[83] Noble Frankland, "The Combined Bomber Offensive", pp. 253-267.

[84] John K. Galbraith, <u>A Life in Our Times: Memoirs</u> (Boston: Houghton Mifflin Company, 1981) p. 196.

[85] Richard J. Overy, <u>The Air War</u>, p. 198.

[86] John K. Galbraith, <u>A Life in Our Times</u>, p. 202.

[87] Noble Frankland, "The Combined Bomber Offensive", p. 262.

[88] Neil Gregor, <u>Stern und Hakenkreuz: Daimler Benz im Dritten Reich</u> (trans.) (Berlin: Propyläen Verlag, 1997) pp. 122-135. [Check for Position] For similar discussions see Ludolf Herbst, <u>Der totale Krieg und die Ordnung der Wirtschaft: Die Kriegswirtschaft im Spannungsfeld von Politik, Ideologie und Propaganda 1939-1945</u> (Stuttgart: Deutsche Verlags-Anstalt, 1982) p. 403 and Dietrich Eichholtz, <u>Geschichte der deutschen Kriegswirtschaft 1939-1945</u>, vol. 3, p. 604.

[89] Dietrich Eichholtz, <u>Geschichte der deutschen Kriegswirtschaft</u>, vol. 3, p. 604.

[90] Neil Gregor, <u>Stern und Hakenkreuz</u>, pp. 148-161.

[91] Jonathan S. Wiesen, "Overcoming Nazism: Big Business, Public Relations, and the Politics of Memory, 1945-50", <u>Central European History</u>, 29, 2 (1996) pp. 201-226.

[92] William Manchester, <u>The Arms of Krupp, 1587-1968</u> (Boston: Little, Brown and Company, 1964) p. 563.

[93] Klaus-Dieter Henke, <u>Die amerikanische Besetzung Deutschlands</u> (München: R. Oldenbourg, 1995) pp. 449-571.

[94] Jonathan S. Wiesen, "Overcoming Nazism", pp. 201-226.

[95] "Robert Murphy to Secretary of State", 30 July 1945, Internal Affairs: Social, reel 11 pp. 00203-00209.

[96] "Robert Murphy, German Chemicals Production 1941-1944", 11 January 1946, Internal Affairs: Social, reel 11, pp. 00617-00621.

[97] Ulrich Herbert, <u>Fremdarbeiter: Politik und Praxis des 'Ausländer-Einsatzes' in der Kreigswirtschaft des Dritten Reiches</u> (Cambridge: Cambridge University Press, 1997).

[98] Rolf-Dieter Müller, "Die Versorgung der deutschen Bevölkerung" and „Albert Speer und die Rüstungspolitik im totalen Krieg", <u>Organisation und Mobilisierung des deutschen Machtbereichs</u>, vol. 2, pp. 478–497 and 753.

[99] William Manchester, <u>The Arms of Krupp</u>, p. 623.

[100] John K. Galbraith, <u>A Life in Our Times</u>, p. 210.

[101] Rolf-Dieter Mueller, <u>Organisation und Mobilisierung des deutschen Machtbereichs</u>, vol. 2, p. 753.

[102] John K. Galbraith, <u>A Life in Our Times</u>, p. 210.

[103] Richard J. Overy, "An Economy Geared to War", p. 27.

[104] Burton H. Klein, <u>Germany's Economic Preparation for War. Harvard Economic Studies</u> (Cambridge: Harvard University Press, 1959) pp. 235-236.

[105] John K. Galbraith, <u>A Life in Our Times</u>, p. 204.

[106] Gian Peri Gentile, "Advocacy or Assessment?", p. 59 and John K. Galbraith, <u>A Life in Our Times</u>, pp. 210-212.

[107] John E. Fagg, "Mission Accomplished", pp. 783-810.

[108] Lieutenant General Ira C. Eaker, „Comments", ed. William Geffen, <u>Command and Commanders in Modern Warfare</u>, pp. 312-314.

[109] Albert Speer, <u>Erinnerungen</u>, p. 442.

[110] Albert Speer, <u>Inside the Third Reich</u> (New York: Macmillan, 1970) p. 346.

[111] Albert Speer, <u>Erinnerungen</u>, p. 442.

[112] John K. Galbraith, <u>A Life in Our Times</u>, p. 201.

[113] "Economic Intelligence Branch Economic Division U.S. Group C.C. (Germany), Transmission to C.I Oliver from Civil Affairs Division of the War Department. Part I: Summary Report of Economic Conditions in Germany", 2 July 1945, Internal Affairs: Social, reel 11, pp. 00180-00189.

[114] Ibid.

[115] Ibid.

[116] John K. Galbraith, <u>A Life in Our Times</u>, p. 196.

[117] USSBS. <u>Over-all Report (European War)</u>, pp. 15-16 and 37.

[118] Ibid., p. 37.

[119] USSBS. <u>The Effects of Strategic Bombing on the German War Economy</u>, p. 13.

[120] USSBS. <u>Over-All Report (European War)</u>, p. 30.

[121] Jörg Friedrich, <u>Der Brand</u>, p. 122.

[122] Andrew M. Johnston, "Mr. Slessor Goes to Washington: The Influence of the British Global Strategy Paper on the Eisenhower New Look", <u>Diplomatic History</u>, 22, 2 (1998) pp. 397-398.

[123] Kenneth P. Werrell, "The Strategic Bombing of Germany in World War II: Costs and Accomplishments", <u>Journal of American History</u>, 73, 3 (1986) pp. 711 and Douglas Botting, <u>From the Ruins of the Reich: Germany 1945-1949</u> (Meridian: New York, 1985) p. 125.

[124] The available evidence only emphasizes the strength of this traditional argument. Dietrich Eichholtz, <u>Geschichte der deutschen Kriegswirtschaft</u>, vol. 3, p. 86 and Alfred C. Mierzejewski, <u>The Collapse of the German War Economy, 1944-1945: Allied Air Power and the German National Railway</u> (Chapel Hill: University of North Carolina Press, 1988) p. 184.

[125] Richard Overy, <u>Why the Allies Won</u>, pp. 131-33.

[126] Wolfgang Bleyer, "Der geheime Bericht über die Rüstung des faschistischen Deutschlands vom 27. Januar 1945", <u>Jahrbuch für Wirtschaftsgeschichte</u> (Berlin, Akademie-Verlag, 1969) p. 350.

[127] Rolf-Dieter Müller, "Grundzüge der deutschen Kriegswirtschaft 1939 bis 1945", <u>Organisation und Mobilisierung des deutschen Machtbereichs</u>, vol. 2, p. 374.

[128] Rolf Wagenführ (ed.), <u>Die deutsche Industrie im Kriege, 1939-1945</u> (Berlin: Duncker & Humbolt, 1963) p. 78.

[129] Ludolf Herbst, <u>Der totale Krieg und die Ordnung der Wirtschaft</u>, p. 403 and Dietrich Eichholtz, <u>Geschichte der deutschen Kriegswirtschaft</u>, vol. 3, p. 604.

[130] USSBS. <u>The Effects of Strategic Bombing on the German War Economy</u>, p. 13.

[131] The USSBS realized that German exploitation of the occupied territories complicated the attempt at damage assessment. German historians still grapple with the attempt to undercover the extent and dimensions of the seizures. Rolf-Dieter Müller, "Die Versorgung der deutschen Bevölkerung", Organisation und Mobilisierung des deutschen Machtbereichs, vol. 2, pp. 478–497 and USSBS. The Effects of Strategic Bombing on the German War Economy, p. 71.

[132] Dietrich Eichholtz, Geschichte der deutschen Kriegswirtschaft, vol. 3, p. 508.

[133] Rolf-Dieter Müller,„Albert Speer und die Rüstungspolitik im totalen Krieg", Organisation und Mobilisierung des deutschen Machtbereichs, vol. 2, p. 753.

[134] USSBS. Over-all Report (European War), p. 37.

[135] Gian Peri Gentile, "Advocacy or Assessment?", pp. 53-79.

[136] John K. Galbraith quoted in Stewart Halsey Ross, Strategic Bombing by the United States in World War II: The Myths and the Facts (Jefferson, NC: McFarland & Company, Inc, 2003) p. 203.

[137] Rolf Wagenführ (ed.), Die deutsche Industrie im Kriege, p. 78.

[138] Field Marshall Erhard Milch, "The Effect of the Allied Combined Bomber Offensive on Germany", ed. William Geffen, Command and Commanders in Modern Warfare, p. 296.

[139] Richard J. Overy, The Air War, 1939-1945, p. 122.

[140] Alan L. Gropman, Mobilizing U.S. Industry in World War II, p. 134.

[141] See the statistical data provided in Mark Harrison, "The Economics of World War II: A overview", ed. Mark Harrison, The Economics of World War II: Six Great Powers in International Comparison (Cambridge: Cambridge University Press, 1998) pp. 1–14.

[142] Alan L. Gropman, Mobilizing U.S. Industry in World War II, p. 37.

[143] David French, "Perfidious Albion Faces the Powers", Canadian Journal of History, 28, 2 (1993) pp. 177-187.

[144] Oral Interview: Henry H. Fowler.

[145] "The Foreign Economic Administration, Enemy Branch, Industry Division: The German Machine Industry", May 1945, Internal Affairs: Social, reel 36, pp. 00428-00647.

[146] Abelshauser adds considerable weight to the USSBS assessments. Other historians such as Overy have disputed this point, with the basic argument that wartime demands absorbed civilian production, but this divergence underlines the difficulties involved in accurately assessing the bombing damage more than anything else. See the brunt of the argument presented in Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung.

[147] "The Foreign Economic Administration, Enemy Branch, Industry Division, The German Machine Industry", May 1945, Internal Affairs: Social, reel 36, pp. 00428-00647.

[148] Rolf Wagenführ (ed.), Die deutsche Industrie im Kriege, p. 78.

[149] Charles Webster and Noble Frankland, The Strategic Air Offensive against Germany, vol. 2, p. 274.

[150] Alan S. Milward, War, Economy, and Society, 1939-1945 (Berkeley: University of California Press, 1977) p. 333.

[151] Georg Richard Thomas, Geschichte der deutschen Wehr- und Rüstungswirtschaft, 1918-1943/45, ed. Wolfgang Birkenfeld (Boppard: Boldt, 1966) p. 242 and USSBS. The Effects of Strategic Bombing on the German War Economy, p. 49.

[152] Neil Gregor, Stern und Hakenkreuz, pp. 364-367.

[153] USSBS. The Effects of Strategic Bombing on the German War Economy, p. 49.

[154] Helge Berger, "Germany and the Political Economy of the Marshall Plan, 1947-52: A Re-Revisionist View", ed. Barry Eichengreen Europe's Post-War Recovery (Cambridge: Cambridge University Press, 1995) pp. 199-245.

[155] Kathleen Burk, "Money and Power: American and Europe in the 20th Century", History Today, 43 (March 1993) pp. 33-40.

[156] John Farquharson, "Governed or Exploited? The British Acquisition of German Technology, 1945-48", Journal of Contemporary History, 32, 1 (1997) p. 36.

[157] Ibid.

[158] Ibid.

[159] Neil Gregor, Stern und Hakenkreuz, pp. 364-367.

[160] Jörg Friedrich, <u>Der Brand</u>, p. 104.

[161] Quoted in John Dick Scott, <u>Vickers: A History</u> (London: Weidenfeld and Nicolson, 1962) p. 280.

[162] John Terraine, <u>A Time for Courage</u>, p. 538.

[163] Jörg Friedrich, <u>Der Brand</u>, p. 104.

[164] Charles Webster and Noble Frankland, <u>The Strategic Air Offensive against Germany</u>, vol. 2, p. 159.

[165] Arthur Travers Harris, <u>Bomber Offensive</u>, 77-78.

[166] Ibid.

[167] William Manchester, <u>The Arms of Krupp</u>, p. 453.

[168] 2 million tons fell on Axis controlled territory between 1943 and 1945. USSBS. <u>The Effects of Strategic Bombing on the German War Economy</u>, p. 112 and Rolf Wagenführ (ed.), <u>Die deutsche Industrie im Kriege</u>, p. 55.

[169] Werner Wolf, <u>Luftangriffe auf die deutsche Industrie 1942-45</u> (München: Universitas, 1985) p. 106.

[170] Gregor Janssen, <u>Das Ministerium Speer: Deutschlands Rüstung im Krieg</u> (Berlin: Ullstein, 1968) p. 331.

[171] "Appendix: The German Electric Power Complex as a Target System", Haywood S. Hansell, Jr., <u>The Strategic Air War Against Germany and Japan: A Memoir</u> (Washington, D.C.: Office of Air Force History, United States Air Force, 1986) pp. 321-322.

[172] Albert Speer, „Rechenschaftsbericht", 27 January 1945 in Gregor Janssen, <u>Das Ministerium Speer</u>, p. 330.

[173] USSBS. <u>German Electric Utilities Industry Report</u>, p. 2.

[174] Albert Speer, „Rechenschaftsbericht", 27 January 1945 in Gregor Janssen, <u>Das Ministerium Speer</u>, p. 328.

[175] USSBS. <u>Summary Report (European War)</u>, p. 5.

[176] Albert Speer, <u>Erinnerungen</u>, p. 299.

[177] USSBS. <u>Summary Report (European War)</u>, p. 6.

[178] Ibid.

[179] USSBS. <u>Oil Division Final Report</u> and <u>Over-all Report (European War)</u>, pp. 49-53.

[180] USSBS. <u>Summary Report (European War)</u>, p. 10.

[181] Ibid.

[182] Haywood S. Hansell, Jr., <u>The Strategic Air War Against Germany and Japan</u>, p. 328.

[183] "OMGUS, Economic Division, Occupation Report, Industry", September 1947 cited in Earl F. Ziemke, <u>The U.S. Army in the Occupation of Germany</u>, p. 350.

[184] Mark E. Spicka, "The Devil's Chemists on Trial: The American Prosecution of I.G. Farben at Nuremberg", <u>The Historian</u>, 61, 4 (Summer 1999) p. 865-882.

[185] Rolf Wagenführ (ed.), <u>Die deutsche Industrie im Kriege</u>, p. 78 and USSBS. <u>The Effects of Strategic Bombing on the German War Economy</u>, p. 163.

[186] Rolf Wagenführ (ed.), <u>Die deutsche Industrie im Kriege</u>, p. 78.

[187] Douglas Botting, <u>From the Ruins of the Reich</u>, p. 125.

[188] Noble Frankland, "The Combined Bomber Offensive", p. 257.

[189] "Report of the Committee on Methods of Breaking the German Will to Resist. Annex 'A': Main Constant Themes of Political Warfare Against Germany", 1944 in Philip M. Taylor and N. C. Weekes, "Breaking the German Will to Resist, 1944-1945: Allied Efforts to End World War II by Non-Military Means", <u>Historical Journal of Film, Radio and Television</u>, 18, 1 (1998) p. 5-48.

[190] Even though the proponents of strategic bombing were tainted by the willingness to inflict massive suffering on the entire German population, the military campaign did not represent a vicious and unjustified "genocidal" strategy such as is argued by revisionists such as David Irving or hinted at by Jörg Friedrich. David Irving originally claimed that 135,000 had died at Dresden, but altered that statistic to 25,000 after severe criticism. David Irving, <u>The Destruction of Dresden</u> (Morley: Elmfield Press, 1974) and Jörg Friedrich, <u>Brandstätten</u>. A recent article by Christopher Stark returns to older speculations and sets the figure at 125,000. Christopher Staerck, "Dresden: A Good Intelligence Decision?" <u>Modern History Review</u> 10 (1999) pp. 13-15. Irregardless of the numbers,

however, strategic bombing represented a military policy stretching back to 1918 and the pundits viewed the targeting of civilians as legitimate. Still, Soviet propagandists later used the Allied strategic bombing campaign in their attempt at gaining German favour. Lucius D. Clay informed the Department of the Army in February 1949 that Soviet propaganda in Germany condemned the United States for "the alleged needless bombing of Dresden as it was about to fall to Red Army". Lucius D. Clay, Clay Papers, vol. 2, p. 1015.

[191] USSBS. Over-all Report (European War), pp. 71-74.

[192] U.S.A.F. Historical Division. Historical Analysis of the 14-15 February 1945 Bombings of Dresden (U.S.A.F. Historical Division Research Studies Institute Air University, 2005) n.p.

[193] Jörg Friedrich, Der Brand, p. 109.

[194] Quoted in Charles Webster and Noble Frankland, The Strategic Air Offensive against Germany, vol. 1, p. 112.

[195] Portal later convinced Churchill to withdraw the minute and delete the word "terror". Noel Gilroy Annan, Changing Enemies, pp. 99-100.

[196] Charles Webster and Noble Frankland, The Strategic Air Offensive against Germany, vol. 1, p. 117.

[197] Alexander McKee, Dresden 1945: The Devil's Tinderbox (London: Souvenir Press, 1982) p. 263.

[198] This viewpoint forms a major theme in a recent monograph. See Williamson Murray and Allan R. Millett, A War to Be Won: Fighting the Second World (Cambridge, Massachusetts: Harvard University Press, 2000).

[199] Jörg Friedrich, Der Brand, pp. 326-327.

[200] John Terraine, A Time for Courage, p. 678.

[201] Ibid., p. 679.

[202] "Appendix: The German Electric Power Complex as a Target System" in Haywood S. Hansell, Jr., The Strategic Air War Against Germany and Japan, pp. 321-322.

[203] "Report of the Committee on Methods of Breaking the German Will to Resist. Annex 'A': Main Constant Themes of Political Warfare Against Germany", 1944 in Philip M. Taylor and N. C. Weekes, "Breaking the German Will to Resist, pp. 5-48.

[204] USSBS. Over-all Report (European War), pp. 95-100 and The Effects of Strategic Bombing on the German War Economy, pp. 137-138.

[205] Arthur Travers Harris, Bomber Offensive, pp. 77-78.

[206] Reproduced in Max Domarus (ed.), Hitler: Speeches and Proclamations, 1932-1945: The Chronicle of a Dictatorship, vol. IV: The years 1941-1945 (London: I.B. Tauris & Co. Ltd., 1990-2004).

[207] Douglas Botting, From the Ruins of the Reich, p. 105.

[208] Ibid., p. 125.

[209] "In the major cities, an average of 50 per cent of the built-up area was destroyed and 45 per cent of the housing stock rendered uninhabitable". Jeffry M. Diefendorf (et al.), In the Wake of War: The Reconstruction of German Cities after World War II (Cambridge: Cambridge University Press, 1993) p. 11.

[210] Friedemann Bedürftig, "A People Without a State: Post VE-Day Germany", History Today, 45, 5 (1995) pp. 47-54.

[211] Douglas Botting, From the Ruins of the Reich, p. 121.

[212] Bundesministerium für Vertriebene, Dokumente deutscher Kriegsschäden. Evakuierte, Kriegsgeschädigte, Währungsgeschädigte. Die geschichtliche und rechtliche Entwicklung, vol. 3: Die kriegsgeschädigte Wirtschaft. Industrie, Handel und Gewerbe, Landwirtschaft, Flüchtlinge und Kriegsgeschädigte, Dokumente deutscher Kriegsschäden (Bonn, 1958-67) p. 47.

[213] Douglas Botting, From the Ruins of the Reich, p. 29.

[214] Ibid., p. 124.

[215] Lance Morrow, "George C. Marshall: The Last Great American?", Smithsonian, 28, 5 (1997) pp. 104-116.

[216] The "Detmolder Memorandum" of the representatives of the Länder and provinces of the British Zone, 17 November 1945 in Hans Möller, Zur Vorgeschichte der deutschen Mark. Die

Währungsreformpläne 1945-1948, Eine Dokumentation unter Mitwirkung von Wolfram Kunze herausgegeben und eingeleitet von Hans Möller (Basel: Kyklos-Verlag, 1961) p. 117.

[217] Douglas Botting, From the Ruins of the Reich, p. 34.

[218] Ibid., p. 125.

[219] "John W. Wheeler (Colonel, Corps of Engineers) to Stettinius", 9 April 1945 and "Stettinius Replies to Wheeler", 28 April 1945, Internal Affairs: Social, reel 10, p. 00918 and 00920.

[220] John K. Galbraith, A Life in Our Times, p. 200.

[221] David McCullough, Truman (New York: Touchstone, 1992). Truman also stated that "What a pity that the human animal is not able to put his moral thinking into practice!" Alonzo L. Hamby, "Truman and the Bomb", History Today, 45, 8 (1995) pp. 18-25.

[222] John F. Kennedy, Prelude to Leadership: The European Diary of John F. Kennedy, Summer 1945 (Washington, DC: Regnery, 1995).

[223] Robert W. McElroy, Morality and American Foreign Policy: The Role of Ethics in International Affairs (Princeton, N.J.: Princeton University Press, 1992).

[224] "RAF War Manual, Part 1, Operations (Air Ministry January 1950)" in Andrew M. Johnston, "Mr. Slessor Goes to Washington", pp. 397-398.

[225] Michael Eliot Howard, "The British Way in Warfare: A Reappraisal", The Causes of Wars and Other Essays (London: Temple Smith, 1983) pp. 189-207 and Andrew M. Johnston, "Mr. Slessor Goes to Washington", pp. 397-398.

[226] Henry Harley Arnold, Global Mission (1949) (New York: Arno Press, 1972) pp. 290-91.

[227] Paul H. Nitze, Ann M. Smith and Steven L. Rearden, From Hiroshima to Glasnost: At the Center of Decision: A Memoir (New York: Grove Weidenfeld, 1989) p.42.

[228] Steven L. Rearden, The Evolution of American Strategic Doctrine: Paul H. Nitze and the Soviet Challenge (Boulder: Westview Press, 1984) p.3.

[229] USSBS. Summary Report (Pacific War), pp. 25-26.

[230] William D. Leahy, I was There: The Personal Story of the Chief of Staff to Presidents Roosevelt and Truman, Based on His Notes and Diaries Made at the Time (New York: Whittlesey House, 1950) p. 3.

[231] USSBS. Over-all Report (European War), pp. 95-100 and The Effects of Strategic Bombing on the German War Economy, pp. 137-138.

[232] Douglas Botting, From the Ruins of the Reich, p. 123.

[233] Gian Peri Gentile, "Advocacy or Assessment?", p. 59.

[234] John Terraine, A Time for Courage, p. 680 and 683.

[235] Richard Overy, Why the Allies Won, p. 207.

[236] Alfred E. Hurley and Robert C. Ehrhart (eds.), Air Power and Warfare: Proceedings of the Eighth Military History Symposium at the U.S. Air Force Academy (Washington, D.C.: Office of the Air Force, 1979) p. 223.

[237] USSBS. Summary Report (Pacific War), p. 28.

[238] The "Economist" called for a moderate handling of Germany in an article published in March 1945. "The German Problem", Economist, 10 March 1942, pp. 301-302.

Chapter 3 Endnotes

[1] Franklin D. Roosevelt, "Address to Congress Reporting on the Yalta Conference", 1 March 1945, Franklin D. Roosevelt, The Public Papers and Addresses of Franklin D. Roosevelt: With a Special Introduction and Explanatory Notes by President Roosevelt, vol. 13: Victory and the Threshold of Peace, 1944-45, ed. Samuel I. Rosenman (1938-1950) (New York: Russell & Russell, 1969) p. 576.

[2] D.C. Watt, "Britain and the Historiography of the Yalta Conference and the Cold War", Diplomatic History, 13 (Winter 1989) p. 74.

[3] Gaddis argues against economic explanations of American policy and instead places primary importance on the beliefs of individual personalities as opposed to the naked material interests of realist theory. In terms of Roosevelt's postwar conceptions, this argument finds substantial support. John Lewis Gaddis, We Now Know: Rethinking Cold War History (Oxford: Clarendon Press of

Oxford University Press, 1997) p. 282. For examples of Roosevelt's dominant control over policy see Robert Dallek, <u>Franklin D. Roosevelt and American Foreign Policy, 1932-1945</u> and Warren F. Kimball, <u>The Juggler: Franklin Roosevelt as Wartime Statesman</u> (Princeton, N.J.: Princeton University Press, 1991).

[4] Franklin D. Roosevelt, "Annual Message to the Congress", 1 January 1940, Franklin D. Roosevelt, <u>The Public Papers and Addresses of Franklin D. Roosevelt</u>, vol. 9: <u>War—and Aid to Democracies, 1940</u>, p. 3.

[5] Warren F. Kimball, "Franklin Roosevelt: 'Dr. Win-the-War,'", ed. Joseph G. Dawson, <u>Commanders in Chief: Presidential Leadership in Modern Wars</u> (Kansas: University Press of Kansas, 1993) pp. 87-105.

[6] Franklin D. Roosevelt, "Fireside Chat", 28 July 1943, Franklin D. Roosevelt, <u>The Public Papers and Addresses of Franklin D. Roosevelt</u>, vol. 12: <u>The Tide Turns, 1943</u>, p. 333.

[7] The development of the JCS is discussed in detail in Mark A. Stoler, <u>The Joint Chiefs of Staff, the Grand Alliance, and U.S. Strategy in World War II</u>.

[8] Michael J. Hogan, <u>A Cross of Iron: Harry S. Truman and the Origins of the National Security State, 1945-1954</u> (Cambridge: Cambridge University Press, 1998) p.68.

[9] This demand for self-determination was repeated throughout the war. See "Protocol of Proceedings: Protocol of the Proceedings of the Crimea Conference", 11 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 975-983.

[10] "Cordell Hull", 9 April 1944, Leland M. Goodrich and Marie J. Carroll (eds.), vol. VI: <u>1943-1944, Documents on American Foreign Relations</u> (Boston: Boston World Peace Foundation, 1945) p. 32.

[11] "Declaration by United Nations", 1 January 1942, FRUS, 1942, vol. 1, pp. 1-2. The Documents that follow the declaration demonstrate the fusion of German defeat with the postwar aspirations of non-Axis states.

[12] Franklin D. Roosevelt, "Address to Congress Reporting on the Yalta Conference", 1 March 1945, Franklin D. Roosevelt, <u>The Public Papers and Addresses of Franklin D. Roosevelt</u>, vol. 13: <u>Victory and the Threshold of Peace, 1944-45</u>, p. 586.

[13] Theodore A. Wilson, <u>The First Summit: Roosevelt and Churchill at Placentia Bay, 1941</u> (Boston: Houghton Mifflin, 1969) p. 198.

[14] Franklin D. Roosevelt, "Fireside Chat on Progress of the War", 23 February 1942, Franklin D. Roosevelt, <u>The Public Papers and Addresses of Franklin D. Roosevelt</u>, vol. 11: <u>Humanity on the Defensive, 1942</u>, p. 115.

[15] Warren F. Kimball, <u>The Juggler: Franklin Roosevelt as Wartime Statesman</u> (Princeton, New Jersey: Princeton University Press, 1991) p. 17.

[16] France pursued a foreign policy designed to maximize the French leadership position in Europe unrivalled by a Germany kept weak and divided. Wilfried Loth, "Die Französische Deutschlandpolitik und die Anfänge des Ost-West-Konflikts", <u>Cahiers de l'Institut d'Histoire du Temps Present</u>, 13-14 (1989) pp. 83-96.

[17] Franklin D. Roosevelt, "Address to Congress Reporting on the Yalta Conference", 1 March 1945, Franklin D. Roosevelt, <u>The Public Papers and Addresses of Franklin D. Roosevelt</u>, vol. 13: <u>Victory and the Threshold of Peace, 1944-45</u>, p. 576.

[18] Summary of meeting between Welles and Sikorski, 2 December 1942, <u>Dokumente zur Deutschlandpolitik</u>. Series 1, vol. 2: <u>Amerikanische Deutschlandpolitik</u>, ed. Marie-Luise Goldbach (Frankfurt: Bundesministerium für innerdeutsche Beziehungen, 1986).

[19] Franklin D. Roosevelt, "Radio Address on the Casablanca Conference", 12 February 1943, Franklin D. Roosevelt, <u>The Public Papers and Addresses of Franklin D. Roosevelt</u>, vol. 12: <u>The Tide Turns, 1943</u>, p. 71.

[20] Lloyd C. Gardner, <u>Spheres of Influence: The Great Powers Partition Europe, From Munich to Yalta</u> (Chicago : I.R. Dee, 1993).

[21] The Atlantic Charter did not apply to Germany. SHAEF's Standing Directive of June 1944 stressed that Allied psychological warfare should avoid any suggestion to the German people that "the Atlantic Charter applies to Germany by right". "Standing Directive for Psychological Warfare Against Members of the German Armed Forces, June 1944", reproduced in Daniel Lerner, <u>Sykewar:</u>

Psychological Warfare against Germany, D-Day to VE-Day, Library of Policy Sciences (New York, G. W. Stewart, 1949).

[22] Franklin D. Roosevelt, "Joint Conference by the President and Prime Minister Churchill at Casablanca", 24 January 1943, Franklin D. Roosevelt, The Public Papers and Addresses of Franklin D. Roosevelt, vol. 12: The Tide Turns, 1943, p. 39.

[23] See Robert Dallek, Franklin Roosevelt and American Foreign Policy, 1932-1945 (New York: Oxford University Press, 1981) pp. 388-90 and 533-34; John Lewis Gaddis, Strategies of Containment, pp. 3-15; Martin J. Sherwin, "The Atomic Bomb and the Origins of the Cold War: U.S. Atomic Energy Policy and Diplomacy, 1941-45," The American Historical Review, 78 (October 1973) pp. 945-68; and Stephen Pelz, "U.S. Decisions on Korean Policy, 1943-1950: Some Hypotheses," ed. Bruce Cumings, Child of Conflict: The Korean-American Relationship, 1943-1953 (Seattle: University of Washington Press, 1982) pp. 97-101.

[24] Wilson D. Miscamble, "The Foreign Policy of the Truman Administration", p. 481.

[25] Joint Planning Staff, "JCS Memo 924: Operations Against Japan Subsequent to Formosa," 30 June 1944, and "Decision Amending JCS 924," 11 July 1944, in United States, Department of Defense, The Entry of the Soviet Union into the War against Japan (Washington, D.C.: Government Printing Office, 1955) pp. 28-29; Maurice Matloff, Strategic Planning for Coalition Warfare 1943-1944 (Washington, DC: Government Reprints Press, 2002) p. 501 and Ernest R. May, "The United States, The Soviet Union, and the Far Eastern War, 1941-1945," Pacific Historical Review, 24 (May 1955) pp. 160-63.

[26] Robert A. Pollard, Economic Security and the Origins of the Cold War, 1945-1950 (New York: Columbia University Press, 1985) pp. 20-23; United States, Department of Defense, The Entry of the Soviet Union into the War against Japan, pp. 36-37 and "Agreement Regarding Entry of the Soviet Union Into the War Against Japan", 11 February 1945, FRUS, 1944, vol.: Malta and Yalta 1945, p. 984.

[27] Anthony Eden, The Reckoning: The Memoirs of Anthony Eden (Boston, Houghton Mifflin Co., 1965) p. 374.

[28] Franklin D. Roosevelt "refused to jeopardize the Grand Alliance to preserve the principles of self determination". J.S. Nye Jr., "'Yalta looks better than ever from here'. Review of L.C. Gardner, Spheres of Influence (Chicago, IL: Ivan R Dee, 1993)", The New York Times Book Review (3 October 1993) p 27.

[29] "First Meeting of Council of Foreign Ministers, London, September 11 to October 2, 1945, Report by Secretary Byrnes", 5 October 1946, U.S. Department of State. A Decade of American Foreign Policy: Basic Documents, 1941-49 Prepared at the Request of the Senate Committee on Foreign Relations by the Staff of the Committee and the Department of State. (Washington, D.C.: USGPO, 1950) pp. 51-57.

[30] John Lewis Gaddis, We Now Know, p. 39.

[31] Roosevelt distrusted Stalin. The president for example refused to offer Stalin information concerning the nuclear weapon program. Martin J. Sherwin, "The Atomic Bomb and the Origins of the Cold War, pp. 945-968.

[32] Joseph V. Stalin, "24th Anniversary of the Great October Socialist Revolution Speech Delivered at the Joint Celebration Meeting of the Moscow Soviet of Working People's Deputies and Representatives of Moscow Party and Public Organizations", 6 November 1941, J.V. Stalin, On the Great Patriotic War of the Soviet Union (Foreign Languages Publishing House: Moscow, 1946) p. 31.

[33] "In the national security ideology, then, the nature of the Soviet regime put a premium on military preparedness, the immediacy of the Soviet threat made preparedness a matter of urgency, the long term nature of that threat required a permanent program of preparedness, and the danger of total war dictated a comprehensive program that integrated civilian and military resources and obliterated the line between citizen and soldier, peace and war". Michael J. Hogan, A Cross of Iron, p. 14.

[34] "Roosevelt-Stalin Meeting", 29 November 1943, FRUS, 1942, vol.: The Conferences at Cairo and Teheran, 1943, pp. 532-533.

[35] Joseph V. Stalin, "Speech Delivered at the Signing of the Treaty of Friendship, Mutual Assistance and Post-War Collaboration Between the Soviet Union and the Polish Republic", 21 April 1945, Joseph V. Stalin, On the Great Patriotic War of the Soviet Union, p. 171.

[36] "Roosevelt-Stalin Meeting", 29 November 1943, FRUS, 1942, vol.: The Conferences at Cairo and Teheran, 1943, pp. 532-533.

[37] John Lewis Gaddis, We Now Know, p. 39.

[38] Louis Joseph Halle, The Cold War as History (New York: Harper Perennial, 1991).

[39] Pessen, in a curious use of relativism to exonerate Stalin and thereby reinforce the revisionist perspective, indirectly pushes hard to rescue Stalin from the comparisons of the dictator with Hitler characteristic of more conservative approaches. Edward Pessen, Losing Our Souls: The American Experience in the Cold War (Chicago: Dee, 1993) p. 78.

[40] "Tripartite Meeting", FRUS, 1942, vol.: Conferences at Cairo and Tehran, 1943, p. 511.

[41] Rolf Steininger, Deutsche Geschichte. Darstellung und Dokumente in vier Bänden, vol. 1: 1945-1947 (Fischer Taschenbuch Verlag: Frankfurt, 2002) p. 21.

[42] Joseph V. Stalin, "Radio Address", 3 July 1941, Joseph V. Stalin, On the Great Patriotic War of the Soviet Union, p. 15.

[43] The statistics provided by Mark Harrison demonstrate that Moscow more than doubled military expenditures between 1941 and 1942 with a cooresponding four-fold jump in armoured vehicle production over the same period. Andrew Gregorovich, "The Ukrainian Experience in World War II: With a Brief Survey of Ukraine's Population Loss of 10 Million", Ukrainian Review, 92 (Spring 1995) and Mark Harrison, Accounting for War: Soviet Production, Employment, and the Defence Burden, 1940–1945 (Cambridge: Cambridge University Press, 1996) pp. 92-104.

[44] Michail Heller and Alexander Nekrich, Geschichte der Sowjetunion, vol. 2: 1940-1980 (Athenäum: Königstein, 1982) p. 69.

[45] Joseph V. Stalin, "Speech Delivered at the Signing of the Treaty of Friendship, Mutual Assistance and Post-War Collaboration Between the Soviet Union and the Polish Republic", 21 April 1945, Joseph V. Stalin, On the Great Patriotic War of the Soviet Union, p. 171.

[46] "Joseph Stalin: 'Die, But Do Not Retreat'", Time Magazine, 4 January 1943.

[47] Gerhard Wettig, Entmilitarisierung und Wiederbewaffnung in Deutschland, 1943-1955 (Munich: R. Oldenbourg, 1967) p. 28.

[48] Norman M. Naimark, The Russians in Germany: A History of the Soviet Zone of Occupation, 1945-1949 (Cambridge, MA: Harvard University Press, 1995) p. 9. See also Vojtech Mastny, Russia's Road to the Cold War: Diplomacy, Welfare, and the Politics of Communism, 1941-1945 (New York: Columbia University Press, 1979); Wilfried Loth, Stalin's Unwanted Child: The Soviet Union, The German Question, and the Founding of the GDR (New York, Macmillan Press, 1998); Alexander Fischer, Sowjetische Deutschlandpolitik im Zweiten Weltkrieg, 1941-1945 (Stuttgart: Deutsche Verlags-Anstalt, 1975).

[49] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[50] Norman M. Naimark, The Russians in Germany, pp. 376-388 and Wilfried Loth, Stalin's Unwanted Child, p. 25.

[51] Scott D. Parrish and Mikhail M. Narinsky, "New Evidence on the Soviet Rejection of the Marshall Plan, 1947: Two Reports", Working Paper No. 9 (Washington, D.C.: Cold War International History Project, March 1998) p. 7.

[52] "Playfair to Foreign Office from Berlin", 16 July 1945, Documents on British Policy Overseas, series 1, vol. 2: Conferences and Conversations 1945, London, Washington, and Moscow, ed. Roger Bullen and M.E. Pelly (London: H.M.S.O., 1985) p. 327.

[53] "The Soviet Record: Record of Conversation of Generalissimus I.V. Stalin with Marshal Tito 27 May 1946" and "Soviet and Yugoslav Transcripts of the Tito-Stalin Conversation of 27-28 May 1946", translated by Daniel Rozas and reproduced in Istoricheskii arkhiv, no. 2, 1993 and also found on the internet at the Cold War International History Project, Woodrow Wilson International Center for Scholars.

