

Forschungs- und Literaturbericht

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“A Chinese Wall along our Eastern Border” – Allied Occupation Policy in Germany and its Consequences for Dutch-German Trade Relations, 1945-1949

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Abstract: After the unconditional surrender of the Third Reich in May 1945, Germany no longer existed as a sovereign, independent nation. It was occupied by the four Allied powers: France, Great Britain, the United States and the Soviet Union. When it came to the postwar European recovery, the biggest obstacle was that the economy in Germany, the dominant continental economic power before the Second World War, was at an almost complete standstill. This not only had severe consequences for Germany itself, but also had strong economic repercussions for surrounding countries, especially the Netherlands. As Germany had been the former's most important trading partner since the middle of the nineteenth century, it was clear that the Netherlands would be unable to recover economically without a healthy Germany. However, Allied policy, especially that of the British and the Americans, made this impossible for years. This article therefore focuses on the early postwar Dutch-German trade relations and the consequences of Allied policy. While much has been written about the occupation of Germany, far less attention has been paid to the results of this policy on neighbouring countries. Moreover, the main claim of this article is that it was not Marshall Aid which was responsible for the quick and remarkable Dutch economic growth as of 1949, but the opening of the German market for Dutch exports that same year.

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Deutsch-niederländische Handelsbeziehungen, Marshall Plan, Wiederaufbau, Ruhrgebiet

1 Introduction

In October 1946, the Dutch minister of Economic Affairs Gerardus Huysmans gave a lecture to the Dutch business community. In his speech, he addressed the problems in postwar Dutch-German trade relations. Especially worrisome from a Dutch point of view was the total paralysis of the German economy, “which has almost dwindled foreign trade”. Moreover, the Allied demand that all trade was to be paid for in dollars, seriously hampered and burdened German foreign trade. Finally, Huysmans stated, “the occupation authorities try to limit imports to a minimum, while increasing German exports as strongly as possible”.¹ An undated Dutch government document of around 1947 spoke of Colbertism carried to the extreme and claimed that perhaps this doctrine of exporting as much as possible and importing as little as possible had never before “been applied so consistently and with such disastrous consequences, both to the country itself as to the surrounding states”.² The standstill of the German economy and above all Allied policy in occupied Germany thus had serious economic repercussions on the Netherlands.

When the Second World War ended in Europe in May 1945, it was a continent “living under the shadow of death and devastation”.³ As the Third Reich surrendered unconditionally, only one bridge across the Rhine was left intact.⁴ Overall, 953 bridges had been destroyed and 2,951 shipwrecks blocked the river and its ports.⁵ Canals, roads, bridges and railway networks had been destroyed by the relentless Allied bombing campaign of the last year of the war or by retreating troops.⁶ With regard to European postwar economic recovery, the big-

1 “Rede minister van Economische Zaken ter gelegenheid van de oprichting van de Trustmaatschappij”, 24.10.1946, in: National Archives, The Hague (NL-HaNA), Hirschfeld, 1947-1949, 2.05.48.03, inv.nr. 4.

2 “De Nederlandsche politiek ten aanzien van Duitschland uit een economisch gezichtspunt” (z.j.), in: NL-HaNA, Buitenlandse Zaken/Code-Archief 45-54, 1945-1954, 2.05.117, inv.nr. 15091.

3 I. Kershaw, *To Hell and Back. Europe 1914-1949*, London 2015, p. 470.

4 T. Judt, *Postwar. A History of Europe Since 1945*, London 2007, p. 82.

5 L. Jolmes, *Geschichte der Unternehmungen in der deutschen Rheinschiffahrt*, Cologne 1960, p. 118.

6 Kershaw, *Hell and Back*, p. 470.

gest problem was that Germany – the economic motor of the Continent – lay in ruins. Trade in Europe had come to an almost complete standstill. Multilateral payments were at a low, as “Europe’s trade resembled a spaghetti bowl of more than two hundred bilateral arrangements”.⁷ The fact that Germany, the dominant European economic power since the late nineteenth century, had at least temporarily ceased to be an independent, sovereign state, left many questions about the economic organization of Europe unresolved, slowing Europe’s general recovery.⁸

With the defeat of Nazi Germany, the Netherlands lost both its main supplier and its main customer market. Whom could the Netherlands sell its agricultural products to while Germany was too poor to buy them? Without Germany to buy its products, the open economy of the Low Countries was moribund.⁹ The consequences of the existing bilateral European trade pattern and Allied occupation policy in Germany were felt dearly, especially in the Netherlands.¹⁰ While much has been written on early postwar German history and the policy of the Allies, less is known about the consequences of the Allied occupation of Germany to its neighbouring countries.

This article therefore analyses Dutch-German trade relations in the 1945-1949 period and the consequences of Allied occupation policy. It starts with an outline of the pre-war situation to give a background to postwar developments. Then, the Dutch attempts to restore trade relations with Germany will be analysed in order to explain why it took so long before Dutch-German trade relations were normalized. Furthermore, this article offers an analysis of what caused the impressive growth of the Dutch economy from late 1949 onwards. The main question here is whether Marshall Aid was the main factor, as has been the traditional view in Dutch historiography, or if another explanation is more plausible.

7 B. Eichengreen, *The European Economy Since 1945. Coordinated Capitalism and Beyond*, Princeton 2007, p. 73.

8 M. Lak, *Trading With the Enemy? The Occupation of the Netherlands and the Problems of Postwar Recovery*, in: J. Scherner/E. White (Eds.), *Paying for Hitler’s War. The Consequences of Nazi Hegemony for Europe*, Cambridge 2016, pp. 140-163, here p. 140.

9 Judt, *Postwar*, p. 98.

10 “Letter Minister of Finance Lieftinck to Minister of Foreign Affairs Van Boetzelaer”, 24.10.1947, in: NL-HaNA, Financiën/Buitenlands Betalings Verkeer, 1941-1954, 2.08.50, inv.nr. 5.

2 Dutch-German trade relations until 1945

Germany had been the Netherlands' most important trading partner since the middle of the nineteenth century. Although trade decreased from the levels of the 1920s, Germany on average supplied 25 percent of Dutch imports between 1930 and 1938.¹¹ The majority of these import were made up of machines, potash, industrial goods and raw materials, including coal, iron, steel, and chemicals. Before World War II, more than 30 percent of Dutch exports, mainly agricultural products, went to Germany.¹² Apart from that, the Netherlands provided Germany with services and had invested heavily in the country, especially in the 1920s. Finally, with Rotterdam as its seaport, "the Rhine provided an outlet for the goods produced in the German hinterland and its most important industrial area, the Ruhr region. Rotterdam prospered from German trade, which accounted for more than 80 percent of its traffic".¹³

However, the Great Depression, the rise to power of the Nazis in 1933 and their autarkic policy had serious repercussions on Dutch-German trade in the 1930s. Nazi economic policy was a combination of state control and private enterprise "within a framework of increasing state control of the whole economy through regulation and political interference".¹⁴ In the early 1930s, Germany's financial position had deteriorated to such an extent, that in 1931 the government saw no other option than to lift the convertibility of the *Reichsmark*. During the 1931 financial crisis, *Reich President* Paul von Hindenburg froze all German foreign debt and forced the Germans to sell all foreign currency and monetary gold they owned or had obtained from international transactions to

¹¹ Lak, *Trading*, p. 140.

