PART I

Europe in Transition: From War to Cold War
By late summer 1944, the Red Army had crossed the Soviet Union’s borders into Poland and Romania and would shortly invade and occupy Bulgaria. A million American and British troops had invaded France in June 1944 and, with the assistance of General Charles de Gaulle’s Free French forces, would liberate Paris at the end of August. Athens was occupied by the British in October 1944 and Italy had been liberated as far north as Florence. Despite the tenacious resistance of the German forces, who fought on all three fronts with a determination born of desperation, it was clear that Nazi Germany was doomed. Her casualties in the east were totalled in the millions; in the West and the Mediterranean theaters of war she was unable to match the allies’ massive superiority in tanks, aeroplanes, and artillery.

In Poland, Greece, Italy, Yugoslavia, and France, the German forces were fighting savage wars of repression against the peoples of the occupied territories. As Russian armies neared Warsaw, the Polish Home Army raised a heroic insurrection against the Nazi occupiers in August 1944. The Red Army remained passive, however, for two months as SS troops crushed the uprising and killed over 200,000 Polish civilians. Terrible episodes of repression took place elsewhere in Europe. To give just one example, in September 1944, 1,836 civilians, including many children, were murdered at Marzabotto, near Bologna, as a brigade commanded by SS officer Walter Rader concluded its “march of death” through Emilia-Romagna and Tuscany. By late 1944 and early 1945 the grim machinery of the Final Solution was being wound down. Europe would soon discover the full extent of the human damage done by the Nazis’ ideological madness (although it had been known since the end of 1942 that the Jews were being systematically slaughtered). Almost six million Jews had been killed by the Einsatzgruppen or in the extermination camps located in eastern Poland. Hundreds of thousands of other “undesirables” – the Roma, the mentally and physically handicapped, homosexuals – had also been murdered.

Faced with evil on this scale, the Allies responded by waging the war with a terrible brutality of their own. Dresden, Hamburg, and the cities of the Ruhr were bombed to destruction in British and American “obliteration raids” in 1944 and early 1945: hundreds of thousands of tons of bombs were dropped on by now defenseless
Germany in the first quarter of 1945. The advancing Soviet forces treated the enemy with the same ruthlessness that the Nazis themselves had applied in Russia. Captured German soldiers were either shot out of hand or sent eastwards to windswept labor camps far behind the lines. Few ever returned.

The central question facing the Allies in the postwar world was whether they would be able to cooperate together to undo the damage of the war and to revive a morally and physically devastated continent. In the summer of 1944, there was still optimism on this score. The President of the United States, Franklin Delano Roosevelt, believed he had established a good working relationship with Stalin. British premier Winston Churchill was more suspicious of the Soviet leader’s intentions, but certainly believed that Stalin was a leader with whom deals could be made. Over the next three years, this optimism was shattered by events. The continent was divided in two, with the lands east of the Elbe being dominated by Soviet-backed regimes that gradually eliminated all domestic political opposition. The allies that had been united in fighting against Hitlerite Germany found it impossible to agree on a peace settlement. As a result, Germany was partitioned economically and politically as early as 1947, although the formal political separation of East and West Germany only came in the summer of 1949.

The task of this chapter is to reconstruct how and why this process of division occurred. Its argument is that unfolding events confirmed ideological stereotypes, on both sides, and transformed the normal friction of great-power coexistence into a clash of civilizations and values. In an age where, to paraphrase Stalin’s notorious remark to the Yugoslav intellectual Milovan Djilas, every victorious power inevitably imposed its own social system, neither side could make the calculated territorial arrangements that had characterized traditional European diplomacy without fearing that a loss had been made.\(^1\) Poland or Hungary could not be “awarded” to the Soviet Union without democrats believing that a vital principle was at stake; Germany could not be rebuilt by the Allies without provoking Russian fears that a capitalist plot was being hatched. Neither side was satisfied with mere territory; both believed that their ideals had to prevail as well.

### The High Tide of Cooperation: October 1944–June 1945

Great Britain and the United States went as far as was consistent with ordinary decency to satisfy Stalin’s territorial ambitions and security fears between the autumn of 1944 and the late spring of 1945. Over Poland, in particular, the Western allies, especially the US, followed a highly conciliatory policy towards Stalin, allowing the Soviet leader to dictate the precise boundaries of the new Polish state and to construct a provisional government that was only dubiously in accordance with the USSR’s commitment at the Yalta conference in February 1945 to widen the democratic composition of the Soviet-backed government. Churchill and Roosevelt arguably had little choice – although they had committed themselves in the Atlantic Charter in August 1941 to making no territorial changes that did not accord with the wishes of affected populations. The Red Army dominated the country and the two Western allies needed Stalin’s cooperation: the US because, still unsure whether the atomic bomb would work, it thought it would need Russian military help against Japan and Russian participation in the new international organization, the United Nations, in
which Roosevelt placed so many of his hopes for the postwar world; Britain because Churchill’s reactionary policy of backing conservative, preferably monarchist, governments in Greece and Italy would run into difficulties if the Soviet Union gave covert support to the powerful and well-armed communist parties of those countries.

This process of engagement with the ambitions of Stalin began October 9, 1944, when Churchill and his foreign secretary Anthony Eden met the Soviet leader in Moscow. During this meeting, Churchill presented the Soviet leader with a “naughty document” that proposed to share out influence in the Balkans according to the following percentages: in Romania, the USSR would have 90% influence; in Bulgaria 75% (which was amended by the foreign ministers, Molotov and Eden, to 80% in the following days). Hungary and Yugoslavia would be shared 50:50, while Britain would have 90% influence in Greece. Stalin scrawled a large tick on the document, but for all its notoriety, it should not be thought that the “percentages’ agreement” was decisive for the political future of the Balkans as a whole. Josip Broz Tito, the communist leader in Yugoslavia, would demonstrate over the next three years that he was his own man, not Stalin’s; Britain had no illusions about its ability to influence politics in Bulgaria. On the other hand, in both Greece and Romania, the percentages agreement had a clear and immediate effect on events.