[54] Gibianskii, Leonid, "The Soviet Bloc and the Initial Stage of the Cold War: Archival Documents on Stalin's Meetings with Communist Leaders of Yugoslavia and Bulgaria, 1946-1948", ed. David Wolff, <u>Cold War International History Project Bulletin</u>, No. 10 (Washington D.C.: Woodrow Wilson International Center for Scholars, March 1998) pp. 112-34.

[55] Michail Heller and Alexander Nekrich, <u>Geschichte der Sowjetunion</u>, vol. 2: <u>1940-1980</u>, p. 4, 104 and 151.

[56] Stephen E. Ambrose, "The Presidency and Foreign Policy", <u>Foreign Affairs</u>, 70, 5 (1991) pp. 120-137.

[57] On Europe see David Holloway, <u>Stalin and the Bomb: The Soviet Union and Atomic Energy. 1939-1956</u> (New Haven: Yale University Press, 1994); Caroline Kennedy-Pipe, <u>Stalin's Cold War: Soviet Strategies in Europe, 1943 to 1956</u> (Manchester: Manchester University Press, 1995); Vojtech Mastny, <u>Russia's Road to the Cold War</u>; Norman M. Naimark, <u>The Russians in Germany</u>; Dmitriii Antonovich Volkogonov, Stalin: <u>Triumph and Tragedy</u>, ed. and transl. Harold Shukman (New York: Grove Weidenfeld, 1991); Vladislav Zubok and Constantine Pleshakov, <u>Inside the Kremlin's Cold War: From Stalin to Khrushchev</u> (Cambridge: Harvard University Press, 1996). On Asia see S.N. Goncharov, John Wilson Lewis and Litai Xue, <u>Uncertain Partners: Stalin, Mao, and the Korean War</u> (Stanford, CA: Stanford University Press, 1993); Chen Jian, <u>China's Road to the Korean War: The Making of the Sino-American Confrontation</u> (New York: Columbia University Press, 1994); Westad, Odd Arne, <u>Cold War and Revolution: Soviet-American Rivalry and the Origins of the Chinese Civil War, 1944-1946</u> (New York: Columbia University Press, 1993) and Melvyn P. Leffler, "Inside Enemy Archives: The Cold War Reopened," <u>Foreign Affairs</u> 75 (July/August 1996) pp. 120-35.

[58] Geoffrey Roberts, "Moscow and the Marshall Plan: Politics, Ideology and the Onset of the Cold War, 1947", <u>Europe-Asia Studies</u>, 46, 8 (1994) pp. 1371-1386.

[59] Walter LaFeber, <u>America, Russia, and the Cold War, 1945-1996</u> (8th ed.) (New York: McGraw-Hill, 1997) pp. 20-21.

[60] Norman M. Naimark, <u>The Russians in Germany</u>, p. 206.

[61] Gordon Alexander Craig, <u>War, Politics, and Diplomacy</u> (1966) (New York: Praeger, 1968).

[62] Richard N. Gardner, <u>Sterling-Dollar Diplomacy in Current Perspective: The Origins and the Prospects of our International Economic Order</u> (New York: Columbia University Press, 1980) p. 44.

[63] Disagreements between Churchill and Roosevelt over policy in Germany typified the climate at Quebec in September 1944. J.P.D. Dunbabin, <u>International Relations since 1945: A History in Two Volumes</u>, vol. 1: <u>The Cold War: The Great Powers and Their Allies</u> and vol 2: <u>The Post-Imperial Age: The Great Powers and the Wider World</u> (New York: Longman, 1994).

[64] U.S. Army. European Command. Historical Division. <u>Planning for the Occupation of Germany</u>, p. 33.

[65] "Roosevelt to Hull", 5 October 1943, Cordell Hull, <u>The Memoirs of Cordell Hull</u>, vol. 2 (New York: Macmillan Co., 1948) pp. 1265-1266.

[66] "U.S. Proposal with Regard to the Treatment of Germany", 25 November 1943, FRUS, 1943, vol. 1, pp. 720-723 and 740-741.

[67] Ibid., pp. 720-723.

[68] "Germany: General Objectives of United States Economic Policy with Regard to Germany", 14 August 1944, FRUS, 1944, volume 1, p. 285.

[69] Oral Interview: E. Allan Lightner.

[70] Ibid., p. 12.

[71] John Lewis Gaddis, <u>The United States and the Origins of the Cold War</u>, pp. 96-102.

[72] The State Department however succeeded in other areas. A succession of international conferences, for the most part a result of American initiative, established blueprints for an international organization (Dumbarton Oaks), world finance, trade and development (Bretton Woods), food and agriculture (Hot Springs), relief and rehabilitation (Washington), and civil aviation (Chicago).

[73] "U.S. Ambassador to Soviet Union (William Averell Harriman) to the President", 4 November 1943, FRUS, 1942, vol.: <u>The Conferences at Cairo and Teheran</u>, 1943, p. 154.

[74] The President to Soviet Ambassador (Vyacheslav Molotov), 1 June 1942, FRUS, 1942, vol. 3, p. 580.

[75] Richard N. Gardner, Sterling-Dollar Diplomacy in Current Perspective:, p. 44.

[76] Franklin D. Roosevelt, "Christmas Eve Fireside Chat on Teheran and Cairo Conferences", 24 December 1943, Franklin D. Roosevelt, The Public Papers and Addresses of Franklin D. Roosevelt: With a Special Introduction and Explanatory Notes by President Roosevelt, vol. 12: The Tide Turns, 1943, p. 558.

[77] Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War (1948) (New York: Octagon Books, 1971) p. 567.

[78] "The Secretary of War (Stimson) to the President", 5 September 1944, FRUS, 1944, vol.: The Conference at Quebec, 1944, pp. 98-100.

[79] Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War, pp. 593-595.

[80] Early academic investigations of the American occupation offer detailed analyses of occupation policy. "The principal Allied objective", all works emphasize, "is to prevent Germany from ever again becoming a threat to the peace of the world". These texts do not however explain how and when the Allies demilitarized German industry. This general assumption of success, as pointed out, carries through to the present day. Wally Z. Walters even dismisses the complexity of the entire enterprise with the words "Demilitarization was not a great problem". For the documents see "Memorandum No. 1. Instrument of Surrender; Orders to German Military Authorities to Supplement Instrument; Sanctions in Event of Delinquency", 25 November 1944" in Eclipse Appreciation and Outline Plan. Section VI Tasks of the Supreme Commander quoted in Earl F. Ziemke, The U.S. Army in the Occupation of Germany, pp. 158-177. The following publications chronicle the early basis of planning: U.S. Army. The First Year of the Occupation, Occupation Forces in Europe Series (Frankfurt: Office of the Chief Historian, European Command, 1945) and U.S. Army. European Command. Historical Division. Planning for the Occupation of Germany, p. 112. The first wave of analyses that followed in the late 1940s and early 1950s include Carl Friedrich (ed.), American Experiences in Military Government in World War II (New York: Rinehart and Co., 1948) pp. 23-51; Oliver J. Frederiksen, The American Military Occupation of Germany, 1945-1953 (Headquarters, United States Army, Europe: Historical Division 1953) pp. 1-29; Hajo Holborn, American Military Government: Its Organization and Policies (Washington: Infantry Journal Press, 1947) and Harold Zink, American Military Government in Germany (New York: Macmillan Co., 1947) pp. 5-25. An excellent example of the tendency to dismiss the importance of industrial demilitarization is found in Wally Z. Walters, The Doctrinal Challenge of Winning the Peace Against Rouge States: How Lessons from Post-World War II Germany May Inform Operations Against Saddam Hussein's Iraq (Pennsylvania: U.S. Army War College Carlisle Barracks, 9 April 2002) p. 22.

[81] "Memorandum No. 9. Primary Disarmament of the German Land Forces and Short Term Disposal of Surrendered War Material", 25 November 1944; "Memorandum No. 10. Primary Disarmament of German Air Forces Opposing Us and Short Term Disposal of Surrendered War Material" and "Memorandum No. 11. Primary Disarmament of German Naval Forces, Short Term Disposal of Surrendered Naval War Material and Naval Demolitions", 5 January 1945 in Eclipse Appreciation and Outline Plan.

[82] U.S. Army. 3rd Army. Mission Accomplished: Third United States Army Occupation of Germany, 9 May 1945 - 15 Feb 1947 (Washington, D.C.: U.S.G.P.O., 1947).

[83] William E. Stacy, U.S. Army Border Operations in Germany 1945-1983 (Military History Office, Washington: United States Government Printing Office, 1984) p. 5.

[84] For the text of CCS 551 see Hajo Holborn, American Military Government: Its Organization and Policies, pp. 134-43.

[85] Haywood S. Hansell, Jr., The Air Plan That Defeated Hitler, p. 168.

[86] Paul Y. Hammond, "Directives for the Occupation of Germany," ed. Harold Stein, American Civil-Military Decisions (University of Alabama: University of Alabama Press, 1963) p. 389.

[87] The Army pamphlets were originally published in two volumes, but can be found on the internet at http://www.historians.org/projects/GIRoundtable/Wars/WarsTOC.htm. This source, where

provided on the internet, is cited using the pamphlet and series titles and manual number. See American Historical Association Historical Service Board, <u>GI Roundtable Pamphlets</u> (2 vols.) (Washington D.C.: Education Branch, Information & Education Division, U.S. Army, 1944-46).

[88] "Can We Prevent Future Wars?", Manual no. 12, <u>GI Roundtable Pamphlets</u>.

[89] "Can the Germans Be Reeducated?", Manual no. 26, <u>GI Roundtable Pamphlets</u>.

[90] "What Shall Be Done with Germany after the War?", Manual no. 10, <u>GI Roundtable Pamphlets</u>.

[91] Ibid.

[92] "Can the Germans Be Reeducated?", Manual no. 26, <u>GI Roundtable Pamphlets</u>.

[93] "What Shall Be Done with Germany after the War?", Manual no. 10, <u>GI Roundtable Pamphlets</u>.

[94] Carl L. Becker, <u>History of Modern Europe. Course Two: Democracy, Nationalism, and the Industrial</u> Revolution, War Department Educational Manual no. 205 (14 September 1944) (Silver Burdett Company, 1945) p. 256.

[95] "Can the Germans Be Reeducated?", Manual no. 26, <u>GI Roundtable Pamphlets</u>.

[96] Ibid.

[97] Ibid.

[98] Carl L. Becker, <u>History of Modern Europe</u>, p. 257.

[99] "Can the Germans Be Reeducated?", Manual no. 26, <u>GI Roundtable Pamphlets</u>.

[100] Ibid.

[101] Carl L. Becker, <u>History of Modern Europe</u>, p. 269.

[102] "What Shall Be Done with Germany after the War?", Manual no. 10, <u>GI Roundtable Pamphlets</u>.

[103] In another section, the AHA presented the counter-argument to the "destruction thesis". "Millions of young Germans, they point out, have from childhood been indoctrinated in the spirit and the ideas of Nazism and have never known any others. Defeat will not convince them that these ideas were wrong, but will make them more bitter than ever against the enemies of their creed". Ibid.

[104] "Can the Germans Be Reeducated?", Manual no. 26, <u>GI Roundtable Pamphlets</u>.

[105] Peter Novick, <u>That Noble Dream</u>, pp. 21-46.

[106] "Can the Germans Be Reeducated?", Manual no. 26, <u>GI Roundtable Pamphlets</u>.

[107] The scholars in the service of the War Department set to work explaining why Germany embroiled the world in a second world war in 1939. The standard arguments addressing hard industrial capabilities and the spiritual willingness to follow Hitler emerged. The pamphleteers somewhat simplistically targeted the officer corps and certain industrialists as the two groups of people primarily responsible for arming Hitler and enabling the violent pursuit of Nazi ideological goals in Europe. The crudity of this conclusion, in that all modern armies depend on both armaments producers and those who organize their implementation for war purposes, probably induced the scholars to search for a more condemning answer. The men rejected any notion of perceived grievances or traditional modes of state behaviour such as national security concerns. They instead departed the rational world and groped in the darkness of collective national philosophy. They pointed to ethereal general beliefs in racial superiority and unbridled militarism or the lust to dominate as prime factors motivating a collective German willingness to follow Hitler into battle. Just how an academic can reach such a determination, as with the entire genre of sweeping sociological pseudoscientific conclusions, was not explained. Ibid.

[108] Ibid.

[109] Ibid.

[110] "What Shall Be Done with Germany after the War?", Manual no. 10, <u>GI Roundtable Pamphlets</u>.

[111] "The President to the Secretary of War (Stimson)", 26 August 1944, FRUS, 1944, vol. 1, pp. 544-546.

[112] Roosevelt conceived of the German future in terms of punishment. The president informed the New York Times in August 1944 that he "would keep Germany on a breadline for the next 25 years", and on another occasion that the Germans "should be fed three times a day with soup from Army soup kitchens". Douglas Botting asserts that "Roosevelt was a confirmed German-hater". Douglas Botting, <u>From the Ruins of the Reich</u>, pp. 193-4.

[113] Cordell Hull, <u>The Memoirs of Cordell Hull</u>, vol. 2, p. 1603.

[114] David Clay Large, <u>Germans to the Front</u>, p. 15 and John Morton Blum, <u>From the Morgenthau Diaries</u>, vol. 3: <u>Years of War, 1941-1945</u> (Boston, Houghton Mifflin, 1967) p. 215.

[115] Cordell Hull, <u>The Memoirs of Cordell Hull</u> (New York: Macmillan Co., 1948), vol. 2, p. 1603.

[116] Carolyn Woods Eisenberg, <u>Drawing the Line</u>, p. 492.

[117] Cordell Hull, <u>The Memoirs of Cordell Hull</u>, vol. 1, pp. 207-208.

[118] Evidence from Morgenthau's past indicates that the strength of German industry concerned him prior to the advent of Hitler. As American Ambassador to Turkey prior to WII, he falsely alleged at the outset of the war that the Kaiser, in company with the top bankers, diplomats, military leaders, and industrialists of Germany, decided on pursuing a large war at a secret Crown conference held at Potsdam on July 5, 1914. See Henry Morgenthau, <u>Abassador Morgenthau's Story</u> (Garden City, New York: Doubleday, Page & Company, 1919).

[119] Roosevelt's comments are well-cited by revisionist historians such as David Irving. These historians portray the statements of Roosevelt and especially Stalin as indicative of a planned Allied policy of ethnic cleansing. This writer instead finds the the debates surrounding collective guilt – and methods of punishment – typical of the ideological environment of the mid-20th Century. The tendency to think in grand objective terms personified states and reinforced the belief that all members of a particular geographical entity behave in a similar manner. In Roosevelt's words, we continually witness the use of "Germany" as an objective concept whereby the members of that state conform to the chosen mental construct. David Irving, <u>Nürnberg, die letzte Schlacht: Hinter den Kulissen der Siegerjustiz</u> (Tübingen: Grabert, 1996) p. 6 and "The President to the Secretary of War (Stimson)", 26 August 1944, FRUS, 1944, vol. 1, pp. 544-546.

[120] Thomas Howell, "The Writers' War Board: U.S. Domestic Propaganda in World War II", <u>Historian</u>, 59, 4 (1997) pp. 795-813.

[121] See Theodore N. Kaufman, <u>Germany Must Perish!</u> (Newark, New Jersey: Argyle press, 1941).

[122] Michaela Honicke, <u>Enemy Images in American History</u>, ed. Ragnhild Fiebig von Hase and Ursula Lehmkuhl (Providence, Rhode Island: Berghahn Books, 1997).

[123] For older but relevant perspectives concerning the "Morgenthau Plan" see Matthias Riedel, "Morgenthaus Vernichtungsplan Für das Ruhrgebiet", <u>Tradition</u>, 16 (1971) pp. 209-227; Günter Moltmann, "Der Morgenthau-Plan als historisches Problem". <u>Wehrwissenschaftliche Rundschau</u>, 5 (1955) pp. 15-32 and Warren F. Kimball, <u>Swords or Ploughshares?: The Morgenthau Plan for Defeated Nazi Germany, 1943-1946</u> (Philadelphia: Lippincott, 1976).

[124] Burton H. Klein, <u>Germany's Economic Preparation for War</u>, p. 123.

[125] John Maynard Keynes, <u>The Economic Consequences of the Peace</u> (New York: Harcourt Brace and Co., 1920) p. 81.

[126] "The Secretary of the Treasury (Morgenthau) to the President, Suggested Post-Surrender Program for Germany", 5 September 1944, FRUS, 1944, vol. <u>The Conference at Quebec, 1944</u>, p. 101.

[127] John Morton Blum, <u>From the Morgenthau Diaries</u>, vol. 3, p. 225.

[128] "The Secretary of the Treasury (Morgenthau) to the President, Suggested Post-Surrender Program for Germany", 5 September 1944, FRUS, 1944, vol. <u>The Conference at Quebec, 1944</u>, p. 102.

[129] Wilfried Mausbach, employing a wide research base and focusing on the generation of the US reparations policy in Germany by the FEA, argues strongly that the common interpretative models fail to account for the positive nature of American policy by focusing on the negative statements of Morgenthau. Wilfried Mausbach, <u>Zwischen Morgenthau und Marshall: Das wirtschaftspolitische Deutschlandkonzept der USA 1944-1947</u> (Düsseldorf: Droste Verlag, 1996) p. 20.

[130] Seymour Melman, "From Private to State Capitalism: How the Permanent War Economy Transformed the Institutions of American Capitalism", <u>Journal of Economic Issues</u>, 31, 2 (June 1997) pp. 311-330.

[131] Wilfried Mausbach, <u>Zwischen Morgenthau und Marshall</u>, p. 63.

[132] Ibid.

[133] David Irving, Der Morgenthau-Plan 1944/45. Amerikanische Deutschlandpolitik: Sühneleistungen, „Re-education", Auflösung der deutschen Wirtschaft (1986) (London: Parforce UK Ltd, 2004).

[134] Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War, pp. 573-574.

[135] "The Secretary of War (Stimson) to the President", 5 September 1944, FRUS, 1944, vol. The Conference at Quebec, 1944, pp. 98-100.

[136] John Morton Blum, From the Morgenthau Diaries, vol. 3, p. 217.

[137] "Program to Prevent Germany from Starting a World War III" in John Maynard Keynes, Activities, 1941-1946: Shaping the Post-War World: Bretton Woods and Reparations, ed. Donald Moggridge, vol. 26: The Collected writings of John Maynard Keynes (London: Macmillan, 1980) p. 375-379.

[138] Winston S. Churchill, "27 February 1945" in Robert Rhodes James (ed.), Winston S. Churchill: His Complete Speeches 1897-1963, vol. 7: 1943-1949 (London: Chelsea House Publishers) p. 7111.

[139] Llewellyn Woodward, British Foreign Policy in the Second World War, Series: History of the Second World War (vol. 5) (London: H.M.S.O., 1976) p. 78.

[140] Alec Cairncross, The Price of War: British Policy on German Reparations, 1941-1949 (New York: Blackwell, 1986) pp. 49-52 and Llewellyn Woodward, British Foreign Policy in the Second World War, vol. 5, p. 216.

[141] David Clay Large, Germans to the Front, p. 16.

[142] Llewellyn Woodward, British Foreign Policy in the Second World War, vol. 5, p. 228.

[143] "Final Documents of the Conference: Treatment of Germany", 15 September 1944, FRUS, 1944, vol.: The Conference at Quebec, 1944, pp. 466-467 and Llewellyn Woodward, British Foreign Policy in the Second World War, vol. 5, p. 225.

[144] "Memorandum Initialed by President Roosevelt and Prime Minister Churchill", 15 September 1944, FRUS, 1944, vol.: The Conference at Quebec, 1944, pp. 467.

[145] Cordell Hull, The Memoirs of Cordell Hull, vol. 2, p. 1614.

[146] "The President said that he had been very much struck by the extent of German destruction in the Crimea and therefore he was more bloodthirsty in regard to the Germans than he had been a year ago, and he hoped that Marshal Stalin would again propose a toast to the execution of 50,000 officers of the German Army". "Roosevelt-Stalin Meeting, February 4, 1945, 4 P.M., Livadia Palace, 4 February 1945", FRUS, 1944, vol.: The Conferences at Malta and Yalta, 1945, pp. 570-573.

[147] Cordell Hull, The Memoirs of Cordell Hull, vol. 2, p. 1606.

[148] "The Secretary of State to the President", 29 September 1945, FRUS, 1944, vol.: The Conferences at Malta and Yalta, 1945, pp. 156-158.

[149] "Briefing Book Paper: The Treatment of Germany, Summary", 12 January 1945, FRUS, 1944, vol.: The Conferences at Malta and Yalta, 1945, pp. 178-179.

[150] Hajo Holborn, American Military Government: Its Organization and Policies (Washington: Infantry Journal Press, 1947) pp. 41-42 and U.S. Army. European Command. Historical Division. Planning for the Occupation of Germany, p. 97.

[151] Nicholas Balabkins, Germany under Direct Controls, p. 14.

[152] Oral Interview: E. Allan Lightner.

[153] "Secretary of State (Stettinius) to the President, Draft Directive for the Treatment of Germany", 10 March 1945, FRUS, 1945, vol. 3, pp. 434-438.

[154] "Memorandum regarding American Policy for the Treatment of Germany", 23 March 1945, FRUS, 1945, vol. 3, p. 471-473

[155] Helge Berger, "Germany and the Political Economy of the Marshall Plan", pp. 199-245.

[156] David Clay Large, Germans to the Front, p. 19.

[157] Carolyn Woods Eisenberg, "Working-Class Politics and the Cold War: American Intervention in the German Labor Movement, 1945-49", Diplomatic History, 7, 4 (1983) pp. 283-306.

[158] "Directive to Commander in Chief U.S. Forces of Occupation Regarding the Military Government of Germany in the Period Immediately Following the Cessation of Organized Resistance", FRUS, 1945, vol. 3, p. 5.

[159] "Directive to SCAEF Regarding the Military Government of Germany in the Period Immediately Following the Cessation of Organized Resistance (Post-Defeat)", 22 September 1944, FRUS, 1944, vol.: The Conferences at Malta and Yalta, 1945, pp. 143-145 and "Department of State Bulletin, 21 October 1945", U.S. Department of State, Department of State Bulletins, vol. XIII (Washington: U.S. Government Printing Office, 1945) pp. 596-607.

[160] "Directive JCS 1067", 26 April 1945, Part II, Section 16, "1945 Directive to the Commander in Chief of the U.S. Forces of Occupation (JCS 1067)", Velma Hastings Cassidy (ed.), Germany 1947-1949: The Story in Documents (Washington, D.C.: Government Printing Office, 1950) pp. 23-27.

[161] Carl L. Becker, History of Modern Europe, p. 151.

[162] David Clay Large, Germans to the Front, p. 18.

[163] Ibid., p. 22.

[164] The British authorities suggested shipping the officers to the Falkland Islands. Owing to the wartime expansion of these ranks, with totals numbers in the tens of thousands, this policy promised severe logistical problems. Friedrich Ruge, Politik, Militär, Bündnis (Stuttgart: Deutsche Verlags Anstalt, 1963) p. 80 and David Clay Large, Germans to the Front, p. 21.

[165] David Clay Large, Germans to the Front, p. 22.

[166] Carl L. Becker, History of Modern Europe, p. 151.

[167] The Psychological Warfare Division also warned that the "fact remains that it is not possible both to occupy a defeated country and, at the same time, permanently to destroy law, order and life in the occupied area". "War Cabinet. Report of the Committee on Methods of Breaking the German Will to Resist. Annex 'A' Main Constant Themes of Political Warfare Against Germany", 1944 in Philip M. Taylor and N. C. Weekes, "Breaking the German Will to Resist", p. 5-48.

[168] Whitehall rejected JCS 1067 as the basis of occupation policy. The British military believed that German militarism ended with the de facto termination of Prussia and refused to view nazism as an extremely broad social phenomenon spanning every aspect of German society. Thinking pragmatically about the administration of their occupation zone, the British authorities baulked at a massive and expensive program of industrial restructuring in order to save the British taxpayers from a severe burden. The American military exhibited a similar tendency. Nor was the policy helpful in democratizing Germany. Llewellyn Woodward, British Foreign Policy in the Second World War, vol. 5, p. 225 and Janis Schmelzer, "Die Geheimdirektive JCS 1067", Wissenschaftliche Zeitschrift der Martin-Luther-Universitat Halle-Wittenberg, 8 (1959) pp. 945-953.

[169] Dean Acheson, Present at the Creation. My Years in the State Department (London: Hamish Hamilton, 1969) pp. 220-235.

[170] Lucius Clay, Decision in Germany (Garden City, New York: Doubleday, 1950) pp. 18-19; Wolfgang Krieger, General Lucius D. Clay und die amerikanische Deutschlandpolitik, 1945-1959 (Stuttgart: Klett-Cotta, 1987) pp. 98-101 and Jean Edward Smith, Lucius Clay: An American Life (New York: Henry Holt, 1990) pp. 356-95.

[171] Stephen Ambrose however also argues that Eisenhower's "hatred of the Germans was wide-ranging and ran very deep. He definitely wanted them punished, humiliated, made to pay. He blamed the Germans for starting the war and for prolonging it". Stephen E. Ambrose, Eisenhower, vol. 1: Soldier, General of the Army, President-elect, 1890-1952 (New York: Simon and Schuster, 1983) p. 421 and Stephen E. Ambrose, "Eisenhower and the Germans", eds. Stephen E. Ambrose and Guenter J. Bischof, Eisenhower and the German Pows, p. 36.

[172] John Gimbel, The American Occupation of Germany: Politics and the Military, 1945-1949 (Stanford, California: Stanford University Press, 1968) p. 22.

[173] Oral Interview: Lucius D. Clay.

[174] Rebecca Boehling, A Question of Priorities.

[175] Lucius D. Clay, Decision in Germany, p. 6.

[176] The political fate and territorial boundaries of Poland dominated seven of eight sessions. As in previous meetings, the Allies renewed their commitment to "eliminate the instruments for German economic aggression". This concept however remained extremely vague. Rolf Steininger, Deutsche Geschichte, vol. 1, pp. 33-35. For the American British and Soviet positions concerning Germany see Charles E. Bohlen, Witness to History, 1929-1969 (New York: Norton, 1973) p. 183; Winston S.

Churchill, <u>Triumph and Tragedy</u> (New York: Houghton Mifflin Co., 1953) pp. 350-353; Herbert Feis, <u>Churchill, Roosevelt, Stalin: The War They Waged and the Peace They Sought</u> (Princeton: Princeton University Press, 1957) pp. 536-538; Martin Gilbert, <u>Winston S. Churchill: Road to Victory, 1941-1945</u> (Boston: Houghton Mifflin Co., 1986) pp. 1178-1182 and 1205-1207; Andrei Gromyko, <u>Memoirs</u> (New York: Doubleday, 1989) pp. 87-88; Vojtech Mastny, <u>Russia's Road to the Cold War</u>, pp. 261-262 and R. Edmonds, "Yalta and Potsdam: Forty Years Afterwards", <u>International Affairs</u>, 62, 2 (1986) pp. 197-216 and Edward Reilly Stettinius, <u>Roosevelt and the Russians; the Yalta Conference</u>, ed. Walter Johnson (1949) (Westport, Connecticut: Greenwood Press, 1970) pp. 39 and 344.

[177] "Protocol of Proceedings: Protocol of the Proceedings of the Crimea Conference", 11 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta, 1945</u>, pp. 975-983.

[178] "Tripartite Agreements of the Yalta Conference" in Diane Shaver Clemens, <u>Yalta</u> (New York: Oxford University Press, 1970) Appendix A.

[179] "Briefing Book Paper: Economic Policies Toward Germany" and "Briefing Book Paper: Reparation and Restitution Policy Toward Germany", 16 January 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta, 1945</u>, pp. 190-193 and 193-197.

[180] For a closer look at Ivan Maisky's postwar views see Vladislav Zubok and Constantine Pleshakov, <u>Inside the Kremlin's Cold War: From Stalin to Khrushchev</u> (Cambridge: Harvard University Press, 1996) pp. 28-30.

[181] "Second Plenary Meeting, February 5, 1945, 4 P.M., Livadia Palace", 5 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 611-633.

[182] "Meeting of the Foreign Ministers, February 7, 1945, Noon, Yusupov Palace", 7 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 699-704.

[183] "Second Plenary Meeting, February 5, 1945, 4 P.M., Livadia Palace", 5 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 611-633.

[184] "Meeting of the Foreign Ministers, February 7, 1945, Noon, Yusupov Palace", 7 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 699-704.

[185] "The Acting Secretary of State (Stettinius) to the President", 11 November 1944, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 165-171.

[186] "Meeting of the Foreign Ministers, February 9, 1945, Noon, Yusupov Palace", 9 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 802-811.

[187] "Second Plenary Meeting, February 5, 1945, 4 P.M., Livadia Palace", 5 February 1945 and "Communique Issued at the End of the Conference: Report of the Crimea Conference", 11 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, p. 621 and 971.

[188] "Protocol of Proceedings: Protocol of the Proceedings of the Crimea Conference", 11 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 975-982.

[189] "The President to the Secretary of State", 4 December 1944, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, p. 174.

[190] "Tripartite Dinner Meeting, February 4, 1945, 8:30 P.M., Livadia Palace: Bohlen Minutes", 4 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 589-591.

[191] Gerhard Schulz, "'Dismemberment of Germany': Kriegsziele und Koalitionsstrategie 1939-1945", <u>Historische Zeitschrift</u>, 244, 1 (1987) pp. 29-92.

[192] John L. Snell (ed.), <u>The Meaning of Yalta: Big Three Diplomacy and the New Balance of Power</u> (Baton Rouge: Louisiana State University Press, 1956) p. 191.

[193] Warren F. Kimball speculates that the Red Army might have even "liberated" Denmark. Warren F. Kimball, <u>Forged in War: Roosevelt, Churchill, and the Second World War</u> (New York: William Morrow, 1997) pp. 281-82.

[194] Gerhard Schulz, "'Dismemberment of Germany': Kriegsziele und Koalitionsstrategie 1939-1945", <u>Historische Zeitschrift</u>, 244, 1 (1987) pp. 29-92.

[195] "First Meeting of Council of Foreign Ministers, London, September 11 to October 2, 1945, Report by Secretary Byrnes", 5 October 1946, <u>A Decade of American Foreign Policy</u>, pp. 51-57.

[196] "Protocol of Proceedings: Protocol of the Proceedings of the Crimea Conference", 11 February 1945, FRUS, 1944, vol.: <u>The Conferences at Malta and Yalta</u>, 1945, pp. 975-983.

[197] Warren F. Kimball, <u>Forged in War</u>, p. 317.

[198] Rolf Steininger, <u>Deutsche Geschichte</u>, vol. 1, p. 31.

[199] Józef Garlinski, <u>Hitler's Last Weapons</u>, p. 200.

[200] Robert A. Pollard, <u>Economic Security and the Origins of the Cold War</u>, pp. 20-23.

[201] John Lewis Gaddis, <u>The United States and the Origins of the Cold War</u>, pp. 92-94, 171-73, 199-206, 224-33; Herbert Feis, <u>From Trust to Terror</u>, pp. 20-40 and Daniel Yergin, <u>Shattered Peace: The Origins of the Cold War and the National Security State</u> (Boston: Houghton Mifflin, 1977) pp. 69-105.

[202] Charles G. Stefan, "Yalta Revisited: An Update on the Diplomacy of F.D.R. and His Wartime Summit Partners", <u>Presidential Studies Quarterly</u>, 23, 4 (1993) pp. 755-770.

[203] Carolyn Woods Eisenberg, "Working-Class Politics and the Cold War", pp. 283-306.

[204] John Gimbel, <u>The Origins of the Marshall Plan</u> (Stanford, California.: Stanford University Press, 1976) pp. 35-53.

[205] William I. Hitchcock, <u>France Restored: Cold War Diplomacy and the Quest for Leadership in Europe, 1944-1954</u> (Chapel Hill: University of North Carolina Press, 1998).

[206] Oral Interview: E. Allan Lightner.

[207] Ibid.

[208] Ibid., p. 19.

[209] Mark A. Stoler, "World War II Diplomacy in Historical Writing: Prelude to the Cold War", ed. Gerald K. Haines and Samuel Walker, <u>American Foreign Relations</u>, p. 187.

[210] William C. Bullitt, <u>The Great Globe Itself: A Preface to World Affairs</u> (New York: Charles Scribner, 1946) p. 111.

[211] Mark A. Stoler, "World War II Diplomacy in Historical Writing", pp. 188-189.

[212] "Economic Implications for Germany of Proposed Territorial and Population Transfers in Eastern Europe", 5 February 1945, Internal Affairs: Social, reel 1, pp. 0030-0043.

[213] „Draft Directive for the Treatment of Germany", 10 March 1945 and "Memorandum regarding American policy for the Treatment of Germany", 23 March 1945, FRUS, 1945, vol. 3, pp. 434-438 and 471-473.

[214] Washington seemed to gravitate towards an economics-driven concept of power in the middle of the 20th Century. This focus—of course enhanced by a wide range of other factors—in turn motivated the rational calculations and emotive forces behind the industrial demilitarization of Germany. The attempt to define national power, viewed by Hans J. Morgenthau as imperative for any explanation of international relations, nevertheless generates wide speculation. David Jablonsky summarizes the problem: "Evaluation of national power is difficult. The basic problem...is that all elements of power are interrelated...In other words, like all strategic endeavors, more art than science is involved in the evaluation of where one nation-state stands in relation to the power of other regional and global actors. This has not deterred one former government official from creating a formula to develop a rough estimate of "perceived" national power—focused primarily on a state's capacity to wage war". In terms of military power, this dissertation roughly agrees with Klaus Knorr's emphasis that industrial and technological abilities formed core elements of military and therefore national power in the industrial age. The list of power factors is, as demonstrated by Ashley J. Tellis, a long and complex one. Ray S. Cline, <u>World Power Assessment: A Calculus of Strategic Drift</u> (Washington: Georgetown University Center for Strategic and International Studies, 1975) p. 91. David Jablonsky, "National Power", <u>Parameters</u> (Spring 1997) pp. 34-54; Klaus Knorr, <u>The War Potential of Nations</u> (Princeton: Princeton University Press, 1956) p. 41; Hans J. Morgenthau, <u>Politics Among Nations: The Struggle for Power and Peace</u>, 5th Edition (New York: Alfred A. Knopf, 1978) pp. 4-15 and Ashley J. Tellis (et al.), <u>Measuring National Power in the Postindustrial Age</u> (Santa Monica, California: RAND, 2000) pp. 179-182.

[215] Joseph S. Nye Jr., "The Changing Nature of World Power", <u>Political Science Quarterly</u>, 105, 2 (1990) pp. 177-192.

[216] David Clay Large, <u>Germans to the Front</u>, p. 2.

[217] Eric J. Hobsbawm, <u>Das Zeitalter der Extreme: Weltgeschichte des 20. Jahrhunderts</u> (1994) (München: Deutscher Taschenbuch Verlag GmbH, 1998) pp. 344-345.

[218] John Lewis Gaddis, <u>We Now Know</u>, p. 38.

Chapter 4 Endnotes

[1] David McCullough, <u>Truman</u>, p. 339.

[2] James D. King and James W. Riddleberger, "Unscheduled Presidential Transitions: Lessons From the Truman, Johnson and Ford Administrations", <u>Congress & the Presidency</u>, 22 (1995) pp. 1-17; David McCullough, "'I Hardly Know Truman'", <u>American Heritage</u>, 43 (1992) pp. 46-64 and Arnold A. Offner, "'Another Such Victory': President Truman, American Foreign Policy, and the Cold War", <u>Diplomatic History</u>, 23 (1999) pp. 127-155.

[3] "26 July 1945", in Harry S. Truman, <u>Memoirs</u>, (Garden City, New York: Doubleday, 1955) vol. 1, pp. 56-57.

[4] The "New Right", which included such "notables" as Joseph R. McCarthy, John Foster Dulles, and the young William F. Buckley, Jr., gained increasing popularity during the first term of the Truman presidency. John Lukacs, "Revising the Twentieth Century", <u>American Heritage</u>, 45, 5 (1994) pp. 83-89.

[5] Historical criticism of Truman focuses attention on Truman's anti-Communist nature and the immediate alienation faced by Stalin.

[6] Robert A. Pollard, <u>Economic Security and the Origins of the Cold War</u>, pp. 20-23.

[7] David McCullough, <u>Truman</u>, p. 354

[8] Ibid., pp. 376-378.

[9] Stephen E. Ambrose, "The Presidency and Foreign Policy", pp. 120-137.

[10] Harry S. Truman, <u>Memoirs</u>, vol. 2, p. 345.

[11] David McCullough, <u>Truman</u>, p. 404.

[12] Bruce Kuklick, <u>American Policy and the Division of Germany: The Clash With Russia Over Reparations</u> (Ithaca, New York: Cornell University Press, 1972) p. 131.

[13] Carolyn Woods Eisenberg, <u>Drawing the Line</u>, p. 492.

[14] Many German electrical firms such as A.E.G. were highly intertwined with American business and, like other branches, were hardly bombed during the war if at all. USSBS. Equipment Division. <u>German Electrical Equipment Industry Report</u>, p. 3.

