

Bachelor's Thesis in English (Second Major)
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Johannes Gutenberg-Universität Mainz
Dept. of English and Linguistics
SS 2013

The State Department and the Marshall Plan Reconsidered, 1947-1948: An Analysis

1st November 2013
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6th Semester (B.Ed.)
British English
Pages Counted: 30

Acknowledgement

This Bachelor's thesis could not have been written without the generous scholarship programme of the George Marshall Society. I would like to thank Dr. Johannes Latsch and Edgar Nebel for recommending me to their American colleagues for the Marshall scholarship.

The materials that I examined in the archive of the George C. Marshall Foundation, Lexington, proved a unique opportunity for doing research on the origins of the European Recovery Programme and the American-German relations. I gratefully acknowledge Paul B. Barron, Director of Library and Archives and Jeffrey Kozak, Archivist and Assistant Librarian, for their assistance.

Special thanks to the people who hosted me in their homes for a week and took a great deal of time to discuss my research issues: Mrs Alisa Soderquist, Mrs Michelle Thrush and Richard Beahm. Not only did they support my research in any way they could, but they made me feel welcome in United States in their cordial and open-minded manner. In making me familiar with American history and culture on a highly professional level, they provided valuable guidance and encouragement during my first stages of research. As a result, I have gained amazing insights into how the United States and Germany are connected through US post-war reconstruction. Also, I would like to extend my gratitude to Mrs Rachel Thompson who shared her impressive expertise on my research project with me. I cannot wait to read her upcoming book on Secretary Marshall.

Together, the aforementioned people ensured the success of my research and expanded my intellectual and scholarly maturity. Importantly, their fascination for Secretary Marshall's legacy to the American and German people inspired me to deal with the complexities of the Marshall Plan. Even though my Bachelor's thesis attempts to provide a more comprehensive understanding on the State Department and the Marshall Plan, it is clear that further research needs to be done on this intriguing issue.

Last but not least, I would like to thank my family for their enduring support, advice and encouragement: my father, Prof. Dr. Dietrich W. Rauda, and my mother Pia Diehl, and my siblings, Andreas and Christina Rauda.

Table of Contents

2	Introduction	4
3	The Allied Policy towards Germany the Post-War Period, 1946-1950.....	7
4	The State Department and the Conceptualisation of the ERP in June 1947	9
5	The State Department and Their Views on the ERP during the 1948 Berlin Blockade	22
5.1	The PPS and the Marshall Plan on 13 th September 1948.....	22
5.2	The PPS, Secretary Marshall and the Marshall Plan on 17 th September 1948.....	26
6	Conclusion.....	32
7	Works Cited.....	35
7.1	Primary Sources.....	35
7.2	Secondary Sources.....	35
8	Erklärung	39

2 Introduction

In the aftermath of World War II, European countries were confronted with a series of problems. The economic crises of European countries, due to war destructions and the collapse of industry, reached a critical point in late 1946, despite repeated massive financial support by the United States (see Behrman 2007, 52). American policymakers did not realise that granting financial aids to European countries in small stages could not make up for their lack of a profound understanding on Europe's economic complexities (53). Meanwhile, the Four Power conferences were marked by disagreement of the former War Allies on what level to restore German industries, so that Germany could resume iron and steel production to revive European economy (see Gardener 1970 (b), 128-129). For the US economy, it was vital to re-establish business relations with European countries (128-129). The four occupation powers wanted to ensure that Germany would remain demilitarised for good and be deprived of its war capacities (128). In spite of a common goal, the Four Powers continued to struggle over Germany. The Truman administration considered a German state integrated into European society a valuable ally against the USSR (129). Western Allies objected strenuously the Soviet Union's high demand on reparations based on German plants (129). The issue of reconstructing Europe was as much economic as it was political, and importantly, it was connected to the East-West conflict. The concerns of the United States, Great Britain and France can be seen as oppositional to Soviet expansion policy in Europe (Behrman 2007, 54). In consequence of the Cold War, the foreign policy of the Truman administration was to curb the expansion of the Soviet Union in Western Europe and rebuild European countries through the European Recovery Programme, or ERP (54-55). After the US government had launched ERP in April 1948, ERP deliveries were sent to European countries, and a number of supranational institutions as the European Economic Cooperation, or OEEC, were established to provide for trade relations of European countries (see Mayer 1969, 23-28).

My goal in this Bachelor's thesis is to give a new perspective on the ERP and its origins. Rather than expounding on the purpose that the Truman administration associated with the ERP, or giving a complete account of its complementary economic institutions that were successively established, I will cope with the creators of the ERP. Its creators worked in the State Department and it appears that researchers have barely paid attention to the

different views of those creators. The political and economic guidelines of the ERP, or Marshall Plan as it came to be known, were developed by Secretary of State George C. Marshall and his Policy Planning Staff, or PPS, between June to August 1947 (see Gimble 1976, 252-253). The Secretary made George F. Kennan director of the PPS, and together they coordinated the implementation of the ERP in Europe in Germany – and the rest of Western European countries – from 1948 onwards (see Ambrose 1983, 136 and Stoler 1989, 152). The question arises to what extent Secretary Marshall and his staff, also called the Marshall planners, shared the idea of the Truman administration that the ERP served the primarily strategic objective to contain the Soviets during conceptualisation and implementation. Researchers, in contrast, have traditionally placed their focal points on the Truman administration and how it considered the function of Germany during post-war reconstruction (see Kipping 1989, 2-4). Bruce Kuklick, for instance, has argued that the Marshall Plan in conjunction with its goal to revive German economy posed the keystone of an aggressive policy of the Truman administration towards the Soviet Union (see 1972, 190-192). Gaddis expanded this idea by including the economic component (see 2005, 58-73). Accordingly, the purpose of Marshall Plan was to contain the Soviet sphere of influence by rebuilding Western Germany, economically and politically (58-59). Michael J. Hogan disagrees with Gaddis, arguing that the ERP constituted an integrationist policy of the Truman administration to create an economically and politically united Europe (see 1987, 27-29). Of interest to historians was also the question, whether the division of Germany was intended by the Truman administration, and in this regard, Kuklick has convincingly shown that the Truman administration opted for the partition of Germany as the expansionist policies of the Soviet Union became evident in 1945 (see 1972, 164-166).

In assessing confidential records of the State Department and other US departments dated June 1947 and 1948, I will elaborate on the motivation of Secretary Marshall, Director Kennan and their staff with respect to Western Germany's economic and political rehabilitation. In doing so, I intend to test the aforementioned set of different assessments on the ERP against the views which were circulating in the State Department. It will be analysed how political relations between the USSR, France and the United States may have had an impact on the Marshall planners' stance towards the purpose of a programme. Likewise, the conferences of the Four Powers on how to reconstruct post-war Europe through a recovery

programme centred on Germany may have triggered a change of mind. This Bachelor's thesis focuses on Western Germany and the economic core components of the Marshall Plan from its conceptual phase – from June 1947 to August 1948 – and its implementation from April to September 1948. The first issue I will be dealing with is to what degree the Marshall planners' intentions to develop the ERP reflect the Truman administration in terms of economic, political and strategic targets which – as argued by some historians – was based on the policy of Soviet containment (see Layne 2006, 86-87). The unification of Germany played a vital role with regard to the ERP during its conceptual phase and implementation, and, therefore, constitutes an important aspect (see Rupieper 1993, 65). The second issue, which I will address in conjunction with the implementation of the Marshall Plan in Western Germany, is the extent to which the State Department, including Secretary Marshall, deviated from their original target to unify the four German zones during at the time of the Berlin Blockade in September 1948. My claim is that even though the State Department primarily based the conception of the Marshall Plan on the economic and political recovery of Western Germany in 1947 – rather on constructing a bulwark against the Soviet expansion – they may have adopted more strategic stance of the ERP as its implementation was impaired by the Soviet Union in 1948. As a result of the US-Soviet tensions, the Marshall planners may have departed from their second target accompanying an programme in the planning phase, namely to end the division of Germany .