In Greece, Stalin did not so much as raise his voice in December 1944–January 1945 when the British army suppressed a rebellion by the communist-controlled National Liberation Front (EAM) and forced its military wing, the National People’s Liberation Army (ELAS) to disarm. Bowing to reality, Britain renounced its long-standing support for King George II of the Hellenes, whose association with the prewar Metaxas dictatorship weakened him as a force, but Churchill still remained determined to exclude the left. Churchill, who flew to Athens on Boxing Day 1944, persuaded the King to accept Archbishop Damaskinos of Athens as Regent and backed a new government that was initially led by a veteran soldier with a colorful past as a coup leader, Nikolaos Plastiris. There was persistent political violence in Greece between January 1945 and elections in March 1946, when the parties of the left, making a serious lapse of judgment, boycotted the polls and threw away perhaps the last hope of avoiding civil war.

In Romania, the provisional government of an anti-Nazi general, Nicolae Radescu, was subverted by the communist-controlled National Democratic Front (NDF), composed of the Communist Party, the Social Democrat Party, the Union of Patriots and the “Ploughman’s Front,” which was to all intents and purposes the rural wing of the Communist Party. Radescu fought hard to keep his position, but on February 27, 1945 Soviet troops compelled King Michael – to whom Stalin had awarded the Order of Victory, the Soviet Union’s highest honor, for his part in overthrowing the pro-Hitler dictator, Ion Antonescu, in August 1944 – to accept a NDF government. A few days later, the USSR further imposed Petru Groza, the leader of the “Ploughman’s Front,” as premier. In August 1944, when Antonescu fell, there had not been a thousand communists in the country. Events in Romania, which coincided with the Crimea conference between the leaders of the “Big Three,” disturbed both Churchill and Roosevelt, but as the British premier wrote, “in order to have the freedom to save Greece, Eden and I at Moscow in October recognized that Russia should have a largely preponderant voice in Roumania and Bulgaria . . . Stalin adhered very strictly to this understanding during the thirty days fighting against the communists and ELAS in the
city of Athens.” Britain and the United States nevertheless did not recognize the legitimacy of the Groza government until February 1946.

Both Churchill and Roosevelt seemingly hoped against hope that Stalin, despite his high-handedness in Romania, would allow at least a façade of democracy in the countries falling into the Soviet orbit. At the Crimea conference at Yalta (February 4–11, 1945), the three leaders negotiated a “Declaration on Liberated Europe” that committed them to assist the “peoples liberated from the domination of Nazi Germany and the peoples of the former Axis satellite states of Europe to solve by democratic means their pressing political and economic problems.” The declaration added that the three allies would help “form interim governmental authorities broadly representative of all democratic elements in the population” and facilitate the holding of “free elections.” It is sometimes suggested that the Declaration was an ambiguous call for postwar democracy, but this interpretation is hard to justify. Stalin plainly put his name to a document whose specific content he had every intention of defying.

Churchill and Roosevelt, despite their having by now very few illusions about the likelihood of democratic evolution within the Soviet system itself, nevertheless sincerely clung to the belief that Stalin might permit political pluralism in neighboring states so long as Soviet security was guaranteed.

The test case was Poland. Great Britain had entered the war to defend Poland; Polish soldiers, sailors, and airmen had fought heroically with the allied forces; the resistance of the Polish Home Army to the Nazis had been brave almost beyond belief; Poland had suffered proportionately more than any other country from the ravages of the Nazis. How could such a people not be allowed to choose its own destiny after the conflict? It was also true that the USSR, mindful of the bloody aggressive war against Russia fought by Poland in 1919–1920, and of Poland’s strategic position as a cushion between Russia and Germany, was determined to ensure that any postwar Polish government was a friendly one.

The problem was that since, during the war, Poland had suffered almost as much from the Soviet Union as it had from the Nazis, finding Poles willing to cooperate with Stalin was almost impossible. The Soviet Union had colluded with the Nazis in August 1939 to partition Poland and had treated the Polish populations of the territories it had occupied with the same appalling brutality that had been visited upon the peoples of the Baltic states. Over two million Poles and Balts, especially from the professional classes, had been arrested and transported to Siberia in order to rip up the social fabric of the newly occupied territories and make them more amenable to communist rule. Hundreds of thousands never returned. The culmination of this process had been the secretive mass murder in 1940 of approximately 15,000 captured Polish army officers, thousands of whose bodies were discovered by the Germans in April 1943 at Katyn wood near Smolensk. The Soviet Union claimed that the Germans themselves had killed the officers (and persisted in this claim until glasnost in the 1980s), but no Pole in any position of responsibility could accept this. The Polish government in exile in London refused to believe the Soviet denials and asked the International Red Cross to conduct an impartial investigation. This led the USSR to brand the London government as “fascist collaborators” and to establish a rival government, the so-called “Polish Committee of National Liberation,” of its own. When Soviet troops entered Poland in July 1944, Stalin recognized the Committee (whom Churchill described as “the greatest villains imaginable”) as
the legitimate Polish government. It was, in fact, the only Polish government that could have accepted, or even contemplated, the Soviet Union’s pretensions to Polish territory.  