¹² G.W. Groeneveld, *De economische en financiële betrekkingen tussen Nederland en Duitsland*, Maandschrift Economie. Tijdschrift voor algemeen economische, bedrijfseconomische en sociale vraagstukken 12 (1947-1948), pp. 449-469, here p. 450; H. Lademacher, *Die wirtschaftlichen Beziehungen zwischen Deutschland und den Niederlanden in den dreißiger und vierziger Jahren des 20. Jahrhunderts*, in: J.C. Heß/H. Schissler (Eds.), *Nachbarn zwischen Nähe und Distanz. Deutschland und die Niederlande*, Frankfurt a.M. 1988, pp. 52-66, here p. 53; H.A.M. Klemann, *Tussen Reich en Empire. De economische betrekkingen van Nederland met zijn belangrijkste handelspartners. Duitsland, Groot-Brittannië en België en de Nederlandse handelspolitiek, 1929-1936*, Amsterdam 1990, p. 193.

¹³ Lak, *Trading*, p. 141; also: *Idem*, *The Rhine in Ruins. The Consequences of World War II for the Rhine Shipping Between the Netherlands and Germany, 1945 to 1957*, in: ZUG 60/1, 2015, pp. 75-96.

¹⁴ G. Bel, *Against the Mainstream. Nazi Privatization in 1930s Germany*, in: *The Economic History Review* 63/1, 2010, pp. 34-55, here p. 35.

the Central Bank at a fixed, low rate.¹⁵ Exchanging *Reichsmark* into foreign currency was not possible and the German currency could no longer be used in international payments.¹⁶ The inconvertibility of the *Reichsmark* led to a sort of autarky. Germany had an overvalued currency that it kept artificially high, which resulted in a low export and high import tendency. This was suppressed because of the lack of hard currency. When Great Britain devaluated its pound, the German *Reichsmark* became even more overvalued. This meant that subsidies had to keep German exports going. However, the impressive German economic recovery from 1932/1933 led to an increase in the need for more raw materials, the price of which had risen considerably since the early 1930s. So the official gold and foreign exchange reserves of the *Reichsbank* were rapidly depleted. By the summer of 1934, they had fallen to less than 100 million RM¹⁷ and by the beginning of 1938 to only 76 million RM.¹⁸

As a result, the President of Hitler's *Reichsbank* and the *Reich* Minister of Economic Affairs, Hjalmar Schacht, described by some historians as the “economic *Führer* in the first Hitler government”¹⁹, presented his *Neue Plan* – New Plan – which created *Überwachungsstellen* – Supervisory Boards – for each category of products. From then on, relevant authorities had to approve every single import into Germany.²⁰ The regime decided whether these imports were worth the hard currency.

Schacht's measures had little effect on those German exports imported by the Netherlands. In 1937 these represented only 70 percent of the figure of 1929.²¹ The Netherlands imported a lot from Germany, but little that it could not obtain elsewhere. The dire monetary situation in the Third Reich forced Berlin to decrease its imports sharply. In 1936, however, the continuation of autarky became a political choice. This led to a conflict between Hitler and Göring on the one hand, and Schacht on the other.²² In 1936, Schacht proposed devaluing the *Reichsmark*, reopening the German market and putting a stop to inflationary

15 Klemann, *Reich en Empire*, p. 30.

16 H.A.M. Klemann, *Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: Economische integratie en politieke consequenties 1860-2000*, Rotterdam 2006, p. 54.

17 C. Buchheim, Introduction. German Industry in the Nazi Period, in: *Idem* (Ed.), *German Industry in the Nazi Period*, Stuttgart 2008, pp. 11-26, here pp. 12 f.

18 M. Ebi, The Overvaluation of the Reichsmark. Effects on Manufactured Exports and German Foreign Trade Policy, in: *Buchheim* (Ed.), *German Industry*, pp. 27-38, here p. 38.

19 Bel, *Nazi Privatization*, p. 49.

20 Buchheim, Introduction, p. 13.

21 *Ibid.*, p. 12

22 R. Overy, *War and Economy in the Third Reich*, Oxford 1995, pp. 57, 95 f.

financing. The Ruhr industrialists and other German entrepreneurs wanted to rejoin the world market, at the moment the regime thought that economic recovery and consolidation were realised. The time had come to mobilise the economy for political aims, *in casu* war.²³ For that, autarky was essential. Schacht and the Ruhr industrialists were primarily concerned with the economy, but for the Nazis it was just an instrument. This led to a clash between Schacht, representing the industrialists who favoured normal economic development, and Hermann Göring representing those who wanted political power and had no interest in an open market.

The conflict between Schacht and Göring had a negative influence on the Reich's trade statistics, and exports to many countries, including the Netherlands, seriously tumbled. Total German imports and exports dropped considerably between 1929 and 1938. In 1934 and 1935, total exports represented not quite half of the level in 1928. Imports did somewhat better. Imports and exports in percentage of German GDP (at market prices) also decreased. At the end of the 1930s, the percentage of exports had dropped by more than 50 percent. All this had serious repercussions for the Netherlands. German imports and exports from and to the Netherlands decreased rapidly; exports were hit hardest, reaching just half of the level of 1929 (471 instead of 932 million marks). However, the Dutch percentage of total German trade remained at roughly the same level. The problems in Germany and the autarkic policy of the Nazis were felt by Dutch trade. From 1931 onwards, Dutch imports from Germany slumped until 1938. Exports fared even worse, and were almost halved in 1938. Dutch imports from Germany as a percentage of total Dutch trade dropped from 26 percent in 1929, to 18 percent in 1939, the lowest figure since the 1920s. The same was true of exports which fell from 16 to 9 percent in the years between 1929 and 1939, with the sharpest drop between 1935 and 1939.²⁴

In 1934, increasing problems in Germany and the inconvertibility of the *Reichsmark* forced the Netherlands to negotiate a clearing agreement. Clearing is a bilateral payment arrangement, whereby goods are exchanged against goods, and payments are internally organised in each of the countries through a clearing institute. With the money thus acquired, the clearing institute makes all necessary payments to exporters in their own country. Clearing thus offers the possibil-

²³ *Ibid.*, p. 95.