3 The Allied Policy towards Germany the Post-War Period, 1946-1950

After World War II, the wartime allies, who were all represented in the Allied Control Council, failed to agree on one policy geared towards rooting out Germany's war potential (see Balabkins 1964, 6). The necessity of implementing such a policy had been the core of the Potsdam Agreement in 1945 (8). The Soviet military government, however, did not accept the Western Allies ideas on a common policy towards Germany, and was quick to set up their zone on the basis of Communist ideology (8). While the Western Allies and the Soviet Union agreed on the dissolution of the German army right away, they continued to struggle over the issue of reparations and, especially the issue of a new economic programme for Germany (8-9). The reason was, beside the growing ideological tensions rising between the Western Allies and the Soviet Union, the four-zone administration, which made it constantly difficult to solve the issue of German economy (see Mai 1993, 86-90).

The US government's first economic programme to meet the conditions of the Potsdam Agreement was the Morgenthau Plan, which aimed at the radical destruction of German industries and factories (see Balabkins 1964, 9-10). Realising that Germany's economic potential was required in the rehabilitation of European economy, the American policymakers soon distanced themselves from the Morgenthau Plan and continued to propose successively modified policies (12-14). It was not until 1946 that the first allied plan incorporated an economically more distinguished approach on how to integrate and restrict German industries to contribute to European economy, however only to an extent that would not have changed anything about Europe's economic crisis (17-19). The answer to Europe's economic crisis was, therefore, to re-establish the pre-war economic relations of Germany with the European countries, such as France, Italy, or Sweden (19). In order to make the economies of Europe prosper again, Germany would have to sell coal and steel as well as various industrial goods, such as machinery, and import the products of its neighbour states, which was mainly food (19). Besides, the economic decay of European countries had a strong impact on American economy because European countries could no longer acquire US exports, nor sell their products to the United States (see Ambrose 1983, 134-135). Eventually, US economy would experience a crash, if the traditional exchange of goods with European countries phased out. Notably, this ran against the 1944 Bretton Woods Conference, where the United States endorsed the implementation of an open mar-

ket system in Europe to establish permanent trade relations (see Spagnalo 2003, 280-281). The change occurred in the middle of 1947, when Secretary Marshall gave his famous Harvard Speech on devising an economic programme, the ERP, to provide social, economic and political support to European countries (see Ambrose 1983, 137). The State Department developed a specific programme involving Germany's coal and steel production to a higher extent than any US programme devised by then, and, most importantly would help European economies to regain a self-supporting basis (137). Developed as a four-year programme, the ERP aimed at the economic and political revival of European countries by deploying Western Germany as the economic engine of European countries (see Gimble 1976, 257). Eastern European countries, the Soviet satellite states, were prohibited to participate in the ERP, whereas Western European states elaborated on the details of a four-year plan, including the sum of USD\$ 28 billion, by the end of August (see Ambrose 1983, 138).

Crucial to the success of the Marshall Plan were regulative institutions as designed by the State Department in collaboration with European countries. By summer 1948, counterpart funds were set up in Western European countries (see Price 1955, 106). To establish a counterpart fund in a country, the United States gave grants and loans for special recovery goods and services, which the European Economic Co-operation, or OEEC, required. (106). The function of these counterpart funds was to finance a country's investments, after the American Economic Cooperation Administration, or ECA, had approved its financial projects for economic reconstruction (106). In addition, countries were required to match their national currency with the amount of American grants and loans, so countries could spend this money on Marshall Aid (106). OEEC countries had to place their national money received from firms distributing ERP in their counterpart funds (106). The money from the counterpart funds was used for recovering a country's economy, yet a country's expenditure on its industries, for instance, required US approval (106). Up until 1952, the Marshall Plan successfully rehabilitated Western European countries by providing selected goods and capital as well as modernising outdated industries and restoring Western European countries' faith in their economies (see Behrmann 2007, 334-335). Particularly from 1948 onwards, the economic and political integration of Western European countries pro-

vided by the Marshall Plan, made Europeans feel less concerned about the Soviet menace (335). For Europeans, the ERP solved a variety of essential issues at the right time.

4 The State Department and the Conceptualisation of the ERP in June 1947

A secret 1947 memorandum offers an insight into the PPS's political and economic intentions to create a united Germany as a precondition to the Marshall Plan. On 9 June, the PPS advocated to establish "a German Government with real powers... while [a]llied forces... might still be kept on the periphery of Germany, as for example in the Rhineland and in Silesia" (DSB 1947, 5). Setting up a German state with sovereignty was one of the political goals of the Marshall planners. Between 1946 to 1947, the American objective to merge the four occupation zones and establish a permanent democratic Germany with federal states was at odds with the British, the Soviet Union and France (see Hahn 24). The PPS thus pursued a political aim towards Germany that was fundamentally objected by the other occupation powers. The troops stationed in Germany proved a big financial burden to the US and were assumed to provoke atrocities among the Germans, so that withdrawing the American troops meant a first step towards Germany's political and economic re-integration into Europe (see Gaddis 2005, 37). By withdrawing American soldiers for economic reason, the PPS's intention was to provide Germany's rehabilitation, economically and politically. The PPS promoted the idea of giving up the four-zone administration in favour of a "later establishment of a provisional German government with real powers" (DSB 9th June 1947, 4). A strong unified German state would be more capable of assisting in the reconstruction of economic structures. Moreover, the PPS considered the economic administration of the three West zones easier than trying to negotiate with the USSR over a policy for all zones (Gaddis 1976, 326). The PPS still sought to re-unite all four occupied zones including the Soviet zone. This aspect is vital to understand the PPS's motivation to conceptualise the ERP in regard to a politically unified Germany. Politically, it appears that the Marshall planners did not regard the Soviet Union as the one to stand in their way of implementing an economic programme for Germany. After all, the Soviet Union had not objected an American recovery programme for Europe until Soviet Foreign Minister Molotov did so on behalf of his government at a meeting in Paris on 2 July (see Gimble 1976,

254-255). One might argue that the PPS's deliberations constituted a political concession to the Soviet Union inasmuch as they did not preclude the Soviet zone from their intention to reunite all zones of Germany. Gimble has shown that, until late August 1947, it was not the Soviet Union that retarded the conceptualisation of the Marshall Plan, but France which was determined to realise a bizonal level-of-industry plan inconsistent with the PPS (see Gimble 1976, 255, 235). Between June and August, the PPS would develop a programme which would not aim at political exclusion of the Eastern zone, but meet France's need for economic and political safety from Germany (252-253). Likewise, Gaddis noted that the State Department aimed to establish four-power conditions in Germany (see 1976, 236).

The above political and economic efforts of the PPS to devise an American aid programme do not back the idea that a division of Germany was considered. The reason for this could be the Marshall planners thought of Germany's rehabilitation along economic and political stability among European countries. In view of that, the idea of Germany as a carrier of Europe's economic and political stability did not align with the Truman Doctrine that had declared the fight against Soviet communism the top priority of American foreign policy a few months earlier (see Behrman 2007, 55). In Behrman's words, the Secretary had chosen individuals to develop an economic and political programme for Europe, who were able to see beyond the security issue related to the Soviet Union (55). Hence, the views by the Marshall planners did not necessarily reflect the Truman administration's concerns on the political threat of the Soviet Union. That is not to say that the PPS did not assign any strategic meaning to the conceptualisation of the ERP at this point. The fact that both the State Department and the Truman administration would not have granted Marshall Aid or reparations to the Soviets in case they had accepted (see Spagnalo 2003, 280), points to a vigilant stance towards the USSR as much as strategic planning. Obviously, it was about holding back American aid from the USSR to ensure that the Bizona would start industrial productions. Even so, this does only indicate that the Marshall planners tried to accomplish a quick recovery of the European economy, which, too, had a vital role to stabilise the US economy (see Buchheim 1993, 78-82). As will be shown, the PPS were aware of the strategic benefits of Germany as to the Soviet Union, although the strategic issue could have played only a minor role in the conceptual phase.