At Yalta, the two Western allies, anxious to keep Stalin’s good will, conceded both of Stalin’s main demands on the Polish question. First, they confirmed that Poland’s eastern frontier would be, with some slight modifications in Poland’s favor, a line drawn in 1920 by Lord Curzon, the then British foreign secretary. Poland was to be compensated in the west with German territory at the envisaged peace conference. The Curzon line restored to the Soviet Union most of the gains obtained by the Nazi–Soviet pact. At the Teheran conference in November 1943, when the war had not yet been won and when Russia had been doing most of the fighting, Churchill and Roosevelt had informally promised Stalin, with the aid of three matches symbolizing the borders of Poland, the USSR, and Germany, the territories in question. They knew there was no possibility of reneging on their bargain at Yalta. The Red Army was in situ. Second, they recognized that the Committee of National Liberation, rather than the legal government in London, should provide the nucleus of the provisional government in Poland. The conference communiqué did assert, however, that the Committee should be “reorganized on a broader democratic basis with the inclusion of democratic leaders from Poland itself and from Poles abroad.” Representatives of the Home Army and of the London government in exile would, in short, be grafted onto the existing puppet regime. Stalin acknowledged, too, that “free and unfettered” elections would be held in Poland in which “all democratic and anti-Nazi parties shall have the right to take part.”

Stalin did not keep his word. The Russian delegate on the Commission charged with reorganizing the Polish government, foreign minister Molotov, tried to block the inclusion of Stanisław Mikołajczyk, the Peasant Party leader, and of other representative Polish politicians. The free movement of British and American missions was being obstructed by Russian officials in all the countries that had fallen under Soviet domination. By mid-March, Churchill was willing to state, in a letter to Roosevelt, that “we are in the presence of a great failure and utter breakdown of what was settled at Yalta.” Stalin, by contrast, was seemingly convinced that the arch-anti-Bolshevik Churchill was reneging on Yalta and trying to foist a hostile government upon him. The Americans, conscious that “the Soviet Union then had in the United States a deposit of good will, as great, if not greater than that of any other country,” tried to bridge the divide. At the end of May, Harry S. Truman, who had replaced Roosevelt as President when the latter died on April 12, 1945, sent Harry Hopkins, “who embodied Roosevelt’s legacy of diplomacy,” as his special emissary to Moscow to find a solution to the Polish crisis. Stalin out-argued Hopkins and persuaded him to accept that the Polish government be supplemented merely by Mikołajczyk and four other non-communist members.

The British, who had not been consulted about Hopkins’s mission, went along with his breakthrough in the talks, even though there was a striking contrast between Stalin’s behavior in Poland and their own behavior in Italy, where almost contemporaneously they presided over the formation of a provisional government led by a resistance hero, Ferruccio Parri, that contained several pro-Moscow Communist Party or Socialist Party officials in key positions. Equally important, Mikołajczyk himself agreed to return to Poland, despite the opposition of most of the London Poles. His
view was that it was necessary “to create a provisional government which would attempt to prepare democratic elections as the first step towards re-establishing Poland as a free and sovereign state.” Sometimes criticized for being indecisive, Mikołajczyk was in fact a singularly brave man. His decision to accept membership of a government that was dominated by the communists should be interpreted as the last act of good faith in the Soviets’ promises to allow “free and unfettered” elections in his war-battered country.

Mikołajczyk’s good faith would prove, like Roosevelt’s and Churchill’s before him, to be woefully misplaced. His Peasant Party rapidly became the most authentically popular party in the country, with 600,000 members in January 1946, despite the fact that its activities were subjected to often brutal intimidation by the communist-controlled police. Elections were postponed in Poland until January 1947, when they were conducted in an atmosphere of “escalating terror.” The Peasant Party’s candidates were arbitrarily excluded from the ballot in large swathes of the country, and many of its candidates were arrested or beaten during the campaign. Ballot-stuffing was de rigueur throughout the country. Officially, the so-called “Democratic Bloc” composed of the communists and the socialists won 80% of the poll and the Peasant Party just over 10%, but these figures bore no relationship to the facts. Mikołajczyk was forced to flee Poland in October 1947.

Similar intimidation of non-communist forces in Romania (where the Moscow-backed National Democratic Front obtained a two-thirds majority in elections held in November 1946) and Bulgaria (where preliminary elections held in November 1945 were blatantly rigged and where the government of the independent-minded agrarian leader Nikola Petkov was subjected to heavy-handed pressure from the Soviet Union) formed the backdrop to the wartime allies’ attempts to negotiate a postwar settlement with the defeated nations. Such intolerance of dissent and such cavalier disregard for both the letter and spirit of the Declaration on Liberated Europe bred a corrosive atmosphere of distrust. Genuinely free elections in Hungary in November 1945, where the local communists, intent on not scaring the Anglo-Saxons, initially took a progressive line of cooperating with other forces to establish liberal institutions, showed all too clearly the real electoral strength of communism east of the Elbe: only 17% voted communist, while nearly 60% voted for the Peasant Party. In a free poll, similar figures would unquestionably have been registered throughout central and southeastern Europe. Only in Czechoslovakia, where the communists managed to get 38% of the vote in free elections in May 1946, did communism have real popular support.