[15] Noel Gilroy Annan, <u>Changing Enemies</u>, p. 61.

[16] Ibid., p. 124.

[17] Ibid., p. 145.

[18] The revisionist "accusation" does not take John. K. Galbraith's important contributions concerning power into account. Galbraith argued that "Conditioned power [as opposed to condign and compensatory power] is exercised by changing belief. Persuasion, education, or the social commitment to what seems natural, proper, or right causes the individual to submit to the will of another or of others. The submission reflects the preferred course; the fact of submission is not recognized". Bruce Cumings, "'Revising Postrevisionism', or the Poverty of Theory in Diplomatic History", <u>Diplomatic History</u> 17 (1993) pp. 539-69; John K. Galbraith, On The Anatomy of Power (Boston: Houghton Mifflin, 1983) p. 5 and K.R.M. Short, "'The March of Time,' Time Inc. and the Berlin Blockade, 1948-1949: Selling Americans on the 'New' Democratic Germany", <u>Historical Journal of Film, Radio and Television</u>, 13, 4 (1993) pp. 451-468. For an analysis of the expansion of presidential power based on mid-century military developments see Alfred Dick Sander, <u>A Staff for the President</u> (New York: Greenwood Press, 1989).

[19] For the Truman administration's domestic critics see Justus Doenecke, <u>Not to the Swift</u> (Lewisburg, Pennsylvania: Bucknell University Press, 1979); Lynn Eden, "Capitalist Conflict and the State: The Making of United States Military Policy in 1948", <u>Statemaking and Social Movements</u>, ed. Charles Bright and Susan Harding (Ann Arbor: University of Michigan Press, 1984) pp. 233-61; Benjamin O. Fordham, <u>Building the Cold War Consensus</u> (Ann Arbor: University of Michigan Press, 1998) and David R. Kepley, <u>The Collapse of the Middle Way</u> (New York: Greenwood Press, 1988).

[20] Dean Acheson quoted in Walter LaFeber, "American Policy-Makers, Public Opinion and the Outbreak of the Cold War", ed. Yonosuke Nagai and Akira Iriye, The Origins of the Cold War in Asia (New York: Columbia University Press, 1977) p. 60.

[21] Carolyn Woods Eisenberg, Drawing the Line, pp. 122 and 165.

[22] Walter LaFeber, "American Policy-Makers", pp. 50-53.

[23] Chomsky's concept of a "tacit agreement", while not necessarily espoused in Moscow or Washington and hard to substantiate, accurately describes an important Cold War mechanism. "In crucial respects", he writes, "the Cold War was a kind of tacit arrangement between the Soviet Union and the United States under which the US conducted its wars against the Third World and controlled its allies in Europe, while the Soviet rulers kept an iron grip on their own internal empire and their satellites in Eastern Europe—each side using the other to justify repression and violence in its own domains". See Chapter 4 in Noam Chomsky, What Uncle Sam Really Wants (Berkeley: Odonian Press, 1992).

[24] Roger Hilsman, The Politics of Policy Making in Defense and Foreign Affairs: Conceptual Models and Bureaucratic Politics (Englewood Cliffs, New Jersey: Prentice-Hall, 1988) p. 310.

[25] Walter LaFeber, "American Policy-Makers", pp. 50-53.

[26] John Spanier and Eric M. Uslander, American Foreign Policy Making and the Democratic Dilemmas (Belmont, California: Brooks & Cole, 1989) pp. 44-45.

[27] LaFeber found virtually nothing in the Truman Presidential Library files on public opinion polls. Walter LaFeber, "American Policy-Makers, pp. 54-58 and K.R.M. Short, "The March of Time", pp. 451-468.

[28] K. R. M. Short points out that historians have only marginally explored the media's impact on American public opinion. This conclusions seems hardly surprising owing to a general consensus that the Truman administration expected the public to accept the government's foreign policy decisions. K.R.M. Short, "The March of Time", pp. 451-468.

[29] Arthur, Jr. Schlesinger, "The Measure of Diplomacy: What Makes a Strategy Great?", Foreign Affairs, 73, 4 (1994) pp. 146-151.

[30] For a good synopsis of this process see Hanna Schissler (ed.), The Miracle Years: A Cultural History of West Germany, 1949-1968 (Princeton: Princeton University Press, 2001).

[31] Analyses which stress the positive impact of Allied policy on German democratization include Edgar Wolfrum, Französische Besatzungspolitik und deutsche Sozialdemokratie: politische Neuansätze in der "vergessenen Zone" bis zur Bildung des Südweststaates 1945-1952, vol. 95: Beiträge zur Geschichte des Parlamentarismus und der politischen Parteien (Düsseldorf: Droste-Verlag, 1991); Daniel E. Rogers, Politics after Hilter: The Western Allies and the German Party System (New York: New York University Press, 1995) pp. 55-86 and Reiner Pommerin, The American Impact on Postwar Germany (Providence, RI: Berghahn Books, 1997).

[32] Volker Berghahn, "Conceptualizing the American Impact on Germany: West German Society and the Problem of Americanization", The American Impact on Western Europe: Americanization and Westernization in Transatlantic Perspective (Washington, D.C.: Conference at the German Historical Institute, March 25-27, 1999) p. 8.

[33] John Lewis Gaddis, The United States and the Origins of the Cold War, pp. 171-72 and 126-29.

[34] "Stettinius Report" in Harry S. Truman, Memoirs, vol. 1, p. 15. A host of reports indicated a general American tendency to view the coming postwar in negative terms. An OSS report stated that "Russia will emerge from the present conflict as by far the strongest nation in Europe and Asia…strong enough…to dominate Europe and at the same time to establish her hegemony over Asia". Quoted in David McCullough, Truman, p. 372.

[35] Wilson D. Miscamble, "Anthony Eden and the Truman-Molotov Conversations, April 1945", Diplomatic History, 2, 2 (1978) pp. 167-180.

[36] "Memorandum of conversation by Charles E. Bohlen", 23 April 1945, FRUS, 1945, vol. 5, pp. 256-58.

[37] According to Truman's memoirs, Molotov replied that "I have never been talked to like that in my life". "Carry out your agreements", Truman responded, "and you won't get talked to like that". Harry S. Truman, Memoirs, vol. 2, p. 82.

[38] Wilson D. Miscamble, "Anthony Eden and the Truman-Molotov Conversations", pp. 168.

[39] Charles E. Bohlen, Witness to History, p. 213.

[40] George F. Kennan and John Lukacs, "From World War to Cold War", American Heritage, 46, 8 (1995) pp. 42-67.

[41] George C. Herring Jr., Aid to Russia, 1941-1946: Strategy, Diplomacy, the Origins of the Cold War, Contemporary American History Series (New York: Columbia University Press, 1973) 203-11.

[42] "Churchill to Truman" and "Truman to Churchill", 6 and 8 May 1945, FRUS, 1945, The Conference of Berlin (The Potsdam Conference) 1945, vol. 1, pp. 1 and 3-4.

[43] "Stalin to Truman", 24 April 1945, FRUS, 1945, vol. 5, pp. 256-58 and 263-64.

[44] "Kennan to Press Secretary of State", 19 April 1945, Internal Affairs: Social, reel 11, pp. 00001-00002.

[45] U.S. Senate. Hearings before a Subcommittee of the Committee on Military Affairs, Elimination of German Resources for War. Report pursuant to S. Res. 107 and 146, July 2, 1945, Part 7, 78th Congress and 79th Congress (Washington, D.C.: U.S.G.P.O., 1945) p. 174.

[46] German and American businesses maintained the essence of their prewar links during the war. Black essentially argues that basic greed and indifference motivated this relationship and that American companies bear a degree of responsibility for Nazi war crimes. This dissertation, in keeping with the anti-revisionist position, however emphasizes the importance of international cooperation in technological development and more importantly for a broad consensus concerning trade as the cornerstone of the global economic system. Edwin Black, IBM und der Holocaust: Die Verstrickung des Weltkonzerns in die Verbrechen der Nazis (München: Propyläen Verlag, 2001) p. 470.

[47] Revisionist historians in the 1960s and 1970s argued that the US was primarily responsible for Germany's division. Gabrial Kolko, for example, argued that the American search for a strong and anti-Soviet western German state forced German division. Other revisionists point to the selfish American policies of economic self-interest after 1945. See Gar Alperovitz, Atomic Diplomacy: Hiroshima and Potsdam: The Use of the Atomic Bomb and the American Confrontation with Soviet Power (2nd ed.) (London: Pluto Press, 1994) and William Appleman Williams, The Tragedy of American Diplomacy (New York: Dell Pub. Co., 1972).

[48] Tom Bower, Blood Money: The Swiss, the Nazis and the Looted Billions (London : Macmillan, 1997).p. 259.

[49] George F. Kennan and John Lukacs, "From World War to Cold War", pp. 42-67.

[50] Wilson D. Miscamble, "The Foreign Policy of the Truman Administration", pp. 479-494.

[51] Melvyn P. Leffler, "Adherence to Agreements: Yalta and the Experiences of the Early Cold War," International Security 11 (Summer 1986) pp. 88-123.

[52] World Affairs, 1947-1948, p. 14.

[53] Gar Alperovitz, Atomic Diplomacy: Hiroshima and Potsdam: The Use of the Atomic Bomb and the American Confrontation with Soviet Power (2nd ed.) (London: Pluto Press, 1994) p. 135; Denna Frank Fleming, The Cold War and its Origins, 1917-1960 (Garden City, New York: Doubleday, 1961) vol. 1, pp. 265-89; Barton J. Bernstein, "American Foreign Policy and the Origins of the Cold War", ed. Barton J. Bernstein, Politics and Policies of the Truman Administration (Chicago: Quadrangle Books, 1970) pp. 15-77 and Diane Shaver Clemens, Yalta (New York: Oxford University Press, 1970) pp. 267-91.

[54] Daniel Yergin, Shattered Peace, pp. 193-96.

[55] Melvyn P. Leffler, "From the Truman Doctrine to the Carter Doctrine", pp. 253-254.

[56] Roberta Wohlstetter argued in the 1960s that the intelligence services did not collect sufficient information or interpret it correctly. The revisionist position, that this evidence in the form of cracked diplomatic and military codes existed, represents a strong argument. The assault nevertheless shook the foundations of American society. Roberta Wohlstetter, Pearl Harbor: Warning and Decision (Stanford, California, Stanford University Press, 1962).

[57] Pearl Harbor effectively terminated any justification for "political" isolationism. (American businesses hardly demonstrated an introverted philosophy during the 1930s). Justus D. Doenecke,

Not to the Swift (Lewisburg, Pennsylvania: Bucknell University Press, 1979) p. 11-12 and Thomas N. Guinsburg, The Pursuit of Isolationism in the United States Senate from Versailles to Pearl Harbor (New York, London: Garland Publishing, 1982).

[58] John Rourke, Congress and the Presidency in U.S. Foreign Policymaking: A Study of Interaction and Influence, 1945-1982 (Boulder, Colorado: Westview Press, 1983) 20-21.

[59] The American occupation of Japan gave evidence of the general distaste for international negotiation where it could be avoided. Nikita Khrushchev bemoaned the neglect of the United States to invite the Soviets to the Japanese surrender ceremony and was "irritated" by American unilateralism. Nikita Sergeevich Khrushchev, Khrushchev Remembers: The Glasnost Tapes, ed. and trans. Jerrold L. Schecter and Vyacheslav V. Luchkov (Boston: Little, Brown, 1990) p. 82.

[60] U.S. Army. Center of Military History. American Military History, p. 5.

[61] Robert A. Pollard, Economic Security and the Origins of the Cold War, pp. 20-23.

[62] Harry S. Truman, Memoirs, vol. 1, p. 49.

[63] C. Joseph Bernardo and Eugene H. Bacon, American Military Policy: Its Development Since 1775 (2nd ed.)(1961)(Westport, Conn.: Greenwood Press, 1974) p. 447.

[64] Congress and a host of interest groups attacked Universal Military Training as un-American and the draft was replaced by the traditional American policy of voluntary recruitment between April 1947 and August 1948. Robert A. Pollard, Economic Security and the Origins of the Cold War, pp. 20-23.

[65] Melvyn P. Leffler, A Preponderance of Power, p. 278.

[66] Robert A. Pollard, Economic Security and the Origins of the Cold War, 1945-1950, pp. 20-23.

[67] Ibid.

[68] Gregg Herken, The Winning Weapon: The Atomic Bomb in the Cold War, 1945-1950 (Princeton, New Jersey: Princeton University Press, 1988) p. 94.

[69] James Forrestal, The Forrestal Diaries, ed. Walter Millis (London: Cassell, 1952) pp. 350-51.

[70] Carolyn Woods Eisenberg, "Working-Class Politics and the Cold War", pp. 287-288.

[71] Arnold A. Offner, "'Another Such Victory'", pp. 127-155.

[72] Robert A. Pollard, Economic Security and the Origins of the Cold War, pp. 20-23.

[73] "The American manpower problem was exacerbated by the number of agencies involved in allocating this crucial resource". Alan L. Gropman, Mobilizing U.S. Industry in World War II, p. 108-110.

[74] Jean Edward Smith, Lucius D. Clay, p. 193.

[75] Alan L. Gropman, Mobilizing U.S. Industry in World War II, p. 77.

[76] Robert A. Pollard, Economic Security and the Origins of the Cold War, pp. 20-23.

[77] David McCullough, Truman, p. 520 and 523.

[78] Ibid., p. 480.

[79] Ibid., p. 493.

[80] "The Charge in the United Kingdom (Gallman) to the Secretary of State", 25 November 1946, FRUS, 1947, vol. 3, p. 485.

[81] William Chafe, "Panel on Three Biographies of Harry S. Truman", Presidential Studies Quarterly, 26, 3 (1996) pp. 854-879.

[82] Bruce Kuklick, American Policy and the Division of Germany: The Clash with Russia over Reparations (Ithaca, 1972) pp. 126-128 and 132; Harry S. Truman, Memoirs, vol. 1, pp. 308-9; Truman also quoted in John Morton Blum, From the Morgenthau Diaries, vol. 3: Years of war, 1941-1945 (Boston, Houghton Mifflin, 1959-67) p. 459.

[83] Henry L Stimson and McGeorge Bundy, On Active Service in Peace and War, pp. 582-583.

[84] FRUS, 1945, The Conference of Berlin (The Potsdam Conference) 1945, vol. 2, p. 756.

[85] Harry S. Truman, Memoirs, vol. 1, p. 345.

[86] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", Diplomatic History, 12, 3 (1988) p. 282..

[87] Herbert Kranz, Das Ende des Reiches (Stuttgart, Franckh'sche Verlagshandlung, 1961) p. 372.

[88] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 282.

[89] Arnold A. Offner, "'Another Such Victory'", pp. 127-155.

[90] "Executive Order No. 9604, Providing for the Release of Scientific Information (Extension and Amendment of Executive Order No. 9568)" quoted in John Gimbel, "Project Paperclip: German Scientists, American Policy, and the Cold War", Diplomatic History, 14, 3 (1990) pp. 346-347.

[91] This theme, although slightly adapted, is also taken up by Daniel E. Rogers. Daniel E. Rogers, Politics after Hitler: The Western Allies and the German Party System (New York: New York University Press, 1995) pp. 55-86.

[92] Rebecca Boehling, A Question of Priorities, p. 115.

[93] Jonathan S. Wiesen, "Overcoming Nazism", pp. 201-226.

[94] U.S. Office of Military Government for Germany. Finance Division. Financial Investigation Section, Ulrike Bischoff (ed.), Militärregierung der Vereinigten Staaten für Deutschland, Finanzabteilung, Sektion für Finanzielle Nachforschungen (Nördlingen : F. Greno, 1986).

[95] Hans Mommsen and Manfred Grieger, Das Volkswagenwerk und seine Arbeiter im Dritten Reich (Düsseldorf: ECON, 1996) p. 810.

[96] Jonathan S. Wiesen, "Overcoming Nazism", pp. 201-226.

[97] Ibid.

[98] Historians, largely on the basis of Red Army actions in Germany in 1945, stress the imprecise nature of Stalin's policies in Germany. Norman M. Naimark, The Russians in Germany, p. 9; Vojtech Mastny, Russia's Road to the Cold War, pp. 95-97 and Wilfried Loth, Stalin's Unwanted Child, pp. 15-16.

[99] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[100] John Farquharson, "Governed or Exploited?", p. 27.

[101] Douglas Botting, From the Ruins of the Reich, p. 129.

[102] Earl F. Ziemke, The U.S. Army in the Occupation of Germany, p. 347.

[103] See entries for Berlin in John F. Kennedy, Prelude to Leadership: The European Diary of John F. Kennedy, Summer 1945 (Washington, DC: Regnery, 1995).

[104] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[105] Norman M. Naimark, The Russians in Germany, p. 169.

[106] John Lewis Gaddis, We Now Know, p. 45. and Norman M. Naimark, The Russians in Germany, p. 187.

[107] Friedemann Bedürftig, "A People Without a State", pp. 47-54.

[108] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[109] Douglas Botting, From the Ruins of the Reich, p. 31.

[110] Ibid., p. 193.

[111] "Combined Intelligence Committee, CCS 643/3: Estimate of the Enemy Situation (as of 6 July 1945)", 8 July 1945, U.S. Office of the President. Potsdam Conference Documents 1945 (Frederick, Maryland: University Publications of America, 1980) vol. 1, p. 19.

[112] Harry S. Truman quoted in John Lewis Gaddis, We Now Know.

[113] Truman defended his stand against Stalin by arguing that he had cleared up potential problems by "speaking frankly". James Chace, "After Hiroshima: Sharing the Atom Bomb", Foreign Affairs, 75, 1 (1996) pp. 129-144 and Harry S. Truman , "Harry S. Truman to Bess Truman", 20 July 1945, Dear Bess: The Letters from Harry to Bess Truman, 1910-1959, ed. Robert H. Ferrell (Columbia: University of Missouri Press, 1998) p. 520.

[114] For Truman's political use of the nuclear bomb see David Holloway, Stalin and the Bomb: The Soviet Union and Atomic Energy, pp. 116-18; Robert J. Donovan, Conflict and Crisis: The Presidency of Harry S. Truman, 1945-1948 (Columbia, Missouri: University of Missouri Press, 1996) p. 96; Harry S. Truman, Memoirs, vol. 1, p. 416 and James F. Byrnes, Speaking Frankly (New York: Harper, 1947) p. 263.

[115] Ian Locke, "Post-War Germany: Britain's Lost Opportunity", History Today, 47, 8 (1997) pp. 11-17.

[116] "Stimson to Truman", 16 July 1945, FRUS, 1945, <u>The Conference of Berlin (The Potsdam Conference) 1945</u>, vol. 2, pp. 1265-1266.

[117] "Tenth Meeting of Foreign Ministers", 30 July 1945; "Byrnes-Molotov Conversation", 31 July 1945" and "Harry S. Truman to Patrick J. Hurley", 24-25 July 1945, FRUS, 1945, <u>The Conference of Berlin (The Potsdam Conference) 1945</u>, vol. 2, p. 483-97; 510 and 1278 and 1281. See also Harry S. Truman , "Harry S. Truman to Bess Truman", 31 July 1945, <u>Dear Bess</u>, pp. 522-23.

[118] Alonzo L. Hamby, "Truman and the Bomb", pp. 18-25 and Robert A. Pollard, <u>Economic Security and the Origins of the Cold War</u>, pp. 20-23.

[119] Andrei Gromyko, <u>Memoirs</u>, p. 110 and David Holloway, <u>Stalin and the Bomb</u>, p. 46.

[120] Harvey Klehr, John Earl Haynes, and Fridrikh Igorevich Firsov, <u>The Secret World of American Communism</u> (New Haven: Yale University Press, 1995); Richard Gid Powers, <u>Not Without Honor: The History of American Anti-Communism</u> (New York: Free Press, 1995) and Klehr and Ronald Radosh, Looking <u>for Spies in All the Wrong Places: The Amerasia Spy Case: Prelude to McCarthyism</u> (Chapel Hill: University of North Carolina Press, 1996).

[121] John Lewis Gaddis, <u>The United States and the Origins of the Cold War</u>, pp. 359-361.

[122] Andrei Gromyko wrote that "What he wanted was his own gallery of monochromatic, even cemetery-dull, minions, who would belong to him and him alone, to Stalin, the man with the iron fist and the iron will". Andrei Gromyko, <u>Memoirs</u>, p. 373.

[123] John Lewis Gaddis, <u>We Now Know</u>, p. 292 and John Lewis Gaddis, "The Tragedy of Cold War History", <u>Diplomatic History</u>, 17 (1993) pp. 1-16.

[124] David McCullough, <u>Truman</u>, pp. 414-415.

[125] Petra Goedde, <u>GIs and Germans: Culture, Gender and Foreign Relations, 1945-1949</u> (New Haven: Yale University Press, 2003) p. 44.

[126] Henry J. Kellermann, <u>Cultural Relations as an Instrument of U.S. Foreign Policy: The Educational Exchange Program between the United States and Germany, 1945-1954</u> (Washington D.C.: United States Government Printing Office, 1978) p. 22.

[127] Douglas Botting, <u>From the Ruins of the Reich</u>, p. 137.

[128] Earl F. Ziemke, <u>The U.S. Army in the Occupation of Germany</u>, p. 346.

[129] Harry S. Truman, Joseph V. Stalin and Clement R. Attlee, "Joint Report with Allied Leaders on the Potsdam Conference", 2 August 1945, <u>Public Papers of the Presidents of the United States: Harry S. Truman, Containing the Public Messages, Speeches, and Statements of the President</u>, ed. Warren R. Reid, vol. 1: <u>April 12 to December 31,1945</u> (Washington, D.C.: United States Government Printing Office, 1966) p. 182 and Department of State Bulletin, vol. 13, p. 160.

[130] <u>World Affairs</u>, 1945-1947, pp. 170-171.

[131] Harry S. Truman, Joseph V. Stalin and Clement R. Attlee, "Joint Report with Allied Leaders on the Potsdam Conference", 2 August 1945, <u>Public Papers of the Presidents of the United States: Harry S. Truman</u>, vol. 1, pp. 179-195.

[132] Ibid.

[133] Lucius D. Clay, <u>Clay Papers</u>, vol. 1, p. 237.

[134] Marc Trachtenberg, <u>A Constructed Peace: The Making of the European Settlement, 1945-1963</u> (Princeton, New Jersey: Princeton University Press, 1999) p. 26.

[135] Harry S. Truman, <u>Memoirs</u>, vol. 1, p. 372-394.

[136] George F. Kennan and John Lukacs, "From World War to Cold War", pp. 42-67.

[137] Marc Trachtenberg, <u>A Constructed Peace</u>, pp. 26-29 and Charles L. Mee, Jr., <u>Meeting at Potsdam</u> (New York: Franklin Square Press, 1996) pp. 217-228.

[138] CDU/CSU-Fraktion des Deutschen Bundestages, <u>Weissbuch über die menschenrechtliche Lage in Deutschland und der Deutschen in Osteuropa</u> (Bonn, 1977) p. 77 and 45 and Heinz Nawratil, <u>Schwarzbuch der Vertreibung 1945 bis 1948: Das letzte Kapitel unbewältigter Vergangenheit</u> (Universitas: München, 1999) pp. 72-73.

[139] Harry S. Truman, Joseph V. Stalin and Clement R. Attlee, "Joint Report with Allied Leaders on the Potsdam Conference", 2 August 1945, <u>Public Papers of the Presidents of the United States: Harry S. Truman</u>, vol. 1, pp. 179-195.

[140] FRUS, 1945, <u>The Conference of Berlin (The Potsdam Conference) 1945</u>, vol. 2, p. 821.

[141] David Holloway, Stalin and the Bomb, pp. 116-18.

[142] Kuklick, American Policy and the Division of Germany, pp. 161-66 and Carolyn Woods Eisenberg, Drawing the Line, pp. 113-15.

[143] Norman M. Naimark, The Russians in Germany, pp. 10, 141 and 167-68.

[144] Ian Locke, "Post-War Germany", pp. 11-17.

[145] World Affairs, 1945-1947, p. 183.

[146] Stephane Courtois (et al.), Das Schwarzbuch des Kommunismus: Unterdrückung, Verbrechen und Terror (München: Piper, 1998) pp. 430-504; Heinz Nawratil, Schwarzbuch der Vertreibung, pp. 79-80 and Norman M. Naimark, The Russians in Germany.

[147] David McCullough, Truman, p. 422.

[148] Alfred-Maurice de Zayas, stepping onto unexplored terrain, offered earlier analyses of these events. Alfred-Maurice de Zayas, Nemesis at Potsdam: The Expulsion of the Germans from the East (1977) (Lincoln: University of Nebraska Press, 1989) and Alfred-Maurice de Zayas, A Terrible Revenge: The Ethnic Cleansing of the East European Germans, 1944-1950 (New York: St. Martin's Press, 1994).

[149] Wilfried Loth, Stalin's Unwanted Child, pp. 11 and 17-19.

[150] Ibid., p. 25.

[151] "We are now smashing the Germans, and many people now assume that the Germans will never be able to threaten us again. Well, that's simply not true. I HATE THE GERMANS!... It's impossible to destroy the Germans for good, they will still be around. We are fighting the Germans, and we will finish the job. But we must bear in mind that our allies will try to save the Germans and conspire with them. We will be merciless toward the Germans, but our allies will seek to treat them more leniently. That is why we, the Slavs, must be ready in case the Germans can get back on their feet and launch another attack against the Slavs". "Remarks to a visiting Czechoslovak delegation", 28 March 1945 in Mark Kramer, "The Soviet Union and the Founding of the German Democratic Republic: 50 Years Later - A Review Article", Europe-Asia Studies, 51, 6 (1999) pp. 1093-1106.

[152] Norman M. Naimark, The Russians in Germany, p. 376-388.

[153] "Fourth Meeting of the Council of Foreign Ministers, Moscow, 10 March to 24 April 1947", 28 April 1947, A Decade of American Foreign Policy.

[154] William E. Stacy, U.S. Army Border Operations in Germany 1945-1983, p. 8.

[155] Douglas Botting, From the Ruins of the Reich, p. 25.

[156] "23 October 1946" and "13 November 1946", New York Times quoted in "Committee Against Mass Expulsions : Joint Declaration Printed as Introduction to the pamphlet 'Land of the Dead'", February 1947, Internal Affairs: Social, reel 1, pp. 0098-0102.

[157] William E. Stacy, U.S. Army Border Operations in Germany 1945-1983, p. 8.

[158] Ann Tusa, The Last Division: A History of Berlin, 1945-1989 (Reading: Addison-Wesley, 1997) p. 13.

[159] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[160] Ibid.

[161] Ibid.

[162] "Telegram from the Ambassador in the Soviet Union (Smith) to the Secretary of State" 7 January 1947, FRUS, 1947, vol. 2, p. 140 and also quoted in Adam B. Ulam, Expansion and Coexistence, pp. 281-82 and 286.

[163] Wilfried Loth, Stalin's Unwanted Child, p. 44.

[164] Loth believes that Stalin was too preoccupied with other non-German matters to involve himself in the occupation, Wilfried Loth, Stalin's Unwanted Child, p. 101. Naimark and Creuzberger put this issue to rest. Norman M. Naimark, The Russians in Germany, p. 352 and Stefan Creuzberger, Die sowjetische Besatzungsmacht und das politische System der S.B.Z. (Cologne-Weimar: Bohlau Verlag, 1996) pp. 174 and 181-182.

[165] Dietrich Staritz, "Die SED, Stalin und der "Aufbau des Sozialismus" in der DDR", Deutschland Archiv, 24, 7 (July 1991) pp. 689-692.

[166] Jochen Laufer, "Die SED und die Wahlen (1948-1950): Untersuchungen zu den politischen Entscheidungsprozessen", ed. Elke Scherstjanoi, <u>Provisorium für längstens ein Jahr: Protokoll des Kolloquiums die Gründung der DDR</u> (Berlin: Akademie Verlag, 1993) pp. 104-121.

[167] Norman M. Naimark, <u>The Russians in Germany</u>, pp. 353-397 and 551-562.

[168] Bruno Thoss demonstates the willingness of the eastern German communists and Moscow to rearm their zone. Direct rearmament in the eastern case should not obscure the relative military industrial weakness of the region. Bruno Thoss (ed.), <u>Volksarmee Schaffen—ohne Geschrei!: Studien zu den Anfängen einer verdeckten Aufrüstung in der SBZ/DDR 1947-1952</u> (München: Oldenbourg, 1994).

[169] Mark Kramer, "The Soviet Union and the Founding of the German Democratic Republic", pp. 1093-1106.

[170] Allied Control Council, "Control Council Law No. 31: Police Bureaus and Agencies of a Critical Nature", ACC, vol. 4, pp. 1-2.

[171] "It probably remains the greatest irony of this century that the principal political outcome of the First World War in the form of the USSR led to the neutralization of the potentially far more drastic political consequences that were likely to have resulted from the much more destructive conflagration that followed it". Gabriel Kolko, <u>Century of War: Politics, Conflicts, and Society since 1914</u> (New York: New Press, 1994) p. 308.

[172] Norman M. Naimark, <u>The Russians in Germany</u>, pp. 258 and 465-468.

[173] Joseph M. Siracusa, <u>New Left Diplomatic Histories and Historians: The American Revisionists</u> (Claremont, California: Regina Books, 1993) p. 42.

[174] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[175] "Certain traditionalist-minded historians view the collapse of the Soviet Union as vindicating the traditional orthodox interpretation of the just and correct nature of American postwar conceptions. This 'vindicationist scholarship' argued that the end of the Cold War validated their use of a narrow bipolar paradigm of 'United States/Soviet Union, West/East, capitalism/Communism, freedom/tyranny, good/evil'". Allen Hunter, <u>Rethinking the Cold War</u> (Philadelphia: Temple University Press, 1998) p. 2.

[176] On Kennan's policy see Hugh De Santis, <u>The Diplomacy of Silence: The American Foreign Service, the Soviet Union and the Cold War, 1933-1947</u> (Chicago, 1980) pp. 52-55 and 166-67.

[177] George F. Kennan and John Lukacs, "From World War to Cold War", pp. 42-67.

[178] <u>World Affairs</u>, 1945-1947, p. 178.

[179] Oral Interview: Henry H. Fowler.

[180] Harry S. Truman, <u>Memoirs</u>, vol. 2, pp. 372-394.

[181] The assumption of a "shattered" Soviet economy dominates the literature. The empirical evidence however suggests that the German invasion, while reducing the overall Soviet GDP by about one-third, did not decisively impact industrial output. The Soviet industrial mass production system—far different in nature than the "backward" (by western standards) civilian sector—survived the German invasion and outproduced the Ruhr in virtually every category. Civilian production of course fell sharply leading to extreme misery. The data reinforces the hypotheses that no wide gulf exists between civilian and military sectors and demonstrates the poor level of German planning. But the data also casts doubt on the notion that Soviet industry fell victim to the Nazi invasion. Mark Harrison, "The Economics of World War II", pp. 1–42; Mark Harrison, "Wartime Mobilisation: A German Comparison", ed. John Barber and Mark Harrison, <u>The Soviet Defence-Industry Complex from Stalin to Khrushchev</u> (London: Macmillan Press, 2000) pp. 99-117; Eric J. Hobsbawm, <u>The Age of Extremes</u>, p. 294; Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", pp. 278-306; Patrick Lewis, "Postwar Economic Growth and Productivity in the Soviet Communications Industry", RAND Journal of Economics, 6, 2, (Autumn 1975) pp. 430-450 and Charles G. Stefan, "Yalta Revisited: An Update on the Diplomacy of F.D.R. and His Wartime Summit Partners", pp. 755-770.

[182] Melvyn P. Leffler, <u>A Preponderance of Power</u>, p. 5.

[183] J.F.C. Fuller, <u>Decisive Battles of the Western World</u> (London: Eyre & Spottiswoode, 1963) vol. 3, p. 296.

[184] Waclaw Dlugoborski and Czeslaw Madajczyk, <u>Ausbeutungssysteme in den besetzen Gebieten Polens und der UdSSR, Kriegswirtschaft und Rüstung 1939-1945</u>, ed. Friedrich Forstmeier and Hans-Erich Volkmann (MGFA) (Droste Verlag: Düsseldorf, 1977) pp. 375-416.

[185] "NSC-68: United States Objectives and Programs for National Security", 14 April 14 1950 quoted in Thomas H. Etzold and John Lewis Gaddis (eds.), <u>Containment: Documents on American Policy and Strategy, 1945-1950</u> (New York: Columbia University Press, 1978) p. 413.

[186] "Bohlen/ Robinson Report, 10 December 1945", <u>Diplomatic History</u>, 1 (1977) p. 393 and also quoted in Jost Dülffer, <u>Jalta, 4. Februrar 1945: Der Zweite Weltkrieg und die Entstehung der bipolaren Welt</u>, 20 Tage im 20. Jahrhundert (München: DTV, 1998) p. 179.

[187] Peter Gatrell and Robert Lewis, "Russian and Soviet Economic History", <u>Economic History Review</u>, XLV, 4 (1992) pp. 744-45.

[188] Alexander Werth, <u>Russia: The Post-War Years</u> (New York: Taplinger Pub. Co., 1971) p. 250.

[189] George F. Kennan, "The Sources of Soviet Conduct" (1947) in X, "The Sources of Soviet Conduct", <u>Foreign Affairs</u>, 65 (1987) pp. 852-868.

[190] Shepard B. Clough, <u>European Economic History: The Economic Development of Western Civilization</u> (McGraw-Hill Book Company: New York, 1959) pp. 475 and 481.

[191] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[192] Wilfried Loth, <u>Stalin's Unwanted Child</u>, p. 22 and 177.

[193] "John A. Loftus, Informs of Conversation with Bidault Regarding Economic Control of Germany", 22 January 1945, Internal Affairs: Social, reel 10, pp. 00568-00596

[194] This concept is found throughout reel 11 of Internal Affairs: Social.

[195] B. U. Ratchford and W. D. Ross, <u>Berlin Reparations Assignment</u> (Chapel Hill: University of North Carolina Press, 1947) p. 43.

[196] David Joravsky, "Communism in Historical Perspective," <u>American Historical Review</u> (June 1994) pp. 837-57.

[197] Ibid.

[198] Mark L. Kleinman, Mark L., "Review of John Lewis Gaddis, We Now Know", <u>Peace & Change</u>, 23, 3 (1998) pp. 386-398.

[199] Lea Brilmayer, <u>American Hegemony: Political Morality in a One-Superpower World</u> (New Haven: Yale University Press, 1994) p. 30.

[200] Ibid.

[201] Annan's perspective is shared by other American soldiers in Germany such as Leon C. Standifer. Noel Gilroy Annan, <u>Changing Enemies</u>, pp. 137, 139, 147, 157 and 222 and Leon C. Standifer, <u>Binding up the Wounds: An American Soldier in Occupied Germany, 1945-1946</u> (Baton Rouge: Louisiana State University Press, 1997).

[202] Noel Gilroy Annan, <u>Changing Enemies</u>, p. 195.

[203] Vojtech Mastny, <u>Russia's Road to the Cold War</u>, p. 6.

[204] Eliot A. Cohen, "A Revolution in Warfare", <u>Foreign Affairs</u>, 75 (1996) pp. 37-54.

Chapter 5 Endnotes

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[126] "Allied Control Authority, Economic Directorate, Industrial War Potential - Draft Terms of Reference of Commissions of Investigation", 8 April 1947, Internal Affairs: Social, reel 12, pp. 00770-00772.

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[131] Gimbel argues that the American plans concerning the exploitation of German resources represented "a national policy developed and implemented by duly authorized, responsible agents of the United States government, including cabinet officers, who consulted with and obtained the approval of the president of the United States". The only problem, a theme that runs through the entire occupation of Germany, seems to be that the program lacked concrete dimensions based on rational calculations. The Allied aims generally centred on the accumulation of whatever resources the soldiers could locate. The lack of accepted definitions and unclear meanings largely dooms any attempt at answering basic questions such as the "success" of the mission or the impact on German or European society. Historians such as Bower, Hunt and Lasby in any case deal more closely with the morale implications of employing scientists and technicians tainted by the association with Nazism. Bower writes that "until the eve of peace, the notion of associating on equal terms with the men who had helped Hitler's regime perfect weapons to kill Allied citizens was totally unthinkable...But that sudden reversal in policy happened at the same time as the concentration camps and the worst crimes of the Nazis were discovered". Other historians such as Kurowski Attempt to explain the impact on the technological capabilities of the victors. Tom Bower, The Paperclip Conspiracy: Hunt for the Nazi Scientists (Boston: Little, Brown and Company, 1987) p. 66; John Gimbel, "Project Paperclip: German Scientists, American Policy, and the Cold War", Diplomatic History, 14, 3 (1990) pp. 346-347; John Gimbel, "The American Exploitation of German Technical Know-How After World War II", Political Science Quarterly, 105, 2 (1990) pp. 295-309; John Gimbel, "German Scientists, United States Denazification Policy, and the 'Paperclip Conspiracy'", International History Review, 12, 3 (August 1990) pp. 441-465; Linda Hunt, "U.S. Coverup of Nazi Scientists," Bulletin of the Atomic Scientists, 41 (April 1985) pp. 16-24; Franz Kurowski, Alliierte Jagd auf deutsche Wissenschaftler: Das Unternehmen Paperclip (Munich: Albert Langen-Georg Muller Verlag, 1982) and Clarence G. Lasby, Project Paperclip: German Scientists and the Cold War (New York: Atheneum, 1971) p. 6

[132] "Executive Order No. 9604, Providing for the Release of Scientific Information (Extension and Amendment of Executive Order No. 9568)", p. 422.