The PPS were interested in political conditions crucial to Germany's economic re-

covery, rather than taking advantage of Germany in the sense of “economic warfare”, that is rehabilitating industrial economies as strongholds against the expansion of the USSR (see Gaddis 2005, 58-61). The economic and political rehabilitation of Germany would have implied a strategic intention. However, the Marshall planner’s intention to use the political remodelling of Germany (see DSB 9th June 1947, 4-5) for a predominantly political and economic stabilisation – rather than strategic – can only be assessed in conjunction with the task assigned to the US army in the Bizonia. By order of the State Department, the American Office of Military Government, or OMGUS, was working with its British counterpart in Germany on a coal-production programme in the summer of 1947 (see Gimble 1976, 248). The aim of this coal programme was to ensure a controlled recovery of Germany’s economy as well as a state security for France and the rest of Europe (248). The assistance of the leading West German politicians with regard to reconstructing the German economy (see Buchheim 1993 73-74), would speed up the economic-coal programme. Perhaps due to the political cooperation of a new German government, the PPS stated “that [a treaty of peace] complicates unnecessarily the real issues of the German settlement” (see DSB 9th June 1947, 4). It was vital to the PPS to stay in political and economic control of Germany, so that they could usher in Germany’s reconstruction in accordance with their organisational strategy.

Furthermore, the Marshall planners’ motivation to withdraw the bulk of American soldiers from Germany (see DSB 9th June 1947, 4) was mainly centred on political and economic considerations. The idea that Marshall’s staff chiefly targeted a strategic purpose by devising Western Germany’s new political structures (see Layne 2006, 85-87) is not confirmed by the memorandum. At this early stage of conceptualising the ERP, the Marshall Planners’ reflections as to keeping American soldiers in the Rhineland (see DSB 9th June 1947, 4) were probably related to the difficulties to devise a German coal mining programme, which was central to revive Germany’s recovery (see Gimble 1976, 248-249). After the majority of American forces had left Germany, a small number of US forces would “serve for the observance by a German government...while some form of quadripartite controls of this nature would, of course, be provided for” (DSB 9th June 1947, 4). Importantly, the Marshall planners did not exclude the Soviet Union from keeping their troops stationed in Germany. Soviet troops as all “[a]llied forces” (DSB 9th June 1947, 4) would

be assigned the task as the American troops in relation to the German government and the coal mines in Rhineland. The inclusion of the Soviet Union at a strategically important point as the coal resources could be regarded as a political concession by the State Department. It appears that there was a greater interest to share political responsibilities with the Soviet Union than preserving the aforementioned key areas of which the ERP would depend on.

Moreover, at this stage of the ERP's conceptualisation, the Marshall planner's main issue was to compensate for their delayed level-of-industry-plan caused by the American Army in the Bizonia (see Gimble 1976, 248). Under these circumstances, the PPS was more concerned about internal difficulties than assigning importance to developing a strategic programme against the Soviet Union. Gimble agrees insofar as the Soviets were not the problem of the Western Allies at this point since the French had repeatedly turned down American proposals for setting up central German administration units, the purpose of which was to restore German economy (38, 40, 48).

With respect to Germany's economic inactivity in 1947, Leffler argues that American government expected the Soviet Union to take advantage of the "dramatic unravelling of the geopolitical foundations and socioeconomic structure of international affairs" (1984, 365). Once again, the idea that the Marshall planners were assessing the geopolitical movement of the Soviet Union in preparation for economic policy towards Germany, they were perhaps not that concerned with a Soviet takeover as the rest of the Truman government (see DSB 1947, 4). Therefore, it seems that tackling the Soviets through "economic warfare" (Gaddis 2005, 60-61) was not the Marshall planners' primary intention.

The above considerations by PPS regarding Germany related to US policy towards the Soviet Union. Accordingly, the State Department believed that changing Germany in the aforementioned political and economic ways was strategically important since it may "keep things flexible for an eventual retraction of Soviet power...and entrance into a free European community, of the present satellite countries" (DSB 9th June 1947, 5). Evidently, the policymakers anticipated that the Soviet Union could possibly split Europe by taking over the Eastern European countries. Considering this scenario, the Marshall planner seemingly attached a predominantly strategic use to a politically autonomous Germany (see DSB 9th June 1947, 4) for two reasons. First, Germany and the West European countries could be

maintained and provide a military or geo-political advantage against the Soviet Union. In consequence of this, the spreading of Soviet communism in Europe could be contained. The second advantage was that Germany's coal mines were located in the Rhineland and those were central to the Marshall planners' undertaking of setting the German economy in motion (Gimble 1976, 248). Nevertheless, it must be noted that the purpose of European countries in the ERP was never clarified by the Truman administration (see Spagnalo 2003, 279). According to official governmental accounts, the purpose of the ERP was either to tackle the Soviet Union geopolitically, or to convince US Congress and European countries to support American aid by stirring fear of communist takeover (279). If we apply these two government accounts to the State Department, it is possible that the Marshall Planners conceptualised the European recovery programme along strategic considerations. At the same time, these PPS' strategic reflection could be representative of a distorted view of the communist threat so that Congress would be more willing to approve of the Marshall Plan in order to promote Germany from both an economic and political point of view (279). Either way, the memorandum relates to a geopolitical scenario, even though the Marshall planners did not primarily pursue to re-build Germany for tackling the USSR. Conversely, Gaddis (2005, 33-34) holds the view that the US government assumed that neither the Soviet economy would stand another war, nor would the Soviet military capabilities (33-34). These overall poor conditions of the Soviet Union give rise to my claim that the PPS may not have discussed political scenarios, in which Germany's economic recovery was predominantly regarded as strategic undertaking against the USSR (see DSB 9th June 1947, 2-4). Interestingly, it was not necessarily the Soviet Union that would cause two fronts to emerge. According to the memorandum,

the recent London Conference and Western Union developments have demonstrated that if Europe continues divided, both...[the US] and the Russians will have to take measures which will tend to fix and perpetuate, rather than overcome, that division [of Europe]" (DSB 9th June 1947, 5).

The aforementioned lines imply, on the one hand, that the State Department assumed that US intervention, as much as Soviet, could accelerate the political division of European countries. Alerted to the wartime alliance that was deteriorating since 1947 and failing to

sign a final peace treaty (see Hogan 1987, 28), the Marshall staff does not seem to have precluded a possible settlement with the Soviet Union completely yet. Considering that the PPS held this view of the political situation, they proved to have a strategically balanced judgement. This is not only because they perhaps saw a last opportunity for a negotiations with the Soviet Union despite the political tensions. They seemingly understood that each party, the USSR and the United States, could easily cause a two-front-scenario, unlike the strategists of the War Department who, as Leffler notes, promoted to handle rising Soviet hostility through an aggressive policy centred on military and economic warfare by the ERP (see 1984, 357). Judging from the above quotation, the Marshall planners pursued to avert a collapse of US-Soviet political negotiations, and they understood that the American government needed to choose a different diplomatic way to deal with the Soviet Union. If that was the case, the PPS's deliberations on developing the political framework of a programme were not of primarily strategic, or even military, nature. Their considerations can be denoted as diplomatic and, to a minor degree, strategic. Besides, the fact that a division of the wartime alliance is not explicitly mentioned – there is no direct aggressive action of either party pointed out. Therefore, the observation that the State Department set out to devise a programme for economic, political and strategic reasons in connection with the USSR (see Hogan 1987, 28) is only correct, if one keeps in mind that the Soviet Union was not unreservedly regarded as an aggressor nation. Had the PPS conceptualised their programme as a predominantly strategic way of countering Soviet communism, as Gaddis notes (see 2005, 58-61), they would not have argued that they sought to avoid “a congealment of Europe along the present lines” by setting up a German government (see DSB 9th June 1947, 5).