Dealing with the Enemy: July 1945–January 1947

The war in Europe ended on May 7, 1945, a week after Hitler had taken his own life in the deranged atmosphere of his Berlin bunker. Hitler left behind him a devastated city – almost a million died in its defense – that was prey to the victorious Soviet armies. The fall of Berlin (and Vienna, which the Red Army captured on April 13, and Budapest, which had fallen in mid-February) was marked by an orgy of looting and rape unmatched in modern history – perhaps all history. A couple of days before Hitler killed himself, his Italian erstwhile sidekick Mussolini had been shot by partisans and his body strung up by the heels in Milan’s Piazza Loreto, together with
the corpses of his mistress and several of the Fascist regime’s senior leaders, or “hier-
archs.” The bodies were vilely treated by the crowds. British troops had captured Belsen on April 15, 1945 and the photographs they took of skeletal inmates dying of typhoid were published throughout the world, hammering the final nail into the macabre coffin of the Nazi regime’s reputation.

How were the defeated nations, above all Germany, to be treated? Back in the 1930s, it had been believed that the disastrous outcome of the harsh peace treaties of 1919–1920 would rob Europeans of any desire for a punitive peace in any future war. In the summer of 1945, a handful of warm-hearted British intellectuals aside, nobody contemplated anything but a “Super Versailles” for Germany, or indeed for Hungary and Italy (Romania, Finland, and Bulgaria, Germany’s other allies, were more hopeful), although the Italians protested that they should be regarded as victims of Fascism, not its perpetrators. The only question was how Carthaginian the peace should be.

All were agreed that the Nazi elite should be publicly tried and punished for the “crimes against humanity” that they had committed. Starting on November 20, 1945, 24 of the regime’s former leaders, including Hermann Göring, Rudolf Hess, Joachim von Ribbentrop and Julius Streicher, were placed on trial at Nuremberg before a court consisting of a panel of judges drawn from the four victorious allies. The court sat until October 1, 1946. Twelve death sentences were pronounced, although only ten were carried out since Martin Bormann was tried *in absentia* and Göring managed to kill himself the night before his execution. Three leading Nazis (Hans Fritzsche, the head of the news division at the ministry of propaganda, Franz von Papen, the conservative chancellor who preceded Hitler, and Hjalmar Schacht, a financier and economist) were actually acquitted; one who was executed, General Alfred Jodl, was posthumously rehabilitated by a German court. In addition to this major trial of war criminals, the Nuremberg court and associated military tribunals handled approximately 2,000 other cases between 1945 and 1949.

The German people were to be punished: to be regarded as complicit in the crimes of the regime. The Red Army’s looting and use of rape – which was officially sanctioned – has already been mentioned. British and American troops were initially refused permission to fraternize with German citizens. Above all, Germans living outside the national borders – in Bohemia, Transylvania, the Baltic states and Poland – were now uprooted and driven westwards to join the millions who had already fled from the Red Army or had been evacuated by the Nazi government in the dying days of the “Third Reich.” The mostly German territories east of the Neisse river were handed over to Poland by Stalin (a fait accompli that was authorized, pending the decisions of the final peace treaty at the Potsdam conference) in July 1945. Over the next months, literally millions of people were forced out of their homes and compelled, battered cardboard suitcases in hand, to begin a new life hundreds of miles away from their homes and jobs. As an eloquent British historian has commented, such forced transfers “represented an uprooting of peoples unlike anything seen in Europe since the Dark Ages.”

Germany ran the risk of complete national “dismemberment,” to use the word that the Yalta communiqué prefigured as a potential solution for the political future of Germany. Germany was divided into four occupation “zones” at Yalta, with Britain taking responsibility for the Rhineland; the US for Bavaria and the South; the French for the Saarland; and the Russians for the East. Berlin was similarly divided and so
was Austria. There were plenty of people in the Soviet and French governments who thought that the division of Germany into four or more states should become a permanent feature of the political map of Europe: de Gaulle’s view was that “certain western regions of the Reich” should be “permanently removed” from German sovereignty.  

The US, too, initially favored tough treatment. In the summer of 1944, the US Treasury Secretary Henry Morgenthau Jr. had hypothesized that the Ruhr valley “should not only be stripped of all presently existing industries, but so weakened and so controlled that it cannot in the foreseeable future become an industrial area.”  

Morgenthau thought Germany should lose territory to France and Poland and that the rest of the country should be divided into a “North German State” and a “South German State” based on Bavaria, with the Ruhr being under international administration. Roosevelt broadly sympathized with Morgenthau’s ideas for the economic emasculation of Germany and at Yalta indicated that he preferred a harsh peace. The Soviet Union asked for substantial reparations at Yalta ($20,000 million, with half at least going to the USSR), and Roosevelt sided with the Soviet request, which was put in the communiqué only against British opposition. By July 1945, after “the Russians had already spread over Germany and its satellites like the locusts of biblical Egypt, grabbing an enormous war booty haphazardly and without consulting their allies,” the Americans had become more cautious. But there was more initial awareness, in the country of John Maynard Keynes, of the centrality of the German economy for the prosperity of Europe as a whole and of the “economic consequences of the peace.”

The question of what to do with the political and economic organization of Germany was the principal topic of the conference between the “Big Three” held at Potsdam near Berlin between July 17 and August 2, 1945. By the end of the conference, Stalin was the only one of the three nations’ leaders who had been in post at Yalta. Truman had replaced Roosevelt, and Churchill, the great war leader, was evicted from office at the end of July by a Labour landslide in the general election. Churchill’s place as prime minister was taken by the prim, schoolmasterly figure of Clement Attlee, but his role as Britain’s voice in foreign affairs went to the massive, boisterous, shrewd, and vindictive Ernest Bevin, a proletarian who would soon prove that he would not be hectoring by the representatives of the workers’ paradise.