[133] John Gimbel, "The American Exploitation of German Technical Know-How After World War II", pp. 295-309 and John Gimbel, "Project Paperclip", p. 349.

[134] Linda Hunt, Secret Agenda: The United States Government, Nazi Scientists, and Project Paperclip, 1945 to 1990 (St. Martin's Press: New York, 1991) pp. 125-129.

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[136] John Gimbel, "Project Paperclip", p. 343.

[137] John Gimbel, "The American Exploitation of German Technical Know-How After World War II", pp. 295-309.

[138] Józef Garlinski, Hitler's Last Weapons, p. 202.

[139] Linda Hunt, Secret Agenda, pp. 125-129.

[140] Józef Garlinski, Hitler's Last Weapons, p. 201.

[141] John Gimbel, "Project Paperclip", p. 348.

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[143] Neufeld and Piszkeiwicz examine the Nazi employment of slave labour in V-1 and V-2 rocket production at Peenemünde and at Dora in the Harz Mountains and the general complicity of scientists such as Braun. Michael J. Neufeld, The Rocket and the Reich: Peenemünde and the Coming of the Ballistic Missile Era (New York: The Free Press, 1995) and Dennis Piszkiewicz, The Nazi Rocketeers: Dreams of Space and Crimes of War (New York: Praeger Publishers, 1995).

[144] John Gimbel, "Project Paperclip", p. 348 and Linda Hunt, Secret Agenda, pp. 125-129.

[145] Linda Hunt, Secret Agenda, pp. 130-132.

[146] Józef Garlinski, Hitler's Last Weapons, p. 203.

[147] John Gimbel, "Project Paperclip", p. 363.

[148] "Plan of the Allied Control Council for Reparations and the Level of Post-War German Economy", 26 March 1946, pp. 226-30.

[149] Linda Hunt, Secret Agenda, pp. 125-129.

[150] John Gimbel, "Project Paperclip", pp. 364-365.

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[152] Ibid.

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[154] Ludolf Herbst, Der totale Krieg und die Ordnung der Wirtschaft, p. 408.

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[157] Ibid.

[158] Ibid.

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[160] John Farquharson, "Governed or Exploited?", pp. 38-39.

[161] The transfer of German assets is described in Holocaust Assets: U.S. and Allied Wartime and Postwar Relations and Negotiations With Argentina, Portugal, Spain, Sweden, and Turkey on Looted Gold and German External Assets and U.S. Concerns About the Fate of the Wartime Ustasha Treasury June 1998 Supplement to Preliminary Study on U.S. and Allied Efforts To Recover and Restore Gold and Other Assets Stolen or Hidden During World War II. Annex II: Summary of the May 1997 Preliminary Report Economic Blockade (Washington: GPO, 1998).

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[163] Ian Locke, "Post-War Germany", pp. 11-17.

[164] Jozef Garlinski, Hitler's Last Weapons, pp. 199-200.

[165] Holocaust Assets.

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[169] Holocaust Assets.

[170] Tom Bower, Blood Money, pp. 284-285.

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[172] Helmut Grieser, Materialien zur Rüstungswirtschaft Schleswig-Holsteins im Dritten Reich (Kiel: H. Grieser, Historisches Seminar, 1987) p. 87.

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[175] Coordinating Committee, "Reply to the Jugoslav Military Mission, 13 February 1946", ACC, vol. 2, p. 112.

[176] William Manchester, The Arms of Krupp, p. 595.

[177] William E. Stacy, U.S. Army Border Operations in Germany, pp. 7-8.

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[180] "9 September 1945 to 15 September 1945", OMGUS Weekly Summaries.

[181] On the whole, Clay held the black soldiers in high regards after an initial period of low morale. "27 February 1946 to 5 March 1946", OMGUS Weekly Summaries.

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[184] "11 December 1945 to 17 December 1945", OMGUS Weekly Summaries.

[185] U.S. Army. 3rd Army. Mission Accomplished, pp. 21-22.

[186] William E. Stacy, U.S. Army Border Operations in Germany, p. 20

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[188] U.S. Army. 3rd Army. Mission Accomplished, p. 23.

[189] Ibid., p. 22.

[190] Earl F. Ziemke, The U.S. Army in the Occupation of Germany, pp. 67-69 and 269.

[191] Ibid., p. 313.

[192] "26 August to 1 September 1945", "16 September 1945 to 22 September 1945" and "23 September to 29 September 1945", OMGUS Weekly Summaries.

[193] Opel represented the second largest German truck manufacturer during the war. Contemporaries realized the military nature of Opel. Victor H. Bernstein, "Ford Empire Played Both Sides in War", n.p. and Neil Gregor, Stern und Hakenkreuz, pp. 210-211.

[194] "26 August to 1 September 1945", "16 September 1945 to 22 September 1945" and "23 September to 29 September 1945", OMGUS Weekly Summaries.

[195] "9 September 1945 to 15 September 1945" and "30 September 1945 to 6 October 1945", OMGUS Weekly Summaries.

[196] Neil Gregor, Stern und Hakenkreuz, pp. 364-367.

[197] Bernard P. Bellon, Mercedes in Peace and War, p. 258.

[198] Hans Mommsen and Manfred Grieger, Das Volkswagenwerk und seine Arbeiter im Dritten Reich, p. 961.

[199] Coordinating Committee, "Progress on the Valuations of Plants (Note by the Allied Secretariat). Appendix "B": Measures for Speeding Up Valuation Work", 6 November 1946, ACC, vol. 5, pp. 164-166 and Coordinating Committee, "Allocation of General Purpose Equipment in War Plants Available for Reparations (Note by the Secretariat), 13 March 1947, ACC, vol. 6, pp. 47-55.

[200] Coordinating Committee, "Slowness of Valuation of Plants declared Available on Account of Reparations (Memorandum of the Soviet Member)", 17 October 1946, ACC, vol. 5, pp. 76-77.

[201] Arthur Settel, Die Deutsche Wirtschaft seit Potsdam: Ein Arbeitsbericht der Wirtschaftsabteilung der Amerikanischen Militärregierung (Oberursel: Office of Military Government, Economics Division, 1947) p. 81.

[202] Jean Edward Smith, Lucius D. Clay, p. 356 and Christoph Kleßmann, Die doppelte Staatsgründung, p. 48.

[203] Norman J. G. Pounds, The Economic Pattern of Modern Germany (New York: Rand McNally, 1964) p. 60.

[204] John Farquharson, "'Emotional but Influential': Victor Gollancz, Richard Stokes and the British Zone of Germany, 1945-9", Journal of Contemporary History, 22, 3 (1987), p. 502.

[205] Ibid., p. 507.

[206] Victor Gollancz, In Darkest Germany, p. 11.

[207] Jean Edward Smith, Lucius D. Clay, p. 359.

[208] Douglas Botting, From the Ruins of the Reich, p. 149.

[209] Michael Geyer, Deutsche Rüstungspolitik, pp. 177-178.

[210] The food crisis also helped convince the State Department to support economic unification in order to prevent the western German population from turning to the Soviets. Heike Bungert, "A New Perspective on French-American Relations during the Occupation of Germany, 1945-1948: Behind-the-Scenes Diplomatic Bargaining and the Zonal Merger", Diplomatic History, 18, 3 (1994) pp. 337-340.

[211] "JCS 1769/4: State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries, 2 May 1947", JCS: Strategic Issues, Section 1, reel 7.

[212] Arthur Settel, Die Deutsche Wirtschaft seit Potsdam, p. 81.

[213] "In practice it was never as much as this and varied from 804 calories in Hesse to 1,150 calories in the Rhineland". Douglas Botting, From the Ruins of the Reich, p. 33.

[214] Ibid., p. 136.

[215] James T. Gay, "Rebuilding Europe", pp. 44-50 and 68.

[216] Hans-Peter Schwarz, Adenauer, vol. 2: Der Staatsmann, 1952-1967 (Stuttgart: Deutsche Verlags-Anstalt, 1986 and 1991) p. 447.

[217] Karl Dietrich Erdmann, Das Ende des Reiches und die Neubildung deutscher Staaten, ed. Bruno Gebhardt, Handbuch der deutschen Geschichte (Stuttgart: Klett Cotta, 2001) p.128.

[218] Ibid., Jean Edward Smith, Lucius D. Clay, p. 359 and Christoph Kleßmann, Die doppelte Staatsgründung, p. 51.

[219] Considerable variation marks the statistical data concerning the German population during the occupation. James Bacque, Crimes and Mercies: The Fate of German Civilians under Allied Occupation, 1944-1950 (Toronto: Little, Brown and Co., 1997) pp. 112-141.

[220] Karl Dietrich Erdmann, Das Ende des Reiches und die Neubildung deutscher Staaten, p. 128.

[221] Douglas Botting, From the Ruins of the Reich, p. 132.

[222] "4 October 1945", Internal Affairs: Social, reel 8, p. 00204.

[223] This disturbing conclusion meant that the occupation administration defined hunger as a lesson in responsibility. "7 November 1945", Internal Affairs: Social, reel 8, p. 00306.

[224] "War Department to Clay, Telegram", 5 March 1946, Internal Affairs: Social, reel 53, p. 000697.

[225] "November 1945", Internal Affairs: Social, reel 9, p. 00055.

[226] "Norman Innes (British Embassy)", January 1947, Internal Affairs: Social, reel 53, p. 00666.

[227] "Karl L. Anderson (Assistant Chief, International Resources Division) to Mr. Fries (Rhinelander Paper Company United States) concerning a request for 20-30 tons of crystal urea from Germany dated 31 January 1947", 24 February 1947, Internal Affairs: Social, reel 53, p. 00164.

[228] Jean Edward Smith, Lucius D. Clay, p. 363.

[229] "1 June 1946", Internal Affairs: Social, reel 9, p. 00055.

[230] Clarence G. Lasby, Project Paperclip, pp. 191-204.

[231] Elbert D. Thomas, "Bulletin No. 12: German Business—Still a Menace" (The Society for the Prevention of World War III: New York, 1945).

[232] See corresponding "Society for the Prevention of WWIII", Internal Affairs: Social, reel 9, p. 00055.

[233] John Farquharson, "'Emotional but Influential'", p. 506 and "Society for the Prevention of WWIII", Internal Affairs: Social, reel 9, p. 00055.

[234] Jean Edward Smith, Lucius D. Clay, p. 363.

[235] "Fritz Baade, The Reconstruction of the Fertilizer Industry in Germany in Eric M. Warburg to Bradley Gaylord (Vice President of the Pennroad Corporation)", 22 September 1947, Internal Affairs: Social, reel 53, p. 00221.

[236] "JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[237] "Fritz Baade, The Reconstruction of the Fertilizer Industry in Germany in Eric M. Warburg to Bradley Gaylord (Vice President of the Pennroad Corporation)", 22 September 1947, Internal Affairs: Social, reel 53, p. 00221 and "JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[238] "Fritz Baade, The Reconstruction of the Fertilizer Industry in Germany in Eric M. Warburg to Bradley Gaylord (Vice President of the Pennroad Corporation)", 22 September 1947, Internal Affairs: Social, reel 53, p. 00221.

[239] "C. Tyler Wood (Deputy to the Assistant Secretary for Economic Affairs to S. Cooper (Senator) in reply to a Request for Information", 20 June 1947, Internal Affairs: Social, reel 53, p. 00175.

[240] USSBS Strategic Air Attack on the German Chemical Industry and USSBS, Over-all Report (European War), pp. 49-53.

[241] The State-War-Navy Coordinating Committee stated that German firms produced 677,000 tons of fixed nitrogen during the prewar period. The Economic Directorate of Allied Control Authority put the figure at 563,000. See "JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7 and Economic Directorate of Allied Control Authority, "Food and Agricultural Co-ordinating Committee paper", 24 July 1946 cited in John E. Farquharson, The Western Allies and the Politics of Food: Agrarian Management in Post-war Germany (Dover, New Hampshire: Berg Publishers, 1985) p. 257.

[242] T.E. Warren, BIOS Report No. 82: Inspection of Hydrogenation and Fischer-Tropsch Plants in Western Germany During September 1945, British Intelligence Objectives Sub-Committee (London: H.M. Stationery Office, 1945).

[243] Ibid.

[244] "Lewis to Hilldring, Increase of Fertilizer Nitrogen in Germany", 18 June 1947, Internal Affairs: Social, reel 53, p. 00171. An attachment puts the deficit at 900,000 tons. "Attachment", Internal Affairs: Social, reel 53, p. 00172.

[245] "6 September 1947", Internal Affairs: Social, reel 53, p. 00177.

[246] The BIOS report argued that fixed nitrogen production required "small quantities of material". The values cited here are probably incorrect owing to a total lack of precision in establishing total German production capacities. The USSBS determined that German fixed nitrogen facilities produced 956,000 metric tons in 1938-1939 and that capacities only rose to 1,193,000 during the war. Later studies placed capacities at between 1.5 and 1.7 million tons. USSBS. Strategic Air Attack on the German Chemical Industry, USSBS. Oil Division Final Report and USSBS, Over-all Report (European War), pp. 49-53; T.E. Warren, BIOS Report No. 82 and "JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[247] "C. Tyler Wood (Deputy to the Assistant Secretary for Economic Affairs to S. Cooper (Senator) in reply to a request for information, 20 June 1947", Internal Affairs: Social, reel 53, p. 00175.

[248] Ibid.

[249] "JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[250] "Lewis to Hilldring, Increase of Fertilizer Nitrogen in Germany", 18 June 1947, Internal Affairs: Social, reel 53, p. 00171.

[251] Ibid.

[252] "Robert Murphy (U.S. Political Advisor to Germany) to Secretary of State: Plan for Reparations and the Level of Postwar Germany Economy", Internal Affairs: Social, reel 11, pp. 00929-00983.

[253] "Fritz Baade, The Reconstruction of the Fertilizer Industry in Germany in Eric M. Warburg to Bradley Gaylord (Vice President of the Pennroad Corporation)", 22 September 1947, Internal Affairs: Social, reel 53, p. 00221.

[254] Ibid.

[255] "Memorandum of Conversation by the Secretary of State", 9 May 1947, FRUS, 1947, vol. 4, pp. 427-429.

[256] "The Howley Report", July 1945-September 1949, LAB, Rep. 037 Acc. 3971, Nr. 144: Military Government, Civil Affairs Staff Centre: Handbook, p. 43.

[257] Herbert Hoover had lobbied for food relief to the people in occupied Europe during the war. See James H. George Jr., "Another Chance: Herbert Hoover and World War II Relief", Diplomatic History 16 (1992) pp. 389-407.

[258] Ibid.

[259] Herbert Hoover, The President's Economic Mission to Germany and Austria. Report No. 1: German Agriculture and Food Requirements (Washington, D.C.: Government Printing Office, 28 February 1947) pp. 1-23.

Chapter 6 Endnotes

[1] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 278.

[2] John Lewis Gaddis asserts that "Washington had no 'grand design'". The State Department pursuit of global economic stability—predicated on the revival of Germany—certainly deserves the designation "grand design". John Lewis Gaddis, We Now Know, p. 125.

[3] Deborah Welch Larson, Anatomy of Mistrust: U.S.-Soviet Relations During the Cold War (Ithaca and London: Cornell University Press, 1997) p. 237.

[4] John K. White, Still Seeing Red: How the Cold War Shapes the New American Politics (Oxford, England: Westview Press, 1997) pp. 38-40.

[5] Joseph Marion Jones, The Fifteen Weeks (February 21-June 4, 1947) (New York, Viking Press, 1955) pp. 3-13.

[6] Germany nevertheless remained the "lynchpin" and other issues only added to the negative image of Stalin. Marc Trachtenberg, A Constructed Peace, p. 247.

[7] Deborah Larson, Origins of Containment: A Psychological Explanation (Princeton, NJ: Princeton University Press, 1985) pp. 252-5.

[8] The British took an anti-Soviet position at an early date and this perspective drove the process of solidifying a democratic response to communism. The Soviet "moves" on the periphery helped London to gain support for the creation of a western block "while it can still be presented as a defence system directed against Germany". Victor Rothwell, Britain and the Cold War, 1941-1947 (London: Cape, 1982) p. 412. For discussions concerning the British role see Terry H. Anderson, The United States, Great Britain, and the Cold War, 1944-1947 (Columbia: University of Missouri Press, 1981) and Peter G. Boyle, "The British Foreign Office View of US-Soviet Relations, 1945-1946," Diplomatic History, 3, (Summer, 1979) pp. 307-20.

[9] Clark M. Clifford and Richard Holbrooke, Counsel to the President: A Memoir (New York: Anchor Books, 1992) pp. 124-129 and Melvyn P. Leffler, A Preponderance of Power, pp. 130-138. For a more complete account of the Clifford Elsey report see Michael J. Hogan, A Cross of Iron, pp. 13-16. The creation of ORE-1 followed from an American intelligence directive and "CIG 8, Memorandum by the Director of Central Intelligence, Development of Intelligence on the USSR", 28 April 1946, FRUS, 1951, vol.: Emergence of the Intelligence Establishment 1945-1950, p. 345.

[10] "JIC 250, Estimate of Soviet Postwar Intentions and Capabilities", 18 January 1945, JCS: Europe and NATO, reel 1.

[11] Ibid.

[12] Arnold A. Offner, "'Another Such Victory'", pp. 127-155.

[13] Robert H. Ferrell (ed.), Harry S. Truman: A Life (Columbia: University of Missouri Press, 1994) p. 33 and Merle Miller, Plain Speaking: An Oral Biography of Harry S. Truman (1974)(New York: Greenwich House, 1985) p. 44.

[14] Robert L. Messer, <u>The End of an Alliance: James F. Byrnes, Roosevelt, Truman, and the Origins of the Cold War</u> (Chapel Hill: University of North Carolina Press, 1982) pp. 159-65.

[15] James Forrestal, an inveterate anti-Communist, applauded the proclamation. James Forrestal, <u>The Forrestal Diaries</u>, p. 192.

[16] Harry S. Truman, <u>Memoirs</u>, vol. 2, pp. 22-23.

[17] Alan L. Gropman, <u>Mobilizing U.S. Industry in World War II</u>, p. 84.

[18] David McCullough, "I Hardly Know Truman", pp. 46-64.

[19] James Chace, "After Hiroshima: Sharing the Atom Bomb", <u>Foreign Affairs</u>, 75, 1 (1996) pp. 129-144 and Arnold A. Offner, "'Another Such Victory'", pp. 127-155.

[20] James F. Byrnes, <u>Speaking Frankly</u>, pp. 129-37.

[21] Denise O'Neal Conover, "James F. Byrnes and the Four-Power Disarmament Treaty", <u>Mid-America</u> 70 (1988) pp. 19-34.

[22] Byrnes describes the episode in his memoirs. James F. Byrnes, <u>All in One Lifetime</u> (New York: Harper & Brothers, 1958) pp. 342-48 and 399-403. See chapters 9 and 12 of Messer's monograph for a scholastic assessment. Robert L. Messer, <u>The End of An Alliance: James F. Byrnes, Roosevelt, Truman, and the Origins of the Cold War</u> (Chapel Hill: University of North Carolina Press, 1982).

[23] Dean Acheson, <u>Present at the Creation</u>, pp. 196-198.

[24] Robert A. Pollard, <u>Economic Security and the Origins of the Cold War</u>, pp. 20-23.

[25] An additional 12,000 soldiers remained in Austria in 1947. U.S. Army 3rd Army. <u>Mission Accomplished</u>, p. 23.

[26] Robert A. Pollard, <u>Economic Security and the Origins of the Cold War</u>, pp. 20-23.

[27] Ibid.

[28] Ibid.

[29] "Statement by General Omar N. Bradley, General Hoyt S. Vandenberg, Admiral Louis E. Darfeld to Committee on Foreign Policy Concerning Foreign Military Assistance Act of 1949", 1 July 1949, JCS: Strategic Issues, Section 1, reel 9.

[30] "Stalin Addresses his Constituents", 11 February 1946, <u>Soviet News</u> (no. 1370) (London: Press Department of the Soviet Embassy, 1946) pp. 1-2.

[31] James G. Richter, "Perpetuating the Cold War: Domestic Sources of International Patterns of Behaviour", <u>Political Science Quarterly</u>, 107, 2 (1992) pp. 271-301.

[32] Joseph Stalin, "Industrialization of the Country and the Right Deviation in the C.P.S.U.", 19 November 1928, in Joseph Stalin, <u>Works</u>, vol. 11: <u>1928-March 1929</u> (Moscow: Foreign Language Publishing House, 1954) pp. 257-58 and 261-63.

[33] Michail Heller and Alexander Nekrich, <u>Geschichte der Sowjetunion</u>, vol. 2, p. 151.

[34] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[35] "Six months earlier this message probably would have been received in the Department of State with raised eyebrows and lips pursed in disapproval". George F. Kennan and John Lukacs, "From World War to Cold War", pp. 42-67.

[36] Efstathios T. Fakiolas, "Kennan's Long Telegram and NSC-68: A Comparative Theoretical Analysis", <u>East European Quarterly</u>, 31, 4 (1997) pp. 415-433.

[37] "George F. Kennan, Moscow Embassy Telegram no. 511: The Long Telegram", 22 February 1946, FRUS, 1946, vol. 6, pp. 696-709; George F. Kennan, <u>Memoirs, 1925-1950</u> (New York: Pantheon Books, 1967) pp. 547-559 and George F. Kennan, "The Sources of Soviet Conduct", pp. 852-868.

[38] George F. Kennan, <u>Memoirs</u>, p. 295 and David Mayers, <u>George F. Kennan and the Dilemmas of U.S. Foreign Policy</u> (New York: Oxford University Press, 1988) pp. 97-102.

[39] Walter L. Hixson, "Reassessing Kennan after the Fall of the Soviet Union: The Vindication of X", <u>Historian</u>, 59, 4 (1997) pp. 849-858.

[40] George F. Kennan and John Lukacs, "From World War to Cold War", pp. 42-67.

[41] Walter L. Hixson, <u>George F. Kennan: Cold War Iconoclast</u> (New York: Columbia University Press, 1989) pp. 21-45.

[42] George F. Kennan and John Lukacs, "From World War to Cold War", pp. 42-67.

[43] Ibid.

[44] Thomas Patterson, Meeting the Communist Threat. Truman to Reagan (Oxford: Oxford University Press, 1989) p. 128.

[45] George F. Kennan, Memoirs, p. 291. Also quoted in Efstathios T. Fakiolas, "Kennan's Long Telegram and NSC-68", pp. 415-433.

[46] "George F. Kennan, Moscow Embassy Telegram no. 511: The Long Telegram", 22 February 1946, FRUS, 1946, vol. 6, pp. 696-709.

[47] Oral Interview: George M. Elsey.

[48] David McCullough, Truman, p. 491.

[49] Harbutt and Smith point out that Churchill spoke of the need to rearm Germany in 1918 and 1945. This policy, like the later Soviet "remilitarization" of eastern Germany should not be confused with support for the termination or adaptation of industrial demilitarization. Fraser Harbutt, The Iron Curtain: Churchill, America and the Origins of the Cold War (New York: Oxford University Press, 1986) 151-208; "Sinews of Peace" in Robert Rhodes James, Winston S. Churchill: His Complete Speeches 1897-1963, vol. 7: 1943-1949 , pp. 7285-7293 and Arthur L. Smith, Jr., Churchill's German Army: Wartime Strategy and Cold War Politics, 1943-1947 (Beverly Hills: Sage Publications, 1977) pp. 11-24.

[50] "Sinews of Peace", Robert Rhodes James, Winston S. Churchill: His Complete Speeches 1897-1963, vol. 7: 1943-1949 , pp. 7285-7293.

[51] For the complete text of Stalin's response to Churchill's iron curtain speech see Walter LaFeber, The Origins of the Cold War, 1941-1947: A Historical Problem with Interpretations and Documents (London: John Wiley and Sons, Inc., 1971) pp. 139-43.

[52] "The Novikov Telegram", 27 September 1946 (Cold War International History Project, Woodrow Wilson International Center for Scholars).

[53] According to Larres, this perspective approached the truth. Klaus Larres, Churchill's Cold War: The Politics of Personal Diplomacy (London: Yale University Press, 2002) p. ix and A Group of Members of Parliament, "Keep Left", New Statesman (May 1947) pp. 30-47.

[54] Michael J. Hogan, A Cross of Iron, pp. 13-16 and Martin McCauley, The Origins of the Cold War, 1941-1949 (1983) (London: Longman, 1996) pp. 55.

[55] John Lewis Gaddis, The United States and the Origins of the Cold War, p. 284.

[56] Harry S. Truman quoted in David McCullough, Truman, pp. 489-490.

[57] Denise O'Neal Conover, "James F. Byrnes and the Four-Power Disarmament Treaty", pp. 19-34.

[58] Wolfgang Krieger, "Was General Clay a Revisionist? Strategic Aspects of the United States Occupation of Germany", Journal of Contemporary History, 18, 2 (1983) p. 179.

[59] Byrnes repeated that the situation in Germany was "chaotic" and warned that "we may have a situation in which it will become impossible to administer Germany as an economic unit and to effect that reduction of German war potential which we both agree is essential". "The Secretary of State to the Ambassador in France (Caffery), 1 February 1946 and "The Secretary of State to the French Ambassador (Bonnet)", 22 March 1946, FRUS, 1946, vol. 5, pp. 496-98 and 528-529.

[60] ORE as late as November 1947 did not really concern itself with the situation in Germany. ORE 11/1, typical of much of intelligence papers concerning Germany, merely represented a summary review of the occupation objectives in Germany but did not offer "thorough analysis". Other military organizations took up this issue.

[61] Melvyn P. Leffler, A Preponderance of Power, p. 131.

[62] "O.R.E.-1: Soviet Foreign and Military Policy", 23 July 1946 in Michael Warner (ed), Central Intelligence Agency, The CIA under Harry Truman (Washington, D.C.: History Staff, Center for the Study of Intelligence, Central Intelligence Agency, 1994) pp. 65-76.

[63] "JCS 1696, Presidential Request for Certain Facts and Information Regarding the Soviet Union", 25 July 1946, JCS: Europe and NATO, reel 1.

[64] Paul Koscak, "Political Advisers Give Top Brass the Edge", State Magazine (September 2001) pp. 40-43.

[65] See Robert Murphy's reports entitled "Silesia", 23 October 1945 and "Report on Treatment of German Nationals in Central Silesia", 17 January 1946, Internal Affairs: Political, reel 1.

[66] John Lewis Gaddis, The Long Peace, p. 148.

[67] Quoted in Mark Riebling, Wedge: From Pearl Harbor to 9/11: How the Secret War between the FBI and CIA has Endangered National Security (New York: Simon & Schuster, 2002) p. 70.

[68] James D. King and James W. Riddleberger Jr., "Unscheduled Presidential Transitions: Lessons from the Truman, Johnson, and Ford Administrations", Congress & the Presidency, 22, 2 (1995) pp. 1-17.

[69] Arnold A. Offner, "'Another Such Victory'", pp. 127-155.

[70] "Clifford Memorandum" reproduced and discussed in Arthur Krock, Memoirs: Sixty Years on the Firing Line (New York Funk & Wagnalls, 1968) pp. 419-482.

[71] "Russian Report" cited in Henry Kissinger, "Reflections on Containment", Foreign Affairs, 73, 3 (1994) pp. 113-130.

[72] Quoted in Arthur Krock, Memoirs, p. 434.

[73] David McCullough, Truman, p. 543.

[74] Robert Ferrell, Harry S. Truman, pp. 248-249.

[75] James F. Schnabel, The History of the Joint Chiefs of Staff, vol. I, The Joint Chiefs of Staff and National Policy 1945-1947 (Wilmington, DE: Michael Glazier, 1979) pp. 103-108.

[76] Oral Interview: James W. Riddleberger.

[77] Ibid.

[78] "The only kind of settlement which conveys even a remote promise of being mutually satisfactory is one that leaves Germany independent of any of the powers, and for military purposes, available to none". "Riddleberger, Galbraith, Mason, Leverich, The Permanent Objectives of American Policy Toward Germany" and "The Immediate Objectives of German Policy", September 1946, Internal Affairs: Social, reel 12, pp. 00037-00083.

[79] Ibid.

[80] Ibid.

[81] Ibid.

[82] Ibid.

[83] Ibid.

[84] Ibid.

[85] Ibid.

[86] "Memorandum, United States Plans for Economic Restoration of Germany", October 1946, Internal Affairs: Social, reel 12, pp. 00117-00127.

[87] Lucius D. Clay, Clay Papers, vol. 1, p. 238.

[88] Ibid.

[89] Jean E. Smith writes that the speech was a "virtual paraphrase of Clay's message of July 19—and at times a direct quotation". Jean Edward Smith, Lucius D. Clay, p. 387. Gimbel originally advanced this argument. John Gimbel, The American Occupation of Germany, pp. 78-79. For text of Stuttgart speech see James F. Byrnes, Speaking Frankly, pp. 187-91; US Department of State. Department of State Bulletin, 15 September 1946 (Washington: U.S. Government Printing Office, 1946) p. 496 and "Text of Speech Delivered by U.S. Secretary of State James F. Byrnes at Stuttgart on 6 September 1946", Internal Affairs: Political, reel 3.

[90] Christoph Kleßmann, Die doppelte Staatsgründung, pp. 100-101 and Dean Acheson, Present at the Creation, pp. 220-235.

[91] Oral Interview: E. Allan Lightner.

[92] "Text of Speech Delivered by U.S. Secretary of State James F. Byrnes at Stuttgart on 6 September 1946", Internal Affairs: Political, reel 3.

[93] Rebecca Boehling, A Question of Priorities: Democratic Reform and Economic Recovery in Postwar Germany, p. 270.

[94] "Text of Speech Delivered by U.S. Secretary of State James F. Byrnes at Stuttgart on 6 September 1946", Internal Affairs: Political, reel 3.

[95] Ibid.

[96] Herbert Feis, From Trust to Terror, p. 157.

[97] "Text of Speech Delivered by U.S. Secretary of State James F. Byrnes at Stuttgart on 6 September 1946", Internal Affairs: Political, reel 3.

[98] Jean Edward Smith, Lucius D. Clay, p. 387.

[99] "Text of Speech Delivered by U.S. Secretary of State James F. Byrnes at Stuttgart on 6 September 1946", Internal Affairs: Political, reel 3.

[100] "Richard Salvatierra (Press Representative) to Secretary of State: A Letter in Support for Byrnes' Speech in the Face of Communist Infiltration", 9 October 1946, Internal Affairs: Political, reel 3.

[101] World Affairs, 1945-1947, p. 198.

[102] A certain degree of opposition to the speech erupted, with only 8 percent of the French public approving of the American change of heart. George H. Gallup (ed.), The Gallup International Public Opinion Polls, France, 1939, 1944-1975 (New York : Random House, 1976) vol. 1, p. 68.

[103] "John K. Galbraith, Recovery in Europe", November 1946, Internal Affairs: Social, reel 12, 00344-00372.

[104] Ibid.

[105] Ibid.

[106] Also discussed in Chapter 3. „Draft Directive for the Treatment of Germany", 10 March 1945, FRUS, 1945, vol. 3, pp. 434-438. The policy originally clashed with the minimal standard of living concept found in Morgenthau's conceptions.

[107] Oral Interview: E. Allan Lightner.

Chapter 7 Endnotes

[1] John Gimbel pointed out in 1990 that the "available records of the bureaucratic bargaining, international negotiations, and public discussions occasioned by the adoption and implementation of the Marshall Plan for European economic recovery show clearly that the reasons for including Germany were varied, diffuse, and highly complex. They included economic, financial, political, ideological, humanitarian, historical, and geopolitical elements as well as considerations of American power and position in the cold war and in the postwar world". John Gimbel, "The American Exploitation of German Technical Know-How After World War II", pp. 295-309.

[2] Carolyn Woods Eisenberg, Drawing the Line, p. 492.

[3] W. Cromwell, "The Marshall Plan, Britain and the Cold War," Review of International Studies, 8, 4, 1982, pp. 238-42.

[4] William Appleman Williams, The Tragedy of American Diplomacy (New York: Dell Pub. Co., 1972).

[5] H.W. Brands, The Devil We Knew, p. 225 and see for example Howard Zinn, "The Politics of History in the Era of the Cold War: Repression and Resistance" in Noam Chomsky (et al.), The Cold War & the University: Toward an Intellectual History of the Postwar Years (New York: New Press, 1997) pp. 35-72.

[6] H.W. Brands, "The Idea of the National Interest", pp. 239-261.

[7] "Statement of Policy by the National Security Council"in "Note to the National Security Council by the Executive Secretary (Lay)", 30 October 1953, FRUS, 1952-1954, vol. 2, pp. 577-597.

[8] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 278.

[9] Ibid.

[10] This long list generally weakens the revisionist perspective that focuses on Washington's negative view of the Soviet Union as expansionist and recalcitrant. The catalogue of aims is long and others were later integrated or the originals were adapted. The Soviet detonation of a nuclear device for example completely eroded the already shaky belief in military containment. The following historians stress the American search for stability on various levels that included democratization. Michael J. Hogan, The Marshall Plan America, Britain, and the Reconstruction of Western Europe, 1947-1952 (Cambridge: Cambridge University

Press, 1989) p. 427; Scott Jackson, "Prologue to the Marshall Plan", <u>Journal of American History</u> 65 (March 1979) pp. 1043-68; Melvyn R. Leffler "The American Conception of National Security and the Beginnings of the Cold War, 1945-1948", <u>American Historical Review</u>, 89 (April 1984) pp. 346-81 and Immanuel Wexler, <u>The Marshall Plan Revisited: The European Recovery Program in Economic Perspective</u> (Westport, Conn.: Greenwood Press, 1983) p. 10

[11] "Memorandum by Joint Chiefs of Staff to State-War-Navy Coordinating Committee", 9 June 1947, FRUS, 1947, vol. 7, pp. 842-845.

[12] David McCullough, <u>Truman</u>, p. 534.

[13] For Acheson's statement see U.S. Senate. Committee on Foreign Relations. <u>Legislative Origins of the Truman Doctrine with an Introduction by Richard D. Challener</u> (New York: Garland Publishing, 1979) p. 95.

[14] David McCullough, <u>Truman</u>, p. 535.

[15] Byrnes seemed unable to discard the original State Department belief that that Stalin did not promote the spread of Communism: "In actual fact these mutual suspicions appear to be unjustified in that it is not a fixed and calculated British policy to support right-wing elements in Europe, nor on the basis of existing evidence can it be said that the Soviet Government is determined to install Communist regimes throughout Europe". See the material devoted to liberation and spheres of influence in FRUS, 1944, vol: The Conferences at Malta and Yalta, 1945, pp. 102-3 and 103-8. For Byrnes's view see Byrnes, <u>Speaking Frankly</u>, pp. 129-137.

[16] George F. Kennan, <u>Memoirs</u>, p. 325.

[17] <u>World Affairs</u>, 1945-1947, pp. 355-358.

[18] "Editorial Note", FRUS, 1947, vol. 3, p. 219.

[19] Walter LaFeber, "American Policy-Makers, Public Opinion and the Outbreak of the Cold War", pp. 50-53.

[20] Werner Abelshauser, "Wiederaufbau vor dem Marshall-Plan. Westeuropas Wachstumschancen und die Wirtschaftsordnungspolitik in der zweiten Hälfte der vierziger Jahre", <u>Vierteljahrshefte für Zeitgeschichte</u> 29 (1981) pp. 545-578.

[21] Alan S. Milward, <u>The European Rescue of the Nation-State</u>, 2nd ed. (London: Routledge, 2000) p. 465.

[22] Kathleen Burk, "Money and Power: American and Europe in the 20th Century", <u>History Today</u>, 43 (1993) p. 33-40.

[23] <u>World Affairs</u>, 1948-1949, p. 87.

[24] Diane B. Kunz, "Bernath Lecture: When Money Counts and Doesn't: Economic Power and Diplomatic Objectives", <u>Diplomatic History</u>, 18, 4 (1994) pp. 451-463.

[25] Alan S. Milward, <u>The European Rescue of the Nation-State</u>, pp. 471-472.

[26] Nicholas Balabkins, <u>Germany under Direct Controls</u>, p. 19.

[27] Hans W. Gatzke, <u>Germany and the United States: A "Special Relationship?"</u> (Harvard University Press: Cambridge Massachusetts, 1980) p. 157.

[28] <u>World Affairs</u>, 1945-1947, pp. 189-99.

[29] Dean Acheson, <u>Present at the Creation</u>, pp. 220-235.

[30] Michael A. Guhin, <u>John Foster Dulles: A Statesman and His Time</u> (New York: Columbia University Press, 1972) p. 129.