Moreover, the aforementioned political complications related to the US-Soviet relations did not make the Marshall Planners devise an aggressive policy against the USSR. It is not unlikely that the State Department may express their concern about “that division [of Europe]” (DSB 9th June 1947, 5) and its impact on their economic programme for Europe. The political division could have jeopardised the staff's official task, namely to devise an economic programme along the terms on which the Soviet Union had, as a member of the Allied Control Commission in 1946 (see Gimble 1976, 79-81, 138). Hogan agrees that a sudden spreading of Soviet communism caused the State Department to adjust its economic

aid to the Pentagon's military issues to counteract the Soviet threat (see 1987, 22). The result was that US policy displayed a strong integrationist tendency because it tied economic targets to political targets. What is noteworthy in this regard is that the memorandum suggests that the conceptual phase was less bound to a military issue than Hogan proposes (22). Although it is true that the Marshall Planners were evaluating the political conditions to provide for an economic programme for Europe (see DSB 9th June 1947, 5), they do not seem to have shared the Pentagon's security concern for Soviet expansion. As will be shown, the PPS considered strategic steps as far as the USSR was concerned, however, there was no reason to link the ERP to strategic and military motivation. In this regard, the memorandum refers to the "Western Union developments" (DSB 9th June 1947, 5), that is the meetings among the United States, Great Britain and France. Prior to the implementation of an ERP, the State Department had to align the issue of European security with fixing overall European economy through Germany's economic rehabilitation (see DSB 9th June 1947, 12 and Hogan 1987, 22). At official negotiations, the French constantly sustained their claims on Germany's Ruhr coal mining area, seeking to eliminate another rise of Germany's war industries as much as its political role within a new supranational framework, which the PPS tried to establish (see Gimble 1976, 16). The Department's conclusion that a "repudiation of the Germans by the west might impel them [the French] into the Soviet camp" (DSB 9th June 1947, 12) confirms the idea that less strategic importance was assigned to the ERP, given that it was assumed that France would switch sides. From this angle, any strategic consideration by the PPS would less focus on countering the USSR. Tackling Soviet interference with an economic and political programme, the ERP, was, therefore, not the key concern of the PPS. Rather, the Marshall planners were concerned that France would leave the Western Allies because it declined the ERP's political and economic conditions as proposed by the State Department. Gimble agrees that France, and not the USSR, retarded the conceptualisation of the Marshall Plan at various official meetings between the Big Four from 1947 onwards (see 1976, 79-84). Because of the fact that the PPS were drawing up a reconstruction programme to match the French economic and political demands in 1947, they may not have prioritised the strategic and military issue as to containing the USSR. Similarly, Gaddis notes that the Western countries that were economically strong were assumed to possibly give in to communists, because of demoralisation

(see 2005, 34). Put differently, countries like France and Germany, were not subjected to an impending Soviet attack, but it was assumed that their people could lose trust in the reconstruction of their economy. As a result, they might turn to the Soviet Union in pursuit of a betterment of their economic hardship.

In addition, the memorandum shows that the PPS considerations on the political framework of the ERP tied in with economic steps as well as strategic considerations. As Wala puts it, the US government maintained constant awareness that the unstable relations to the Soviet Union were contributing to the economic and political decline of Germany as well as Western Europe (see 1993, 11-12). Setting the general conditions of the ERP in Western European countries was, therefore, as much an economic as a strategic undertaking. In this respect, Spagnolo's remark that the Truman administration's impetus behind implementing an economic recovery programme for Europe was to avert specifically an economic crisis of US economy caused by European countries denying international trade (see 2003, 278) is not tenable per se. Even though the US economic dependency from European markets was an important issue included in the Marshall-Plan, containing Soviet communism to protect Western Europe proved an issue of significance to the Marshall Planners (see Wala 1993, 15). That is not to say that the Marshall planners considered the Marshall Plan as a strategy to counter the Soviet Union, politically and economically. Indeed, if the Marshall planners had not linked strategic intentions to the ERP to a slightly higher degree at this point than Spagnalo seems to suggest (see 2003, 278), one conclusion needs to be drawn: During their first meetings on European reconstruction in June 1947 onwards, the staff did not consider communism a serious threat to the sovereignty of Western European countries (277).

Paradoxically, the reason why the relations among European nations had not ceased by June 1947, was, as the memorandum states, due to the fact that the "[economic and political] reconstruction of Europe had not progressed far enough to give this effect to the measures of both sides [the American and Soviet side]" (DSB 9th June 1947, 6). If the economic recovery of Germany had, for example, occurred in a short time, the Soviets may have had an incentive to take over Germany along with its restored industries right away. From this it follows that the Marshall planners generally considered Europe's industrial productivity and markets against the strategic objective – that Germany would not fall to

the Soviet Union (see Hogan 1987, 26-27). This assumption may not apply to the Marshall planners, who were conceptualising the Marshall Plan and undoubtedly aligning it with the political conditions at this point. If we read the above quotation against the economic conditions at that time, we need to bear in mind that industries in the German occupation zones were at a very low level (see Hogan 1987, 29-30). The economic potential of the Bizonia correlated to strategic and, undoubtedly military value, a condition which was certainly known to Secretary Marshall's staff. But inasmuch as the US the strategic value of German economy was higher at this initial stage – so that the Soviet Union would rather not attack – the idea economic recovery of Germany for assigning a strategic role was not pursued consistently, as suggested the memorandum (see DSB 9th June 1947, 6). If this assumption holds true for the Marshall Plan, they may have assigned less importance to the fact that the absence of thriving German economy obstructed a specifically strategic undertaking. In effect, the PPS's considerations on a policy towards Germany's reconstructions, as outlined by the memorandum (see DSB 9th June 1947, 6), can only be related to as setting up the political structures to promote recovery of German economy.

Similarly, Hogan remarks that a divided Europe proved an obstacle to the PPS's integrationist policy to unite Europe economically and politically (see 1987, 27). The former European super powers were losing their political power – France and Great Britain faced a great deal of war damage (27). The Soviet Union could have seized military supremacy in Europe more easily (27), a fact which Marshall and his staff would undoubtedly bear in mind. Germany may have proved a target for the USSR, and the further the political partition of Europe proceeded, the smaller the chance for Germany to be integrated into a new European framework. It seems that Soviet takeover of a politically isolated Germany remained a military scenario in the State Department. This is because the staff sought to “establish an integrated European economy... [whilst] recreating a balance of power in the West sufficient to contain Soviet power in the East” (27). The point is that in this stage of conceptualising the ERP, the PPS seem to have been primarily concerned with devising a European political network for re-establishing Germany's economy. The idea that the PPS discussed a strategic agenda as prerequisite to an economic programme cannot be confirmed by assessing the memorandum (see DSB 9th June 1947, 6)

This is not to deny the total absence of spin-off thoughts on the strategic situation in

Europe. According to the memorandum, the Marshall planners were aware that the flipside to a potential division of Germany “into eastern and western Europe” foreshadowed a “tight military alliance with this country [the US]” against the Soviet Union, would “complicate the eventual integration of the satellites into a European community” (DSB 9th June 1947, 6). Admittedly, this assessment of the political situation of Europe shows that the PPS did rather not believe in a common policy with the Soviets geared towards creating a unified political landscape of Europe. This strategic evaluation by the PPS was connected to the continuous diplomatic difficulties between the Soviet Union and the United States (see Hogan 1987, 27-30). In fairness to the Western Allies, they did not know at this point that Stalin had chosen not to divide Europe into two blocs until the end of 1947, when he started to accept the inevitable division of Europe (see Zubok and Pleshakov 1996, 39). To the Western Allies, this was not what the Soviet diplomats shared at official meetings. The Soviet delegates had neither demonstrated any cooperation to Marshall at previous meetings, nor to his predecessor (see Stoler 1989, 161-162). Given that there would be no diplomatic meeting to discuss on the division of Europe, it seems only reasonable to assume that the PPS gave some thought to the strategic consequences that were connected to their issue of “find[ing] ‘the road back to a united and free Europe’” (DSB 9th June 1947, 6). This quotation foregrounds the political rehabilitation of Europe as the complementary aim of the Marshall Aid. It seems noteworthy the memorandum does back the idea that the PPS saw the current political development of Europe against strategic or military implications.