The Potsdam conference established a Council of Foreign Ministers, composed of the foreign ministers of Britain, the US, the USSR, France, and China, charged with drawing up treaties of peace with Italy, Romania, Bulgaria, Hungary, and Finland, and preparing a peace settlement to be presented to Germany at such time that it had a government “adequate for the purpose.” Until this time, Germany would be administered by a “Control Council” of the military commanders in charge of the four zones. The Control Council was to dismantle and eliminate Germany’s war-making potential, “convince the German people that they have suffered a total military defeat and that they cannot escape responsibility for what they have brought upon themselves,” and “prepare the ground” for democracy in Germany and for the reintegration of a democratic Germany into international society. Germany was not to be broken up into separate states, but the federal principle was to be encouraged and local government “on democratic principles” was to be restored as soon as possible.
Germany, in short, was to be for the foreseeable future a mandated territory shared by the four allies. She was also to be treated as an economic unit and common policies were to be established by the Control Council to establish a functioning economy. Somewhat contradicting this ambition, however, it was also decided at Potsdam that each country would take reparations from its own zone, while the USSR would meet Poland’s reparations claims from its own share. The Western allies would further transfer from their zones 15% of capital stock “unnecessary for the German peace economy” to the Soviets in exchange for food and raw materials of equal value from the Soviet zone. A further 10% was to be transferred to the USSR without any kind of return payment at all.

The Potsdam conference, though it issued an agreed communiqué and a clear plan of action, was marked by some sharp exchanges in its early stages between Stalin and Churchill, who, using a phrase that would become famous, accused the Soviet leader of having drawn an “iron curtain” (some accounts say “iron fence”) across the continent and of failing to implement the Yalta accords. Britain and the US refused to recognize the governments constructed in Romania, Hungary, and Bulgaria and protested against Tito’s elimination of rivals in Yugoslavia; as a counter-measure, Stalin blocked Italian access to the United Nations and pointed to the situation in Spain, where the US and Britain, fearing the spread of communist influence, were loath to undertake any action that might destabilize the Franco regime. He might just as well have reproached the West for the colonial policy of France, who massacred thousands of Arab civilians after riots in Algiers and Oran in May 1945, and who shelled Damascus in the same month, but in fact French premier Charles de Gaulle was more severely reprimanded for his actions by Washington and London than by Stalin since de Gaulle was following a slavishly pro-Soviet line on the question of democracy in central Europe. Stalin did not take France seriously as a potential ally, however, and refused to allow de Gaulle a place at Potsdam, even though France had become a permanent member of the Security Council of the United Nations at the San Francisco conference in April 1945.

The Council of Foreign Ministers met four times between September 1945 and July 1946. And from July 29, 1946 to October 15, 1946 the CFM was engaged in the Paris Peace Conference that decided the five treaties of peace with Italy, Hungary, Romania, Bulgaria, and Finland. From the first, at London in September 1945, the conferences were characterized by repeated clashes between V.M. Molotov and Ernest Bevin, whose language was blunt to the point of rudeness, but whose unwillingness to be browbeaten was probably the only rational response to the relentless Soviet negotiating style. The US were represented by James F. Byrnes, who like Bevin was a tougher negotiator than his wartime predecessors.

The peace treaties were an important moment in international diplomacy and were proof that all cooperation between East and West had not yet broken down – though the tensions aroused during the meetings of the Council no doubt contributed to making a breakdown inevitable. Formally signed in Paris on February 10, 1947, the treaties compelled Finland to make minor territorial concessions to the USSR; rewarded Groza’s Romania, which had arguably been Hitler’s most assiduous ally, with the return of Transylvania, although Bessarabia and northern Bukovina were lost to the USSR; and reduced Hungary to its 1920 frontiers. Bulgaria was compelled
to return Western Thrace to Greece, but retained territory it had gained from Romania during the war.

The most important treaty was with Italy, which had held free and unfettered elections on June 2, 1946 in which the centrist Christian Democrats (DC) had emerged as the largest party, with 35% of the vote, but in which the two pro-Moscow parties, the socialists (PSI) and communists (PCI), had together taken 40%. Italy regarded itself as both a democratic success story and as a co-belligerent in the war that had proved its antifascist character by its sacrifices after 1943. Italy had, after all, been a battlefield for two years. Italy’s leaders, of all parties, were shocked by the severity of the terms being demanded of her. Premier Alcide de Gasperi, when he responded to the terms agreed by Italy’s victims on August 9, 1946, began his speech by saying that he realized that “everything, except for your personal courtesy, is against me.” In a reasoned but perhaps too indignant speech, De Gasperi made a case for Italy that contained “too little anti-fascism and perhaps too much nationalism.” It was anyway to no avail. Italy lost the Dodecanese islands to Greece, most of the province of Trieste to Yugoslavia, and all her colonies. Trieste itself became an international territory. Italy had to pay considerable reparations to Albania, Ethiopia, Greece, the USSR, and, above all, Yugoslavia. These provisions were greeted with outrage. On the day the treaty was signed, flags were lowered to half-mast, a symbolic ten-minute silence was held, the Constituent Assembly stopped work on the new constitution for half an hour, and the DC newspaper Il Popolo’s headline was “the people of Rome are united in dignified protest while at Paris Italy is being mutilated.”