[31] "Economic Working Group on Economic Aid, Foreign Needs for United States Economic Assistance During the Next Three to Five Years. Report of the Special Ad Hoc Committee of the State-War-Navy Coordinating Committee", 1 July 1947, JCS: Strategic Issues, Section 1, reel 7.

[32] <u>World Affairs</u>, 1945-1947, p. 164.

[33] "Appendix "E", Section VI: Transportation and Industrial Equipment, JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[34] "Appendix "G", Section VIII: Regional Interdependence and Trade, JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[35] Ibid.

[36] "Appendix "E", Section VI: Transportation and Industrial Equipment, JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[37] John Gimbel, "The American Exploitation of German Technical Know-How After World War II", pp. 295-309.

[38] "Report on the Special Position of the Bizone" in U.S. President. Committee on Foreign Aid. European Recovery and American Aid: A Report by The President's Committee on Foreign Aid (Washington, D.C.: U.S.G.P.O., 1947) pp. 117-22.

[39] "Marshall Speech", 18 November 1947 in Velma Hastings Cassidy (ed.), Germany 1947-1949. The Story in Documents, pp. 9-13.

[40] James T. Gay, "Rebuilding Europe", American History, pp. 44-50.

[41] Michael Carver, "Britain and the Alliance", ed. Lawrence Freedman, Paul Hayes and Robert O'Neill, War, Strategy, and International Politics: Essays in Honour of Sir Michael Howard (Clarendon Press: Oxford, 1992) p. 211.

[42] For general assessments of how the struggles on the Soviet periphery influenced Truman's anti-Communism see Bruce Kuniholm, The Origins of the Cold War in the Near East: Great Power Conflict and Diplomacy in Iran, Turkey, and Greece (Princeton, N.J.: Princeton University Press, 1980) and Howard Jones, "A New Kind of War": America's Global Strategy and the Truman Doctrine in Greece (New York: Oxford University Press, 1989).

[43] Walter Lippmann, "The Cold War", Foreign Affairs 65 (Spring, 1987) pp. 884-869.

[44] "F. Roberts (Moscow)", 14 March 1946, Documents on British Policy Overseas. Series 1, vol. 6: Eastern Europe, August 1945-April 1946, ed. H.J. Yasamee and K.A. Hamilton (London: H.M.S.O., 1984-) pp. 305-312.

[45] This theme characterized Acheson's perspective. Dean Acheson, Present at the Creation, pp. 220-235, 259-301 and 337-343.

[46] George Catlett Marshall, George C. Marshall: Interviews and Reminiscences for Forrest C. Pogue, ed. Larry I. Bland (Lexington, Va.: G.C. Marshall Research Foundation, 1991) p. 164.

[47] "John McCloy", 16 January 1948 in U.S. Senate. Committee on Foreign Relations. Interim Aid for Europe: Hearings Before the Committee on Foreign Relations, United States Senate, Eightieth Congress, first session, on Interim Aid for Europe. November 10, 11, 12, 13, and 14, 1947 (Washington, D.C.: U.S.G.P.O., 1947).

[48] Robert James Maddox, "Lifeline to a Sinking Continent", pp. 90-93.

[49] "Report of the Special "ad hoc" Committee of the SWNCC", 21 April 1947, FRUS, 1947, vol. 3, pp. 204-219.

[50] Ibid.

[51] "Appendix: Memorandum by the Joint Chiefs of Staff of the SWNCC", 29 April 1947, FRUS, 1947, vol. 1, pp. 734-750.

[52] George F. Kennan, Memoirs, p. 326.

[53] "Report from the Policy Planning Staff", 6 November 1947, FRUS, 1947, vol. 2, pp. 771-777.

[54] George F. Kennan, "Considerations Affecting the Conclusion of a North Atlantic Security Pact, Policy Planning Staff paper 43, 24 November 1948" in Anna Kasten Nelson (ed.), The Records of Federal Officials: A Selection of Materials from the National Study Commission on Records and Documents of Federal Officials (New York : Garland Pub., 1978) pp. 490-95 and David S. Mayers, George F. Kennan and the Dilemma of US Foreign Policy, p. 122.

[55] Walter L. Hixson, "Reassessing Kennan after the Fall of the Soviet Union", pp. 849-858.

[56] George F. Kennan and John Lukacs, "From World War to Cold War", pp. 42-67.

[57] George F. Kennan, Memoirs, p. 338.

[58] Clayton's perspective accorded with a general view that began to surface in the American press. This new perspective argued that "freedom and prosperity in other parts of the world are essential to our own prosperity and to peace; that idle and hungry men are not the allies of democracy but the instruments of tyranny; that the economic peace is inseparable from the political peace…". James Reston, "The Real Test Is the Economic Peace; The Real Test—Economic Peace", New York Times Magazine (9 February 1947) p. SM7. For an earlier discussion of the virtual victory of this perspective in Washington see Herbert Feis, From Trust to Terror, pp. 160-166.

[59] Charles P. Kindleberger, Marshall Plan Days (Boston: Allen & Unwin, 1987) pp. 1-24.

[60] Gregory A. Fossedal, Our Finest Hour: Will Clayton, the Marshall Plan, and the Triumph of Democracy (Stanford, Calif.: Hoover Institution Press, 1993).

[61] Harry S. Truman, "Address on Foreign Economic Policy, 6 March 1947", Harry S. Truman Public Papers of the Presidents, vol. 3: 1947, pp. 167-72.

[62] Thomas W. Zeiler, "Managing Protectionism: American Trade Policy in the Early Cold War", Diplomatic History, 22, 3 (1998) pp. 337-360.

[63] Harry S. Truman, "Message of 12 March 1947", Harry S. Truman Public Papers of the Presidents, vol. 3: 1947, pp. 176-80.

[64] George F. Kennan, Memoirs, pp. 319-320.

[65] A long list of historians, beginning with Lippmann and reaching into the 21st Century, curiously misread Truman's speech and posit containment with a sinister quality. Eric J. Hobsbawn actually goes so far as to write that the United States, the only country of the democratic nations without a significant communist movement, turned the Cold War into an ideological conflict with the assertion that Moscow sought the expansion of their socialist ideology and ultimately world domination. The political, military and moral threat of communism, quantifiably and quantitatively measurable using the grim statistics of millions slaughtered globally by the extreme left's adherents, was certainly real and understood in Washington. The cultivation of an anti-communist hysteria only represented a rational method of mobilizing the democratic masses in the modern age. The need to solidify an anti-communist block, irregardless of the methods used, was real enough. Walter Lippmann, Isolation and Alliances: An American Speaks to the British (Boston: Little, Brown, 1952) and Eric J. Hobsbawm, Das Zeitalter der Extreme, pp. 298-299.

[66] James Reston, New York Times (14 March 1947) quoted in Herbert Feis, From Trust to Terror, p. 199.

[67] George F. Kennan, Memoirs, p. 317 and Walter L. Hixson, "Reassessing Kennan after the Fall of the Soviet Union: The Vindication of X", pp. 849-858.

[68] Eric J. Hobsbawm, Das Zeitalter der Extreme, pp. 296-297.

[69] James T. Patterson, Great Expectations, The United States, 1945-1974 (Oxford University Press: Oxford, 1996) pp. 82-83.

[70] Robert James Maddox, "Lifeline to a Sinking Continent", 90-93.

[71] Walter LaFeber, "American Policy-Makers, Public Opinion and the Outbreak of the Cold War", p. 54.

[72] George F. Kennan, Memoirs, p. 316.

[73] Eric J. Hobsbawm, Das Zeitalter der Extreme, p. 294.

[74] Melvyn P. Leffler, "From the Truman Doctrine to the Carter Doctrine", pp. 247-254. This fusion emerged as the "dominant paradigm of postwar American diplomacy". Allan M. Winkler, "America's Message in the Cold War", Diplomatic History, 22, 4 (1998) pp. 623-627.

[75] "State Department Study, Resume of Military Assistance Program For Greece", 12 January 1949, JCS: Strategic Issues, Section 2, reel 9.

[76] Stephen E. Ambrose Rise to Globalism: American Foreign Policy since 1938 (New York, N.Y.: Penguin Books, 1983) p. 77.

[77] Evidence is emerging that corresponds with Kennan's assumption that Stalin supported the long-term spread of Communism to Greece. In conversations with Tito on 27-28 May 1946, a

discussion that generally downplayed the possibility of war with the democracies, Stalin recommended the adoption of a moderate position so that "Greece will also look at you differently". Stalin however also recommended that the Yugoslav state rearm itself and develop an air force and navy. The older interpretation that Stalin did not supply the disparate Greek revolutionary groups with any real aid is weakening. "The Yugoslav Record: Yugoslav Record of Conversation of I.V. Stalin and the Yugoslav Government Delegation Headed by J. Broz Tito, 27-28 May 1946 In the Kremlin" and "Soviet and Yugoslav Transcripts of the Tito-Stalin Conversation of 27-28 May 1946", originally published in Istoricheskii arkhiv, No. 2 (1993) and found in Daniel Rozas (trans.) (Cold War International History Project, Woodrow Wilson International Center for Scholars).

[78] Melvyn P. Leffler, "From the Truman Doctrine to the Carter Doctrine", pp. 247-254.

[79] H.W. Brands, The Devil We Knew, pp. 222.

[80] Detlef Bald, Hiroshima, 6. August 1945 - Die nukleare Bedrohung (München: Deutscher Taschenbuch Verlag, 1999) p. 67.

[81] Walter LaFeber, "American Policy-Makers, Public Opinion and the Outbreak of the Cold War", pp. 54-58; Deborah Larson, Origins of Containment, p. 302; Arnold A. Offner, "'Another Such Victory'", pp. 127-155 and chapter 2 of Allan M. Winkler, The Cold War: A History in Documents (Oxford: Oxford University Press, 2000).

[82] Geoffrey Roberts, "Moscow and the Marshall Plan: Politics, Ideology and the Onset of the Cold War, 1947", pp. 1371-1386.

[83] Christoph Kleßmann, Die doppelte Staatsgründung, p. 180.

[84] A Group of Members of Parliament, "Keep Left", pp. 30-47.

[85] Leffler characterizes Washington's policy as offensive in nature and Moscow's response as "reactive". Melvyn P. Leffler, A Preponderance of Power, pp. 511-515.

[86] H.W. Brands, The Devil We Knew, p. 225.

[87] Melvyn P. Leffler, A Preponderance of Power, pp. 13-14 and H.W. Brands, "The Idea of the National Interest", pp. 239-261.

[88] Steven L. Rearden, The Evolution of American Strategic Doctrine, p.8.

[89] Eric J. Hobsbawm, Das Zeitalter der Extreme, p. 294.

[90] Benjamin O. Fordham, "Economic Interests, Party, and Ideology in Early Cold War Era U.S. Foreign Policy", International Organization, 52, 2 (Spring 1998) pp. 359-396.

[91] Wilson D. Miscamble, "The Foreign Policy of the Truman Administration", pp. 479-494.

[92] Ibid.

[93] James T. Gay, "Rebuilding Europe", pp. 44-50.

[94] Hans W. Gatzke, Germany and the United States, p. 157.

[95] "Memorandum Prepared by the Office of Military Government for Germany", 5 March 1947, FRUS, 1947, vol. 2, pp. 223-229.

[96] Wilfried Mausbach, Zwischen Morgenthau und Marshall, p. 373.

[97] Smith quoted in Carolyn Woods Eisenberg, Drawing the Line, p. 488.

[98] "Memorandum of Conversations, by the Assistant Chief of the Division of Central European Affairs (Lightner)", 24 January 1947, FRUS, 1947, vol. 2, pp. 197-201.

[99] "Summary of Major Comment by Military Government on State Department Papers", FRUS, 1947, vol. 2, pp. 229-234.

[100] "Memorandum by the Counsellor of the Department of State (Cohen) to the Secretary of State", 14 February 1947, FRUS, 1947, vol. 2, pp. 164-166.

[101] "From Clay Personal for Draper", 17 February 1947, Lucius D. Clay, Clay Papers, vol. 3, p. 314.

[102] "From Clay for War Department", 3 January 1947, Lucius D. Clay, Clay Papers, vol. 3, p. 297.

[103] Lucius D. Clay, Clay Papers, vol. 3, p. 301.

[104] "Memorandum from Clay for Marshall", March 1947 in "From Clay Personal for Draper", 17 February 1947, Lucius D. Clay, Clay Papers, vol. 3, p. 325-327; "Memorandum by the Counsellor of the Department of State (Cohen) to the Secretary of State" and "Summary

Statement on Important Phases of Austrian and German settlements For Use in Connection with Meeting of Foreign Relations Committee", 12 February, 1947, FRUS, 1947, vol. 2, pp. 158-163.

[105] "Reparation, Memorandum No. 2, Principle Economic Issues on Current German Problems for Council of Foreign Ministers Meeting", FRUS, 1947, vol. 2, pp. 216-218.

[106] "Summary of Major Comment by Military Government on State Department Papers", FRUS, 1947, vol. 2, pp. 229-234.

[107] "Memorandum Prepared by the Office of Military Government for Germany", 5 March 1947, FRUS, 1947, vol. 2, pp. 223-229.

[108] "Minutes of a Conversation between the Secretary of State and the President of France", 6 March 1947, FRUS, 1947, vol. 2, pp. 190-195.

[109] "Telegram, The Ambassador in the Soviet Union (Smith) to the Secretary of State", 7 January 1947, FRUS, 1947, vol. 2, pp. 139-142.

[110] "Memorandum of Conversation by the Secretary of State", 22 March 1947, FRUS, 1947, vol. 2, pp. 273-275.

[111] "Memorandum by the Counsellor of the Department of State (Cohen) to the Secretary of State: Summary Statement on Important Phases of Austrian and German settlements For Use in Connection with Meeting of Foreign Relations Committee", 12 February, 1947, FRUS, 1947, vol. 2, pp. 158-163.

[112] "Memorandum of Conversation by the Secretary of State", 22 March 1947, FRUS, 1947, vol. 2, pp. 2473-275.

[113] "Telegram, The Ambassador in the Soviet Union (Smith) to the Secretary of State", 7 January 1947, FRUS, 1947, vol. 2, pp. 139-142.

[114] John H. Backer, "From Morgenthau Plan to Marshall Plan", pp. 155-65.

[115] Joseph Barber (ed.), American Policy Towards Germany (New York: Council on Foreign Relations, 1947) p. 15.

[116] Charles S. Maier, "Introduction", p. 43.

[117] "The Secretary of State to the President and the Acting Secretary of State", 11 March 1947, FRUS, 1947, vol. 2, pp. 242-244.

[118] Ibid., pp. 244-245.

[119] Ibid.

[120] Ibid., pp. 242-244.

[121] "Fourth Meeting of the Council of Foreign Ministers, Moscow, March 10 to April 24, 1947", 28 April 1947, A Decade of American Foreign Policy.

[122] Martina Kessel, Westeuropa und die deutsche Teilung: Englische und französische Deutschlandpolitik auf den Außenministerkonferenzen von 1945 bis 1947 (München: R. Oldenbourg, 1989) pp. 211-212 and Hans-Peter Schwarz, Vom Reich zur Bundesrepublik: Deutschland im Widerstreit der außenpolitischen Konzeptionen in den Jahren der Besatzungsherrschaft 1945-1949 (Stuttgart: Klett-Cotta, 1980) pp. 85-87.

[123] "Fourth Meeting of the Council of Foreign Ministers, Moscow, March 10 to April 24, 1947", 28 April 1947, A Decade of American Foreign Policy, pp. 97-105.

[124] Whereas Moscow at least acknowledged the need for a unified administration, the French delegation utterly rejected the idea. Revisionists typically blame the French delegation's rigidity for the collapse of the discussions. Carolyn Woods Eisenberg, Drawing the Line, p. 165; John Gimbel, The Origins of the Marshall Plan, pp. 220-254 and Wilfried Loth, Stalin's Unwanted Child, p. 59.

[125] "Nearly all major initiatives aimed at economic and social recovery received little or no support from the Soviets and the SED. Similar to the rest of occupied Eastern Europe, the delay in rebuilding East Germany and Berlin ran approximately three years". Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[126] "Note by Allied Secretariat, Instructions of Council of Foreign Ministers to Control Council", 17 May 1947, ACC, vol. 7, p. 81.

[127] "Instructions of Council of Foreign Ministers to Control Council: Amended Report from the Deputies to the Council of Foreign Ministers", 17 May 1947, vol. 7, ACC, p. 85.

[128] Ibid., pp. 83.

[129] "Economic Principles, The Level of Post-War German Economy and Reparations Plan", 17 May 1947, ACC, vol. 7, pp. 91-93.

[130] John H. Backer, The Decision to Divide Germany, pp. 149-70.

[131] See Gimbel's The American Occupation of Germany for a lengthy discussion of German division. The division of Germany cooresponded to one of the "negative effects" of the four-power occupation of Germany. It is surprising that historians have focused on such—in this case—arcane developments as confusion in reparations seizures and political division while understating or largely omitting the Soviet murder of millions of German soldiers and civilians—easily the most odious element of the enterprise. That last point, to use the words of John Gimbel in relation to political division, "far outweighed their [the occupation's] positive results". John Gimbel, A German Community under American Occupation. Marburg 1945-1952, (Stanford, CA: Stanford University Press, 1961) p. 208.

[132] "Sixth Meeting of the Council of Foreign Ministers, May 23 to June 20 1949", 21 June 21 1949, A Decade of American Foreign Policy.

[133] Carolyn Woods Eisenberg, Drawing the Line, p. 278 and Philip Zelikow, "George C. Marshall and the Moscow CFM Meeting of 1947", Diplomacy and Statecraft, 2, 8 (July 1997) pp. 97-124.

[134] George C. McGhee, On the Frontline in the Cold War: An Ambassador Reports (Westport, Conn.: Praeger, 1997) p. 7.

[135] Marshall stated "that if western Germany were not "effectively associated" with Western Europe during the coming year, "there is a real danger that the whole of Germany will be drawn into eastern orbit, with obvious dire consequences for all of us". Melvyn P. Leffler, A Preponderance of Power, pp. 278 and 287.

[136] This point is expressed throughout Joyce Kolko and Gabriel Kolko, The Limits of Power: The World and United States Foreign Policy, 1945-1954 (New York: Harper & Row, 1972).

[137] Carolyn Woods Eisenberg, Drawing the Line, p. 278.

[138] Ibid., p. 314.

[139] Wilfried Loth, Stalin's Unwanted Child, p. 59.

[140] Melvyn P. Leffler, "From the Truman Doctrine to the Carter Doctrine, pp. 253-254.

[141] See the introduction of Wilfried Mausbach, Zwischen Morgenthau und Marshall.

[142] Robert James Maddox, "Lifeline to a Sinking Continent", pp. 90-93.

[143] "Press Release Issued by the Department of State, June 4, 1947", FRUS, 1947, vol. 3, pp. 237-239.

[144] Ibid.

[145] James T. Gay, "Rebuilding Europe", pp. 44-50.

[146] Werner Bührer, "Auftakt in Paris: Der Marshallplan und die deutsche Rückkehr auf die internationale Bühne 1948/49", Vierteljahreshefte für Zeitgeschichte, 36, A (1988) p. 535.

[147] Hans-Peter Schwarz, Vom Reich zur Bundesrepublik, p. 85 and Edward Rice-Maximin, "The United States and the French Left, 1945-1949", p. 737.

[148] Thomas G. Paterson, Soviet-American Confrontation: Postwar Reconstruction and the Origins of the Cold War (Baltimore: Johns Hopkins University Press, 1973) pp. 207-214.

[149] Norman Schofield, "The Heart of the Atlantic Constitution: Economic Stability, 1919-1998", Politics & Society, 27, 2 (1999) pp. 173-215.

[150] "The Acting Secretary of State to the Embassy in France", 26 August 1947 and "The Ambassador in France (Caffery) to the Secretary of State", 31 August 1947, FRUS, 1947, vol. 3, pp. 383-389 and 391-396.

[151] "The Secretary of State to the Embassy in the United Kingdom", 8 September 1947, FRUS, 1947, vol. 3, p. 418.

[152] "Economic Working Group on Economic Aid, Foreign Needs for United States Economic Assistance During the Next Three to Five Years. Report of the Special Ad Hoc Committee of

the State-War-Navy Coordinating Committee", 1 July 1947, JCS: Strategic Issues, Section 1, reel 7.

[153] Bidault remarked that "France had burned its bridges". "The French Foreign Minister (Bidault) to the Secretary of State", 17 July 1947, FRUS, 1947, vol. 2, p. 991.

[154] Michael J. Hogan, The Marshall Plan America, Britain, and the Reconstruction of Western Europe, 1947-1952, pp. 427-45; Geir Lundestad, "Empire by Invitation? The United States and Western Europe, 1945-52", Society for Historians of American Foreign Relations Newsletter, 15 (September 1954) pp. 1-21; and Melvyn P. Leffler, "National Security and US Foreign Policy," Michael McGwire, "National Security and Soviet Foreign Policy," Charles S. Maier, "Hegemony and Autonomy within the Western Alliance," and Charles Gaff, "Hegemony and Repression in the Eastern Alliance" in Melvyn P. Leffler and David S. Painter (eds.), Origins of the Cold War: An International History, Rewriting Histories (London: Routledge, 1994) pp. 15 and 76 and 154-98.

[155] Herbert Feis, From Trust to Terror, pp. 268-269.

[156] "Memorandum of Conversation, by the First Secretary of Embassy in the United Kingdom (Peterson)", 24-26 June 1947, FRUS, 1947, vol. 3, pp. 268-293 and Michael J. Hogan, The Marshall Plan America, Britain, and the Reconstruction of Western Europe, 1947-1952, pp. 1-25.

[157] "For Stalin the Marshall Plan was a watershed". Vladislav Zubok and Constantine Pleshakov, Inside the Kremlin's Cold War, p. 50.

[158] Geoffrey Roberts, "Moscow and the Marshall Plan", pp. 1371-1386.

[159] "Telegram, Novikov to Molotov", 9 June 1947, cited by Geoffrey Roberts, "Moscow and the Marshall Plan, pp. 1371-1386. William Taubman offers a traditional perspective that recent scholarship has substantiated. See chapter 7 of William Taubman, Stalin's American Policy: From Entente to Detente to Cold War (New York: Norton, 1982) and Scott D. Parrish and Mikhail M. Narinsky, "New Evidence on the Soviet Rejection of the Marshall Plan, 1947", pp. 14-18 and 43-44.

[160] "Memorandum of Conversation, by the First Secretary of Embassy in the United Kingdom (Peterson)", 24-26 June 1947, FRUS, 1947, vol. 3, pp. 268-293.

[161] "The Secretary of State to the Acting Secretary of State", 31 March 1947, "President Truman to the Secretary of State at Moscow", 1 April 1947 and "The Secretary of State to the Acting Secretary of State", 2 April 1947, FRUS, 1947, vol. 2, pp. 298-299, 301-303 and 307-309 and also described in George Catlett Marshall, George C. Marshall, pp. 282-84.

[162] Arnold A. Offner, "'Another Such Victory'", pp. 127-155.

[163] Geoffrey Roberts, "Moscow and the Marshall Plan", pp. 1371-1386.

[164] Loth addresses these issues in detail in chapters 6 and 7. Wilfried Loth, The Division of the World, 1941-1955 (London: Routledge, 1988).

[165] "Document 27" in Martin McCauley, The Origins of the Cold War, p. 124.

[166] Geoffrey Swain, "The Cominform: Tito's International?", The Historical Journal, 33, 3 (1992) pp. 641-663.

[167] Geoffrey Roberts, "Moscow and the Marshall Plan", pp. 1371-1386.

[168] Margaret Carlyle (ed.), "The Founding of the Cominform: Conference at Wiliza", Documents on International Affairs, 1947-1948 (London: Oxford University Press, 1952) pp. 122-137 and Robert C. Tucker, The Soviet Political Mind; Stalinism and Post-Stalin Change (London: Allen & Unwin, 1972) p. 228.

[169] "Truman Special Message to the Congress on the Threat to the Freedom of Europe", 17 March 1948 and "Truman St. Patrick's Day Address", 17 March 1948 in Harry S. Truman, Harry S. Truman Public Papers of the Presidents, vol. 4: 1948, pp. 182-90.

[170] Frank M. Cain, "Exporting the Cold War: British Responses to the USA's Establishment of COCOM, 1947-51", Journal of Contemporary History, 29, 3 (1994) pp, 509.

[171] Sheldon R. Anderson demonstrates this point in two articles. "Poland and the Marshall Plan, 1947-1949", Diplomatic History 15, 4 (Fall 1991) pp. 473-494 and "A Dollar to Poland

Is a Dollar to Russia: United States Economic Diplomacy Toward Poland, 1945-1950", <u>East European Quarterly</u> 26 (1992) pp. 77-108.

[172] "Summary of Discussion on Problems of Relief, Rehabilitation and Reconstruction of Europe", 29 May 1947, FRUS, 1947, vol. 3, pp. 234-236.

[173] Stephen D. Krasner, "The Tokyo Round: Particularistic Interests and Prospects for Stability in the Global Trading System", <u>International Studies Quarterly</u>, 23 (December 1979) p. 494.

[174] "The Ambassador in the Soviet Union (Smith) to the Secretary of State", 26 June 1947, FRUS, 1947, vol. 3, pp. 294-295.

[175] D. W. Ellwood, "The Marshall Plan and the Politics of Growth", in R. T. Griffiths, <u>Explorations in OEEC History</u> (Paris: OECD, 1997) pp. 99-107.

[176] Michael J. Hogan, "European Integration and German Reintegration: Marshall Planners and the Search for Recovery and Security in Western Europe," in Charles S. Maier and Günter Bischof (eds.), <u>The Marshall Plan and Germany: West German Development within the Framework of the European Recovery Program</u> (New York: Berg, 1991) p. 116.

[177] David Ellwood, "You Too Can Be Like Us", <u>History Today</u>, 48, 10 (1998) pp. 33-39.

[178] Stephen E. Ambrose, "The Presidency and Foreign Policy", pp. 120-137.

[179] Mason also opposed the Morgenthau Plan. "Well, neither Clayton nor I were at all sympathetic with the Morgenthau plan. I remember Clayton coming back from a talk with Roosevelt in a very distressed frame of mind. Roosevelt was, at that stage, a devotee of the Morgenthau plan and he told a story about his youth in Germany when in going around the countryside he had seen salt being made by sticks being dipped in brine and then the brine being shaken off from the sticks. And he said to Clayton that "Germany's got to go back to that kind of an economy. This horrified Clayton, and it horrified me". Oral Interview: Edward S. Mason.

[180] "Edward S. Mason: Economic Policy Toward Germany", 22 September 1947, Internal Affairs: Social, reel 13, pp. 00387-00404.

[181] Ibid.

[182] David Clay Large, <u>Germans to the Front</u>, p. 2.

[183] John H. Backer, <u>Winds of History</u>, p. 188.

[184] Jean Edward Smith, <u>Lucius D. Clay</u>, p. 430.

[185] "1947 Directive to the Commander in Chief of the U.S. Forces of Occupation" (JCS 1779), Velma Hastings Cassidy (ed.), <u>Germany 1947-1949. The Story in Documents</u>, p. 34.

[186] "The Secretary of State to the Embassy in the United Kingdom", 8 August 1947, FRUS, 1947, vol. 11, p. 1025. and Lucius D. Clay, <u>Clay Papers</u>, vol. 1, pp. 389-90.

[187] "Memorandum, The Bizonal Level of Industry Agreement, 8 August 1947", Internal Affairs: Social, reel 13, 00113-00117.

[188] "Edward S. Mason: Economic Policy Toward Germany", 22 September 1947, Internal Affairs: Social, reel 13, pp. 00387-00404.

[189] John H. Backer, <u>Winds of History</u>, p. 188.

[190] "From Clay for War Department, Bizonal Level of Industry", 13 June 1947, Lucius D. Clay, <u>Clay Papers</u>, vol. 3, p. 369.

[191] <u>World Affairs</u>, 1947-1948, p. 83.

[192] Douglas Botting, <u>From the Ruins of the Reich</u>, p. 193.

[193] John H. Backer, <u>Winds of History</u>, p. 190 and Jean Edward Smith, <u>Lucius D. Clay</u>, p. 431.

[194] Nicholas Balabkins, <u>Germany under Direct Controls</u>, p. 22.

[195] John Gimbel, <u>The Origins of the Marshall Plan</u>, pp. 220-254.

[196] "Lovett (Acting) to Griffis (Warsaw)", 22 August 1947, Internal Affairs: Social, reel 13, pp. 00146-00149.

[197] "Memorandum, The Bizonal Level of Industry Agreement", 8 August 1947, Internal Affairs: Social, reel 13, 00113-00117 and "Edward S. Mason: Economic Policy Toward Germany", 22 September 1947, Internal Affairs: Social, reel 13, pp. 00387-00404.

[198] "European Recovery Program", JCS: Strategic Issues, Section 2, reel 8.

[199] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 282.

[200] "European Recovery Program", JCS: Strategic Issues, Section 2, reel 8.

[201] Walter McDougall, " The Cold War Excursion of Science", Diplomatic History, 24, 1 (2000) pp. 117-127.

[202] "From Maurice W. Altaffer (American Consul General Bremen) to Secretary of State, Transmitting Memorandum Submitted by Consul Martin J. Hillerbrand Reviewing Economic Developments in Bremen Area Since End of War", 18 September 1947, Internal Affairs: Social, reel 13, 00352-00364.

[203] George F. Kennan, Memoirs, pp. 333-35.

[204] "The Secretary of State to the Embassy in the United Kingdom", 5 September 1947, FRUS, 1947, vol. 3, pp. 409-410 and "Report on the Special Position of the Bizone" in U.S. President. Committee on Foreign Aid. European Recovery and American Aid, pp. 117-122.

[205] Carolyn Woods Eisenberg, "Working-Class Politics and the Cold War", pp. 283-306.

[206] Daniel F. Harrington, "United States, United Nations and the Berlin Blockade", Historian, 52, 1 (1990) pp. 262-285.

[207] "The West will make Western Germany their own, and we shall turn Eastern Germany into our own state". Stalin quoted in Milovan Djilas, Conversations with Stalin (New York, 1962) p. 153.

Chapter 8 Endnotes

[1] USSBS. Over-all Report (European War), pp. 66-67, The Effects of Strategic Bombing on the German War Economy, pp. 162-171 and Tank Industry Report, p. 2.

[2] USSBS. Munitions Division. Tank Industry Report, p. 4.

[3] Ibid., p. 10.

[4] David M. Glantz, "The Failures of Historiography: Forgotten Battles of the German-Soviet War (1941-1945)", The Journal of Slavic Military Studies, 8, 4 (December 1995) pp. 768-808.

[5] "JIC 250: Estimate of Soviet Postwar Intentions and Capabilities", 18 January 1945, JCS: Europe and NATO, reel 1 and "JIC 80/26: Capabilities and Intentions of the USSR in the Postwar Period", 9 July 1946 in Phillip A. Karber, Jerald A. Combs, John S. Duffield and Matthew Evangelista, "The United States, NATO, and the Soviet Threat to Western Europe", pp. 399-430.

[6] David Irving, Hitler's War, p. 463.

[7] "Whereas the fabrication of major weapons systems is highly concentrated, with only a dozen or so states capable of producing modern tanks, planes and warships, some 50 nations now manufacture light weapons and/or ammunition of various types". Jeffrey Boutwell and Michael Klare, "Small Arms and Light Weapons: Controlling the Real Instruments of War", Arms Control Today, 28 (August-September 1998) pp. 15-23.

[8] USSBS, Over-all Report (European War), pp. 66-67, The Effects of Strategic Bombing on the German War Economy, pp. 162-171 and Tank Industry Report, p. 3.

[9] Göring's massive state-run organization in November 1941 included hundreds of companies divided into three major categories—Reichswerke A.G. für Berg- und Hüttenbetriebe H.G., Reichswerke A.G. für Binnenschiffahrt H.G. and Reichswerke A.G. für Waffen- und Maschinenbau H.G. (roughly steel and mining, shipping and armaments and machine-tools). The latter division included companies strewn throughout Germany and the occupied territories. The Rheinmetall-Borsig A.G. holdings alone integrated over 24 companies such as the Alkett GmbH (Berlin) and facilities in Oberhausen-Düsseldorf.

[10] Morris Nielsen, The Babcock & Wilcox Company, 1867-1967: A Century of Progress (New York: Newcomen Society in North America, 1967) pp. 1-23.

[11] USSBS. Over-all Report (European War), pp. 66-67, The Effects of Strategic Bombing on the German War Economy, pp. 162-171 and Tank Industry Report, p. 11.

[12] USSBS. Munitions Division. Tank Industry Report, p. 19.

[13] USSBS. Summary Report (European War), p. 35 and Jörg Friedrich, Der Brand, pp. 26-29.

[14] USSBS, <u>Over-all Report (European War)</u>, pp. 66-67, <u>The Effects of Strategic Bombing on the German War Economy</u>, pp. 162-171 and <u>Tank Industry Report</u>, p. 16.

[15] "The Howley Report", July 1945-September 1949, LAB, Rep. 037 Acc. 3971, Nr. 144: Military Government, Civil Affairs Staff Centre: Handbook, p. 8.

[16] "Allied Control Authority, Directorate of Economic Industry Committee, Reservations", 16 May 1946,
LAB B036, OMGBS 4/65-1/15, NARA RG260/OMGUS: Borsig Plant, Shipment 4 Box 65-1, folder 15,
OMGBS Econ Br. Ind Comm Br. 4/63-65 (vol. 9) NARA 260/OMGUS, Borsig Plant, shipment 4, box 65-1, folder 15, 1946-1950.

[17] Control Council, "Control Council Law No. 5: Vesting and Marshalling of German External Assets", 20 October 1945, ACC, vol. 1, pp. 176-180.

[18] "Reports & Statistical Analysis Section, Rheinmetall Borsig Plant at Berlin-Tegel", 1949, LAB, B036 OMGBS 4/65-1/15 NARA RG260/OMGUS: Borsig Plant.

[19] "Lübke to Frederick Pope", 21 January 1948, LAB, B036 OMGBS 4/65-1/15 NARA RG260/OMGUS: Borsig Plant.

[20] "Frank L. Howley OMGBS, Report on Borsig, Tegel plant", 27 March 1947, LAB, B036 OMGBS 4/65-1/15 NARA RG260/OMGUS: Borsig Plant.

[21] "Frank Howley OMGBS, Importance of the Borsig Works for the Public Utilities in Berlin", 2 July 1947, LAB, B036 OMGBS 4/65-1/15 NARA RG260/OMGUS: Borsig Plant.

[22] "Economics Branch, Rheinmetall Borsig A.G.", 8 October 1947 and "Frank L. Howley OMGBS, Report on Borsig, Tegel plant", 27.3.47, LAB, B036 OMGBS 4/65-1/15 NARA RG260/OMGUS: Borsig Plant.

[23] ACC, Allied Control Authority Coordinating Committee, Approved Paper No. 27: Allocation of General Purpose Equipment from Category I War Plants in the French Zone, 14 November 1947, vol. VIII, pp. 90-96.

[24] "Reports & Statistical Analysis Section, Rheinmetall Borsig Plant at Berlin-Tegel", 1949, LAB, B036 OMGBS 4/65-1/15 NARA RG260/OMGUS: Borsig Plant.

[25] Ibid.

[26] "Extract of Minutes of the Second Meeting of the Economics Committee", 11 Janurary 1950, LAB, B036 OMGBS 4/65-1/15 NARA RG260/OMGUS: Borsig Plant.

[27] "In March, 1948, a quadripartite agreement was reached by which all combat equipment abandoned by either German or Red Army forces in the U.S. Sector became the property of the U.S. Army for purposes of demilitarization. The Magistrate was ordered to demilitarize, under the supervision of U.S. Military Government, the war equipment in the factories and warehouses and to receive title of the material. Much of it has since been salvaged and converted, and serves today for the peace-time purposes in Berlin", "The Howley Report Covering July 1945 to Sept. 1949", LAB, Rep.037, Acc. 3971, 144: NARA RG 407 The Adjutant General's Office. Administrative Services Division. Operations Branch Foreign (Occupied) Area Reports 1945-1954. Special, Germany (U.S. Zone), Box no. 999, Folder Title: BERLIN—Government (Military) (A Four Year Report. The Howley Report Covering July 1945 to Sept. 1949, pp. 43-44.

[28] "Consolidated Report on Finished Goods on Stock in Berlin", 1948, LAB, B036 OMGBS 4/64-1/38 NARA RG260/OMGUS: Consolidated Reports.

[29] "Pintsch Oel Gmbh Berlin-Britz to US Mil Govt Berlin Sector, Fuel Section, Release of Mineral Oils", 10 July 1948, LAB Rep.037, Acc. 3971, pp. 183-186.

[30] "Sulphuric Acid Production (at Tegelglas Works)", LAB, B036 OMGBS 4/71-1/25 NARA RG260/OMGUS.

[31] "Own S. Curran (Chief, Commerce & Industry) to Chief, Economics Branch OMG BS, Chemical Production of the Gas Works Tegel", 16 February 1949, LAB, B036 OMGBS 4/71-1/25 NARA RG260/OMGUS: Sulphuric Acid Production (at Tegelglas Works).