Moreover, the State Department does not seem to have accepted the fall of Eastern Europe to the Soviet Union despite foregrounding the political rehabilitation of West European countries (see DSB 9th June 1947, 6). The premise of the State Department may have been to integrate Eastern Europe into a political and economic framework, despite the fact that chances of such an undertaking to succeed were low, once the Soviets had taken over Eastern European countries. Hogan assumption that Eastern Europe was, for the most part, not intended to participate in the ERP (see Hogan 1987, 45) may refer to a later phase of the ERP conceptualisation. At this point, however, the PPS did not completely preclude the economic and political rehabilitation of Eastern Europe. Besides, the fact that the Marshall planners considered this plan is inconsistent with the widespread belief that the Truman administration accepted the division of Germany (see Gearson 2002, 16). For this reason, as

far as the State Department were concerned, the claim that the economic and political reconstruction of Western Germany accorded to the Truman administration goal to create strategic strongholds (see Gaddis 2005, 60-61) is not correct: Once again, an important aspect in the Marshall planners' considerations may have been to include Western Germany – as much as the “western governments” (DSB 9th June 1947, 6) – in a strategic, yet hypothetical scenario. But because the State Department do not seem to have considered Western Germany's rehabilitation to curb Soviet communism more important than the unification of the whole of European countries in a political and economic way, (see DSB 9th June 1947, 6), it could be argued that that the Marshall planners did not conceptualise a programme to tackle the USSR predominantly. Considering this foreign policy towards Germany, the focus of the State Department contrasted with the US military. Indeed, since the end of World War II, American military strategists and planners deemed each power expanding their borders in Europe and Asia a threat to American security (see Leffler 1984, 356-357). As illustrated, the PPS may not have chiefly worked on a strategy to tackle Soviet expansion in Europe.

Furthermore, in placing emphasis on the political network of Germany, the Marshall planners seem hardly to have devised the ERP for strategic purpose. A major factor that the State Department would have to cope with regarding the potential dissection of European countries from a political framework (see DSB 9th June 1947) was the growing deterioration of governmental power of European governments. Given that European governments, such as France and Italy, were suffering a loss of internal power through rising communist forces, a state that was mainly precipitated by economic stress due to the hard winter of 1946/47 (see Hogan 1987, 33), the State Department had to make sure that they rehabilitate the economic conditions in European countries to strengthen their governments. Based on the collaboration with strong European governments, the immediate recovery of Western Germany's economy would have a lasting effect on the economies of European countries. As the Marshall planners were conceptualising a supranational framework to unite European countries through Germany's economy at its peak performance, the secondary effect was to make European countries less unsusceptible to communism (see Gaddis 2005 and Hogan 1987, 33-34). The strategic benefit of Germany as to the Soviet Union was less of interest to the State Department than, first and foremost, establishing an economic and political

framework for European states.

Yet, while drawing up a political system for Europe's economic and political rehabilitation (see Hogan 1987, 27) the State Department realised that economic deficiencies were not only part of the solution. Stoler has shown that Secretary Marshall and Director Kennan identified political, economic and social disarray as the central problem to the crises of most European countries (see 1989, 162). Naturally, their high position in the State Department allowed them to define the guidelines of a European economic programme. Their political considerations on the American-Soviet relations played a key role in regard to the ERP's conceptualisation and, accordingly, they could have been translated into how the devising of the political framework of the ERP, as outlined by the memorandum (see DSB 9th June 1947, 6-7).

By the same token, the socio-economic issues addressed by the Secretary and Kennan certainly translated into the conceptualisation of the Marshall Plan. Thus, one could argue that in regard to the Soviet Union, the memorandum does not reflect primarily strategic goals for providing the complimentary political framework to set Germany's economy in motion. In fact, this observation ties in with the fact that all bodies in the Truman administration held a different opinion on what policy towards the Soviet Union need to be implemented (see Walker 1981, 229). The Soviet threat, which the Truman administration associated with a takeover of European countries by the Soviet Union, was not what the PPS sought to deal with by the ERP (see Stoler 1989, 162). Seen from this angle, the PPS's hypothetical scenario, in which the current downgrade of the Soviet-American relations caused "Germany...and western Europe... [to] move toward a tight military alliance with this country [the US] (see DSB 9th June 1947, 6), needs further assessing. This is because the strategic purpose of Germany for maintaining European safety appears, as suggested earlier, not to go as far as re-integrating Germany into a political community for predominantly military reason. In view of this, Wala is only partially right to note that these structural problems required the State Department not to lose sight of American government's foreign policy in terms of safeguarding Europe from Soviet communism (see 1993, 16). Obviously, there would have been no point in bringing forth an economic recovery programme to European countries that would not be capable to implement it, due to plenty of structural socio-economic problems (16). Therefore, judging from the memorandum, the

State Department's orientation to the Soviet Union was not less of strategic nature, it largely related to the restoration of Germany, politically and economically (see DSB 9th June 1947, 5-6 and Hogan 1987, 27-29). This means that Wala relies too much to the PPS's alleged considerations to avert communism by reviving Germany's economy (see 1993, 16). With respect to developing a programme for Europe, the Marshall planners were mainly guided by political and economic reflections. They still held their view from May 1947 as regards to solving Europe's economic and political crises (see Spagnalo 2003, 277-278).

The memorandum implies that the Marshall planners did not believe that a division of Europe into an eastern and western bloc would necessarily occur (see DSB 9th June 1947, 6). Rather, the PPS considered the division of Germany, which does not mean that they would accept a permanent Soviet occupation in Eastern Germany. They may have incorporated a number of political and strategic deliberations in preparation of the ERP. Until June 1947, "American isolation... [caused by] increasing clashes of interest between the USA...and the Soviet Union on a number of issues...key strategic areas, such as the German question" determined the ways in which American policymakers designed and implemented their foreign policies (see Spagnalo 2003, 277). Consequently, the Marshall planners coped with those key issues that linked the difficulties of a German unification with the issue of a potential division of Europe caused by the Soviet Union in early June 1947 (see DSB 9th June 1947, 5-6). Evidently, Spagnalo's assumption that American policymakers explicitly foregrounded the isolation of the United States from a strategic and military point of view is wrong because this issue did not arouse any concerns in the State Department at this point.

In effect, Kennan's team focused on reintegrating Germany economically and politically (see Hogan 1987, 30-32), which depended on the well-being of the German population. The settlement of the German question "would solve the Berlin situation without detriment to ourselves or to the Berlin population" (DSB 9th June 1947, 6). The implication is that the Marshall planners may have assigned a great deal of importance to the conditions of the people in Berlin as much as to the American strategic position towards the USSR. As a consequence of leaving authority to a German government, the US troops could leave "Berlin without a loss of prestige" (DSB 9th June 1947, 6) Once again, this hypothetical scenario outlined by the PPS suggests that the conceptualisation of the ERP was chiefly

based on political and economic reflections. There was a strategic bearing attached to the conceptual deliberations, but they were not in the forefront of the basic conceptualisation of the Marshall Plan. A strategic target regarding the containment of the USSR, as Gaddis claims, was not an issue to the State Department (2005, 68-69), perhaps due to the fact that the focus was placed on maintaining the well-being of the people of Berlin (DSB 9th June 1947, 6). Besides, the political considerations of the PPS comprised the German politicians. It was argued that in a divided Germany with a government devoid of sovereignty, the “real German political developments will go underground and take... a character of an opposition” (DSB 9th June 1947, 12). What the implementation of the ERP required was the collaboration of responsible German politicians who would be accepted by the German people.

5 The State Department and Their Views on the ERP during the 1948 Berlin Blockade

5.1 The PPS and the Marshall Plan on 13th September 1948

An analysis of confidential record dated 13th September 1948 sheds light on the various views of the PPS on the division of Germany in conjunction with the ERP. In attempting to find a position on the German question during the next Four Power Conference, Director Kennan handed a paper to the PPS. The paper stated that if the PPS “do not accept the position of unifying Germany now, he [Kennan] could not visualise what possible position we could [sic] have at a Four Power Meeting on Germany” (DSB 13th Sept 1948, 1). Kennan was the only to promote the unification of Germany. To him, the merging of the four occupation zones constituted the only American position of strategic and political meaning towards the Soviet Union and the Western Allies. That Kennan stuck to the idea to rebuild Germany along the political lines as agreed on the staff’s 1947 meeting (see DSB 9th June 1947, 5) is noteworthy, if one considers the course of negotiations between the former war allies: Between November 1947 and April 1948, the Western Allies had repeatedly declined the Soviet model of a united and demilitarised “democratic” German state at the Conference of Foreign Ministers (see Cox and Kennedy-Pipe 2005, 126-127). Clearly, the Western Allies did not approve of the Soviet democratic structures, which did not corre-

spond to the Western model of democracy. Probably because of Soviet resistance, Kennan re-pursued the political re-unification as the record illustrates, although, back in August, he took down that Western Germany must remain split from Eastern Germany to counter the USSR militarily (see Gaddis 2005, 73). The Director was seemingly aware of the Marshall Plan' implementation as the Soviet Blockade of Berlin had been upheld for three months at this point (see Cox and Kennedy-Pipe 2005, 127). The fact that Kennan had additionally outlined a "P&O [Personnel and Organization] paper on the military implications...of a unified Germany" (DSB 13th Sept 1948, 1) shows that the strategic – and apparently military – bearing attached to the ERP was more vital than in the conceptual phase. We can only speculate to what extent Director Kennan may have advocated military action against the Soviets in Berlin. But as a foreign policy maker, Kennan pursued a containment of Soviet power consistent with President Truman's goal to ensure post-war reconstruction on an international scale (see Ikenberry 2006, 202). In view of the Soviet blockade in Berlin, Kennan shifted to a Soviet policy which was apparently more tied to the idea of Soviet containment. In a word, strategic management of the Soviet issue was more important than back in 1947. Significantly, Kennan was certainly less convinced by some of his staff's strategic advice on accepting a divided Germany (DSB 13th Sept 1948, 1)