Over Germany, East–West tensions were intense and the intention, expressed at Potsdam, to treat Germany as a whole swiftly became a dead letter. In 1946, the Western allies followed a policy of economic rebuilding. The Soviet Union did not keep its promises to send raw materials and foodstuffs to western Germany; in May 1946, American commander Lucius D. Clay responded by stopping the flow of reparations from the western zones. Britain and the US merged their zones to form “Bizonia” in July 1946 and speaking in Stuttgart on September 6, 1946, secretary Byrnes warned that the US would not favour any controls that would subject the Ruhr and the Rhineland to the political domination of outside powers. In the same month, Britain introduced bread rationing at home to help feed hungry Germans. The Western allies’ motives were clear and significant. Clay and his British counterparts believed that unless the level of nutrition was raised in the Western zones, which meant producing goods for export in order to pay for food imports, Germany would be at risk of going communist. This fear arguably underestimated the depth of the opposition of the German masses to communism. Christian Democracy was quick to take root in the western zones of Germany, while the leader of the German socialists (SPD), Kurt Schumacher, a Marxist by conviction and training, was opposed to any attempt to bring Germany within the Soviet sphere of influence and resisted attempts by the philo-Soviet wing of his party to allow the fusion of the SPD with the communists (KPD) in the Soviet zone. In local elections in the Soviet zone in January 1946, the KPD was heavily defeated by the SPD. In late April 1946 Otto Grotewohl, eastern German SPD leader, was instrumental in merging the SPD in the Soviet zone with the Communist Party into the new Sozialistische Einheitspartei Deutschlands (“Socialist Unity Party”: SED). Backed by the Russians, this party swiftly occupied power and marginalized the democratic opposition. In the west, by
contrast, free and unfettered local elections were held as in the US zone early as the spring of 1946.

A year on from Potsdam, in short, Germany was already becoming a divided country. Only a major effort at collaboration could have prevented Germany being divided in two and neither side was willing to make the compromises necessary to do it. The former allies met at foreign ministers’ level to discuss the future of Germany and Austria in Moscow between March 10 and April 24, 1947, but the talks ended in failure. Britain and the United States were not disposed to accept a Soviet proposal for a centralized German government, preferring a federal solution, and rejected a further Soviet proposal for a voice in the control of the industrial production of the Ruhr. The Soviet Union reinstated its demand for a fixed sum of $10,000 million in reparations, despite the Potsdam agreement; the two Western democracies argued instead that it was more important to raise Germany’s productive potential and build an integrated economy with freedom of movement throughout the country. Bevin, at least, thought that the USSR, having stripped its own zone of its assets, now wanted to “rehabilitate” it at the expense of British and American taxpayers. Over Austria, the two sides were just as far apart. Even an American proposal to sign a four-power treaty to keep Germany disarmed for 25 years was opposed by Molotov – ironically, in view of the turn events would take in the 1950s.

Constructing New Enemies: September 1945–March 1947

The Moscow meeting of the Council of Foreign Ministers was conditioned by President Harry S. Truman’s famous speech to Congress on March 12, 1947 in which he announced what would become known as the “Truman Doctrine,” the conviction that it was the task of the United States “to support free peoples who are resisting attempted subjugation by armed minorities or outside pressures.” Truman was asking Congress for cash to support the governments of Greece and Turkey (which Britain could no longer afford to do). Civil war had flared in Greece following the election of a right-wing government in March 1946, and Washington believed – wrongly, in fact – that the Soviet Union was supplying the EAM, the National Liberation Front, via Yugoslavia. Tito was in fact acting on his own account, showing the personal independence that would shortly lead him to break with Moscow. The US was, however, extra-sensitive to Soviet involvement in this region. In August 1946, during the “war scare of 1946,” Truman had been prepared to meet aggression against Turkey with “force of arms.” Informed of Truman’s determination by British spy Donald Maclean, Stalin backed off, as he had in the earlier March 1946 crisis in Iran.

Truman’s speech highlighted just how far relations between the two “superpowers” – to use a term that was just beginning to have currency – had deteriorated since Roosevelt’s presidency. The US had become convinced both that the Soviet Union represented a menace to democracy comparable to the Nazis and that it was the moral duty of the US to meet this “implacable challenge” by showing political leadership.

Several factors had combined in 1946 to make this conviction latent in the thoughts of American policy-makers. The first can only be described as a psychological retreat from the consequences of the decisions taken as the war drew to a close. In March 1946, at Fulton, Missouri, Winston Churchill, no longer British premier but still obviously an authoritative figure, had put the new mood into words in a remarkable speech from which, usually, only a single phrase is remembered:
From Stettin in the Baltic to Trieste in the Adriatic an iron curtain has descended across the Continent. Behind that line lie all the capitals of the ancient states of central and eastern Europe. Warsaw, Berlin, Prague, Vienna, Budapest, Belgrade, Bucharest and Sofia, all these famous cities and the populations around them lie in what I must call the Soviet sphere, and all are subject in one form or another, not only to Soviet influence but to a very high and, in some cases, increasing measure of control from Moscow. Athens alone – Greece with its immortal glories – is free to decide its future at an election under British, American and French observation. The Russian-dominated Polish government has been encouraged to make enormous and wrongful inroads upon Germany, and mass expulsions of millions of Germans on a scale grievous and undreamed-of are now taking place. The Communist parties, which were very small in all these Eastern States of Europe, have been raised to pre-eminence and power far beyond their numbers and are seeking everywhere to obtain totalitarian control. Police governments are prevailing in nearly every case, and so far, except in Czechoslovakia, there is no true democracy.

Churchill had been personally complicit in the creation of this situation, as, even more egregiously, had the American administrations of both Roosevelt and Truman, and his speech, which was delivered with the president sitting in the audience, was surely a way of expiating his guilt for what he now believed to be a serious lapse of judgment (significantly, the speech makes an explicit justification for the favorable treatment given to the USSR at Yalta). Churchill, Roosevelt, and the foreign policy establishment of the Western allies had been hopeful that a lasting peaceful settlement, and perhaps even a measure of democracy, might be won by conciliatory methods, but they had been proved wrong. Their instinct was to reverse the policy – not least because the possession of the atomic bomb strengthened their position. On January 5, 1946, Truman had expostulated to his secretary of state, Byrnes, “At Potsdam we were faced with an accomplished fact and were by circumstances almost forced to agree to Russian occupation of eastern Poland and that part of Germany east of the Oder river by Poland. It was a high-handed outrage . . . I’m tired of babying the Soviets.”