²⁴ Klemann, *Reich en Empire*, pp. 229, 232, 234.

ity to settle payments without international transactions. This only works, however, when trade is kept in balance, so the largest trade flow has to be limited.²⁵

When the Depression was at its most severe, hard currency was extremely limited. As demand was relatively low, it hardly influenced German imports.²⁶ But it became a serious problem from 1933 onwards when the Nazis, who had only recently come to power, started stimulating the economy and foreign invoices were no longer paid. This was not because German customers could not or would not pay, it was just that the *Reichsmark* could no longer be transferred into hard currency. Many German trading partners therefore introduced bilateral clearing with the Reich or otherwise demanded guarantees that the currency Germany earned from the goods it exported was used to pay for its imports.²⁷

In 1934, the Netherlands prohibited all currency transactions with Germany. From that moment on, imports from the Netherlands' most important trading partner were paid for in an account at the *Nederlandsch Clearing Instituut* – Netherlands Clearing Institute – while exports to Germany were paid for from that account. German importers paid into the Berlin clearing account – the *Verechnungskasse* – and exporters were paid from it. If the payments in both clearing institutes were in balance, transactions were possible without the transfer of any foreign currency or gold. However, this could only work if trade between the two countries was more or less in balance. This was not the case. The overvaluation of the *Reichsmark* made it impossible for Berlin to compete in international markets. After the sterling devaluation of September 1931, German exports slumped notably. By the spring of 1938, some 25 countries had agreed to clearing arrangements and more than half of Germany's foreign trade occurred via clearing. Nevertheless, exports stayed at Depression levels and in 1937, the best pre-war year, they were still 36 percent below the 1929-level. German exports paid for imports. This meant that when Germany saw a specific country as valuable, it could manipulate trade by paying higher export subsidies. If it traded with another country with an inconvertible currency, Germany manipulated trade by manipulating exchange rates. When Göring started preparing for war, this policy became systematised. Trading partners were classified according to their importance for Germany and export subsidies adapted to this classification. Berlin resorted to a cunning policy of keeping the *Reichsmark* overvalued

²⁵ *Ibid.*, p. 95; *Idem*, Wirtschaftliche Verflechtung im Schatten zweier Kriege 1914-1940, in: *Idem/F. Wielenga (Eds.)*, Deutschland und die Niederlande. Wirtschaftsbeziehungen im 19. und 20. Jahrhundert, Münster 2009, pp. 19-44, here p. 39.

²⁶ *Klemann*, Reich en Empire, pp. 99, 215.

²⁷ *Ibid.*, p. 217.

and using subsidies and bilateral exchange rates. It stimulated trade with partners the regime thought were important. This way, the Nazis were able to limit Germany's trade and reach a high level of autarky. Bilateral clearing kept trade going as long as the Nazi regime was interested. Businessmen and consumers, however, lost their grip on trade flows.²⁸

This policy had serious repercussions for the Netherlands. Although trade via clearing continued, albeit on a much reduced scale, by 1936 Dutch exports to Germany had dropped to less than 50 percent of the level in 1929.²⁹ With the German market becoming more and more closed and total German imports decreasing by 68 percent between 1928 and 1934, the Netherlands turned to Great Britain as its main export market.³⁰ In 1936, Great Britain accounted for 22 percent of the Dutch export market, whereas the Reich only accounted for 16 percent. Although Germany recovered spectacularly from the Depression, its imports remained limited to 22 percent. Dutch trade, harbours and transit traffic suffered heavily from this. The devaluation of the guilder in 1936 was not enough to stimulate full economic recovery. This was largely a consequence of the monetary policy of the Nazis.³¹

According to the Dutch historian Hein Klemann, the depression in the Netherlands was largely brought about by the German one. However, when Germany recovered, the Dutch recovery remained limited because the German upsurge was largely confined to the internal market. It was only on 15th May 1940, the day the Dutch capitulated to the German *Wehrmacht*, that the German market – of such importance to the Dutch economy – reopened. For the first two years of the occupation, this was to have remarkably positive effects on Dutch production.³² Research has shown that the Dutch economy actually did very well during the occupation. It boomed during the first two years of the war, when it experienced an economic revival that had not been seen since the late 1920s.³³ Exports to Germany, in the form of ordered deliveries, did exceptionally well, but these ground to a halt in 1945, as there was simply no Germany to trade with anymore. As German possessions in the Netherlands were declared

²⁸ This paragraph is based on *H.A.M. Klemann/S. Kudryashov, Occupied Economies. An Economic History of Nazi-Occupied Europe 1939-1945*, London 2012, pp. 191 f.

²⁹ *H.A.M. Klemann, Nederland 1938-1948. Economie en samenleving in jaren van oorlog en bezetting*, Amsterdam 2002, p. 39.

³⁰ *Ibid.*, p. 36.

³¹ *Ibid.*, pp. 39 f.

³² *Ibid.*, p. 41.

³³ *Ibid.*, p. 569; *Idem*, Did the German Occupation (1940-1945) Ruin Dutch Industry?, in: *Contemporary European History* 17/4, 2008, pp. 457-481.

enemy property as of May 1945,³⁴ German enterprises had hardly any influence on these developments in the first postwar years. As long as there was no sovereign German state, direct German influence on the Dutch economy remained extremely limited. The Netherlands now had to do business with the Allied occupation authorities.

3 Allied occupation policy in Germany

Huysmans was absolutely clear when he addressed the problems in Dutch-German trade relations in October 1946. This trade was vital to the Netherlands, essential for its economic recovery. According to Huysmans, “no country in the world has such an enormous interest in restarting Dutch-German trade”.³⁵ However, Dutch-German trade was nearly halted with the end of the Third Reich. Trade with the Allied occupation zones and trade between them was all but impossible. The loss of Germany gravely limited the Netherlands’ prospects of recovery and reconstruction in the near term.³⁶ At a meeting of the Council of Economic Affairs in late October 1945, the Dutch government stated that from “an economic point of view, it would be a great disadvantage to the Netherlands to loose Germany as its hinterland”.³⁷

That was exactly what happened in May 1945. With the collapse of Hitler’s would-be Thousand Year *Reich*, the Netherlands lost its main trading partner. Trade with Germany was all but impossible, and remained almost non-existent until 1948, apart from compulsory exports of coal, timber, scrap and a limited amount of industrial products.³⁸ Immediately after the German collapse, the Allied authorities in the western zones ordered the closure of most large-scale industries and, by September 1945, there were only a few sawmills and mines left open to cover the needs of the US Army.³⁹

34 M. Lak, Tot elkaar veroordeeld. De Nederlands-Duitse economische en politieke betrekkingen tussen 1945-1957, Hilversum 2015, p. 113.