The record documents the objections of two staff members, who were particularly critical of Kennan's notion that the German unification needed to be upheld against the USSR (see DSB 13th Sept 1948, 1. One high-ranked member of the PPS, Mr Charles Bohlen, counsellor of the American embassy in Paris (see Rupieper 1993, 47), expressed a set of interconnected issues of the ERP. He stated that "West European countries could not stand the shock of the removal British and American troop barriers...[nor] a resurgent Germany...left to their own devices " (DSB 13th Sept 1948, 1). Bohlen's concern is two-fold: On the one hand, he probably relates to a political collapse of Western Europe caused by the withdrawal of the Western Allies, which could give rise to a Soviet attack.

Second, Bohlen feared that the Germans were not to be trusted insofar as they might use their industries for increasing their military capacities (see DSB 13th Sept 1948, 1). These doubts ran counter the Marshall Plan inasmuch as they denied the political integration of a Germany into a European community. Political integration was, however, one pillar of the ERP to establish stability (see Hogan 1987, 130). Bohlen foregrounded the securi-

ty issue rather than Germany's integration, which is in stark contrast to the conceptual phase. Setting up a German government, as discussed in the State Department in June 1947, would have led to a withdrawal of allied troops in the four occupations zone and an end of the zonal borderlines in Germany (see DSB 9th June 1947, 4). In fact, at a later point in September 1948, the United States would discuss the terms for a permanent German government and the areas that would be controlled by the Western Allies for ERP implementation, such as Germany's trade relations, the level-of-industry, the Ruhr coal production and demilitarisation (see Hogan 1987, 130). Apparently, Bohlen's concern of a "resurgent Germany" (DSB 13th Sept 1948, 1) is based on the above conditions to determine the degree of economic reconstruction of Germany and its military capabilities. These unsettled issues were vital to the implementation of the Marshall Plan in Western Germany (see Hogan 1987, 130). It is striking that Bohlen, as a high-ranking member of the PPS, questioned the fundamentals of Marshall-Plan since that implies that did not ascribe efficiency to it. Consequently, US foreign policy was, according to Bohlen, flawed at this stage. With respect to the PPS, Rupieper has identified a similar shift of priorities from the initial goal of German unification towards the security of Western Europe against the Soviet Union, in May 1949 (1993, 47). The DBS records show that the origins of the Marshall planner's change of mind as regards the ERP can traced back as early as September 1947. Nevertheless, it was only a handful of staff members, such as Bohlen, who did not fully support the implementation of the ERP for various reasons (DSB 13th Sept 1948, 1, 2).

Bohlen's second statement that he did not share the view that "a unified Germany would materially weaken the Western Union" (DSB 13th Sept 1948, 1) suggests that he concurred with the economic benefits that the Marshall Plan attached to German economy. With regard to the economic disadvantage that was allegedly tied to a unified Germany, Bohlen may have related to the French position on the ERP's implementation. At the 1948 London Conference on Germany in June, Secretary Marshall had managed to make the persistent French delegates depart from their demands on security and accept the US model of economic coordination in the Trizone and the West German government (see Hahn 1993, 26-28). In doing so, the Secretary safeguarded the American policy of economic and political integration required by the ERP (see Hogan 1987, 130). France obviously pursued its own economic policy which, however, was not compatible with the economic and polit-

ical role assigned to Germany by the Marshall Plan. If we relate Bohlen's statement to this observation, this means that France anticipated a decline of its economy after the French zone would be merged with the American and the British zone. The French concern that national economies could be affected by a rise of Germany's economy was also shared by some American and European policymakers. They argued that before setting up a federal German state, economic, political and military integration into Western Europe needed to be completed since this could disturb European balance (see Rupieper 1993, 47). Accordingly, Bohlen may have realised that –even though the German unification was intended to accompany the Marshall Plan – it conflicted with economic rehabilitation of Germany and consequently Europe. Arguably, Gaddis's statement that US administration linked the Marshall Plan primarily to “rebuilding war-shattered industrial economics as bulwarks against Soviet expansion” (see Gaddis 2005, 58) may apply to Bohlen, but only to a minor degree, as will be shown.

Bohlen's ambivalent standpoint as to the unification of Germany is extended by his third argument. According to the record, the United States “would profit considerably from [Mr. Kennan's] military standpoint]...for a unified Germany” (DSB 13th Sept 1948, 1). The fact that Bohlen shared Kennan's view on military solution in order to accomplish Germany's unification points to a more strategic point of view, than the PPS had arguably in mind during devising Germany's political framework in 1947 (see DSB 9th June 1947, 4-6). Bohlen's change of mind regarding can be related to the fact that the German reunification depended on European integration as much as on the US-Soviet tensions (see Rupieper 1993, 45). Put differently, the Marshall Plan polarised the USSR because it had tied the Western nations to the United State, economically and politically (Ambrose 1983, 149). It is obvious that Bohlen assumed that Soviet foreign policy in Western Europe was based on a divided and occupied Germany and politically collapsed Western countries (148). With these political connections in mind, Bohlen technically upheld the German unification to contribute to his government's containment policy against the Soviet Union. He probably attached a more strategic bearing to the ERP, but not in the sense this change of mind corresponded to Truman's containment policy which included Germany's rehabilitation as a counter force to Soviet expansion politically and economically (see Gaddis 2005, 58-61). Rather, Bohlen's decision not to depart from the unification of Germany posed a strategic

adaption to a current crisis. He did not abide the internal decision made by Washington policymakers in early 1948) to dismiss German unification (see Gaddis 2005, 72-73).

Apart from Bohlen, it is significant that the other members of the State Department questioned the Marshall Plan and the former planning as to German's political conceptualisation. A seemingly "regular" member of the PPS, Hickerson, argued that Eastern and Western Germany should not be merged, due considerable economic and political transformations (see DSB 13th Sept 1948, 2). Some staff members remarked that one could "face up to the division [of Germany], or alternatively pursue the establishment of Germany's political framework as discussed in June 1947 (see DSB 13th Sept 1948, 2) It is striking that the German unification which was linked to the ERP was doubted and even heavily objected. The variety of divergent opinions among the Marshall planners needs to be seen against the above account of political and economic circumstances. Any further discussion would not significantly contribute to this analysis.

5.2 The PPS, Secretary Marshall and the Marshall Plan on 17th September 1948

A second confidential memorandum by the State Department dated 17th September 1948 suggests that Soviet interference in Berlin made the PPS changed their view of the ERP. It is significant that PPS's expressed their concern about Europeans who could fall victim to the Soviet Union (see DSB 17th Sept 1948, 2). The Marshall planners connected the "advantages of a unified Germany" to gaining "relief from responsibility for human lives and up-building Europe" (DSB 17th Sept 1948, 2). As in 1947, the key to understanding the PPS's concerns on the German question lies, in the interplay of the political relations of the Western Allies and the USSR. According to the PPS, the Soviet Union seems to have interfered with the Marshall Plan and the economic political reconstruction of Germany, and with that Europe (DSB 17th Sept 1948, 2). In fact, in June 1947, the USSR repeatedly defied the first American and British policies that would ensure economic rehabilitation of the Bizonia (see Gardner 1970, 144). In effect, frictions rose between the Soviet Union and the Western Allies, and heavily increased and reached a peak in 1948 (144). To the Soviet Union, the economic and political reconstruction of Germany proved a threat to their occupation zone. The prospect of a strong Western economy and prosperity as against the bad conditions of Soviet economy would, as the Soviet Union concluded, lead to decay of supporters and an economic re-orientation of Central and Eastern European countries (see Cox

and Kennedy-Pipe 2005, 131). The Soviet Union thus dreaded that the reconstruction of the Western Germany, which involved, for instance, an immense increase of coal output of Ruhr steel mines in July 1947 (see Gardner 1970, 144) could make the Germans in the Soviet zone turn their back on the political system. Besides, the aforementioned countries might cut their trade relations with the Soviet Union and turn to the countries whose economies had benefited from ERP reconstruction. In any case, the Soviet Union would be weakened, politically and economically. Hence, the preparations for the Marshall Plan in Western Germany led to Soviet resistance and had a strong impact on the political relations between the United States and the Soviet Union.