George F. Kennan’s famous “Long Telegram,” sent from Moscow on February 22, 1946 and rapidly diffused at all levels of the American government, essentially provided a conceptual justification for this change of mood. Kennan argued that world communism, with its base in the USSR, was “a political force committed fanatically to the belief that with the US there can be no permanent modus vivendi . . . [T]his political force has complete power of disposition over the energies of one of world’s greatest peoples . . . [and] . . . an elaborate and far flung apparatus for exertion of its influence in other countries, an apparatus of amazing flexibility and versatility managed by people whose experience and skill in underground methods are presumably without parallel in history.” Democracy was at risk, in short, not just east of the “iron curtain” but nearer to home.

There was therefore a growing conviction that the West was facing a remorseless, well-equipped foe dedicated to the destruction of democratic values. But this was linked to a parallel conviction, based on the experience of the first year of economic reconstruction, that the US could not stay aloof from Europe. Without the US’s material support, the democracies of western Europe would struggle to rebuild their economies and might fall prey to communist propaganda. In the first year after the
war, it had been expected that the British ally would take the lead in western Europe. But it became apparent in 1946 that Britain was no longer strong enough to manage alone. The magnitude of the task was simply beyond the strength of her war-torn, indebted economy. The US somewhat reluctantly gave socialist Britain a loan of $3,750 million in December 1945, thus averting, in John Maynard Keynes’s phrase, a “financial Dunkirk,” but throughout 1946 Britain’s reserves leached away as it tried to finance reconstruction, a nascent welfare state and huge military commitments round the globe. In August 1947 the Labour government was compelled to end the convertibility of sterling for dollars despite the convertibility of sterling having been one of the conditions of the American loan.32

Britain was in the same fix as its neighbors on the continent. Everybody in western Europe was desperate for dollars to finance the imports necessary for reconstruction. In 1946, Britain had a trade deficit of $764 million with the US; France’s deficit was nearly as high at $650 million. Smaller countries, such as the Netherlands ($187 million) were running deficits of comparable size relative to GNP. In 1947, the deficits were even larger. Western Europe had a collective trade deficit with the US of nearly $4,750 million in 1947.33 Europe needed American raw materials such as coal, wheat, and other foodstuffs because local producers could not yet churn out enough of these products. But above all, western Europe needed capital goods. According to Milward, “the deterioration of western Europe’s balance of trade with the United States was largely caused by the very high and increasing level of imports of machinery, steel and transport equipment.”34 Paying for such goods was difficult, however. It required a lot of Scotch whisky, or French perfume, to pay for ships, tractors, and aeroplanes. Europe was only kept afloat financially by ad hoc US loans and, from 1948 onwards, Marshall Plan aid. Between July 1945 and December 1946, the US loaned western Europe nearly $3,500 million; in 1947, she loaned another $4,000 million. The US government, in effect, was buying American industry’s own products.

Such largesse, in the tense political climate of 1946–1947, obviously came at a price, although whether the Americans specifically named that price, or merely allowed it to be inferred, remains an open question. In May 1947, the French and Italian communist parties were excluded from government. In France, this event came about after a harsh winter had led to increases in the prices for basic necessities. Factory workers throughout the country struck for wage increases. The French Communist Party (PCF) took the view that it was their duty to lead the workers’ protests and refused to support the government in a parliamentary vote of confidence on May 1. Premier Paul Ramadier, deeply aware of how dependent France was on American loans ($1,000 million in 1946 alone), seized his chance to get rid of his communist ministers. France subsequently “moved towards open acceptance of the ‘western strategy’ and, in 1948, agreed to co-sponsor the establishment of a west German state.”35

In Italy, tensions had been high since the election of the Constituent Assembly in June 1946. The Treasury minister in De Gasperi’s government, Epicarmo Corbino, and the governor of the Bank of Italy, the political economist Luigi Einaudi, followed a strict deflationary policy after June 1946, hoping to raise Italy’s competitiveness and boost exports. This policy, however rational from the economic point of view, caused severe social unrest, which the PCI took advantage of, campaigning for state
direction of the economy and for higher wages. De Gasperi unquestionably used this unrest to stir up the fear in Washington that another important European country was about to fall to the Reds. In January 1947, he visited the US and carried out a “carefully choreographed public relations campaign” designed to maximize pressure from the Italo-American community for US aid to their former homeland.

De Gasperi returned home with the promise of a $100 million loan. In May 1947, determined to drive the PCI out of government, De Gasperi resigned. The US promised him increased aid if he formed a government without the extreme left, which he did ten days later, although he had to rely on the neo-fascists for a parliamentary majority. Although it seems unlikely that the Truman administration imposed the exclusion of the communists from government as a price for US loans, it is quite clear that Italian leaders realized that they could manipulate the American dread of communism to gain their political ends.

This is not to dispute that the PCI, with its two million members, huge stocks of hidden arms and strong revolutionary wing, was a potential menace. There is little doubt that without the strong will and political moderation of the PCI’s leader, Palmiro Togliatti, Italy could have followed the path of Greece in 1946–1947. De Gasperi and Togliatti, who continued to collaborate even after May 1947 to draw up the delicate and intricate amalgam of compromises that is Italy’s constitution, were the founding fathers of modern Italian democracy.