35 “Rede minister van Economische Zaken ter gelegenheid van de oprichting van de Trustmaatschappij”, 24.10.1946, in: NL-HaNA, Hirschfeld, 1947-1949, 2.05.48.03, inv.nr. 4.

36 Lak, Trading, p. 141.

37 Council of Economic Affairs, “Verslag van de vergadering gehouden op Maandag, 22 October 1945”, 22.10.1945, in: NL-HaNA, Ministerraad, 1823-1990, 2.02.05.02, inv.nr. 570.

38 Eichengreen, The European Economy, p. 60.

39 H. Berger/A. Ritschl, Germany and the Political Economy of the Marshall Plan, 1947-1952. A Re-Revisionist View, in: B. Eichengreen (Ed.), Europe’s Post-War Recovery, New York 2006, pp. 199-245, here p. 210.

A crucial obstacle to the much needed recovery of Dutch economic relations with Germany was the policy enforced by the Allied occupation authorities. Although the Potsdam Agreement had stated that Germany should be treated as an economic unity, the four occupation zones developed into almost closed areas, with which it was practically impossible to make trade agreements.⁴⁰ In his 1954 thesis, the Dutch economist Jozias Wemelsfelder strongly criticized the Allies for doing as they pleased to serve their own best interests in their zones. He revealed that the form of organisation chosen could not have been more irrational.⁴¹ Allied policy obstructed the recovery of trade relations between the Netherlands and the western zones deep into 1949.⁴² The German historian Christoph Kleßmann agreed that the Allied policy had “fatal economic consequences”.⁴³ German entrepreneurs in the western occupation zones were not allowed to trade for themselves or contact foreign or extra-zonal suppliers or customers. All international contacts went via the occupation authorities; German businessmen could not even telephone foreigners.⁴⁴ Consequently, one cannot speak of any normal, regular German trade until 1948. For three years after the war, the German purchase of goods and services and sale to foreign countries were the domain of the occupation forces, i.e. British and American army officers.⁴⁵ Francis Graham-Dixon commented that Allied policy “limited Germany’s potential to play an early and significant role in its own economic recovery”.⁴⁶ As such, it also severely hampered the economic recovery of Germany’s neighbours.

The reason for this was that London and Washington had to feed Germany, which yielded little, but cost vast amounts of money. The occupation authorities hoped to limit the cost of occupation for their countries by preventing Germany from spending hard currency on less necessary products and services, or to sell useful products for accounts that could not be used for the products Germany

⁴⁰ M. Lak, *Stunde Null. Zonder Duitsland geen Nederlands herstel*, in: *De Academische Boekengid* 65, 2007, pp. 13-15, here p. 15. For an elaborate discussion of the Potsdam Conference, see M. Neiberg, *Potsdam. The End of World War II and the Remaking of Europe*, New York 2015; K.H. Jarausch, *Out of the Ashes. A New History of Europe in the Twentieth Century*, Princeton/Oxford 2015, pp. 409-411.

⁴¹ J. Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen na de Tweede Wereldoorlog*, Leiden 1954, p. 2.

⁴² F. Wielenga, *Nederland in de twintigste eeuw*, Amsterdam 2009, p. 215.

⁴³ C. Kleßmann, *Die doppelte Staatsgründung. Deutsche Geschichte 1945-1955*, Bonn 1991, p. 46.

⁴⁴ Wemelsfelder, *Tweede Wereldoorlog*, p. 3.

⁴⁵ W. Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, Bonn 2004, p. 86.

⁴⁶ F. Graham-Dixon, *The Allied Occupation of Germany. The Refugee Crisis, Denazification and the Path to Reconstruction*, London/New York 2013, p. 100.

needed. They hoped to do this by regulating the external trade of their occupation zones. As Germany no longer had a convertible currency, the Americans and British invested over 700 million dollars a year to supply their occupation zones.⁴⁷

At the same time, the British and Americans initially differed to a considerable extent as to how to treat occupied Germany. The former followed a somewhat ambivalent policy. On the one hand, Britain wanted to destroy the German war potential, and to obtain machinery to stimulate British economic recovery. On the other hand, London did not oppose a recovery of a German peace economy: a wealthy Germany would be less war prone and at the same time be a good market for British products. There was a clear reason for this: Great Britain was practically bankrupt and even had to import food from the United States. As Frederick Taylor highlighted: “It [Great Britain, M.L.] had nothing to spare for Germany from its own domestic resources [...] Morgenthau-style de-industrialisation, began rapidly to fade in the light of the terrific burden that a helpless Germany represented for a Britain that was itself economically prostrate”.⁴⁸

When it came to the decartelisation of the Ruhr coal industry, the British approach showed the same ambivalence, in contrast to that of the Americans. On the one hand, the British wished to use German coal in the future for West European recovery, as such accepting to “einem gewissen Grad eine Wiedererstarkung des deutschen Steinkohlenbergbaus“. On the other hand, this was not to lead to a further loss of markets for the British mining industry.⁴⁹

If the British policy in its zone of occupation was ambivalent, the American policy was initially crystal-clear, at least in Washington. In the immediate post-war period, radicals in American policy-making held the upper hand. This resulted, for example, in breaking up firms such as I.G. Farben, large banks and enterprises in the coal and steel industries. On the ground, i.e. in the American occupation zone in Germany itself, however, many Americans resented the harsh policy initially followed by Washington. So even with approval of his boss, the commander of the American zone of occupation Lucius D. Clay, one employee could refer to Washington’s policy as the work of “economic idiots”.⁵⁰ According to more practical people on the ground, Germany should be allowed

47 M. Uhl, *Die Teilung Deutschlands. Niederlage, Ost-West Spaltung und Wiederaufbau 1945-1949*, Berlin 2009, p. 38.

48 F. Taylor, *Exorcising Hitler. The Occupation and Denazification of Germany*, New York 2011, p. 204.

49 M. Farrenkopf, *Wiederaufstieg und Niedergang des Bergbaus in der Bundesrepublik*, in: D. Ziegler (Ed.), *Rohstoffgewinnung im Strukturwandel. Der deutsche Bergbau im 20. Jahrhundert*, Münster 2013, pp. 183-302, here p. 200.

50 Kleßmann, *Die doppelte Staatsgründung*, p. 100.

to be able to pay for itself and to feed itself as soon as possible. As a result, there was significant difference between the literally distant Washington and the American headquarters in Germany, and between the British and the Americans.⁵¹ However, as time went by and as the British became ever more dependent on the United States, the differences in their policies decreased, especially when in 1947 the British and Americans changed course and started to work towards recovery in the western part of Germany.