[32] "Production of Sulphuric Acid in Western Berlin", 23 November 1948, LAB, B036 OMGBS 4/71-1/25 NARA RG260/OMGUS: Sulphuric Acid Production (at Tegelglas Works).

[33] German industrialists used fuel injection in various aircraft engines such as the BMW 801 during the war. Bosch developed the first system suitable for automobiles and it was used in the Mercedes-Benz 300SL in 1955.

[34] Peter Lock, Rheinmetall: A Paradigm of Restructuring of the Defence Sector in Germany (London: METDAC, 2000) http://www.peter-lock.de/txt/rheinmetall.html.

[35] These firms included Mauser-Werke Oberndorf Waffensysteme G.m.b.H., NICO-Pyrotechnik Hanns-Jürgen Diederichs G.m.b.H. & Co. K.G., Nitrochemie AG, the Gesellschaft für Intelligente Wirksysteme G.m.b.H. and Buck Neue Technologien G.m.b.H.

[36] Peter Lock, Rheinmetall: A Paradigm of Restructuring of the Defence Sector in Germany, n.p.

[37] This view characterizes the writings of the major German architects of the "Wirtschaftswunder". Ludwig Erhard and Alfred Müller-Armack (eds.) Soziale Marktwirtschaft, Ordnung der Zukunft (Berlin: Ullstein, 1972) p. 29.

[38] J.J. Carafano, "Mobilizing Europe's Stateless: America's Plan for a Cold War Army", Journal of Cold War Studies, 1, 2 (1999) p. 27.

[39] As pointed out in the introduction, historians such as Werner Abelshauser and Walter Schwengler and especially John H. Backer demonstrate a serious contradiction in clinging to the hypothesis of successful industrial demilitarization. The tendency to accept political declarations, ones sorely out of tune with American military analyses, generate the impression that an entirely new military industrial sector needed to be built from scratch after the original American military decision to rearm Germany. Michael Geyer argues that two alternatives characterized the search for a new armed state: a federal police force or a large army. "Seit 1948 gab es in Westdeutschland eine einigermassen kohärente, wenn auch noch embryonale Debatte über die Moglichkeit und Gestaltung einer neuen deutschen Rüstung. Es boten sich vorwiegend zwei Alternativen...(1) Bundespolizei oder (2) Wiederaufbau einer grossen Armee". This form of argumentation does not recognize the JCS demand to incorporate existing German industrial capacities in a rearmament program. Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 62; John H. Backer, Winds of History, p. 58 and Michael Geyer, Deutsche Rüstungspolitik, p. 185.

[40] Wolfgang Krieger, "Was General Clay a Revisionist? Strategic Aspects of the United States Occupation of Germany", Journal of Contemporary History, 18, 2 (1983) p. 170.

[41] This form of thinking, that denazification demonstrably demilitarized German society, originated in the type of conclusions derived by A.J.P. Taylor in the immediate postwar. Taylor wrote that "Germany is not a typical European nation, nor even a typical Great Power; shaped by history, it has acquired a unique character and played a unique role, a role almost entirely aggressive and destructive, an alien body in the structure of European civilization". A.J.P Taylor, The Course of German History, (New York: Coward-McCann, 1946) p. 7. It follows from this strange hypothesis that alterations to the German political "consciousness" could "pacify" the nation. This form of thinking, in positing a uniquely aggressive mentality on a vast group of millions of human beings, will just not disappear. Tom Bower consistently refers to Germans as the "warmongering nation". Daniel Jonah Goldhagen's controversial conclusion that all Germans, aside from a small number, "were fit to be...Hitler's willing executioners" stokes the fires of irrational thought. Tom Bower, Blood Money, p. 32 and Daniel Jonah Goldhagen, Hitler's Willing Executioners: Ordinary Germans and the Holocaust (New York: Random House, 1996) p.454.

[42] The National Security Act of 26 July 1947 created or firmly established these organizations. The act is discussed in greater detail in the next chapter.

[43] JCS: Strategic Issues, Section 1, reel 6.

[44] John H. Backer, Priming the German Economy: American Occupational Policies, 1945-1948 (Durham, N.C., Duke University Press, 1971) p. 91.

[45] Earl F. Ziemke, The U.S. Army in the Occupation of Germany, p. 407.

[46] Werner Abelshauser, Wirtschaft in Westdeutschland 1945-1948: Rekonstrucktion und Wachstums-bedingungen in der Amerikanischen und Britischen Zone (Stuttgart: Deutsche Verlags-Anstalt, 1975) p. 15.

[47] Ibid., p. 139.

[48] The mining of coal escalated with each year even though the amount mined between 1945 and 1950 remained relatively low when compared with prewar statistics. "Steinkohlen- und Braunkohlenerzeugung, Jahresdurchschnitte (in Millionen Tonnen): 1935-39: 334,0; 1940-44: 421,0; 1945-49: 134,6 [West Deutschland]" in B.R. Mitchell, "Statistischer Anhang", ed. Carlo M. Cipolla, Europäische Wirtschaftsgeschichte: The Fontana Economic History of Europe (Gustav Fischer Verlag: Stuttgart, 1980) p. 456.

[49] Economic Directorate, "The Plan for Reparations and the Level of Post-War German Economy in Accordance with the Berlin Protocol", ACC, vol. 1, pp. 34-50.

[50] "Coal Supply Requirements. Position of European Countries, 1947 (Millions of Metric Tons)", JCS: Strategic Issues, Section 2, reel 7.

[51] Ibid.

[52] Economic Directorate, "The Plan for Reparations and the Level of Post-War German Economy in Accordance with the Berlin Protocol", ACC, vol. 1, pp. 34-50.

[53] "Chemical Division, National Production Authority, Survey on Soda Ash: Compiled for the Materials Office National Security Resources Board", December 1950, JCS: Strategic Issues, Section 2, reel 4.

[54] Ibid.

[55] Ibid.

[56] Ibid.

[57] Ibid.

[58] Earl F. Ziemke, The U.S. Army in the Occupation of Germany, p. 350.

[59] "Chemical Division, National Production Authority, Survey on Soda Ash: Compiled for the Materials Office National Security Resources Board", December 1950, JCS: Strategic Issues, Section 2, reel 4.

[60] Ibid.

[61] Ibid.

[62] Ibid.

[63] Ibid.

[64] Ibid.

[65] "United States Department of the Interior, Bureau of Mines, Materials Survey: Cobalt, Compiled for the National Security Resources Board", February 1952, JCS: Strategic Issues, Section 2, reel 6.

[66] Ibid.

[67] "United States Department of the Interior, Bureau of Mines, Materials Survey: Antimony, Compiled for the National Security Resources Board", February 1952, JCS: Strategic Issues, Section 2, reel 6.

[68] Economic Directorate, "The Plan for Reparations and the Level of Post-War German Economy in Accordance with the Berlin Protocol", ACC, vol. 1, pp. 34-50.

[69] "United States Department of the Interior, Bureau of Mines, Materials Survey: Antimony, Compiled for the National Security Resources Board", February 1952, JCS: Strategic Issues, Section 2, reel 6.

[70] "Rayon Organon", June 1949 in JCS: Strategic Issues, Section 2, reel 6.

[71] Wolfgang Krumbein, Wirtschaftssteuerung in Westdeutschland 1945 bis 1949: Organisationsformen und Steuerungsmethoden am Beispiel der Eisen- und Stahlindustrie in der britischen Bi-Zone (Stuttgart: Franz Steiner Verlag Wiesbaden, 1989) p. 25.

[72] "Economic Working Group on Economic Aid, Foreign Needs for United States Economic Assistance During the Next Three to Five Years. Report of the Special Ad Hoc Committee of the State-War-Navy Coordinating Committee", 1 July 1947, JCS: Strategic Issues, Section 1, reel 7.

[73] Ibid.

[74] Wolfgang Krumbein, Wirtschaftssteuerung in Westdeutschland 1945 bis 1949, p. 31.

[75] „Deutsche Stahlerzeugung, Jahresdurchschnitte (in Millionen Tonnen): 1935-39: 20.4; 1940-44: 20.4; 1945 49: 4.9*; 1950-54: 17.4* [* West Deutschland]" in B.R. Mitchell, "Statistischer Anhang", p. 456.

[76] Economic Directorate, "The Plan for Reparations and the Level of Post-War German Economy in Accordance with the Berlin Protocol", ACC, vol. 1, pp. 34-50.

[77] "Economic Working Group on Economic Aid, Foreign Needs for United States Economic Assistance During the Next Three to Five Years. Report of the Special Ad Hoc Committee of the State-War-Navy Coordinating Committee", 1 July 1947, JCS: Strategic Issues, Section 1, reel 7.

[78] "Appendix 'E', Section VI: Transportation and Industrial Equipment, JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[79] "JCS 1769/4, State-War-Navy Coordinating Committee Memorandum for Information No. 79: Study on Economic Aid, Note by the Secretaries", 2 May 1947, JCS: Strategic Issues, Section 1, reel 7.

[80] Ibid.

[81] Ibid.

[82] Economic Directorate, "The Plan for Reparations and the Level of Post-War German Economy in Accordance with the Berlin Protocol", ACC, vol. 1, pp. 34-50.

[83] B.R. Mitchell, "Statistischer Anhang", p. 452.

[84] Ibid., p. 466.

[85] G.D.H. Cole, Reparations and the future of German Industry: An Objective Study prepared for the Fabian International Bureau (Nendeln, Liechtenstein: Kraus-Thomson Organization Limited, 1945) p. 5.

[86] Jean Edward Smith, Lucius D. Clay, p. 238.

[87] H. Friedrich, quoted in Peter Schulz-Hageleit, Leben in Deuschland 1945-1995: Geschichtsanalytische Reflexionen (Berlin: Centaurus, 1996) p. 36.

[88] "JCS 1517: Summary of the July 1945 Report of the Military Governor", 19 Sep 45 and JCS 1517/1: Summary of the Aug 1945 Report of the Military Governor", 18 Oct 45 in Earl F. Ziemke, The U.S. Army in the Occupation of Germany, p. 350.

[89] Douglas Botting, From the Ruins of the Reich, p. 147.

[90] The older postulate hands the radical right a small amount of ammunition with which to assail the Allied occupation policies in Germany. "In the two full years that JCS 1067 was the cornerstone of American policy", Anthony Kubek argues in the Journal of Historical Review, "Germany was punished and substantially dismantled in accord with the basic tenets of the Morgenthau Plan". A recent revisionist work by John Dietrich, although not necessarily to be confused with the radical right, proposes a similar although somewhat tempered interpretation of postwar policy. This hypothesis, like Mausbach's and Backer's assertion that the Level of Industry conceptions were built on a logical and easily understood separation of military and civilian industries, requires quantitative and qualitative data that does not even exist. The examples of Alkett or the synthetic industries certainly do not demonstrate the success of any dismantling program. Open political acceptance of the basic concepts in Allied meetings or in press statements offer real evidence for concluding that western Germany was either industrially demilitarized or "punished". Only the hard evidence of machine-tools and industrial equipment can verify the successful translation into reality of the ideas expressed in policies such as JCS 1067 or the Level of Industry agreements and especially the Morgenthau interlude. John H. Backer, Winds of History, p. 86; G.D.H. Cole, Reparations and the future of German Industry, p. 13; Wilfried Mausbach, Zwischen Morgenthau und Marshall, p. 26; John Dietrich, The Morgenthau Plan: Soviet Influence on American Postwar Policy (New York: Algora Pub., 2002) and Anthony Kubek, "The Morgenthau Plan and the Problem of Policy Perversion", The Journal of Historical Review, 9, 3 (Fall 1989) n.p.

[91] Hans W. Gatzke, Germany and the United States, p. 169. Part of the problem, again, was that the Allies executed the dismantling program in a disorganized and ineffective fashion. Friedemann Bedürftig, "A People Without a State", pp. 47-54.

[92] "Dismantling in West Germany 1945-1950 in Million RM: 1945: 25; 1946:96; 1947:155; 1948: 148; 1949: 188; 1950: 288; Total: 900" in Gerd Hardach, Der Marshall-Plan (München: Deutscher Taschenbuch Verlag, München 1994) pp. 84-85.

[93] Christoph Kleßmann, Die doppelte Staatsgründung, p. 105.

[94] Other estimates place the figure at 8% of 1936 industrial levels. Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 56 and Friedemann Bedürftig, "A People Without a State", pp. 47-54.

[95] Examples of this older hypothesis include André Piettre, L'économie allemande contemporaine; Allemagne occidentale, 1945-1952 (Paris: M.T. Génin, 1952) p. 65; Michael Balfour, Four Power Control in Germany 1945-1946, p. 11; Karl Dietrich Erdmann, Das Ende des Reiches und die Neubildung deutscher Staaten, pp. 164-169 and J.P. Nettl, Die deutsche Sowjetzone bis Heute. Politik, Wirtschaft, Gesellschaft (Frankfurt am Main: Verlag der Frankfurter Hefte, 1953) p. 125.

[96] Jeremy Leaman, The Political Economy of West Germany, 1945-1985: An Introduction (Houndmills, Basingstoke, 1988) p. 26.

[97] Heiner R. Adamsen, "Faktoren und Daten der Wirtschaftlichen Entwicklung in der Frühphase der Bundesrepublik Deutschland 1948-1954", Archiv für Sozialgeschichte (1978) pp. 217-244.

[98] The list is endless. In pharmaceuticals, for example, German chemical companies reasserted their leadership in pharmaceuticals after 1945. The development of sulfonamides by Gerard Domagk of Bayer made the greatest contribution. Toleration of the pharmaceuticals industry constituted an important breach of demilitarization conceptions for the simple reason that German research in pesticides permitted the creation of the basic compounds of modern chemical weapons developed and produced by I.G. Farben during the war. T.E. Warren, BIOS Report No. 82.

[99] For the older argument see Horst A. Wessel, "Der Technische Wiederaufbau der Westdeutschen Röhrenindustrie nach dem Zweiten Weltkrieg". Technikgeschichte, 54 (1987) pp. 15-30.

[100] This reality, as demonstrated in the initial chapters, hampered the work of contemporaries and continues to fuel the modern debates concerning the German wartime and postwar industries. Helmut Fiereder, "Demontagen in Deutschland Nach 1945 - Unter besonderer Berücksichtigung der Montanindustrie", Zeitschrift für Unternehmensgeschichte 34 (1989) pp. 209-239.

[101] Abelshauser's hypothesis of minimal overall depreciation in overall industrial capacities is generally accepted by the academic community. Economic historians debate whether political decisions stabilized the postwar western German economy or whether the need for reconstruction influenced its own course. Abelshauser's arguments were succinctly summarized by Jeremy Leaman in the 1980s. General criticism of Abelshauser's work relates to the importance of political intervention and not the underlying thesis of industrial structural continuity. Werner Abelshauser, Wirtschaft in Westdeutschland 1945-1948, p. 12; Werner Abelshauser, Wirtschaftsgeschichte der Bundesrepublik Deutschland 1945-1980 (Frankfurt am Main: Suhrkamp, 1983) p. 94; Dietrich Eichholtz, "Kriegskonjunktur und Niederlage. Die ökonomischen Machtgrundlagend des deutschen Imperialismus am Ende des Zweiten Weltkrieges", Militärgeschichte, 24, 2 (1985) pp. 128-139; Jeremy Leaman, The Political Economy of West Germany, p. 25; Bernd Klemm und Günter J. Trittel, "Vor dem "Wirtschaftswunder": Durchbruch zum Wachstum oder Lähmungskrise? Eine Auseinandersetzung Mit Werner Abelshausers Interpretation der Wirtschaftsentwicklung 1945-1948", Vierteljahrshefte für Zeitgeschichte 35 (1987) pp. 571-624 and Solly Zuckerman, "Strategic Bombing and the Defeat of Germany", Journal of the Royal United Services Institute for Defence Studies, 130 (1985) pp. 67-70.

[102] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 49; Jeremy Leaman, The Political Economy of West Germany, p. 26 and 54 and Richard Overy, "The Economy of the Federal Republic since 1949", ed. Klaus Larres and Panikos Panayi, The Federal Republic of Germany since 1949 (New York: Longman, 1996) p. 5.

[103] Alan S. Milward, "The Marshall Plan and German Foreign Trade", The Marshall Plan and Germany: West German Development within the Framework of the European Recovery Program, ed. Charles S. Maier and Günter Bischof (New York: Berg, 1991) p. 467.

[104] Ibid., p. 481.

[105] John Farquharson, "Governed or Exploited?", pp. 30-31.

[106] Ibid.

[107] Ibid.

[108] Ibid.

[109] Krekeler to Auswärtiges Amt, "Aussage des amerikanischen Hohen Kommisars McCloy vor dem Unterausschuß des Committee on Appropriations des Repräsentantenhaus, 1. Sitzungsperiode des 82. Kongresses, von 25. und 26. Juni 1951", 4 September 1951, AA, B86/Referat 506/507/v.7/896: Ausschuß für Wirtschaftspolitik (1954; USA 1952; Großbritannien 1952-1955).

[110] Karl Hardach, <u>Deutschland</u>, ed. Carlo M. Cipolla, <u>Europäische Wirtschaftsgeschichte: The Fontana Economic History of Europe</u> (vol. 5) (Stuttgart: Gustav Fischer Verlag, 1980) p.74.

[111] Shepard B. Clough, <u>European Economic History</u>, p. 500.

[112] Bernd Klemm and Günter J. Trittel, "Vor dem 'Wirtschaftswunder'", pp. 571-624.

[113] Werner Abelshauser and Walter Schwengler, <u>Wirtschaft und Rüstung</u>, pp. 9-34.

[114] Frank M. Cain, "Exporting the Cold War: British Responses to the USA's Establishment of COCOM, 1947-51", <u>Journal of Contemporary History</u>, 29, 3 (1994) pp. 509-510.

[115] Norman Schofield, "The Heart of the Atlantic Constitution", pp. 173-215.

[116] "Of the $12 billion of Marshall Aid paid to Europe between 1948 and 1950", Peter G. Boyle points out, "Britain received $2700 million, making it the largest single recipient". The value of the Marshall funds therefore far surpassed those gained through dismantling. Alan Kramer offers examples of British dismantling in the naval sector that demonstrate many of the problems outlined in this chapter. Alec Cairncross describes the intense difficulties involved in hammering out a workable industrial plan in Germany that incorporated the divergent views of the victors. Peter G. Boyle, "Britain, America and the Transition from Economic to Military Assistance 1948-51", <u>Journal of Contemporary History</u>, 22, 3 (1987) pp. 521-525; Alec Cairncross, <u>The Price of War: British Policy on German Reparations, 1941-1949</u> (New York, NY: Blackwell, 1986); Alan Kramer, "British Dismantling Politics, 1945-9: A Reassessment", ed. Ian D. Turner, <u>Reconstruction in Post-War Germany: British Occupation Policy and the Western Zones, 1945-55</u> (Oxford: Berg, 1989) pp. 125-153 and Alan Kramer, <u>Die britische Demontagepolitik am Beispiel Hamburgs, 1945-1950</u> (Hamburg: Verlag Verein für Hamburgische Geschichte, 1991) p. 270.

[117] „Division of Statistics and Reports, Procurement Authorizations and Allotments Mutual Security Agency", 29 February 1952 in Günther Grosser, <u>Das Bündnis der Parteien: Herausbildung und Rolle des Mehrparteiensystems in der europäischen soziolistischen Ländern</u> (Berlin: Buchverlag Der Morgen, 1967) p. 456.

[118] The divergent theories of Werner Abelshauser and Christoph Buchheim place far more emphasis on political forces or economic processes than on the impact of physical reconstruction. The interpretations that give more weight to the rebuilding process, such as that of Volker Hentschel, stress the repair of such infrastructural assets as the transportation system. Werner Abelshauser, "Ein deutsches Entwicklungs-modell?", <u>Politik und Zeitgeschichte</u>, B 49, 6 (December 1986) pp. 8-14; Werner Abelshauser, "Hilfe und Selbsthilfe. Zur Funktion des Marshallplans beim westdeutschen Wiederaufbau", <u>Vierteljahrshefte für Zeitgeschichte</u>, 37 (January 1989) pp. 85-113; Knut Borchardt and Christoph Buchheim, "Die Wirkung der Marshallplan-Hilfe in der deutschen Wirtschaft", <u>Vierteljahrshefte for Zeitgeschichte</u>, 35 (July 1987) pp. 317-347; Christoph Buchheim, <u>Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958</u> (München: R. Oldenbourg, 1990); Christoph Buchheim, "Marshall Plan and Currency Reform", eds. Jeffry M. Diefendorf (et al.), <u>American Policy and the Reconstruction of West Germany</u>, pp. 69-83 and Volker Hentschel, <u>Ludwig Erhard: Ein Politikerleben</u> (München: Olzog, 1996) p. 214.

[119] Dewey A. Browder, "The GI Dollar and the Wirtschaftswunder", <u>Journal of European Economic History</u> 22 (1993) pp. 601-612.

[120] Werner Abelshauser and Walter Schwengler, <u>Wirtschaft und Rüstung</u>, p. 13 and Karl Hardach, <u>Deutschland</u>, p. 74.

[121] Werner Abelshauser, "Hilfe und Selbsthilfe", pp. 85-113 and Werner Abelshauser and Walter Schwengler, <u>Wirtschaft und Rüstung</u>, pp. 27-55.

[122] Werner Abelshauser and Walter Schwengler, <u>Wirtschaft und Rüstung</u>, p. 17.

[123] See Knut Borchardt, <u>Wachstum, Krisen, Handlungsspielräume der Wirtschaftspolitik: Studien zur Wirtschaftsgeschichte des 19. und 20. Jahrhunderts</u> (Göttingen: Vandenhoeck & Ruprecht, 1982).

[124] Kurt Düwell, "Germany 1945-1950: Problems of the "Economic Miracle", History Today 33 (1983) pp. 4-9 and Wolfram Fischer, Jan A. Van Houte, Hermann Kellenbenz, Ilja Mieck and Friedrich Vittinghoff, Handbuch der europäischen Wirtschafts- und Sozialgeschichte (Stuttgart: Klett-Cotta, 1987) pp. 459-460.

[125] Knut Borchardt and Christoph Buchheim, "Die Wirkung der Marshallplan-Hilfe in der deutschen Wirtschaft", pp. 317-347.

[126] Matthias Kipping, "Competing for Dollars and Technology: The United States and the Modernization of the French and German Steel Industries After World War II", Business and Economic History, 23 (1994) pp. 229-240.

[127] Volker Rolf Berghahn, "Wiederaufbau und Umbau der westdeutschen Industrie nach dem Zweiten Weltkrieg", Tel Aviver Jahrbuch für Deutsche Geschichte, (1990) pp. 261-282 and Dieter Krüger, "Privatversicherung und Wiederaufbau: Probleme der Reorganisation des Versicherungsgewerbes in Westdeutschland 1945-1952", Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte, 74 (1987) pp. 514-540.

[128] John H. Backer writes that "Ludwig Erhard, the director of the Bizonal Economic Administration, had a better grasp of the economic realities of the country than his American and British colleagues". A long list of historians credit Erhard with greatly assisting German economic recovery. Gerold Ambrosius, "Marktwirtschaft oder Planwirtschaft? Planwirtschaftliche Ansätze der bizonalen deutschen Selbstverwaltung 1946-1949", Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte, 66 (1979) pp. 74-110; John H. Backer, Winds of History, p. 255; Ludolf Herbst, "Krisenüberwindung und Wirtschaftsneuordnung. Ludwig Erhards Beteiligung an den nachkriegsplanungen am Ende des zweiten Weltkrieges", Vierteljahrshefte für Zeitgeschichte, 25 (1977) pp. 305-340; James C. Van Hook, Rebuilding Germany: The Creation of the Social Market Economy, 1945-1957 (Cambridge: Cambridge University Press, 2004) p. 8 and Ulrich Lappenküper, "'Ich bin Wirklich ein guter Europäer'. Ludwig Erhards Europapolitik 1949-1966", Francia, 18 (1991) pp. 85-121.

[129] Richard J. Overy, "The Economy of the Federal Republic since 1949", p. 5.

[130] German and oddly enough Nazi business traditions also survived postwar democratization efforts. Diethelm Prowe, "German Democratization as Conservative Restabilization: The impact of American Policy", eds. Jeffry M. Diefendorf (et al.), American Policy and the Reconstruction of West Germany, pp. 311-312 and Simon Reich, The Fruits of Fascism: Postwar Prosperity in Historical Perspective, Cornell Studies in Political Economy (Ithaca: Cornell University Press, 1990) pp. 63-64.

[131] Alan Kramer, The West German Economy: 1945-1955 (New York: Berg, 1991) p. 168.

[132] "Press Release: Statement of George E. Allan, Director, Reconstruction Finance Corporation, at Press Conference, Berlin", 15 October 1946, Internal Files: Social, reel 12, pp. 00216-00220.

[133] Helge Berger, "Germany and the Political Economy of the Marshall Plan", pp. 199-245.

[134] John H. Backer, Winds of History, p. 214.

[135] Helge Berger, "Germany and the Political Economy of the Marshall Plan", pp. 199-245.

[136] World Affairs, 1948-1949, p. 87.

[137] Dietrich Eichholtz, „Kriegskonjunktur und Niederlage", pp. 128-139.

[138] Anthony James Nicholls, The Bonn Republic: West German Democracy 1945-1990 (London: Longman, 1997) pp. 59-61.

[139] Wolfram Fischer (et. al.), Handbuch der europäischen Wirtschafts- und Sozialgeschichte, pp. 461-462.

[140] Richard Overy, "The Economy of the Federal Republic since 1949", p. 16.

[141] Till Geiger, "Like a Phoenix From the Ashes!? West Germany's Return to the European Market, 1945-58", Contemporary European History, 3 (1994) pp. 337-353 and Helge Berger and Albrecht Ritschl, "Die Rekonstruktion der Arbeitsteilung in Europa: Eine neue Sicht des Marshallplans in Deutschland 1947-1951", Vierteljahrshefte für Zeitgeschichte, 45 (1995) pp. 473-519.

[142] Richard J. Overy, "The Economy of the Federal Republic since 1949", p. 16.

[143] Harmut Kaelble and Clemens Wurm (eds.), Western Europe and Germany: The Beginnings of European Intergration, 1945-1960 (Oxford: Berg Publishers, 1995) pp. 219-247.

[144] "John K. Galbraith: Recovery in Europe", November 1946, Internal Affairs: Social, reel 12, pp. 00344-00372.

[145] "Telegram from Byrnes to Berlin, London and The Hague", 13 January 1947, Internal Affairs: Social, reel 12, pp. 00216-00220.

[146] "Memorandum: United States Plans for Economic Restoration of Germany", October 1946, Internal Affairs: Social, reel 12, pp. 00117-00127.

[147] Ibid.

[148] Ibid.

[149] Lawrence S. Kaplan, "The Cold War and European Revisionism", Diplomatic History, 11 (1987) pp. 143-156.

[150] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 282.

[151] Ibid.

[152] Wolfram F. Hanrieder, Deutschland, Europa, Amerika: Die Aussenpolitik der Bundesrepublik Deutschland 1949-1994 (Paderborn: Schöningh, 1995) p. 417.

[153] Peter G. Boyle, "Britain, America and the Transition from Economic to Military Assistance", p. 523.

[154] Thomas Alan Schwartz, America's Germany: John J. McCloy and the Federal Republic of Germany (London: Harvard University Press, 1991) p. 36.

[155] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 282.

[156] "The American objective of building a strong economically viable Europe free of many of the barriers of the past was realized. If General Electric prospered, so did Phillips of the Netherlands; and if General Motors spread its tentacles throughout Germany, it did not do so at the expense of Volkswagen or Mercedes-Benz. The connection between American aid of all kinds and the Wirtschaftswunder of Germany and France deserves asseveration. It was not a coincidence. A strong European ' competitor challenging America at every turn may not have been what the planners of the 1940s had in mind, but the machinery established to promote the restructuring of Europe-the Organization of European Economic Cooperation (OEEC) and the NATO Deputies Council logically produced those results. The point is not that some American planners, in and out of government, had mistakenly assumed an indefinite continuation of a junior partnership at the same time they were creating conditions of independence and competition. The critical issue is that despite flashes of bad temper, the United States made no effective arrangements to maintain Europe in that posture. If American economic power prevailed in Europe in the 1940s and 1950s, it was because no other was available and if it diminished in the 1960s and 1970s, the diminution was a consequence of the success of its initial policies". Lawrence S. Kaplan, "Western Europe in 'The American Century': A Retrospective View", Diplomatic History, 6, 2 (1982) p. 117.

[157] Heike Bungert, "A New Perspective on French-American Relations during the Occupation of Germany, 1945-1948", p. 347 and Michael J. Hogan, "European Integration and German Reintegration, p. 116.

[158] Hans W. Gatzke, Germany and the United States, p. 168.

[159] Irregardless of the success of the program—a point of contention among historians—"Americanization" represented a clear American goal as indicated by the strong adherence to American values in the attempt to remold German society. The argument of "Americanization", a form of cultural imperialism to bring the German and European states into the American-dominated global system, retains a strong hold on scholars. It is interesting to note that the "Americanization" of German industrial techniques by implication meant the absorption of the American concept of mass production that had demonstrated such success against the wartime German production policies. "Memorandum of Conversation, by the Counselor of the Department of State (Bohlen)", 30 August 1947 and "Report by the Policy Planning Staff", 6 August 1947, FRUS, 1947, vol. 1, pp. 762-763 and 770-778. The following texts handle the subject: Volker R. Berghahn, The Americanization of West German Industry, 1945-1973; Michael J. Hogan (ed.), The Ambiguous Legacy: U.S. Foreign Relations in the "American Century" (Cambridge: Cambridge University Press, 1999); Rob Kroes,

"World Wars and Watersheds: The Problem of Continuity in the Process of Americanization", Diplomatic History, 23, 1 (1999) pp. 71-77 and Ralph Willett, The Americanization of Germany, 1945-1949 (London: Routledge, 1989).

[160] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 55.

[161] Ibid., p. 56.

[162] In an overall sense, the debates between Werner Abelshauser, Knut Borchardt and Christoph Buchheim concerning the importance of the Marshall Plan for German recovery do not sufficiently emphasize the clear American concept of utilizing German residual industrial resources as the lynchpin of their economic program in Europe. This program never aimed at large transfers of equipment and tools to Germany. Washington clearly hoped to stabilize the European scene in order to stimulate German production and generate real recovery. For James C. Van Hook it is axiomatic that the foreign export boom drove western German recovery and was built on the large residual industrial system. James C. Van Hook, Rebuilding Germany, p. 8.

[163] Michael J. Hogan, "American Marshall Planners and the Search for a European Neocapitalism", American Historical Review, 90 (February 1985) pp. 44-72; Lawrence S. Kaplan, The United States and NATO, p. 131; Joyce Kolko and Gabriel Kolko, The Limits of Power, pp. 359-383 and 428-476 and Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", pp. 277-306.

Chapter 9 Endnotes

[1] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 282.

[2] Certain scholars believe that the militarization of policy represented a development whereby global economies (including Germany and Japan) were integrated into a hegemonic American capitalist system built on more traditional imperialist concerns. The American military concerns with resource allocation strengthens the argument describing "America's half century". Fred L. Block, The Origins of International Economic Disorder: A Study of United States International Monetary Policy from World War II to the Present (Berkeley: University of California Press, 1977) p. 162; William S. Borden, The Pacific Alliance: United States Foreign Economic Policy and Japanese Trade Recovery, 1947-1955 (Madison, Wisconsin: University of Wisconsin Press, 1984) p. 103-142 and Thomas J. McCormick, America's Half-Century: United States Foreign Policy in the Cold War and After, The American Moment (2nd ed) (Baltimore: Johns Hopkins University Press, 1995) p. 115.

[3] Peter G. Boyle, "Britain, America and the Transition from Economic to Military Assistance 1948-51", pp. 521-538.

[4] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", pp. 278-306 and Wilfried Loth, "Die Eisenhower-Administration und die europäische Sicherheit 1953-1956", ed. Bruno Thoss und Hans-Erich Volkmann, Zwischen Kaltem Krieg und Entspannung: Sicherheits- und Deutschlandpolitik der Bundesrepublik im Mächtesystem der Jahre 1953-1956 (Boppard am Rhein: H. Boldt, 1988) pp. 29-30.

[5] The revisionists play up the Soviet blockade as a response to the dangers of the new currency for the stability and economic survival of the Soviet zone. Considering the Soviet plundering of eastern Germany and the hardline taken in quadripartite economic discussions, the attempt to whitewash the Soviet action borders on the grotesque. Carolyn Woods Eisenberg, Drawing the Line, p. 415.

[6] See Fritz Selbmann, "Erinnerungen: Die Währungsreform im Jahre 1948 und die "Berliner Blockade," Ihre Bedeutung für die Spaltung Deutschlands", Beiträge zur Geschichte der Arbeiterbewegung 14 (1972) pp. 260-267 and Joachim Mitdank, "Blockade Gegen Blockade: Die Berliner Krise 1948/49", Beiträge zur Geschichte der Arbeiterbewegung, 36 (1994) pp. 41-58.

[7] Lloyd Gardner, "From Liberation to Containment, 1945-1953", William Appleman Williams (ed.), From Colony to Empire: Essays in the History of American Foreign Relations (New York: J. Wiley, 1972) pp. 360-62.

[8] Charles F. Pennacchio, "The East German Communists and the Origins of the Berlin Blockade Crisis", pp. 293-311.

[9] Gordon A. Craig, "The Hauptstadt: Back Where it Belongs", <u>Foreign Affairs</u>, 77, 4 (1998) pp. 161-170.

[10] William R. Harris, "The March Crisis of 1948, Act I," Studies in Intelligence (1966) p. 3; Lucius D. Clay, Decision in Germany, p. 354 and Donald P. Steury (ed.), <u>On the Front Lines of the Cold War: Documents on the Intelligence War in Berlin, 1946 to 1961</u> (Washington, D.C.: CIA History Staff, Center for the Study of Intelligence, 1999) pp. 167-170.

[11] "ORE 29-48: Central Intelligence Agency, Possible Program of Future Soviet Moves in Germany", 28 April 1948, in Donald P. Steury (ed.), <u>On the Front Lines of the Cold War: Documents on the Intelligence War in Berlin</u>, pp. 167-170.

[12] Lucius D. Clay quoted in Carolyn Woods Eisenberg, <u>Drawing the Line</u>, p. 394.

[13] Harry S. Truman, <u>Memoirs</u>, vol. 2, pp. 123-124.

[14] David McCullough, Truman, p. 630 and Avi Shlaim, <u>The United States and the Berlin Blockage 1948-49</u> (Berkeley, California: University of California Press, 1983) p. 220.

[15] "The Secretary of State to the Embassy in the Soviet Union", 26 August 1948, FRUS, 1948, vol. 2, pp. 1083-1084.

[16] Short descriptions of the statistical military dimensions of the operation are provided in Richard Harris, "1948: The Berlin Airlift", <u>American History</u>, 33, 2 (1998) pp. 48-63; Daniel L. Haulman, <u>The United States Air Force and Humanitarian Airlift Operations 1947–1994</u> (Washington, D.C.: Air Force History and Museums Program, 1998) pp. 233-235 and Ross Milton, "Inside the Berlin Airlift: Fifty Years Later, The Task Force Chief of Staff Reflects on Operation Vittles", <u>Air Force Association</u>, 81, 10 (October 1998) pp. 48-51.

[17] W. Phillips Davison, <u>The Berlin Blockade: A Study in Cold War Politics</u> (Princeton, 1958) pp. 275-79.

[18] Lloyd Gardner, "From Liberation to Containment", pp. 360-62.

[19] Martin H. Folly, "Breaking the Vicious Circle: Britain, the United States, and the Genesis of the North Atlantic Treaty", <u>Diplomatic History</u>, 12, 1, pp. 59-77.

[20] Harry S. Truman, <u>Memoirs</u>, vol. 2, p. 130.

[21] Melvyn P. Leffler, <u>A Preponderance of Power</u>, pp. 220-265 and Richard D. Challener, "The National Security Policy from Truman to Eisenhower: Did the 'Hidden-Hand' Leadership Make Any Difference?", ed. Norman Graebner, <u>The National Security: Its Theory and Practice, 1945-1960</u> (New York: Oxford University Press, 1986) p. 41.

[22] Vladislav Zubok and Constantine Pleshakov, <u>Inside the Kremlin's Cold War</u>, p. 50.

[23] Phillip A Karber, Jerald A. Combs, John S. Duffield and Matthew Evangelista, "The United States, NATO, and the Soviet Threat to Western Europe", pp. 399-429.

[24] James Forrestal, <u>The Forrestal Diaries</u>, p. 341.

[25] Georg Schmundt-Thomas, "Hollywood's Romance of Foreign Policy: American GIs and the Conquest of the German Fräulein", <u>Journal of Popular Film and Television</u>, 19, 4 (1992) pp. 187-197.

[26] "12 July 1948", <u>Time</u> (1948) pp. 17-20 quoted in K.R.M. Short, "'The March of Time', Time Inc. and the Berlin Blockade, 1948-1949", pp. 451-468.

[27] Ibid.

[28] Vojtech Mastny, <u>Russia's Road to the Cold War</u>, p. 53

[29] Joseph M. Siracusa, <u>Into the Dark House: American Diplomacy and the Ideological Origins of the Cold War</u> (Claremont: Regina, 1998) pp. 61-62.