Events in Greece, France, and Italy in the spring of 1947, along with the failure of the foreign ministers’ talks over the future of Germany, marked the end of the transitional period between the defeat of the Nazis and the onset of what the American journalist Walter Lippmann was soon to call, in a series of articles deeply critical of the Truman administration, the “Cold War.” The US convinced itself – though contemporary statistics do not entirely bear this conclusion out – that Europe was starving and on the verge of revolution and needed a systematic program of economic aid. This conclusion led directly to Secretary of State George Marshall’s famous Harvard speech on June 5, 1947 promising to aid the reconstruction of Europe, but it is a mistake to see Marshall’s move purely as an act of charity. It was, rather, the “most dedicated effort yet to reduce communist influence in Europe” and was offered to the countries of central Europe only on condition that they reoriented their economies away from the USSR and towards integration with the West.

The USSR interpreted these events ideologically in its turn. Reflecting an analysis that had been in circulation at the highest levels in Moscow since at least September 1946, when the Soviet Ambassador in Washington, Nikolai Novikov, had sent a lengthy telegram to foreign minister Molotov claiming that the US’s postwar ambition was “war against the Soviet Union, which in the eyes of the American imperialists is the main obstacle in the path of the United States,” Stalin circled the communist wagons rather than allow the states under Soviet control to participate in the Plan. As John Lewis Gaddis has argued, “Stalin fell into the trap that the Marshall Plan laid for him, which was to get him to build the wall that would divide Europe.” In September 1947, at a meeting of Europe’s major communist parties in Poland, Stalin’s henchman Andrei Zhdanov berated the French and Italian parties for their passivity and attachment to parliamentary methods and dictated the need for communist solidarity in the face of American expansionism and imperialist plots. A new organization, the Cominform, would be set up to counter the Americans’ propaganda towards the European masses. The split in the wartime Grand Alliance was moot.
New enemies had been created in both Moscow and Washington to replace the monsters of the Third Reich.

Notes

I have not provided notes for quotations taken from the official communiqués of the Yalta and Potsdam conferences, or the Truman declaration. These are all available online at http://avalon.law.yale.edu/subject_index/wwii.asp.

1 Djilas, Conversations with Stalin, 114.
3 Clogg, A Concise History of Greece, 136–141.
4 Schöpflin, Politics in Eastern Europe, 65.
6 Davies, Heart of Europe, says, 55, that Poland lost 18% of her population during the war. The nearest rivals were the USSR (11.2%) and Yugoslavia (11.1%). The US lost 0.2%.
8 Quoted Jenkins, Churchill, 762.
9 Kimball, Churchill and Roosevelt, 565.
10 Byrnes, Speaking Frankly, 71.
11 Senarclens, From Yalta to the Iron Curtain, 39.
13 Rothschild and Wingfield, Return to Diversity, 81–83.
15 Byrnes, in Speaking Frankly, 68, says that Stalin believed Hitler had escaped to Spain or Argentina!
16 Bosworth, Mussolini, 411.
17 Bell, Twentieth-Century Europe, 142.
19 “Morgenthau Plan,” included in Morgenthau, Germany is Our Problem, 4.
20 Senarclens, From Yalta to the Iron Curtain, 57.
23 Lorenzini, op. cit., 75.
24 Lorenzini, L’Italia e il trattato di pace, 107.
25 Trachtenberg, A Constructed Peace, 52.
26 Bullock, Ernest Bevin: Foreign Secretary, 388.
27 Mark, “The War Scare of 1946 and Its Consequences.”
28 Kennan, “The Sources of Soviet Conduct,” 106.
30 Truman, Year of Decisions, 492.
32 For Britain’s financial problems, see Skidelsky, John Maynard Keynes, 375–458.
33 Milward, Reconstruction of Western Europe 1945–1951, 26–27.
34 Milward, op. cit., 36.
37 Harper, America and the Reconstruction of Italy, 1945–1948, 137–158.
38 As early as 1948 the Food and Agriculture Organization (FAO) of the United Nations concluded in a report on nutrition in western Europe that Denmark, Sweden, Greece, and Switzerland had restored their prewar levels of food consumption, although in the
case of Greece this was at a low figure of 2,300 calories per day. Norway, the Netherlands,
Britain, Belgium, and Finland were all over 2,500 calories per day – an adequate though
not luxurious level of nutrition. France, Italy, and Austria remained below prewar aver-
gages, at just over 2,000 calories per day. The danger zone was Germany, where people
still had less than 2,000 calories per day, 1,000 calories per day less than before the war.
Figures cited in Hubert d’Hérouville, L’Economie Européenne, 56.
40 Novikov Telegram, Cold War International History Project, http://cwihplib.si.edu
41 Gaddis, The United States and the Origins of the Cold War, 32.
42 See Anna Di Biagio, “The Marshall Plan and the Founding of the Cominform” for a
detailed account.

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Further Reading

The literature on the end of World War II in Europe is vast and growing daily. Two important recent additions to the literature that provide a vivid picture of the sheer horror of the war, and of moral complexities created by five years of total war, are Norman Davies, Europe at War 1939–1945: No Simple Victory (London: Pan Books, 2007) and Anthony Beevor, Berlin: The Downfall 1945 (London: Penguin, 2007). The trial of the leading Nazis has been the subject of many works of popular history, but one which stands out for rigor and seriousness is John Tusa, The Nuremberg Trial (London: Atheneum, 1984).


The economic reconstruction of Europe is magisterially depicted in Alan S. Milward, The Reconstruction of Western Europe (London: Routledge, 1984). The first five chapters of Tony Judt’s Postwar (New York: Penguin, 2005) are a superb synthesis of political, cultural, and economic history.