After the collapse of the Third Reich, however, trade links to and from all German companies were fundamentally ruptured and foreign trade came to a standstill. In September 1945, the Allied Control Council formally prohibited any activity by German consular and trade representatives abroad. This gave the military government a monopoly on foreign trade.⁵² The historian Richard Bessel correctly states that in 1945, as its borders became “insurmountable barriers to trade, Germany largely disappeared from the world trading centre”,⁵³ with dire consequences for Europe as a whole and for the Netherlands in particular.

The collapse of the German economy made the occupiers responsible for the supply of basic necessities to the German population. In practice, this meant that British and American taxpayers had to cover the costs. The problem was how to explain to taxpayers at home that they had won the war and now had to feed the Germans.⁵⁴ Understandably this led to protest, for example in Great Britain. The Conservative Member of the House of Commons, Harry Crookshank, was quoted as saying: “This is the most quitotoxic act in history: we defeat a country and then call on our own taxpayers to grant 80 or 100 Million Pounds a year to put them on their feet again”.⁵⁵ Gradually, the central focus of British and American policy was directed towards getting rid of this financial burden. They therefore demanded that customers of German goods pay in dollars or sterling which could be used to buy food on the world market. Imports were to be kept as low as possible, as the costs of occupation would otherwise become

⁵¹ Lak, *Tot elkaar veroordeeld*, p. 100.

⁵² R. Bessel, *Germany 1945. From War to Peace*, London 2009, pp. 370 f.

⁵³ *Ibid.*, p. 371.

⁵⁴ During the war, there had been intense debates in Great Britain about the question if it should supply the enemy with food; see J.E. Farquaharson, *Hilfe für den Feind. Die britische Debatte um Nahrungsmittellieferungen an Deutschland 1944/45*, in: *VfZ* 37/2, 1989, pp. 253-278.

⁵⁵ As quoted in J.E. Farquaharson, *The British Occupation of Germany 1945-6. A Badly Managed Disaster Area?*, in: *German History* 11/3, 1993, pp. 316-338, here pp. 324-326. Also: H.P. Schwarz, *Vom Reich zur Bundesrepublik. Deutschland im Widerstreit der außenpolitischen Konzeptionen in den Jahren der Besatzungsherrschaft 1945-1949*, Stuttgart 1980, p. 167.

too high.⁵⁶ The *Joint Export-Import Agency* (JEIA) was created to determine the extent and composition of imports and exports for Bizonia⁵⁷ (the economic merger of the British and American zones of occupation as of 1st January 1947) and laid down rules that were so complicated they actually hindered smooth trade. Allied occupation regulations made trade with Germany difficult. The JEIA was responsible for all foreign trade and monetary transactions.⁵⁸ Not only did the American authorities forbid German traders to have direct contact with foreigners, but the Netherlands had to pay for their much needed German coal in dollars, while it received inconvertible RM for its own exports.⁵⁹ According to the Dutch economic weekly *Economisch-Statistische Berichten*, the Allies hindered trade with Germany so that they could collect as many dollars as possible.⁶⁰

The loss of Germany as an industrial nation and a supplier of industrial goods made the Dutch dependent on the United States and its dollars. As industry in Germany and especially the Ruhr was at a standstill, Dutch industry and agriculture, which mainly used German machines, could not obtain spare parts. In a letter to the Commerce Branch Control Commission for Germany in the British zone of occupation, the Dutch sewing machine company *A. Lewenstein*, complained that it needed spare parts and needles for the many thousands of machines it had sold in the Netherlands, both for household and industrial purposes, and „many machines cannot be used as there are no spare parts to repair them“. ⁶¹ This was a reflection of a more general problem that obstructed production in large parts of Dutch industry.

⁵⁶ Lak, Stunde Null, p. 15.

⁵⁷ Agreement between the Governments of the United Kingdom and the United States on the Economic Fusion of their Respective Zones, 2.12.1946, http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=2840, 17.08.2016.

⁵⁸ C.L. Glossner, *The Making of the German Post-War Economy. Political Communication and Public Reception of the Social Market Economy After World War II*, London/New York 2010, p. 16.

⁵⁹ Klemann, *Nederland 1938-1948*, pp. 330 f.

⁶⁰ J.M.E.M.A. Zonnenberg, “Handel met Duitschland”, in: *Economisch-Statistische Berichten* (ESB) 11, 1946, pp. 829-831.

⁶¹ “Letter N.V. Amsterdamsche Naaimachineshandel A. Lewenstein, to Commerce Branch Control Commission for Germany, Main Headquarter Boar, Minden”, 6.01.1947, in: Bundesarchiv (BArch) Z 8/1684.

4 The Ruhr area at a standstill

The core of the German economic problem lay in the fact that the industrial area of the Ruhr was at a standstill. Although industrial damage from Allied bombing was limited, production was low as the Ruhr was isolated from the rest of Germany and Europe, as the Allied bombing campaign had inflicted extensive damage on German infrastructure. In the last year of the war, Allied planes bombed German roads, bridges and rails with impunity and roamed the skies by the thousands. Between November 1944 and January 1945, the British and Americans dropped 102,796 tons of bombs on transport targets, especially marshalling stations. On 11th November 1944 Albert Speer was informed that the Ruhr area had been isolated from the rest of Germany.⁶² Ninety percent of the country's rail network was either blocked by wrecked rolling stock or rendered impassable by bomb damage to the tracks.⁶³ The total destruction of German infrastructure made the transport of vital raw materials impossible for a long time,⁶⁴ and was the biggest hindrance for a swift recovery. It even meant that the Ruhr could not be supplied with food and clothing.⁶⁵

The problems in infrastructure had an immense and acute impact on the economy of occupied Germany. The occupation powers had seized the most available means of transport and capacity dropped to a minimum. For example, by 1947, the number of serviceable locomotives in the Bizone had dropped from almost 9,000 in 1936 to 6,821, or just 76 percent, whereas the percentage of serviceable persons wagons was only 59 percent of the level in 1936. Moreover, there were fewer foreign ships on the Rhine and these were not admitted into internal German waterways. This had serious consequences for the export of Ruhr coal: "The relatively limited production quantities could not be transported to the designated places, and caused an increase in coal that was not used". This created "the grotesque situation where, on the one hand industries that were of vital interest had to limit or even terminate their production because of

⁶² A. Tooze, *The Wages of Destruction. The Making and Breaking of the Nazi Economy*, New York 2006, pp. 650 f.

⁶³ *Eichengreen*, *The European Economy*, pp. 54 f.

⁶⁴ S. Reichardt/M. Zierenberg, *Damals nach dem Krieg. Eine Geschichte Deutschlands 1945 bis 1949*, Munich 2009, p. 71.