[30] Thomas Alan Schwartz, <u>America's Germany</u>, p. 113.

[31] U.S. Army. Center of Military History. <u>American Military History</u>, p. 574.

[32] Andrew M. Johnston, "Mr. Slessor Goes to Washington", pp. 361-398.

[33] John Lewis Gaddis, <u>Strategies of Containment</u>, pp. 89-126; John Lewis Gaddis and Paul. H. Nitze, "NSC 68 and the Soviet Threat Reconsidered", <u>International Security</u> 4, 4 (1980) pp. 164-176; Melvyn P. Leffler, <u>A Preponderance of Power</u>, pp. 312-60; Paul H. Nitze, <u>From Hiroshima to Glasnost: At the Center of Decision</u> (New York: Grove Weidenfeld) pp. 82-100 and Joseph M. Siracusa, <u>Into the Dark House</u>, pp. 58-63.

[34] Washington already feared the spread of Communism in Europe. Ottavio Baris, "The United States, the Western Union and the Inclusion of Italy in the Atlantic Alliance, April-September 1948", <u>Storia Nordamericana</u>, 2, 2 (1985) pp. 39-62.

[35] S.N. Goncharov, John Wilson Lewis and Litai Xue, <u>Uncertain Partners</u>, pp. 10-14.

[36] Kovalev, "Stalin's Dialogue with Mao Zedong", p. 58.

[37] Edvard Radzinsky, <u>Stalin</u>, p. 515.

[38] Arnold A. Offner, "'Another Such Victory'", pp. 127-155.

[39] Douglas J. Macdonald, "Communist Bloc Expansion in the Early Cold War: Challenging Realism, Refuting Revisionism," <u>International Security</u>, 20, 3 (Winter 1995).

[40] John Lewis Gaddis, <u>We Now Know</u>, p. 82.

[41] Chen Jian, "The Myth of America's 'Lost Chance' in China," <u>Diplomatic History</u>, 21, 1 (Winter 1997) p. 85.

[42] Wilson D. Miscamble, "The Foreign Policy of the Truman Administration", pp. 479-494.

[43] "Memorandum by Joint Chiefs of Staff to State-War-Navy Coordinating Committee", 9 June 1947, FRUS, 1947, vol. 7, pp. 842-845.

[44] Dean Acheson, <u>Present at the Creation</u>, pp. 355-358 and Harry S. Truman, <u>Memoirs</u>, vol. 2, pp. 332-33.

[45] Karen Toombs Parsons, "Exploring the "Two Presidencies' Phenomenon: New Evidence from the Truman Administration", <u>Presidential Studies Quarterly</u>, 24, 3 (1994) pp. 495-514.

[46] Mark A. Stoler, "World War II Diplomacy in Historical Writing: Prelude to the Cold War", p. 190.

[47] Wilson D. Miscamble, "The Foreign Policy of the Truman Administration", pp. 479-494.

[48] Paul H. Nitze, "American: An Honest Broker", <u>Foreign Affairs</u>, 69, 4 (1990) pp. 1-14.

[49] Melvyn R. Leffler "The American Conception of National Security and the Beginnings of the Cold War, 1945-1948", pp. 346-381.

[50] Ibid.

[51] John Patrick Finnegan, <u>Military Intelligence</u> (Washington, D.C.: Center of Military History, US Army, 1998) p. 107.

[52] Ibid., pp. 103-105.

[53] Ibid., p. 102.

[54] E. H. Cookridge, <u>Gehlen: Spy of the Century</u> (New York: Random House, 1971) pp. 115-154.

[55] U.S. Army. Center of Military History. <u>American Military History</u>, pp. 540-542.

[56] David T. Fautua, "The 'Long Pull' Army: NSC-68, the Korean War, and the Creation of the Cold War U.S. Army," <u>Journal of Military History</u>, 61, 1 (January 1997) pp. 93-121.

[57] Gropman employs this approach in his examination of American mobilization. The view accords with the general conclusioin that the "weight of armaments production" decided the war against Hitler. Alan L. Gropman, <u>Mobilizing U.S. Industry in World War II</u>, pp. 139-140 and Alan S. Milward, <u>War, Economy, and Society</u>, p. 75.

[58] Michael J. Cohen, <u>Fighting World War Three From the Middle East: Allied Contingency Plans, 1945-1954</u> (London: Frank Cass & Co. Ltd, 1997) p. 329.

[59] U.S. Army. Center of Military History. <u>American Military History</u>, p. 540.

[60] David Rosenberg demonstrated that the American atomic stockpile remained too small to launch a devastating strategic bombardment of the Soviet Union until the 1950s. David A. Rosenberg, "U.S. Nuclear Stockpile, 1945-1950", <u>Bulletin of the Atomic Scientists</u>, 38 (1982) pp. 25-30.

[61] Neither Truman nor Stalin "saw the bomb as a common danger to the human race", David Holloway, <u>Stalin and the Bomb</u>, pp. 49 and pp. 258-63. For a study demonstrating the limitations of the American nuclear stockpile see Samuel R. Williamson, Jr. and Steven L. Rearden, <u>The Origins of U.S. Nuclear Strategy, 1945-1953</u> (New York: St. Martin's Press, 1993) pp. 49-100.

[62] David Holloway, <u>Stalin and the Bomb</u>, p. 49.

[63] John Lewis Gaddis, <u>We Now Know</u>, pp. 85-112 and David A. Rosenberg, "U.S. Nuclear Stockpile", pp. 25-30.

[64] Melvyn P. Leffler, <u>A Preponderance of Power</u>, p. 74; Michael S. Sherry, <u>Preparing for the Next War: American Plans for Postwar Defense, 1941-45</u> (New Haven: Yale University Press, 1977) p.

115; Perry McCoy Smith, <u>The Air Force Plans for Peace, 1943-1945</u> (Baltimore: Johns Hopkins Press, 1970) p. 18 and Daniel Yergin, <u>Shattered Peace</u>, pp. 337.

[65] Michael J. Hogan, <u>A Cross of Iron</u>, p. 68.

[66] Seymour Melman, "From Private to State Capitalism", pp. 311-330.

[67] Michael J. Hogan, <u>A Cross of Iron</u>, p. 68.

[68] Paul Y. Hammond, "NSC-68: Prologue to Rearmament", ed. Warner R. Schilling, Paul Y. Hammond, and Glenn Snyder, <u>Strategy, Politics, and Defense Budgets</u> (Columbia University Press, 1962) pp. 267-378.

[69] Ibid.

[70] Ibid.

[71] The Truman administration reformed the American military after 1945 to correspond with the termination of hostilities. Washington reduced the Army from 8 million men or 89 divisions to 591,000 or 10 divisions in 1950. Important structural changes accompanied the decline in direct American military power. The Truman administration ended the centralized Operations Division and returned to the prewar General Staff structure composed of five branches including Personnel and Administration, Intelligence, Organization and Training, Service, Supply and Procurement, and Plans and Operations. The Army Chief of Staff, under the direction of the Secretary of the Army, maintained the combat readiness of the troops and prepared operational plans for possible deployment. Early planning reflected this considerable decrease in American military ability on the ground. U.S. Army. Center of Military History. <u>American Military History</u>, pp. 540-542 and "JCS 1725/1, Appendix "A" to Joint Chiefs of Staff Strategic Guidance for Industrial Mobilization Planning, Memorandum by the Joint Staff Planners", 13 February 1947, JCS: Strategic Issues, Section 2, reel 2.

[72] John Lewis Gaddis, "The Tragedy of Cold War History", pp. 1-16.

[73] Carolyn Woods Eisenberg, "Reflections on a Toothless Revisionism," <u>Diplomatic History</u>, 2 (Summer 1978) pp. 295-305.

[74] Timothy E. Smith, "From Disarmament to Rearmament: The United States and the Revision of the Italian Peace Treaty of 1947", <u>Diplomatic History</u>, 13, 3 (1989) p. 359. Chester J. Pach argues that the containment of Communism represented the "overriding purpose" of American assistance by mid-1948. Chester J. Pach, Jr., <u>Arming the Free World: The Origins of the United States Military Assistance Program, 1945-1950</u>, p. 158.

[75] Melvyn P. Leffler, "Inside Enemy Archives", pp. 120-135.

[76] Andrei Gromyko, <u>Memoirs</u>, p. 110.

[77] The portrayal of Stalin's postwar plan for Germany by Wilfried Loth as supportive of a unified but "neutralized" state fails to answer the nagging issues of German and in fact European economic survival. Naimark's much more critical analysis goes further in highlighting the eastern German catastrophe. A "neutralized" Germany was in any case of limited use to American industrial designs for Europe. Norman M. Naimark, <u>The Russians in Germany</u>, p. 467 and Wilfried Loth, "Der Ost-West-Gegensatz als Rahmenbedingung für die westdeutsche Staatsgründung und Außenpolitik", ed. Dieter Dowe, <u>Verhandlungen über eine Wiedervereinigung statt Aufrüstung: Gustav Heinemann und die Eingliederung der Bundesrepublik in das westliche Miltärbündnis; Vorträge einer Veranstalutng der Gustav-Heinemann-initiative und des Gesprächskreises Geschichte der Friedrich-Ebert-Stiftung e.V. in Berlin am 18. Oktober 2000</u> (Bonn: FES Library, 2001) p. 10.

[78] Vladimir O. Pechatnov, "The Big Three after World War II", Working Paper No. 13 (Washington, D.C.: Cold War International History Project, May 1995) p. 17 and David Holloway, <u>Stalin and the Bomb</u>, p. 168.

[79] Vladislav Zubok and Constantine Pleshakov, <u>Inside the Kremlin's Cold War</u>, p. 74.

[80] Noam Chomsky, <u>Deterring Democracy</u> (New York: Hill and Wang, 1992) pp. 2 and 65.

[81] Matthew A. Evangelista, "Stalin's Postwar Army Reappraised", <u>International Security</u>, 7 (Winter 1982-83) pp. 110-138 and John S. Duffield, "The Soviet Military Threat to Western Europe: U.S. Estimates in the 1950s and 1960s", <u>Journal of Strategic Studies</u>, 15 (June 1992) pp. 208-27.

[82] Daniel Yergin, <u>Shattered Peace</u>, p. 271.

[83] Walter L. Hixson, "Reassessing Kennan after the Fall of the Soviet Union", pp. 849-858.

[84] David Holloway, <u>Stalin and the Bomb</u>, p. 271.

[85] Ernest R. May, John Steinbruner and Thomas Wolfe, <u>History of the Strategic Arms Competition, 1945-1972</u>, ed. Alfred Goldberg (March 1981 and declassified with deletions December 1990) (Office of the Secretary of Defense, Historical Office, 1990) p. 57.

[86] Historians such as Phillip A. Karber focus heavily on the numbers of Soviet tanks, artillery and armed soldiers mobilized in 1945. This concentration only tells a small part of the story. Soviet military success, as pointed out, depended on several factors that included a rational exploitation of existing Soviet heavy industrial facilities for the war effort. Significant technological and productive increases in that industrial base at the expense of Germany promised to add greatly to Soviet military capacities and therefore national power. The enhancement of Soviet power in fact characterized the geopolitical arena in the 1950s and 1960s. The contemporary debates concerning actual Soviet military formations reveals relatively little of the dual-use industrial power of the Soviet Union after 1945. This increase weighed as heavily on the minds of American officers as the number of divisions. Soviet military spending prior to the Korean war still remained double that of the interwar even though those years were characterised by a significant rearmament effort. Mark Harrison, <u>Accounting for War</u>, p. 110. The debates between Matthew Evangelista and Phillip A. Karber concerning the numbers and significance of Soviet military numbers lose importance if this increase in military outlays is recognized. For analyses of the numbers of Soviet troops after 1945 see Phillip A. Karber, Jerald A. Combs, John S. Duffield and Matthew Evangelista, "The United States, NATO, and the Soviet Threat to Western Europe", <u>Diplomatic History</u>, 22, 3 (1998) pp. 399-430; Phillip A. Karber, "The Central European Arms Race, 1948-1980", Paper Presented at the Stiftung, Wissenschaft und Politik Conference on Negotiated Constraints in Europe (Ebenhausen, June 1980); Matthew Evangelista, "The 'Soviet Threat': Intentions, Capabilities, and Context", <u>Diplomatic History</u>, 22, 2 (Summer 1998) pp. 439- 449; Uwe Nerlich and James A. Thomson (eds.), <u>Conventional Arms Control and the Security of Europe: A Rand Corporation Research Study</u> (Boulder: Westview Press, 1988) and A. Grant Whitley, "Operational Continuity and Change within the Central European Conventional Arms Competition", ed. James R. Golden (et al.), <u>NATO at Forty: Change, Continuity, & Prospects</u> (Boulder: Westview Press, 1989).

[87] U.S. Army. Center of Military History. <u>American Military History</u>, pp. 540-542.

[88] Karber cites various intelligence papers (JIC 80/26, "Capabilities and Intentions of the USSR in the Postwar Period", 9 July 1946, JIC (48)76(0), "A Comparison of the Fighting Values of Russian and Allied Forces", 21 September 1948 and JIC 435/12, "Soviet Intentions and Capabilities, 1949, 1956/57", 30 November 1948) to demonstrate American appreciations of Soviet strength. Whether or not these studies were truly representative of the actual picture in the Soviet Union should not obscure historians to several important issues. Soviet military expenditures first of all matched those of Hitler in the 1930s or approximately 10% of GDP. Military outlays in dual-use sectors—roads, bridges, power stations and overall heavy industry—also remained considerably high during the postwar. Stalin's employment of German reparations for military purposes underlined the commitment to military strength. The American military appreciated the high level of Soviet investment and the notion of creating an adequate strategic deterrent built on large conventional and nuclear forces surfaced. Mark Harrison, "Wartime Mobilisation: A German Comparison", pp. 99-117; Thomas Knight Finletter, <u>Survival in The Air Age: U.S. President's Air Policy Commission</u> (1948) (New York: Arno Press, 1979) pp. 24-25 and Phillip A. Karber, Jerald A. Combs, John S. Duffield and Matthew Evangelista, "The United States, NATO, and the Soviet Threat to Western Europe", pp. 399-430.

[89] "Whatever the size of the Soviet army and the manning level of its 175 active divisions at a given time, it was clear that if the Soviets deliberately planned an invasion and mobilized their forces to confront Western Europe with more than a hundred divisions in thirty days, the West would have to raise immense and expensive conventional forces of its own or else rely on immediate use of nuclear weapons to deter or defend against the invasion". Phillip A Karber, Jerald A. Combs, John S. Duffield and Matthew Evangelista, "The United States, NATO, and the Soviet Threat to Western Europe", pp. 399-429.

[90] Melvyn R. Leffler "The American Conception of National Security and the Beginnings of the Cold War", pp. 346-381.

[91] Benjamin O. Fordham, "Economic Interests, Party, and Ideology in Early Cold War Era U.S. Foreign Policy", pp. 359-396.

[92] Joseph R. Avella, "Whose Decision to Use Force?", Presidential Studies Quarterly, 26, 2 (1996) pp. 485-495.

[93] John K. Galbraith, The Anatomy of Power (Boston: Houghton Mifflin, 1983) pp. 8 and 160-170.

[94] Michael J. Hogan, A Cross of Iron, p. 5.

[95] The rejection of Truman's policies by Henry Wallace, vice president during Roosevelt's third term, former secretary of agriculture, and secretary of commerce under Truman, represented nothing more than a bizarre refusal to accept the brutal reality of Stalin's repressive regime. In a speech at Madison Square Garden in August 1946, Wallace articulated a series of postulates which later formed the core of revisionist thinking. Wallace generally supported the legitimacy of Stalin's hold on eastern Europe. "We may not like what Russia does in Eastern Europe", Wallace explained in reference to the socialization of land and industry, "But whether we like it or not the Russians will try to socialize their sphere of influence just as we try to democratize our sphere of influence…The two ideas will endeavor to prove which can deliver the most satisfaction to the common man in their respective areas of political dominance". Henry Wallace quoted in Henry Kissinger, "Reflections on Containment", pp. 113-130.

[96] George F. Kennan, Memoirs, 1925-1950, p. 501.

[97] George F. Kennan, The Nuclear Delusion: Soviet-American Relations in the Atomic Age (New York: Pantheon Books, 1983) p. xxv.

[98] George F. Kennan, "Policy Planning Staff Paper 43: Considerations Affecting the Conclusion of a North Atlantic Security Pact", 24 November 1948, Anna K. Nelson (ed.), The State Department Political Planning Staff Papers, 1947-1949 (vol. 2) (New York: Garland Publishing, 1983) pp. 490-95.

[99] "JCS 1725/1, Appendix "A" to Joint Chiefs of Staff Strategic Guidance for Industrial Mobilization Planning, Memorandum by the Joint Staff Planners", 13 February 1947, JCS: Strategic Issues, Section 2, reel 2.

[100] Steven L. Rearden, The Formative Years, 1947-1950, vol. 1: History of the Office of the Secretary of Defense, ed. Alfred Goldberg (Washington, D.C.: U.S.G.P.O., 1984) pp. 337, 346 and 364-69.

[101] "Joint Logistics Committee 416/5: Probable Allied Demands on US Resources for Support of Allied War Effort, The Requirements on US Industry of Anticipated Allies and Occupied Areas", 21 July 1947, JCS: Strategic Issues, Section 2, reel 2 and "JCS 1969/9, Guerilla Warfare Organization for Germany", 30 April 1951, JCS: Meetings, reel 2.

[102] "Joint Logistics Committee 416/5: Probable Allied Demands on US Resources for Support of Allied War Effort, The Requirements on US Industry of Anticipated Allies and Occupied Areas", 21 July 1947, JCS: Strategic Issues, Section 2, reel 2.

[103] JCS 2073/210, Policy for Strategic Demolitions in Germany and Austria, 5 October 1951, JCS: Meetings, reel 2. "Troops are trained to damage, to the maximum extent practicable, all major items of equipment that are likely to fall into enemy hands", "JCS 2099/89, Appendix to Enclosure "A": Report by the Joint Strategic Plans Committee to the Joint Chiefs of Staff on Information Required for Hearings on 1952 MDAF Legislation", 24 March 1951, JCS: Strategic Issues, Section 1, reel 9.

[104] "JCS 2073/59: Guidance on Emergency Planning for Europe", 24 August 1950, JCS: Strategic Issues, Section 2, Reel 1.

[105] Steven L. Rearden, The Formative Years, 1947-1950, pp. 364-69.

[106] David T. Fautua, "The 'Long Pull' Army", pp. 93-121.

[107] Melvyn P. Leffler, A Preponderance of Power, p. 174.

[108] Stephen E. Ambrose, Rise to Globalism, p. xii.

[109] Peter G. Boyle, "Britain, America and the Transition from Economic to Military Assistance 1948-51", p. 528.

[110] "Captain Clinton A. Misson: Memorandum for the Executive Committee, Munitions Board, Consolidated Mobilization Requirements for Materials", 28 October 1947, JCS: Strategic Issues, Section 2, Reel 1. Only a reduction in military needs could compensate for the lack of American capacities. "Summary and Analyses of Mobilization Requirements for Materials as Developed under Munitions Board Requirements Directive of 25 May 1950", 23 March 1951, JCS: Strategic Issues, Section 2, Reel 1.

[111] "Directive for the Executive Committee, Munitions Board, Consolidated Mobilization Requirements for Manpower", 30 October 1947, JCS: Strategic Issues, Section 2, Reel 1.

[112] "JCS 1868/147: Report by the Joint Munitions Allocation Committee (In Collaboration with the Joint Logistics Plans Committee and the Joint Strategic Plans Committee) by the Joint Chiefs of Staff on Proposed Method of Handling Details of Future Foreign Military Assistance Programs", 15 November 1949, JCS: Strategic Issues, Section 1, reel 8.

[113] Walter L. Hixson, "Reassessing Kennan after the Fall of the Soviet Union", pp. 849-858.

[114] North Atlantic Treaty Organization, Facts and Figures (Brussels: NATO Information Service, 1981) p. 19.

[115] John Baylis, "Britain and the Dunkirk Treaty: The Origins of NATO", Journal of Strategic Studies, 5, 2 (1982) pp. 236-247 and John Baylis "Britain, the Brussels Pact and the Continental Commitment", International Affairs, 60, 4 (1984) 615-629.

[116] Vojtech Mastny, NATO in the Beholder's Eye: Soviet Perceptions and Policies, 1949-56 (Washington, D.C.: Woodrow Wilson International Center for Scholars, 2002) pp. 11-12.

[117] "Summary of a Memorandum Representing Mr. Bevin's Views on the Formation of a Western Union", 13 January 1948, FRUS, 1948, vol. 3, pp. 4-6.

[118] John Kent and John W. Young, "The `Western Union' Concept and British Defence Policy, 1947-8", ed. Richard J. Aldrich, British Intelligence Strategy and the Cold War, 1945-51 (London: Routledge, 1992) pp. 166-92.

[119] Lawrence S. Kaplan, The United States and NATO: The Formative Years (Lexington: The University Press of Kentucky, 1984) pp. 50-52.

[120] For the text of the "Treaty of Economic, Social and Cultural Collaboration and Collective Self-Defence", 17 March 1948, See Department of State Bulletin, 9 May 1948, pp. 600-602.

[121] Vojtech Mastny, The Cold War and Soviet Insecurity: The Stalin Years (Oxford: Oxford University Press, 1996) pp. 74-75.

[122] The older traditionalist approach, such as exhibited by the authors listed here, stresses the high degree of American guidance in the creation of a western military organization and the implicit dangers brought by the Soviet Union. Stephen E. Ambrose, Rise to Globalism, p. xii; Charles E. Bohlen, The Transformation of American Foreign Policy (New York: Norton, 1969) pp. 86-88; Herbert Feis, From Trust to Terror, pp. 20-40; Hastings Lionel Ismay, NATO: The First Five Years, 1949-1954 (Paris: North Atlantic Treaty Organization, 1954) Chapter Four: The Pace Quickens [The internet version is available at the NATO website]; Walter LaFeber, America, Russia, and the Cold War, pp. 20-21; Robert Endicott Osgood, NATO: The Entangling Alliance (Chicago: University of Chicago Press, 1962) pp. 32-33 and John Spanier and Steven W. Hook, American Foreign Policy since World War II (1960)(Washington, D.C.: CQ Press, 2004) pp. 24-49.

[123] The multipolar interpretations, in particular those of Geir Lundestad, posit a far greater degree of importance on non-American actors in terms of influencing Washington's policies and developments in Europe than the traditional American or bipolar accounts. The multipolar interpretations often stress the British role in forging a western defensive system that contained both the Soviet Union and Germany. These historians fail to explain why politicians even entertained considerations of German containment. Perceptions of wartime destruction and the industrial demilitarization policy—as pursued by the French and British governments—undermined any real urgency behind controlling Germany. American designs for Germany on the other hand gave dual-containment real purpose. Kathleen Burk, "Britain and the Marshall Plan", ed. Chris Wrigley, Warfare, Diplomacy, and Politics: Essays in Honour of A.J.P. Taylor (London: H. Hamilton, 1986) pp. 210-30; R. Frazier, "Did Britain Start the Cold War? Bevin and the Truman Doctrine", Historical Journal, 27, 3 (1984) pp. 715-727; Christian Greiner, "The Defense of Western Europe and the

Rearmament of West Germany, 1947-1950", ed. Olav Riste, <u>Western Security: The Formative Years. European and Atlantic Defence 1947-1953</u> (New York: Columbia University Press, 1985) pp. 150-177; Timothy P. Ireland, <u>Creating the Entangling Alliance: The Origins of the North Atlantic Treaty Organization</u> (Westport, Conn.: Greenwood Press, 1981) p. 107; Geir Lundestad, <u>Empire by Integration: The United States and European Integration, 1945-1997</u> (Oxford: Oxford University Press, 1998) p. 137; Geir Lundestad, "Empire by Invitation? The United States and Western Europe, 1945-1952", <u>SHAFR Newsletter</u>, 15, 3 (1984) pp. 1-21; Lawrence S. Kaplan, <u>The United States and NATO</u>, p. 131; Ritchie Ovendale, "Britain, the USA, and the European Cold War", pp. 217-236; Nicolaj Petersen, "Bargaining Power among Potential Allies: Negotiating the North Atlantic Treaty, 1948-49", <u>Review of International Studies</u>, 12, 3, 1986, pp. 187-203 and D. Cameron Watt, "Britain, the United States and the Opening of the Cold War, ed. Ritchie Ovendale, <u>The Foreign Policy of the British Labour Governments, 1945-1951</u> (Leicester, Leicestershire: Leicester University Press, 1984) pp. 43-60.

[124] John W. Young, <u>Britain, France, and the Unity of Europe, 1945-1951</u> (Leicester: Leicester University Press, 1984) p. 105 and Bert Zeeman, "Britain and the Cold War: An alternative Approach. The Treaty of Dunkirk Example", <u>European History Quarterly</u> 16 (July 1986) p. 348.

[125] C. Wiebes and Bert Zeeman, "Dokumentation: Eine Lehrstunde in Machtpolitik. Die Vereinigten Staaten und ihre Partner am Vorabend der NATO-Gründung", <u>Vierteljahrshefte für Zeitgeschichte</u>, 40, 3 (1992) pp. 415-423.

[126] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 305.

[127] The list of texts dealing with postwar European security concerns from the British or French perspective is long. An important theme in these works discusses British and French limitations in view of basic postwar economic constraints and a very real reliance on the United States. Revisionism did not significantly influence European and multi-polar historiography. The potential military threat of a resurgent Germany played an extremely limited role in security concerns and operated more as a political tool for consumption by the public. John Baylis, <u>The Diplomacy of Pragmatism: Britain and the Formation of NATO, 1942-1949</u> (Kent, Ohio : Kent State University Press, 1993) pp. 58-59; Paul Cornish, "The British Military View of European Security, 1945-50", ed. Anne Deighton, <u>Building Postwar Europe: National Decision-Makers and European Institutions, 1948-63</u> (New York: St. Martin's Press, 1995) pp. 70-86 and Pierre Guillen, "Frankreich und die Verteidigung Westeuropas: Vom Brusseler Vertrag (Marz 1948) zum Pleven-Plan (Oktober 1950)", ed. Norbert Wiggershaus and Roland G. Foerster (eds.), <u>Die Westliche Sicherheitsgemeinschaft 1948-1950: Gemeinsame Probleme und gegensätzliche Nationalinteressen in der Gründungsphase der Nordatlantischen Allianz</u> (Boppard am Rhein: H. Boldt, 1988) pp. 103-123.

[128] George F. Kennan, <u>Memoirs, 1925-1950</u>, p. 406.

[129] "11 June 1948", U.S. Congress. <u>Congressional Record, 1947-1962. Proceedings and Debates of the Eightieth Congress</u> (vols. 93-108) (Washington, D.C.: U.S.G.P.O, 1947-1962) vol. 94, p. 7791.

[130] "Harry S. Truman, First Semiannual Report on the Mutual Defense Assistance Program, Message from the President of the United States Transmitting The First Semiannual Report on the Mutual Defense Assistance Program, Covering the Period from the Inception of the Program to April 1950", JCS: Strategic Issues, Section 1, reel 9, p. 1 and published under same title(Washington, D.C.: U.S.G.P.O., 1 June 1950).

[131] Peter G. Boyle, "Britain, America and the Transition from Economic to Military Assistance 1948-51", pp. 521-538.

[132] Ibid, p. 526.

[133] Ibid., pp. 528-529.

[134] Chester J. Pach, Jr., <u>Arming the Free World: The Origins of the United States Military Assistance Program, 1945-1950</u> (Chapel Hill: The University of North Carolina Press, 1991) p. 87.

[135] "JCS 1769/18, Note by the Secretaries to the Joint Chiefs of Staff on Establishment of a Long-Range Foreign Military Aid Program: Memorandum by the Joint Munitions Allocations Committee to the Joint Chiefs of Staff on Establishment of a Foreign Military Aid Program, 10 May 1949, JCS: Strategic Issues, Section 2, reel 8.

[136] "JCS 1868/62: Report by the Joint Munitions Allocation Committee (In Collaboration with the Joint Strategic Plans Committee to the JCS on Programs for Foreign Military Assistance", 7 March 1949 and 10 May 1949, JCS: Strategic Issues, Section 2, Reel 8.

[137] Ibid.

[138] "JCS 1868/62: Report by the Joint Munitions Allocation Committee (In Collaboration with the Joint Strategic Plans Committee to the JCS on Programs for Foreign Military Assistance", 7 March 1949 and 10 May 1949, JCS: Strategic Issues, Section 2, Reel 8..

[139] "Office of Progress Reports and Statistics, Office of the Secretary of Defense, Critical Items to be supplied NATO countries. Fiscal Year 1950. Additional Military Production Program under Projects approved Thru 31 July 1950, Report on Operations: Mutual Defense Assistance Program", 28 August 1950, JCS: Strategic Issues, Section 1, reel 4.

[140] "JCS 1868/147: Report by the Joint Munitions Allocation Committee (In Collaboration with the Joint Logistics Plans Committee and the Joint Strategic Plans Committee) by the Joint Chiefs of Staff on Proposed Method of Handling Details of Future Foreign Military Assistance Programs", 15 November 1949, JCS: Strategic Issues, Section 1, reel 8.

[141] "JCS 2099/89, Appendix to Enclosure "A": Report by the Joint Strategic Plans Committee to the Joint Chiefs of Staff on Information Required for Hearings on 1952 MDAP Legislation", 24 March 1951, JCS: Strategic Issues, Section 1, reel 9.

[142] Ibid.

[143] David Clay Large, Germans to the Front, p. 35.

[144] "JCS, Decision on JCS 2073/47: A Report by the Joint Strategic Plans Committee (In collaboration with the Joint Intelligence Committee and the Joint Logistics Plans Committee) on General Guidance on Problems of Strategic Location of Industry and the Concentration of Production, Enclosure "A": Memorandum for the US Representative, Standing Group, Military Committee, North Atlantic Treaty Organization, 21 August 1950, JCS: Strategic Issues, Section 2, reel 8.

[145] "JCS 1725/15: Note by the Secretaries to the Joint Chiefs of Staff on Military Aspects of Industrial Mobilization, Effect of Foreign Production Capacity on the Industrial Potential of the U.S.", 10 February 1948, JCS: Strategic Issues, Section 2, Reel 2.

[146] Ibid.

[147] "JCS 1725/15: Note by the Secretaries to the Joint Chiefs of Staff on Military Aspects of Industrial Mobilization, Effect of Foreign Production Capacity on the Industrial Potential of the U.S.", 10 February 1948, JCS: Strategic Issues, Section 2, Reel 2.

[148] Ibid.

[149] "JCS 2099/57: Note By the Secretaries to the Joint Chiefs of Staff on Increased Military Production in Europe", 17 October 1950, JCS: Strategic Issues, Section 2, reel 8.

[150] "JCS 1868/58: JCS Decision on JCS 1868/68 (A Report by the Joint Munitions Allocations Committee, In Collaboration with the Joint Strategic Plans Committee) on Foreign Military Aid Program, Note by the Secretaries", 11 February 1949, JCS: Strategic Issues, Section 2, reel 8.

[151] "Department of State, ECA, Army and Navy Representatives, Department of State Memorandum of Conversation: Meeting in Mr. McGhee's Office", 19 January 1949, JCS: Strategic Issues, Section 1, reel 9.

[152] Ibid.

[153] "Department of the Army, Memorandum: Military Aid for Austria, Memorandum for Army Members of State NME "Country" Subcommittee Dealing with Proposed Foreign Aid Programs", 26 January 1949, JCS: Strategic Issues, Section 1, reel 9.

[154] "JCS 1735/161: Joint Subsidiary Plans Division, Report by the Joint Subsidiary Plans Division (In Collaboration with the Joint Strategic Plans Committee through the Director, the Joint Staff) to the Joint Chiefs of Staff on National Psychological Program with Respect to Germany", 11 December 1952, JCS: Strategic Issues, Section 2, reel 3.

[155] Ibid.

[156] Chester J. Pach, Jr., Arming the Free World, p. 219.

[157] "JCS 1868/58: JCS Decision on JCS 1868/68 (A Report by the Joint Munitions Allocations Committee, In Collaboration with the Joint Strategic Plans Committee) on Foreign Military Aid Program, Note by the Secretaries", 11 February 1949, JCS: Strategic Issues, Section 2, reel 8.

[158] "JCS 2099/61: Report by the Ad Hoc Committee on Programs for Military Assistance (In Collaboration with the Joint Strategic Plans Committee, the Intelligence Committee to the JCS on Military Basis for Supplemental Mutual Defense Assistance Programs for FY 1951, Enclosure D: Facts Bearing on the Problem and Discussion", 20 October 1950, JCS: Strategic Issues, Section 2, reel 8.

[159] Ibid.

[160] "JCS 2099/76, Appendix "B": Facts Bearing on the Problem and Discussion, Report by the Ad Hoc Committee on Programs for Military Assistance (In collaboration with the Joint Strategic Plans Committee, Joint Logistics Plans Committee, and Joint Intelligence Committee) to the Joint Chiefs of Staff on The Military Basis for the Fiscal Year 1952 Mutual Defense Assistance Program", 25 January 1951, JCS: Strategic Issues, Section 1, reel 9.

[161] Ibid.

[162] Ibid.

[163] "JCS 2099/76, Appendix "A": Report by the Ad Hoc Committee on Programs for Military Assistance (In collaboration with the Joint Strategic Plans Committee, Joint Logistics Plans Committee, and Joint Intelligence Committee) to the Joint Chiefs of Staff on The Military Basis for the Fiscal Year 1952 Mutual Defense Assistance Program", 25 January 1951, JCS: Strategic Issues, Section 1, reel 9.

[164] "JCS 2099/76, Appendix "B": Facts Bearing on the Problem and Discussion, Report by the Ad Hoc Committee on Programs for Military Assistance (In collaboration with the Joint Strategic Plans Committee, Joint Logistics Plans Committee, and Joint Intelligence Committee) to the Joint Chiefs of Staff on The Military Basis for the Fiscal Year 1952 Mutual Defense Assistance Program", 25 January 1951, JCS: Strategic Issues, Section 1, reel 9.

[165] "JCS 2099/76, Annex "D" to Appendix "B": Facts Bearing on the Problem and Discussion, Report by the Ad Hoc Committee on Programs for Military Assistance (In collaboration with the Joint Strategic Plans Committee, Joint Logistics Plans Committee, and Joint Intelligence Committee) to the Joint Chiefs of Staff on The Military Basis for the Fiscal Year 1952 Mutual Defense Assistance Program", 25 January 1951, JCS: Strategic Issues, Section 1, reel 9.

[166] Thomas Alan Schwartz, America's Germany, p. 118.

[167] Ibid., p. 119.

[168] J.J. Carafano, "Mobilizing Europe's Stateless: America's Plan for a Cold War Army", Journal of Cold War Studies, 1, 2, (1999) p. 27.

[169] Quoted in Hastings Lionel Ismay, NATO.

[170] Ibid.

[171] Ibid.

[172] Ronald R. Krebs, "Perverse Institutionalism: NATO and Greco-Turkish Conflict", International Organization, 53, 2 (1999) p 369.

[173] Quoted in Hastings Lionel Ismay, NATO.

[174] Article 4 did call for consultation and discussion before any armed aggression took place and instead used a rather open definition of aggression instead. This eroded independence over the long-term since "It was not very long before it became obvious that collective capacity to resist armed attack could not be effectively developed unless there were unity of command, unified planning and uniformity of military training, procedure and, as far as possible, equipment. And so it came about that by the end of 1950, sovereign states were to entrust their forces to international commanders, assisted by international staffs. Never in history have the principles of alliance been carried to such a pitch in time of peace". Ibid.

[175] Lawrence S. Kaplan, "NATO Enlargement: The Article 5 Angle", The Atlantic Council of the United States, 12, 2 (February 2001) p. 2.

[176] Martin van Creveld, Steven L. Canby and Kenneth S. Brower, Air Power and Maneuver Warfare (Maxwell Air Force Base, Alabama: Air University Press, 1994) p. 16.

[177] Walton S. Moody, Strategic Air Command: Building a Strategic Air Force (Washington: Air Force History and Museums Program, 1995) p. 293.

[178] Michael Geyer, <u>Deutsche Rüstungspolitik</u>, p. 183.

[179] Christian Greiner, "The Defense of Western Europe and the Rearmament of West Germany, 1947-1950", pp. 154-156

[180] Martin H. Folly, "Breaking the Vicious Circle: Britain, the United States, and the Genesis of the North Atlantic Treaty", pp. 59 - 77.

[181] Jihang Park, "Wasted Opportunities? The 1950s Rearmament Programme and the Failure of British Economic Policy", <u>Journal of Contemporary History</u>, 32, 3 (1997) pp. 357.

[182] Klaus Schwabe, "Atlantic Partnership and European Integration: America's European Policies and the German Problem, 1947-1966", ed. Geir Lundestad, <u>No End to Alliance: The United States and Western Europe. Past, Present, and Future</u> (New York : St. Martin's Press, 1998) p. 80.