As the memorandum continues, unsolved political and economic issues related to the ERP are elaborated on. Accordingly, Secretary Marshall saw the advantage of a unified German state – as contrasted with the 1947 memorandum – against the potential takeover of German communists (see DSB 17th Sept 1948, 2). The strategic effect of this undertaking would be that the Germans would be “acting as a barrier to...the Communists in Germany to throw Germany into the Soviet sphere of influence” (DSB 17 Sept 1948, 2). The content and the date of the memorandum match the time of the Berlin Blockade. The Soviet Union had imposed the Berlin Blockade in order to protest against the Western Allies’ currency reform in the Western zones and Berlin (see Gearson 2002, 16). This political deadlock in September 1948 was different to June 1947, when the Marshall planners had, as shown in chapter 4, considered the unification of all four occupation zones an administrative prerequisite for the ERP, rather than a strategic step against the USSR (see DSB 9th June 1947, 2-5). A Soviet takeover seemed improbable back in June 1947 (see Gaddis 2005, 33-34), an assessment from which Secretary Marshall departed one year later, as will be illustrated.

The PPS felt that the implementation of the Marshall Plan in Germany was threatened by a potential takeover of German communists. Against the expectation of his staff, the Secretary Marshall argued for a unified Germany to avert a coup by German communists, who would then support the Soviet Union (see DSB 17th Sept 1948, 2). In Berlin, American and Soviet troops were on the verge of a military confrontation (see Gearson 2002, 16). As a means to curb the Soviet influence on the people in Berlin, the “re-education of German public opinion” is promoted by the PPS, despite the fact that this pro-

cedure merely constituted a recommendation to the Military Government, the OMGUS (see DSB 17th Sept 1948, 2-3). Obviously, the way in which the Germans were perceived was different than in June 1947 insofar as they were deemed more susceptible to Soviet power. It was growing fear of communism which characterised the United States at this time (see Gaddis 1972, 361). Therefore, even though the Secretary dubbed this condition as mere “phobias” (DSB 17th Sept 1948, 2-3), it could have been a change in mind that propelled Secretary Marshall to give recommendation to General Clay as to settling the tense political circumstances in Berlin and establish “a new German sovereignty to France” (DSB 17th Sept 1948, 2-3). The idea that the Marshall planners’ judgement of the German communists (DSB 17th Sept 1948, 2) distorted by the communist menace is centred on the fact that they seemingly ignored their knowledge on the Soviet Union. The Soviet Union were not in control with other communist regimes, nor could they influence communist groups in other countries (see Gaddis 2005, 43 and 1972, 355). Accordingly, the prevalent concern in the State Department for an uprising of German communists loses validity because the Soviets would not try to get in touch with them for a takeover of Berlin or the Bizonia. Considering the memorandum, the PPS envisioned a scenario inconsistent with their strategic knowledge on Soviet expansion strategy. But because of this extraordinary situation and the fact that they misjudged the threat of German communists, it seems logical to assume that the Marshall planners considered the Soviet Union a higher security threat and strategic challenge than back in June 1947. Equally, Gaddis agrees that since June 1948, the Marshall planners deemed a military conflict a last way to settle political conflict with the USSR (see 2005, 38). It seems that this assumption holds true for the PPS’s views on the communist threat inasmuch as the Secretary suggests to deploy the US Army (DSB 17th Sep 1948, 3). Significantly, a divided Germany as a result of German communist collaboration with USSR in Berlin bore a risk to the implementation of the Marshall Plan in Germany, according to Secretary Marshall (see DSB 17th Sept 1948, 2). This scenario would entail

creat[ing] a western state [first] and then have an eastern state, that both from an economic and political point of view there is going to be very much increased difficulty in accomplishing any kind of real recreation of Germany on the lines that we want [DSB 17th Sept 1948, 2]

What the Secretary implies by these lines is that because of two German states, the long-term economic and political rehabilitation through the ERP will be more difficult to accomplish. Secretary Marshall's statement needs to be seen in connection with the delay of ERP goods intended for German industries which did not arrive in the Bizonia until autumn 1948 (see Abelshauser 2005, 117-118). The Truman government had launched the ERP in March 1948 (117-118). Irrespective of how many ERP goods had arrived in the Bizonia by this time, one could argue that the Soviets impairment was affecting the implementation of the ERP in Western Germany to some degree. The Soviet curtailment obstructed "the shipment of Berlin manufactures that contribute[d] to the finished production of the Western Zones" (CIA June 1948, 3). To the State Department, the Soviets were interrupting the production chain that connected Berlin's manufacturing with other industries in the Bizonia. At this stage of the ERP, credits, for example, were given to various industries in West Berlin for reconstruction (see Milward 1984, 110). It is conceivable that Marshall considered the consequences of the Berlin Blockade to the ERP credits or goods. In this regard it seems worth mentioning that despite the temporary collapse of Berlin's contributions to Western Germany did not affect the growth of Germany's industrial productivity (see Abelshauser 2011, 153). To the State Department, however, this was clearly an economic development beyond their rationing. The Marshall planners were witnessing the Soviet blockade and how it was interfering with Germany's economic and political reconstruction. Politically, the unification of Germany was obviously more at stake than in 1947.

Insomuch economic recovery was considered the key to political stability and overall prosperity in Western Europe (see Gaddis 2005, 43-44), the Berlin Blockade threatened the Marshall Plan as much as the reunion of Germany: Marshall declared that the mutual support of the Western Allies was so important to the current situation that the State Department should not carry out any policy "that would drive a wedge between [them], unless France was so utterly unreasonably" (DSB 17th Sep 1948, 2). Strategically speaking, Marshall sought to keep France in a military pact, which it had signed with Great Britain and Benelux nations in summer 1948 after being encouraged by the ERP (see Ambrose 148-149). The US army could, as Marshall continued, barely "put on one sheet of paper [with] the restrictions on the powers of a new German government that would mean security to France" (DSB 17th Sep 1948, 2). Under the conditions of the Soviet Blockade of Berlin,

General Clay could not ensure an establishment of a German government to counterbalance the USSR, unless he ignored the French claim on a weak German state. Given that a weak Germany was no use to countering the Soviets at this point, and the improvement of Germany's politic-economic condition proved a way to counter the Soviets (see Gaddis 2005, 58-61, 73), the costs of re-uniting Germany were too high. At this stage of the ERP, the Secretary may have sacrificed Eastern Germany for the benefit of the Western allies' unity. This would have implied a strategic advantage insomuch the Western Allies would show a common front against the USSR. In accordance with Gaddis's argument, the Secretary may have perceived the ERP as a strategic way to contain the USSR through Western Germany's economic and political power (see 2005, 58-61). Besides, secret telegram by the US Plans and Operation Division had recently informed the Secretary on the poor economic conditions of the "Soviet Zone and Soviet Sector [which were] deficit areas" (P&O 10th 1948,1). Economically, Eastern Germany thus turned out an obstacle to the ERP as it would not contribute to Germany's recovery. Marshal had to weigh up the "cost of economic unity of Germany" (P&O 10th 1948,1) against the recovery of the Bizonia. One might argue that the Secretary considered not to end the German partition at this point because an economic inclusion of Eastern Germany could have affected the implementation of the Marshall Plan.