⁶⁵ A. Schlieper, *150 Jahre Ruhrgebiet. Ein Kapitel deutscher Wirtschaftsgeschichte*, Düsseldorf 1986, p. 149.

lack of coal, whereas on the other piles of unused coal were growing“.⁶⁶ Very little coal was being moved from the mines, mainly as a result of the lack of transport facilities.⁶⁷ In 1945, only 33,000 tons of coal was produced by Ruhr mining,⁶⁸ the same amount as in 1889, and around a quarter of the 1939 figure. In 1945, the production of cokes only reached 15 percent of the pre-war level and it was to take until 1951 before it reached the level of 1944.⁶⁹

The fact that in May 1945, the Ruhr was all but at a standstill and would continue to be so in the coming years, did not only affect the German economy, but also that of the whole of Europe. With German foreign trade gone, Europe's economic future looked bleak. Many countries felt the loss of Germany as a supplier of industrial goods. Moreover, as Germany was unable to buy anything, many countries lost their most important export market. The low level of coal production in the Ruhr area, and the low export of coal as a consequence, caused an energy crisis in the whole European economy.⁷⁰

Germany was not the only country dependent on Ruhr coal, many other parts of Europe were as well.⁷¹ Before the war, the Ruhr – the industrial heart of Europe, but also the arms workshop of the Reich – had supplied coal to a major part of the Continent.⁷² In 1947, the International Chamber of Commerce stated that the division of scarcely available resources in Europe was not easy. It warned, however, that it would be counterproductive to kill the goose that laid the golden eggs, i.e. the Ruhr area and its coal production. It deemed it more import to increase German coal production and export coal and other goods as soon as possible. Only then would it be possible to achieve a balanced and healthy European economic recovery.⁷³

⁶⁶ Quote and information in this paragraph taken from: *K. Wiesendanger*, *Die Ruhrkohle in der Westeuropäischen Kohlenwirtschaft 1945-1949*, Lörrach 1952, pp. 17 f.

⁶⁷ *M. Roseman*, *Recasting the Ruhr, 1945-1958. Manpower, Economic Recovery and Labour Relations*, New York/Oxford 1992, p. 23.

⁶⁸ *K.-P. Ellerbrock*, *150 Jahre IHK. Geschichte und Geschichten. Die Industrie- und Handelskammer im mittleren Ruhrgebiet zu Bochum 1856-2006*, Bochum 2006, p. 26.

⁶⁹ *Schlieper*, *150 Jahre Ruhrgebiet*, p. 150.

⁷⁰ “De internationale economische-gevolgen van den toestand in Duitschland”, Rapport van een Comité, ingesteld door den President van de Internationale Kamer van Koophandel in uitgebracht aan den Uitvoerenden Raad der kamer op 2.04.1947, in: *De Economist* 95/1, 1947, pp. 237-278, here pp. 237 f.

⁷¹ *W. Abelshauser*, *Der Ruhrkohlenbergbau seit 1945*, Munich 1984, p. 7.

⁷² *U. Rombeck-Jaschinski*, *Nordrhein-Westfalen, die Ruhr und Europa. Föderalismus und Europapolitik 1945-1955*, Essen 1990, p. 11.

⁷³ “De internationale economische- gevolgen van den toestand in Duitschland”, p. 246.

The Netherlands did have its own coal mines in Limburg, in the extreme south of the Netherlands. These mines had already been liberated in 1944, but that was no guarantee that coals could be delivered to the rest of the country. The infrastructural damage as a consequence of the fighting of the last year of the war was immense, making transport extremely difficult; there was a lack of transport material, a shortage of mine wood, malnourishment of the coal miners and little incentive to go into the mines.⁷⁴ As a result, coal production in the Netherlands in 1945 and 1946 was low compared to the last pre-war years. The coal reserves decreased on a monthly basis between June and July 1945, and until the end of 1946, monthly coal production lagged far behind the monthly average of 1935-1938. Only by 1949 and 1950 did Dutch coal production reach the pre-war level.⁷⁵

After the collapse of the Third Reich, it became fundamentally important to reactivate mining in the Ruhr and to breathe new life into its industry. The economic recovery of Europe depended on this.⁷⁶ The Continent could simply not do without it, especially not the Netherlands. In spite of all that had happened during the war and the German occupation of the Netherlands, nothing could erase the fact that Germany was indispensable for the Netherlands' long-term recovery.⁷⁷ For this reason, in October 1945, the Dutch Council of Economic Affairs stated that the demolition of German industry would not be in the best interests of the Netherlands, as it would hit the country's means of existence.⁷⁸ A strong German economic recovery was seen as a means of strengthening Western Europe, provided this went hand in hand with the economic integration of the community of states.⁷⁹ In another memorandum, sent to the commander of the American occupation zone in Germany in 1949, Max Kohnstamm wrote that "the Netherlands-German relations are a good starting point in working towards

⁷⁴ D.C.L. Schoonoord, *Het "Circus Krul". Militair Gezag in Nederland, 1944-1946*, Amsterdam 2011, pp. 10, 703.

⁷⁵ "Statistieken en grafieken van de kolenpositie, de productie, het verbruik en de afzet van steenkolen in Nederland en enige andere landen", June 1945-December 1950, in: NL-HaNA, Rijkskolenbureau, 1939-1954, 2.06.056, inv.nr. 197.

⁷⁶ Kleßmann, *Die doppelte Staatsgründung*, p. 110.

⁷⁷ R.T. Griffiths, *Economic Reconstruction Policy in the Netherlands and its International Consequences*, May 1945-March 1951, San Domenico 1984, p. 33.

⁷⁸ Council for Economic Affairs, "Verslag van de vergadering gehouden op Maandag, 22 October 1945", 22.10.1945, in: NL-HaNA, Ministerraad, 1823-1990, 2.02.05.02, inv.nr. 570.