[183] Wolfram Hanrieder, <u>Germany, America, Europe: Forty Years of German Foreign Policy</u> (New Haven, Conn.: Yale University Press, 1989) p. 39.

[184] Lawrence S. Kaplan, <u>The United States and NATO</u>, p. 135.

[185] William C. Cromwell, <u>The United States and the European Pillar: The Strained Alliance</u> (New York: St. Martin's Press, 1992) pp. 6-7.

[186] Timothy P. Ireland suggests that the "entangling" N.A.T.O. alliance was partly built on the effort to link French security concerns into a structure. Lawrence S. Kaplan agrees with this interpretation and writes that Atlantic military collaboration "grew out of the Brussels Pact". Timothy P. Ireland, <u>Creating the Entangling Alliance</u>, p. 69 and Lawrence S. Kaplan, <u>The United States and NATO</u>, p. 56.

[187] James G. Hershberg, "'Explosion in the Offing': German Rearmament and American Diplomacy, 1953-1955", <u>Diplomatic History</u>, 16, 4 (1992) pp. 512.

[188] "Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson)", 27 October 1953, FRUS, 1952-1954, vol. 2, pp. 563-564.

[189] Donald Abenheim, <u>Bundeswehr und Tradition</u>, pp. 29-30.

[190] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", pp. 297-300.

[191] Thomas Alan Schwartz, <u>America's Germany</u>, pp. 115-116.

[192] Washington only transferred $42 million of the $1.3 billion originally allocated for the M.D.A.P. by April 1950. Ibid.

[193] Vojtech Mastny, <u>The Cold War and Soviet Insecurity</u>, pp. 74

[194] Harry A. Borowski, A Hollow Threat: Strategic Power and Containment before Korea (Westport, Conn.: Greenwood Press, 1982) pp. 186-215.

[195] Lawrence S. Kaplan, <u>The United States and NATO</u>, p. 93.

[196] Paul Y. Hammond, "NSC-68", pp. 267-378.

[197] George F. Kennan, "The Sources of Soviet Conduct", p. 575.

[198] Walter Isaacson and Evan Thomas, <u>The Wise Men: Six Friends and The World They Made</u> (New York: Simon & Schuster, 1986) p.72.

[199] Paul Y. Hammond, "NSC-68", pp. 267-378.

[200] Paul H. Nitze, Ann M. Smith and Steven L. Rearden, <u>From Hiroshima to Glasnost</u>, p. 71.

[201] Paul H. Nitze, "The Development of N.S.C.-68", <u>International Security</u>, 4, 4 (1980) p. 172.

[202] Joanne Gowa, <u>Allies, Adversaries, and International Trade</u> (Princeton, N.J.: Princeton University Press, 1994).

[203] Quoted in David Cambell, <u>Writing Security: United States Foreign Policy and the Policies of Identity</u> (1992) (Minneapolis: University of Minnesota Press, 1998) p. 158.

[204] This document, a strategic Cold War policy guide, was kept secret until May 1975 when it was published in full text in the Naval War College Review. Samuel Wells, "Sounding the Toscin: NSC 68 and the Soviet Threat", <u>International Security</u>, 2, 4 (1979) pp. 116-58.

[205] Michael Geyer, <u>Deutsche Rüstungspolitik</u>, p. 183.

[206] Thomas Alan Schwartz, <u>America's Germany</u>, pp. 115-116.

[207] "A Report to the President Pursuant to the President's Directive of 31 January 1950" (NSC-68: United States Objectives and Programs for National Security), 14 April 1950, FRUS, 1950, vol. 1, pp. 235-292.

[208] Fred L. Block, "Economic Instability and Military Strength: The Paradoxes of the 1950 Rearmament Decision", Politics and Society, 10 (1980, pp. 35-58.

[209] "NSC-68: United States Objectives and Programs for National Security", 14 April 1950, FRUS, 1950, vol. 1, pp. 235-292 and "8 February 1951", U.S. Congress, Congressional Record, 1947-1962, 1951, vol. 97, part 1, p. 1121-1123.

[210] U.S. Congress. House Committee on Appropriations, Department of Defense Appropriations for 1951. Hearings Before the Subcommittee of the Committee on Appropriations, House of Representatives, Eighty-first Congress, Second Session. Subcommittee on Department of Defense Appropriations. Military Construction (Washington, D.C.: US Government Printing Office, 1950) p. 73.

[211] Paul H. Nitze, Ann M. Smith and Steven L. Rearden, From Hiroshima to Glasnost, p. 43.

[212] Paul Y. Hammond, "NSC-68", pp. 267-378.

[213] Thomas Alan Schwartz, America's Germany, p. 116.

[214] "JCS 1868/177: Report by the Joint Strategic Plans Committee (In Collaboration with the Joint Logistics Plans Committee) to the Joint Chiefs of Staff on Planned Organization within the Department of Defense for Handling the Military Assistance Program", 25 January 1950, JCS: Strategic Issues, Section 1, reel 8.

[215] "JCS 2099/61, Report by the Ad Hoc Committee on Programs for Military Assistance (In Collaboration with the Joint Strategic Plans Committee, the Intelligence Committee to the JCS on Military Basis for Supplemental Mutual Defense Assistance Programs for FY 1951, Enclosure D: Facts Bearing on the Problem and Discussion", 20 October 1950, JCS: Strategic Issues, Section 1, Reel 8.

[216] "JCS 2099/57: Note By the Secretaries to the Joint Chiefs of Staff on Increased Military Production in Europe", 17 October 1950, JCS: Strategic Issues, Section 1, Reel 8.

[217] Other reasons worked against standardization: "(1) The politics of protecting the employment and other national economic contributions of indigenous defense industry, and the reflection of these political and economic factors in competition for foreign sales to the OPEC Middle East countries and elsewhere; (2) Differences in military requirements arising from historically diverse solutions to problems of tactics and doctrine, and from the interaction between resources required to achieve a capability and the desire to minimize ever-increasing resource demands for military systems; (3) The sheer mass, relative to Europe, of the American economy and defense industry, which has placed the United States in a position where it has not needed to pool resources with other nations (where, in fact, for the first few years of NATO, we were its major supplier and financier); (4) The concomitant American equality or lead in most areas of military technology which makes us reluctant to compromise capability to achieve commonality and which tends to make any attempt to do so a one-way street with the United States offering much for sale but finding little to buy; and (5) The worldwide concerns of American defense policy, which lead to a perceived need for self-sufficiency in defense systems and a reluctance to rely on foreign sources for our military equipment". Seymour J. Deitchman, New Technology and Military Power: General Purpose Military Forces for the 1980s and Beyond, Westview Special Studies in Military Affairs (Boulder, Colorado: Westview Press, 1979) pp. 196-197.

[218] "JCS 2099/42: Note By the Secretaries to the Joint Chiefs of Staff on Supplies and Equipment for Mutual Defense Assistance Program, Enclosure: The Secretary of Defense", 18 August 1950, JCS: Strategic Issues, Section 2, reel 8.

[219] "JCS 2099/57: Note By the Secretaries to the Joint Chiefs of Staff on Increased Military Production in Europe, 17 October 1950, JCS 2099/57, reel 8.

[220] H.W. Brands, "The Idea of the National Interest", pp. 239-261.

Chapter 10 Endnotes

[1] Anglo-Saxon historians in particular follow this format. Saki Dockrill, <u>Britain's Policy for West German Rearmament, 1950-1955</u> (Cambridge: Cambridge University Press, 1991) pp. 32-33; David Clay Large, <u>Germans to the Front</u>, pp. 84-85; Laurence W. Martin, <u>American Decision to Rearm Germany</u> (Indianapolis: Bobbs-Merrill, 1963) pp.656-657 and Robert McGeehan, <u>The German Rearmament Question: American Diplomacy and European Defense after World War II</u> (Urbana: University of Illinois Press, 1971) p. 41.

[2] For Adenauer's integration of the „right" see Rebecca Boehling, "German Municipal Self-Government and the Personnel Policies of the Local U.S. Military Government", <u>Archiv fur Sozialgeschichte</u> (1985) pp. 333-83; Diethelm Prowe, "Demokratisierung in Deutschland nach 1945: Die Ansätze des Schlüsseljahres 1947," in Dieter Papenfuß and Wolfgang Schieder (eds.), <u>Deutsche Umbrüche im 20. Jahrhundert</u> (Köln: Böhlau Verlag, 2000) pp. 447-457 and Diethelm Prowe, "German Democratization as Conservative Restabilization: The Impact of American Policy", ed. Jeffry M. Diefendorf (et al.) <u>American Policy and the Reconstruction of West Germany</u>, pp. 307-330.

[3] The western Allies supported the German moderate, conservative and non-nationalistic factions. Rebecca Boehling, "German Municipal Self-Government and the personnel Policies of the Local U.S. Military Government", pp. 333-383 and Daniel E. Rogers, <u>Politics after Hilter: The Western Allies and the German Party System</u>, pp. 55-86.

[4] West German conceptions first of all centred largely on those of Adenauer. Christoph Kleßmann, <u>Die doppelte Staatsgründung</u>, p. 227.

[5] Konrad Adenauer, <u>Erinnerungen</u>, vol. 1: <u>1945-1953</u> (Stuttgart: Deutsche Verlags-Anstalt 1965) p. 245.

[6] Carl C. Hodge points out that this policy represented a form of "pragmatism". Carl C. Hodge, "Active at the Creation: The United States and the Founding of the Adenauer's Republic", eds. Carl C. Hodge and Cathal J. Nolan, <u>Shepherd of Democracy? America and Germany in the Twentieth Century</u> (Westport, CT: Greenwood Press, 1992) pp. 87-103.

[7] Hanns Jürgen Küsters, "The Art of the Possible", ed. Clemens Wurm, Western Europe and Germany: The Beginnings of European Integration, 1945-1960 (Oxford: Berg Publishers, 1995) pp. 55-86.

[8] Konrad Adenauer, <u>Erinnerungen</u>, vol. 1, p. 39.

[9] Gordon A. Craig points out that the chancellor "had always hated Berlin, whose inhabitants he regarded as un-German, if not indeed Asiatic". Gordon A. Craig, "The Hauptstadt", pp. 161-170 and Wilhelm G. Grewe, <u>Rückblenden, 1976-1951</u> (Frankfurt: Propyläen, 1979) p. 389.

[10] David Clay Large, <u>Germans to the Front</u>, p. 149. Hans-Peter Schwarz argues that Adenauer during the immediate postwar in fact thought that a tough anti-Soviet stance might force an early resolution to the Cold War and bring about reunification. Hans-Peter Schwarz, "Adenauer's Ostpolitik", Wolfram Hanrieder (ed.), <u>West German Foreign Policy 1949-1979</u> (Boulder, Colorado: Westview, 1980) pp. 129-30 and 135-6.

[11] Christian Hacke, <u>Die Außenpolitik der Bundesrepublik Deutschland: Weltmacht wider Willen?</u> (Berlin: Ullstein, 1997) p. 64.

[12] Ibid.

[13] Klaus Schwabe, „Adenauer und England" in Lothar Kettenacker, Manfred Schlenke and Hellmut Seier (eds.), <u>Studien zur Geschichte Englands und der deutsch-britischen Beziehungen: Festschrift für Paul Kluke</u> (München : W. Fink, 1981) p. 356.

[14] Clemens A. Wurm, "Britain, Western Europe and European Integration 1945-1957: The View from the Continent", <u>European Review of History</u>, 6, 2 (1999) pp. 235-249.

[15] Schwarz, Hans-Peter, <u>Churchill and Adenauer</u> (London: Churchill Colloqium, 1994) p. 17.

[16] Konrad Adenauer, <u>Erinnerungen</u>, vol. 1, pp. 177-181 and 182-192.

[17] Christian Hacke, <u>Die Außenpolitik der Bundesrepublik Deutschland</u>, p. 67 and John Orme, "The Unexpected Origins of Peace: Three Case Studies", <u>Political Science Quarterly</u>, 111, 1 (1996) pp. 105-125.

[18] Norbert Wiggershaus, "Adenauer und die amerkanische Sicherheitspolitik in Europa", ed. Klaus Schwabe, Adenauer und die USA (Bonn: Bouvier, 1994) pp. 13-46.
David Clay Large, "Grand Illusions: The United States, the Federal Republic of Germany, and the European Defense Community, 1950-1954", ed. Jeffry M. Diefendorf (et al.), American Policy and the Reconstruction of West Germany, pp. 384-386.

[19] Jeffrey Boutwell The German Nuclear Dilemma (Frankfurt: Brassey's, 1990) p. 18.

[20] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. x.

[21] Noel Gilroy Annan, Changing Enemies, p. 224. See also Hermann-Josef Rupieper, Der besetzte Verbündete: Die amerikanische Deutschlandpolitik 1949-1955 (Opladen: Westdeutscher Verlag, 1991).

[22] John Lewis Gaddis, "We Now Know", p. 150.

[23] "Adenauer war nur dann bereit, gewisse vorübergehende Vorbehalte und Diskriminierungen in Kauf zu nehmen, wenn mit Verträgen und Abkommen eine Entwicklung für die Bundesrepublik dynamisiert werden könnte, die die besatzungspolitischen Fesseln letzlich sprengen würde." Christian Hacke, Die Außenpolitik der Bundesrepublik Deutschland, p. 66.

[24] Donald Abenheim, Bundeswehr und Tradition, pp. 29-30.

[25] Jay Lockenour, Soldiers as Citizens: Former Wehrmacht Officers in the Federal Republic of Germany, 1945-1955 (Lincoln: University of Nebraska Press, 2002) p. 50.

[26] Ibid., p. 183.

[27] The Allies banned and dissolved German veterans' organizations after 1945. The veterans reorganized by the late 1940s and early 1950s and pressured the Allied occupation authorities and the West German government for pensions and to clean up their image. These efforts were rewarded with new employment in the political organizations of the new German society that included the initial structures of the Bundeswehr. Adenauer played a vital role in re-establishing the legitimacy of the military. Ibid.

[28] David Clay Large, Germans to the Front, p. 13.

[29] Anselm Doering-Manteuffel, "Turning to the Atlantic: The Federal Republic's Ideological Reorientation, 1945-1970", Bulletin of the German Historical Institute Washington, D.C., 25 (1999) pp. 3-21.

[30] Donald Abenheim, Bundeswehr und Tradition, pp. 29-30.

[31] Johannes Gerber, Die Bundeswehr im Nordatlantischen Bündnis, vol 2: Die Bundeswehr eine Gesamtdarstellung (Regensburg: Walhalla u. Praetoria Verlag, 1985).

[32] John Lie, "War, Absolution, and Amnesia: The Decline of War Responsibility in Postwar Japan", Peace & Change, 6, 3 (1991) pp. 302-315.

[33] Johannes Gerber, „Die Bundeswehr im Nordatlantischen Bündnis", p. 3.

[34] Walter G. Hermes offers a synposis of the early military events from the American perspective. Walter G. Hermes, United States Army in the Korean War: Truce Trent and Fighting Front (Washington D.C.: U.S.G.P.O, 1992) pp. 10-14.

[35] Eberhard Pikart, „Militärische Lage und Bedrohungsperzeptionen", ed. Norber Wiggershaus and Roland G. Foerster (eds.), Die Westliche Sicherheitsgemeinschaft 1948-1950, pp. 236-238.

[36] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 5.

[37] Thomas Alan Schwartz, America's Germany, p. 124.

[38] Rosemary J. Foot, "Anglo-American Relations in the Korean Crisis: The British Effort to Avert an Expanded War, December 1950-January 1951", Diplomatic History, 10, 1 (1986) pp. 43-57.

[39] "Report of the Special Evaluation Subcommittee of the National Security Council", undated, FRUS, 1952-54, vol. 2, pp. 334-335.

[40] Johannes Gerber, „Die Bundeswehr im Nordatlantischen Buendnis", p. 3.

[41] "NSC 71/1: Views of the Department of State on the Rearmament of Western Germany", 3 July 1950, FRUS, 1950, vol. 4, pp. 691-695.

[42] Thomas Alan Schwartz, America's Germany, p. 131.

[43] Melvyn P. Leffler, "The United States and the Strategic Dimensions of the Marshall Plan", p. 301.

[44] Thomas Alan Schwartz, America's Germany, pp. 123-124.

[45] "Memorandum by the President to the Secretary of State", 16 June 1950, FRUS, 1950, vol. 4, pp.688-689.

[46] Oral Interview: Henry Byroade.

[47] Montgomery, as chairman of the committee of commander in chief of the defence organization of the Western Union Defense Organization of the Brussels treaty stated in 1949 that the western European states could not provide for an adequate defense against the Soviet Union without Germany. The politicians and military leaders were responding to the general perception that the western Allies were far too weak militarily to defend against a Soviet invasion. NATO considerations bolstered this opinion. NATO's total frontline strength of 17 line divisions, 34 reserve and 56 in the process of creation divisions as inadequate and argued for a minimum strength of 30 divisions. At this point, the US and Br called for a German contingent, although within an international framework. Johannes Gerber, „Die Bundeswehr im Nordatlantischen Buendnis", pp. 2 and 3.

[48] Rolf Steininger, Deutsche Geschichte seit 1945, vol. 2, p. 149.

[49] "High Commissioner to Secretary of State", 3 August 1950, FRUS, 1950, vol. 3, pp. 181-182.

[50] "Der dritte Weltkrieg steht vor der Tür; wir müssen sofort mit der Aufstellung deutscher Verteidigungskräfte beginnen". Hans Buchheim, (et al.), Aspekte der deutschen Wiederbewaffnung bis 1955, vol. 1: Militärgeschichte seit 1945 (Boppard am Rhein: H. Boldt, 1975) p. 134.

[51] "Memorandum of Conversation, by the Secretary of State", 31 July 1950, FRUS, 1950, vol. 4, pp. 702-703.

[52] "Byroade to McCloy", 4 August 1950, FRUS, 1950, vol. 3, pp. 183-184 and Oral Interview: Henry Byroade.

[53] Donald Abenheim, Bundeswehr und Tradition, pp. 29-30; Peter G. Boyle, "Britain, America and the Transition from Economic to Military Assistance 1948-51", p. 521; Johannes Gerber, „Die Bundeswehr im Nordatlantischen Buendnis", p. 3; Laurence W. Martin, American Decision to Rearm Germany, p.656; Christoph Kleßmann, Die doppelte Staatsgründung, p. 230 and Thomas Alan Schwartz, America's Germany, p. 113.

[54] McCarthyism played a more prominent role in the Eisenhower administration. The anti-Communist mood forced the new administration to support hardliners such as Dulles and to question Truman's theoretically moderate economic containment policy. John Lewis Gaddis, Strategies of Containment, pp. 128-9.

[55] Mark A. Stoler, "World War II Diplomacy in Historical Writing", p. 190.

[56] David Cambell, Writing Security, pp. 522-523.

[57] Irving Louis Horowitz, "Culture, Politics, and McCarthyism", The Independent Review, 1, 1 (Spring 1996) pp. 101-110 and 104. The Truman administration was merely "a reluctant partner in the anti-Communist crusade". Michael J. Hogan, A Cross of Iron, pp. 315-6.

[58] Dean Acheson, Present at the Creation, pp. 374.

[59] Kenneth Harris, Attlee (London: Weidenfeld and Nicolson, 1995) p. 454.

[60] Rosemary J. Foot, "Anglo-American Relations in the Korean Crisis", p. 46.

[61] "However, the rearmament phase, which lasted little more than three years, was too short to damage the British economy seriously. By 1953, its impact was no longer excessive. The Korean war obviously placed a considerable burden on the economy, but it was temporary". Jihang Park, "Wasted Opportunities?", pp. 360-362.

[62] David E. Murphy, Sergei A. Kondrashev, and George Bailey, Battleground Berlin: CIA vs. KGB in the Cold War (New Haven: Yale University Press, 1997) p. 89.

[63] Donald Abenheim, Bundeswehr und Tradition, p. 38.

[64] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 14.

[65] The military industrial demands of the Korean War, according to the research of Peter Termin, did not directly increase German industrial production. He argues that German economic success must be explained in other terms and points to the thriving trade between West German Länder. Peter Termin, "The Korea Boom in West Germany", Economic History Review, XLVII, 4 (1995) pp. 737-753.

[66] Thomas Alan Schwartz, „Die Begnadigung Deutscher Kriegsverbrecher. John J. Mccloy und die Häftlinge von Landsberg", <u>Vierteljahrshefte für Zeitgeschichte</u>, 38, 3 (1990) pp. 375-414.

[67] Werner Abelshauser and Walter Schwengler, <u>Wirtschaft und Rüstung</u>, p. 65.

[68] "Die verschaerfung des Kalten Krieges veranlasste die westlichen Verbuendeten und die Sowjetunion zur Umwandlung ihrer provisorischen Besatzungszonen in zwei getrennte deutsche Staaten, die beide auf ihrer jeweiligen politischen Ordnung beruhten. Der Kalte Krieg und die Teilung des Reiches erzwangen jedoch die Bewaffnung der Bundesrepublik Deutschland, womit sich die Frage nach der militaerischen Tradition frueher, als irgend jemand zu traeumen gewagt haette, erneut stellte". Donald Abenheim, <u>Bundeswehr und Tradition</u>, p. 28.

[69] "The Chairman of the United States Atomic Energy Commission (Lilienthal) to the Chairman of the Joint Congressional Committee on Atomic Energy (McMahon), Report by the Director of Production of the United States Atomic Commission", 18 February 1949, FRUS, 1949, vol. 1, pp. 430-434.

[70] "Stenographisches Protokoll der Sitzung des 158. Ausschusses für Wirtschaftspolitik am Donnerstag, dem 9.10.1952, Bonn, Bundeshaus, Beratung des Truppenvertrags. Den Vorsitz führt Abg. Naegel (CDU)", AA, B86 Referat 506/507/v.7/235: Ausschuß für Wirtschaftspolitik.

[71] Christoph Kleßmann, <u>Die doppelte Staatsgründung</u>, p. 232.

[72] "Memo to Bundesminister der Justiz Dr. Mercker, Erwiderung auf den Schriftsatz der Bundestags-Opposition im Verfassungsstreit über die Bonner und Pariser Verträge", 1 April 1954, AA, B86 Referat 506/507/v.7/897: Beendigung des Besatzungsregimes and "Wiedervereinigung und Ostpolitik: Eine Zusammenstellung von Ostkonzeptionen, Stellungshahmen, Vorschlägen und Gedanken zur Ostpolitik in der Deutschen Bundesrepublik 1950/1952, Delegation für die Ablösung des Besatzungsstatuts", November 1952, AA, B86/Referat 506/507/v.7/924: Algemeines Kriegsfolgenschlußgesetz, teil VI (u.a. Deutsche Vermögensverluste in Osteuropa.

[73] Both Adenauer and Schumacher represented strong personalities that appealed to the typical German voter. Anna J. Merritt and Richard L. Merritt (eds.), <u>Public Opinion in Occupied Germany: The OMGUS Surveys, 1945-1949</u> (Urbana: University of Illinois Press, 1970) pp. 294-98.

[74] Oral Interview: Lucius D. Clay.

[75] Erich J. Hahn, "U.S. Policy on a West German Constitution, 1947-1949", ed. Jeffry M. Diefendorf (et al.), <u>American Policy and the Reconstruction of West Germany</u>, pp. 30-31.

[76] "Vernichtet der Verteidigungsbeitrag auf die derzeitige unsere Wirtschaft? Die Volkswirtschaftliche Gruppe des Bundesministeriums der Finanzen macht dazu folgende Ausführungen", AA, B86/Referat 506/507/v.7/230: Behandlung im Deutschen Bundestag. 1952-1954.

[77] "Welche Auswirkungen wird ein deutscher Verteidigungsbeitrag auf die derzeitige Wirtschaftsverfassung ausüben und wie ist dieser Wirkung Rechnung zu tragen?", AA, B86/Referat 506/507/v.7/230: Behandlung im Deutschen Bundestag. 1952-1954

[78] Thomas Alan Schwartz, <u>America's Germany</u>, p 145.

[79] Ibid., p. 121.

[80] Saki Dockrill, "The Evolution of Britain's Policy Towards a European Army, 1950-54", <u>Journal of Strategic Studies</u>, 12, 1 (1989) pp. 38-62.

[81] Alan S. Milward, <u>The European Rescue of the Nation-State</u>, pp. 119-223 and 345-424.

[82] Sean Greenwood, <u>Britain and European Cooperation since 1945</u> (Oxford, UK: Blackwell, 1992) p. 49.

[83] Before the war France relied heavily on the German economy for coal, machinery and industrial goods. Nicholas Balabkins, <u>Germany under Direct Controls</u>, p. 19. French policy sought to redress this problem in the postwar. Wilfried Loth, „Die Französische Deutschlandpolitik und die Anfänge des Ost-West-Konflikts", pp. 83-96.

[84] Eisenhower quoted in William C. Cromwell, <u>The United States and the European Pillar</u>, pp 6-7.

[85] Thomas Alan Schwartz, <u>America's Germany</u>, p. 121.

[86] Heike Bungert, "A New Perspective on French-American Relations during the Occupation of Germany", p. 335.

[87] Klaus Schwabe, „'Adenauer und England'", p. 356.

[88] Thomas Alan Schwartz, America's Germany, p. 130.

[89] Heike Bungert, "A New Perspective on French-American Relations during the Occupation of Germany, p. 351.

[90] Ibid., pp. 351-352.

[91] Eric J. Hobsbawm, The Age of Extremes, pp. 302-303.

[92] Frank M. Cain, "Exporting the Cold War: British Responses to the USA's Establishment of COCOM, 1947-51", Journal of Contemporary History, 29, 3 (1994) pp. 512.

[93] Heike Bungert, "A New Perspective on French-American Relations during the Occupation of Germany, p. 339.

[94] Michael Geyer, Deutsche Rüstungspolitik, p. 180. The JCS deemed the NATO alliance insufficient for the tasks of European defence, and in 1953 urged that the "Western European states, including West Germany, build and maintain maximum feasible strength". "Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson)", 27 October 1953, FRUS, 1952-1954, vol. 2, pp. 563-564.

[95] Thomas Alan Schwartz, "The "Skeleton Key": American Foreign Policy, European Unity, and German Rearmament, 1949-54", Central European History, 19, 4 (1987) pp. 369-385.

[96] Laurence W. Martin, American Decision to Rearm Germany, p. 656.

[97] Donald Abenheim, Bundeswehr und Tradition, pp. 29-30.

[98] "Deutscher Bundestag. 13. Ausschuß. Stenographisches Protokoll der 163. Sitzung des Ausschusses für Wirtschaftspolitik", 28 October 1952, AA, B86 Referat 506/507/v.7/235: Ausschuß für Wirtschaftspolitik.

[99] "Staff Study: Rearmament of Western Germany", 2 August 1950 and "A Plan for the Development of West German Security Forces", 1 September 1950, http://www.polisci.ucla.edu/faculty/trachtenberg/ acheson/1950.html.

[100] Thomas Alan Schwartz, America's Germany, p. 123.

[101] "A Plan for the Development of West German Security Forces", 1 September 1950.

[102] "Zur gesetzlichen Regelung der Entschädigung für durch Demontagen, Schiffsablieferungen und ungerechtfertigte Restitutionen entstandene Schäden", March 1958, AA, B86/ Referat 506/507/ v.7/915: Deutsches Altvermögen im Ausland 1953-1955.

[103] Jeffrey Boutwell, The German Nuclear Dilemma, pp. 16-17.

[104] "Memorandum of Discussion of State-Mutual Security Agency—Joint Chiefs of Staff Meeting, Held at the Pentagon Building", 28 January 1953, FRUS, 1952-1954, vol. 5, pp. 711-717.

[105] Isabel Warner, "Allied-Germans Negotiations on the Deconcentration of the West German Steel Industry", Ian D. Turner (ed.), Reconstruction in Post-War Germany, pp. 166-85. This process threatened to lock Britain out of Europe through the creation of a Bonn-Paris axis. Clemens A. Wurm, "Britain, Western Europe and European Integration 1945-1957", pp. 235-249.

[106] Dietmar Huser, as do several other historians, argues that the French change in perceptions towards a more benevolent German policy occurred much earlier than 1950. These historians however fail to explain why the policy change did not profoundly impact negotiations and why Paris continued to stand in the way of Washington until 1950. Heike Bungert, "A New Perspective on French-American Relations during the Occupation of Germany, pp. 351-352 and Dietmar Hüser, Frankreichs "doppelte Deutschlandpolitik": Dynamik aus der Defensive - Planen, Entscheiden, Umsetzen in gesellschaftlichen und wirtschaftlichen, innen- und aussenpolitischen Krisenzeiten, 1944-1950 (Berlin: Duncker & Humblot, 1996).

[107] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 22.

[108] Frank Costigliola, France and the United States: The Cold Alliance since World War II (New York: Maxwell Macmillan International, 1992).

[109] William I. Hitchcock, France Restored, p. 100.

[110] Michael Carver, "Britain and the Alliance" in Lawrence Freedman, Paul Hayes, and Robert O'Neill (eds.), War, Strategy, and International Politics: Essays in Honour of Sir Michael Howard (Oxford: Clarendon Press, 1992) p. 215.

[111] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. viii.

[112] Thomas Alan Schwartz, America's Germany, p. 132.

[113] William C. Cromwell, <u>The United States and the European Pillar</u>, pp 6-7.

[114] Thomas Alan Schwartz, <u>America's Germany</u>, p. 132.

[115] "Memorandum by Russel Fessenden of the Office of European Regional Affairs to the Officer in Charge of Political-Military Affairs, Office of European Regional Affairs (Wolf)", 21 July 1953, FRUS, 1952-1954, vol. 5, pp. 798-799.

[116] The lengthy discussion process permitted the establishment of a democratized military organization that did not simply revive a cleansed version of the Wehrmacht. Werner Abelshauser and Walter Schwengler, <u>Wirtschaft und Rüstung</u>, p. 71.

[117] Donald Abenheim, <u>Reforging the Iron Cross</u>, pp. 72-73.

[118] "Ohne französische Zustimmung zur aufstellung deutscher Soldaten waren die USA nicht bereit, die angekündigten Verteidigungsmaßnahmen für Westeuropa durchzuführen". Rolf Steininger, <u>Deutsche Geschichte seit 1945</u>, vol. 2, pp. 151-152.

[119] Christian Hacke, <u>Die Außenpolitik der Bundesrepublik Deutschland</u>, p. 66.

[120] Christoph Kleßmann, <u>Die doppelte Staatsgründung</u>, p. 230.

[121] „Adenauer Memorandum: Sicherung des Bundesgebietes nach innen und außen", 29 August 1950, Rolf Steininger, <u>Deutsche Geschichte seit 1945</u>, vol. 2, p. 166.

[122] Norbert Wiggershaus, „Bedrohungsvorstellungen Bundeskanzler Adenauers nach Ausbruch des Korea-Krieges", <u>Militärgeschichtliche Mitteilungen</u>, 1 (1979) pp. 79-122.

[123] Christain Hacke argues that Adenauer's acute understanding of foreign fears concerning a resurgent Germany meant that security conceptions were built on the concept of security from and not with West Germany. Christian Hacke, <u>Die Außenpolitik der Bundesrepublik Deutschland</u>, p. 66.

[124] „Adenauer Memorandum: Sicherung des Bundesgebietes nach innen und außen", 29 August 1950, Rolf Steininger, <u>Deutsche Geschichte seit 1945</u>, vol. 2, pp. 165-167.

[125] Klaus von Schubert, <u>Wiederbewaffnung und Westintegration: Die innere Auseinandersetzung um die militärische und aussenpolitische Orientierung der Bundesrepublik 1950-1952</u> (Stuttgart: Deutsche Verlags-Anstalt, 1970) p. 24.

[126] Rolf Steininger, <u>Deutsche Geschichte seit 1945</u>, vol. 2, p. 150.

[127] Christoph Kleßmann, <u>Die doppelte Staatsgründung</u>, p. 231.

[128] Jay Lockenour, <u>Soldiers as Citizens</u>, p. 10 and 50.

[129] Ibid., p. 183.

[130] Diethelm Prowe, "Prospects for the New Germany: Reading the Historical Evidence, 1945-60 and 1989-91", <u>Historian</u>, 54, 1 (1991) pp. 19-34.

[131] "A Plan for the Development of West German Security Forces", 1 September 1950.

[132] Donald Abenheim, <u>Bundeswehr und Tradition</u>, p. 41.

[133] Ibid., p. 36.

[134] „Adenauer Memorandum: Sicherung des Bundesgebietes nach innen und außen", 29 August 1950 in Rolf Steininger, <u>Deutsche Geschichte seit 1945</u>, vol. 2, pp. 165-167.

[135] Ibid., vol. 2, p. 149.

[136] "The experts devoted themselves more to military-specific questions: the chain of command of the German contingents as well as the operational arrangements and equipment matters with which they were well acquainted and which had to be decided". Translated from Donald Abenheim, <u>Bundeswehr und Tradition</u>, p. 38.

[137] Ibid., pp. 43-55.

[138] Johannes Gerber, „Die Bundeswehr im Nordatlantischen Buendnis", p. 8.

[139] Donald Abenheim, <u>Bundeswehr und Tradition</u>, p. 36.

[140] Thomas Alan Schwartz, <u>America's Germany</u>, p. 148.

[141] Donald Abenheim, <u>Reforging the Iron Cross</u>, pp. 72-73.

[142] Donald Abenheim, <u>Bundeswehr und Tradition</u>, pp. 43-55.

[143] Thomas Alan Schwartz, <u>America's Germany</u>, p. 148.

[144] Donald Abenheim, <u>Bundeswehr und Tradition</u>, pp. 43-55.

[145] Donald Abenheim, <u>Reforging the Iron Cross</u>, p. 68.

[146] Donald Abenheim, <u>Bundeswehr und Tradition</u>, pp. 43-55.

[147] West Germany provided approximately 1.5% of total GNP to fulfill the needs of Allied troops in Germany and, as demonstrated in earlier chapters, thousands of non-combatants. "Stenographisches Protokoll der Sitzung des 158. Ausschusses für Wirtschaftspolitik am Donnerstag, dem 9.10.1952, Bonn, Bundeshaus, Beratung des Truppenvertrags. Den Vorsitz führt Abg. Naegel (CDU)", AA, B86 Referat 506/507/v.7/235: Ausschuß für Wirtschaftspolitik.

[148] "Stenographisches Protokoll der 159. Sitzung des Ausschusses für Wirtschaftspolitik am Freitag, den 10.10.1952, Bonn, Bundeshaus", AA, B86 Referat 506/507/v.7/235: Ausschuß für Wirtschaftspolitik.

[149] "Stenographisches Protokoll über die am 21. Oktober 1952 stattgefundene Sitzung des Ausschusses für Wirtschaftspolitik, Bonn, Bundeshaus", 17 July 1952-31 October 1952, AA, B86 Referat 506/507/v.7/235: Ausschuß für Wirtschaftspolitik.

[150] "Stenographisches Protokoll über die 161 Sitzung des Ausschusses für Wirtschaftspolitik, 22. Oktober 1952, Bonn, Bundeshaus", AA, B86 Referat 506/507/v.7/235: Ausschuß für Wirtschaftspolitik.

[151] Ibid.

[152] Paul Noack, Das Scheitern der Europäischen Verteidigungsgemeinschaft: Entscheidungsprozesse vor u. nach d. 30. August 1954, (Düsseldorf: Droste Verlag, 1977).

[153] "Deutscher Bundestag. 13. Ausschuß. 162 Sitzung des Ausschusses für Wirtschaftspolitik, 23. Oktober 1952, Bonn, Bundeshaus", AA, B86 Referat 506/507/v.7/235: Ausschuß für Wirtschaftspolitik.

[154] Other problems existed of course. The new German army of 1955 was forced to redevelop or indeed develop military concepts and techniques in light of the strategic and tactical changes brought by the nuclear revolution and the revolution in conventional weapons primarily brought on by wartime German developments in airpower and rocketry. The problems for the German military were the incorporation of technical changes into the new military structure. The Bundeswehr faced substantial costs in acquisition, research and development and in infrastructure. Donald Abenheim, Bundeswehr und Tradition, pp. 2-3 and Johannes Gerber, „Die Bundeswehr im Nordatlantischen Buendnis", pp. 9-16.

[155] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 26.

[156] "Deutscher Bundestag. 13. Ausschuß. 162 Sitzung des Ausschusses für Wirtschaftspolitik, 23. Oktober 1952, Bonn, Bundeshaus", AA, B86 Referat 506/507/v.7/235: Ausschuß für Wirtschaftspolitik.

[157] Werner Abelshauser and Walter Schwengler, Wirtschaft und Rüstung, p. 30.

[158] Rolan G. Foerster (et al.), Von der Kapitulation bis zum Pleven-Plan, p. 32.

[159] James G. Hershberg, "'Explosion in the Offing'", p. 512.

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[5] Ibid., p. 58.

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[18] See Marc Trachtenberg, A Constructed Peace.

[19] Lea Brilmayer, American Hegemony, pp. 223-224.

[20] Stephen E. Ambrose, "The Presidency and Foreign Policy", pp. 120-137.

[21] Norbert Wiggershaus, "Zum Problem einer militärischen Integration Westdeutschlands, 1948-1950", Die westliche Sicherheitsgemeinschaft 1948-1950, p. 341.

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