Importantly, there was another economic complication related to the permanent division of Germany. US officials were concerned that the Soviet Union would aim to terminate pre-war trade relations, which had ensured Western Europe supply with agricultural goods and raw materials from Eastern Europe (see Layne 2006, 60). In line with Truman's Open Door Policy, the loss of Eastern Europe as an economic provider went hand in hand with the Truman administrations goal to keep politically free from the Soviet sphere (60). Mindful of these interrelated political and economic issues, the Marshall planners changed, too, their stance towards the German population. In contrast to 1947, it is the impending threat of the Soviet Union in Berlin which made the Secretary to accomplish "united Germany" (DBS 17th Sept 1948, 2) under different circumstances. As the Secretary put it, re-uniting Germany politically ensures "real support from the Germans themselves...our economic friend[s]" (DBS 17th Sept 1948, 2). Unlike in June 1947, the Marshall planners may have judged the support of the German people as more important, that is from a strategic and military standpoint. The United States would ensure that Berlin would not fall to the

Soviets by flying supplies through the air corridors of Berlin for almost a year (see Gearson 2002, 16). This is not to underscore the humanitarian act of the United States and Great Britain, but it shows that the PPS could have changed their stance towards the German people, once the implementation ERP was at stake.

The Truman administration, on their part, were determined not to give up Berlin for this meant a loss of political power towards the USSR and ran counter to “unify[ing] Western Europe economically and politically” (DBS 17th Sept 1948, 2). The Berlin Blockade stood in the way of European economy because it could have affected the recovery of German industries. Gaddis suggests that German industries related to produce military weaponry were unofficially meant as stronghold against the USSR, and the Marshall Plan would ensure the recovery of those industries (see 2005, 58-63). Conversely, judging from the 1948 memorandum, the PPS did not share this point of view towards the USSR. The PPS saw the Soviet Union as an immense risk to the “maintenance of the unity of the three Western powers” (DBS 17th Sept 1948, 2), thus as an obstacle to realise political and economic integration of these countries together with Germany (see Hogan 1987, 39). The shift of political and military powers caused by Soviet takeover of Berlin implied an immense security threat to Western European countries and allowed the Soviet to disturb the economic reconstruction. Obviously, using “economic warfare” on the Soviet Union “through continued blocking of reparation deliveries from Western Germany to the East” (CIA 28th Sept 1948, 2), as promoted by American officials in Washington, does not align with the PPS’s 1947 motivation behind the ERP (see DSB 9th June 1947, 2-5). Assuming that the PPS were probably aware that the Marshall Plan could be used to deprive the USSR of political and economic power, Marshall’s above statement emphasises the fact that he discerned how close the political confrontation over Berlin could result in military conflict and hamper the implementation of the ERP in Western Germany. Such a development would, as outlined in chapter 4, made the economic and recovery of Western Europe impossible (see Hogan 1987, 27-28). Combined, these aspects point to an uncertainty of a strategic risk as the ERP was being implemented in 1948 (28). The 1948 memorandum reinforces the idea that the Marshall planners’ adherence to predominantly the economic and political reconstruction of Western Germany was substantially affected by a strategic conception caused by the impending military conflict with the Soviet Union in Berlin (see

DSB, 17th Sept 1948, 1-2). It appears that the Soviet Union felt that the ERP threatened its power in Europe (see DSB, 17th Sept 1948, 1-2). In other words, the strategic asset that the Marshall planners initially allocated to the ERP to react to Soviet dominance globally in 1947 (see Shlaim 1985, 132) probably gained a much higher degree of importance in September 1948. This risk was due to American policy towards the USSR, with the Berlin Blockade as the chief issue to cause frictions between the United States and the USSR (see Layne 2005, 64-65). What Layne misses to acknowledge is the role of the ERP, which, as memorandum shows, played a vital role for the development of political relation between the former war allies.

6 Conclusion

In analysing confidential records of the State Department from June 1947 to September 1948, I tried to explore the extent by which the Marshall planners changed their stance on the Germany's rehabilitation, politically, economically and strategically. The first part of the analysis focused on the conceptual phase of the Marshall Plan in early June 1947. A memorandum suggests that the PPS were primarily dealing with establishing the political and economic structures in Germany to provide a framework for its economic reconstruction (see Gimble 1976, 248). The prevailing attitude in the State Department was that the German unification and the establishment of a German government were crucial to implement an economic programme (see DSB 9th June 1947, 4-7 and Hogan 1987, 28-30). Re-phrased under the term "the German settlement", Germany's political and economic rehabilitation issue polarised the Western Allies, specifically France, but also the Soviet Union (see DSB 9th June 1947, 5-7). Setting up the political framework of Germany was, however, complementary to the economic reconstruction works in the Ruhr coal mines that the US Military Government was carrying out at this point (see Gimble 1976, 248). It was not assumed in the State Department that the Soviet Union would prepare an attack or that Eastern Europe would remain occupied by the Soviets for good (see DSB 9th June 1947, 5-6). Instead the Marshall planners still perceived the Soviet Union as a political as well as strategic factor, as they set out to devise Germany's political framework for an economic programme (see 9th DSB 1947, 6-7 and Spagnalo 2003, 278). Against the above views held by Marshall planners in the conceptual phase, Gaddis's argument is wrong insofar as the

Marshall Plan was not devised as means of “economic warfare” (see 2005, 58-65). Nor is it correct to assume that, as Gaddis concludes, the attitudes of the Marshall planners towards drawing up a programme were in line with the Truman administration which was promoting its containment policy (see 2005, 58-65). Likewise, Kuklick, who attributes a strategic and military purpose to the Marshall Plan to prevent Soviet expansion in Western Europe (Kipping 1989, 2) constitutes an oversimplification.

The second part of this thesis dealt with the State Department and how their attitude towards the ERP’s implementation in 1948. The majority of the Marshall planners seems to have made a transition in their perception of the Soviet Union: They assessed the Soviet Union from a more strategic point of view compared to conceptual phase (see DSB 17th Sept 1948, 2-3 and 13th Sept 1948, 1-2). The trigger to this trend seems to have been the immediate prospect for war with the Soviets during the Berlin Blockade as well as the fact that the Soviet Union proved a threat to the German and therefore European economic and political reconstruction (see Layne 2005, 64-65). By the middle of June 1948, the US-Soviet relations had virtually collapsed, and largely in response to the Soviet threat, the United States convinced European countries, to participate in a military pact against the Soviet Union (see Ambrose 1983, 149). As argued, it was in consequence of this political development, that a considerable number of PPS members either objected the German unification, or Germany’s economic and political rehabilitation as outlined by the Marshall Plan (see DSB 13th Sept 1948, 1-2). What seems to hold true for most members of the State Department, including Secretary Marshall and Kennan, is that they changed their hierarchy of economic, political and strategic bearings attached as the Berlin Blockade progressed. Arguably, they prioritised the strategic value of Western Germany’s economic and political rehabilitation through Marshall Plan and foregrounded its potential to counter the Soviet threat (see DSB 13th Sept 1948, 1-2). In addition, some members of the PPS argued against the German unification from a political and economic standpoint (see DSB 13th Sept 1948, 1-2). It appears that a German unification proved very uneconomic at this point, which is an argument that the State Department must have been aware of (P&O 10th 1948, 1). In the view of the 1948 Berlin Blockade, it could have occurred to the Marshall Planners the rehabilitation Western Germany fulfilled a chiefly strategic purpose, that is to contain Soviet communism in the sense of “economic warfare” (see DSB 13th Sept 1948 1-2 and Gaddis

2005, 58-73).

Finally, if we compare the findings from the State Department's memoranda from June 1947 and September 1948, it seems safe to say that a more comprehensive understanding of post-war reconstruction is required. The Marshall planners' views towards the German unification and particularly the purpose which they assigned to the ERP during the Berlin Crisis (see DSB 13th Sept 1948, 1-2) need to be seen as an unforeseen adaption, a human reaction to safeguard Europe from an economic and political collapse.

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8 Erklärung

Ich versichere hiermit, dass ich diese Bachelorarbeit selbständig angefertigt habe und keine anderen als die angegebenen Quellen und Hilfsmittel benutzt sowie die wörtlich oder inhaltlich übernommenen Stellen als solche kenntlich gemacht habe.

Patrick Rauda

Mainz, am 28.10. 2013