⁷⁹ J.C. Hess/F. Wielenga, *Die Niederlande und die Wiedervereinigung Deutschlands. Ein Beitrag zur Debatte um die "Verpassten Gelegenheiten" im Jahr 1952*, in: VfZ 35/3, 1987, pp. 349-384, here p. 352.

the economic integration of Germany and Europe“.⁸⁰ In May 1945, however, this was out of the question. The Third Reich had been broken up into four Allied occupation zones between which trade was all but possible. This made German economic recovery unachievable at that time. During 1945 and the early part of 1946, there was no exchange of goods between sections of Germany beyond the necessity of providing the population with certain minimal needs.⁸¹

Germany had once supplied the capital goods that were now essential for the recovery and growth of its neighbours, especially the Netherlands.⁸² While the German economy was down, Europe's economic recovery was out of the question. The problem was that this only became clear to the British and Americans much later. The policy of the Allies, and especially the Americans, had serious repercussions for Europe's recovery. This policy only changed as the Cold War developed and the Marshall Plan was introduced.⁸³ In the winter of 1946-1947, German industrial production was estimated at 30 percent of the pre-war level, with the exception of black market production. In the Bizone in 1947, legal industrial production reached 50 percent of the 1936 level at the most,⁸⁴ although figures for black market production are not included in official data. Therefore, it was impossible for European countries to obtain the coal and machines they needed from Germany. Whereas before World War II these countries had been able to export services and goods to Germany and import capital goods, they were now forced either not to import them or to import them from the United States, which had absolutely no interest in importing the products these countries offered.⁸⁵

5 Dutch-German trade

Allied policy in the period just after the war prevented the Netherlands from restarting trade with Germany. According to the British, goods and services imported from the Netherlands were not to be paid for in pounds; exports were

80 As cited in A.G. Harryvan/J. van der Harst, Max Kohnstamm. *Leven en werk van een Europeaan*, Utrecht 2008, p. 122.

81 K. Holbik/H. Myers, *Postwar trade in divided Germany. The Internal and International Issues*, Baltimore 1964, p. 15.

82 Berger/Ritschl, *Germany*, pp. 214-216.

83 M. Lak, *Na de overwinning. De Amerikanen, Britten en Russen in Duitsland na WO II*, in: *De Academische Boekengids* 69, 2008, pp. 3-5, here p. 5.

84 Abelshauser, *Deutsche Wirtschaftsgeschichte*, p. 108, Table 7.

85 H. Riemens, *De financiële ontwikkeling van Nederland*, Amsterdam 1949, p. 188.

only allowed if they yielded dollars. In October 1947, H.C.J.H. Gelissen, president of the Dutch Chamber of Commerce for Germany, stated that there were walls “which were impossible to cross with even the tallest vaulting pole”.⁸⁶ Huysmans spoke of “a Chinese wall along our eastern border”.⁸⁷

Others correctly assessed that the zonal division of Germany would influence Dutch-German economic relations negatively.⁸⁸

Dutch-German trade was at an absolute low. In 1938, the Netherlands imported goods from Germany to a value of 301 million guilders. In 1946 and 1947, this was a mere 17 and 25 million inflated guilders respectively. The picture was equally gloomy in the case of exports. Two years before the outbreak of World War II, the Netherlands exported to Germany a total value of 154 million guilders. In the first two full postwar years – 1946 and 1947 – exports fell to only 13 and 14 million guilders.⁸⁹ As a result, only 37 percent of the total Dutch imports were covered by exports, compared to the 1938 figure of 74 percent. This pre-war level was only to be reached again in 1951.⁹⁰

86 H. Gelissen, *Bijdrage tot de Wederopbouw der Nederlands-Duitse betrekkingen/Beitrag zum Wiederaufbau der Deutsch-Niederländischen Beziehungen*, Maastricht 1950, p. 24.

87 “Rede Minister van Economische Zaken Huysmans”, 24 October 1946, in: NL-HaNA, Hirschfeld, 1947-1949, 2.05.48.03, inv.nr. 4. Also: Brochure J. Teppema, *Tien jaar buitenlandse economische betrekkingen: “Het dollargordijn was moeilijker te doorbreken dan het toen eind 1947 reeds neergaande ijzeren gordijn”*, in: NL-HaNA, EZ/BEB, 1945-1995, 2.06.107, inv.nr. 10.

88 J. Wemelsfelder, *De invloed van de zone-indeling in Duitsland op de Nederlandse economie*, in: *Maandschrift economie. Tijdschrift voor Algemeen Economische, Bedrijfs-Economische en Sociale Vraagstukken* 12, 1948, pp. 329-337, here p. 337; T.M. Metz, *Fünzig Jahre Niederländische Handelskammer für Deutschland 1905-1955*, The Hague 1950, pp. 165, 167 f.

89 *Centraal Bureau voor de Statistiek (CBS)*, *Zeventig jaar statistiek in tijdreeksen, 1899-1969*, The Hague 1970; M. Lak, “Eine Angelegenheit von fundamentaler Bedeutung”. Die Wechselwirkung der ökonomischen und politischen Beziehungen zwischen den Niederlanden und Deutschland, 1945-1949, in: *Klemann/Wielenga (Eds.)*, *Deutschland und die Niederlande*, pp. 45-85, here p. 59, Table 1.

90 CBS, *Tweehonderd jaar statistiek in tijdreeksen 1800-1999*, Voorburg/Heerlen 2001, p. 49.

Tab. 1: Dutch total trade in million guilders (1938 prices), Dutch international trade as a percentage of GDP and trade with Germany, 1938 and 1946-1950.

Totals	Imports	Exports	Change in per- cent with previ- ous year		Dutch interna- tional trade as a percentage of GDP		Trade with Germany in percent of Dutch inter- national trade	
			Imports	Exports	Total imports	Total exports	Imports from Germany	Exports to Germany
1938	1,460	1,079			27	20	21	15
1946	670	229	-54	-79	21	8	3	6
1947	1,109	515	66	125	33	14	2	3
1948	1,241	741	11	44	33	18	5	6
1949	1,333	1,082	7	46	32	23	7	11
1950	1,763	1,463	32	36	42	29	12	21

Sources: CBS, Zeventig jaar statistiek; CBS, Tweehonderd jaar statistiek; own calculations.

As is evident from Table 1, Dutch trade with Germany dropped alarmingly between 1946 and 1949, as compared to 1938, the last pre-war year. As a result of the Dutch need to import capital goods and industrial machinery for its recovery, total Dutch imports as a percentage of the GDP increased strongly after the war. Exports also increased, although on a somewhat lesser scale. Between 1945 and 1949, however, trade with Germany as a percentage of total Dutch trade decreased markedly. Here the Dutch felt the consequences of Allied policy and of the destruction of war, especially in trade via the Rhine and by train. In fact, Dutch imports from Germany were not to reach their 1938 level in the first twelve postwar years. Exports, however, did. Total Dutch imports reached and even surpassed the 1938 level in 1950 partly due to the opening of international markets. Problems in the European Payments Union caused Dutch imports to fluctuate somewhat in 1952 and 1953, but from 1953 onwards they increased to heights never reached before. Exports showed a somewhat different picture. In 1946, exports reached a level of a little more than 21 percent of the level in 1938. In the following years it increased strongly, and by 1949 it was at the 1938 level. 1949 was the first full year of Marshall Aid and the first year the German market was open. Dutch real exports reached unprecedented heights in 1950, although in 1951 they dropped by 11 percent. Between 1953 and 1955, Dutch exports increased by 25 percent, to reach normal growth figures in 1956 and 1957. This led to export-led growth: the growth of Dutch trade was caused by exports. From 1947 to 1955 the growth in real exports was constantly above 10 percent, and it

was only slightly under 40 percent until 1950. The Netherlands recovered spectacularly as a consequence of their export market.

However, in May 1945 that dream still had to be realized. The loss of Germany as an import and export market caused a (temporary) shift in the Dutch trade pattern. Whereas in 1938, 21 percent of the goods imported into the Netherlands came from Germany, this fluctuated between 2.5 and 5.5 percent in 1946 and 1948. Export figures showed the same picture, dropping from 15 percent (1939) to a maximum of 6.6 percent 1946-1948. As a consequence, the European demand for machinery, machine tools, vehicles, construction equipment and steel products was directed towards the United States. In 1938, 44 percent of the machinery imported to Britain came from the United States and 25 percent from Germany. Two years after World War II, 65 percent came from the United States, and a mere 3 percent from Germany. Alan Milward calculated that in Western Europe as a whole, the increase in the export of capital goods and steel from the United States in 1947 accounted for 61 percent of the total increase in these exports over 1938.⁹¹ Given the fact that the US came out of World War II as the only true superpower, European dependency on the United States was hardly surprising. Steel production in the United States jumped from 53 million tons in 1939 to 80 million in 1945,⁹² a considerable part of which found its way to the ruined European continent. Capital goods, metals, vehicles, ships and planes were responsible for more than half the increase in imports in the economies of France, the Netherlands and Norway.⁹³ With the elimination of Germany, the demand for machinery, machine tools, vehicles, construction equipment and steel products could only come from one source: the United States.⁹⁴ Even Britain, the most important West European importer, could only cope with help of the US.⁹⁵

The Netherlands fitted into the general picture of a growing dependence on the United States and to a lesser extent on Great Britain. Import figures were clear on that. In 1938, the Netherlands imported goods from the United States worth 154 million guilders. Between 1946 and 1949, this figure varied from 536 to 1,198 million guilders (163-310 million in 1938 prices), 1947 being the peak. The Netherlands imported 115 million guilders worth of goods from Great Britain

⁹¹ Information in this paragraph taken from *A.S. Milward, The Reconstruction of Western Europe 1945-1951*, London 1984, pp. 36 f.

⁹² *G. Lundestad, "Empire by Invitation?" The United States and Western Europe 1945-1952*, in: *Journal of Peace Research* 23, 1986, pp. 263-277, here p. 264.

⁹³ *Milward, Reconstruction of Europe*, p. 36.

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*

in the last pre-war year, and 348 and 462 million guilders (106-120 million in 1938 prices) in the years 1946-1947.⁹⁶

Allied trade policy did little to further the trade between the Netherlands and the US and British German occupation zones. Germany, one of the Netherlands' main markets for food exports was closed. “I am buying calories, not food”, is how Clay, the American commander of the US occupation zone, explained his decision to spend funds on wheat instead of on the higher priced Dutch vegetables. The virtual disappearance of transit traffic to Germany and up the Rhine to central Europe, cut off a major source of Dutch currency income.⁹⁷

Even when the Dutch did export some products to Germany, the Allies paid for them in useless *Reichsmark*. As S.J. Teppema, responsible for the trade relations with Germany at the Ministry of Foreign Affairs wrote to the Minister of Finance, P. Lieftinck, import of German products met with obstacles as well: “What we wanted, the other side claimed to be unable to offer and what we did not want was offered abundantly”.⁹⁸ For essential goods payments would be in dollars, but whereas the essential list included “virtually everything the Dutch might conceivably need from Germany, it excluded many traditional Dutch exports”, most notably vegetables.⁹⁹ For the first two years after the defeat of the Third Reich, the Dutch only made limited food deliveries to the western zones of occupation, although some coal was exported to the Netherlands.¹⁰⁰ As the Allies were unable to agree on a joint German policy, and the country remained in the same perilous condition as it had been since May 1945 and the Dutch economy had to do without its main export market.¹⁰¹ German economic recovery

96 CBS, Vijfennegentig jaren statistiek in tijdreeksen 1899-1994, The Hague 1994. p. 173; CBS, Maandstatistiek van den In-, Uit- en Doorvoer van Nederland 1938-1948, The Hague 1939-1949; own calculations.

97 Clay's quote and the information in this paragraph are, unless stated otherwise, taken from W. Diebold, Trade and Payments in Western Europe. A Study in Economic Cooperation 1947-1951, New York 1952, p. 325.

98 “Letter Teppema to Lieftinck”, 5.08.1948, in: NL-HaNA, Financiën/Buitenlands Betalings Verkeer, 1941-1954, 2.08.50, inv.nr. 36.

99 Griffiths, Economic Reconstruction Policy, p. 37.

100 Note Directeur van het Buitenlands Betalingsverkeer voor de Minister van Financiën, “Verhouding tussen Nederland en Duitsland”, 27.05.1949, in: NL-HaNA, Financiën/Buitenlands Betalings Verkeer, 1941-1954, 2.08.50, inv.nr. 36.

101 J.L. van Zanden, Een klein land in de 20^e eeuw. Economische geschiedenis van Nederland 1914-1995, Utrecht 1997, p. 177.

had to come from the United States,¹⁰² but as yet, Washington was not geared towards rebuilding Germany.

Therefore, the Netherlands had to find other markets for its exports. Apart from the United States, which had little interest in Dutch products, the only reasonable option seemed to be Britain.¹⁰³ Although Great Britain had been an increasingly important buyer of Dutch exports since 1931, economic relations with the United Kingdom were far from satisfactory. The Netherlands felt that the British had abused their monopolistic power on world markets when it came to setting prices for agricultural imports.¹⁰⁴ This seems like a somewhat strange accusation, as most goods which were exported to the Netherlands were traditionally organized in cartelized structures. The most important of them was the *Rheinisch-Westfälische Kohlen-Syndikat* (RWKS), which via its Dutch subsidiary the Steenkolen-Handelsvereniging (SHV) dominated the transport of Ruhr coals to the Netherlands.¹⁰⁵ However, coals were not the only cartelized goods: the same applied to potash and chemicals.

However, Britain's share in global food imports was so large, that fluctuations in the British demand influenced world market prices. With the loss of Germany as an export market for Dutch agricultural products, Great Britain was, in fact, the only option, as only Britain and Germany were large-scale food importers. London, however, preferred products from commonwealth countries like Canada, New Zealand and Australia, countries that exported the same products as the Netherlands. In addition to this, the Dutch felt that the British had taken advantage of the structural Dutch surplus in market garden production, as a result of the low level of German trade, to force the Dutch to export meat and dairy products at the same low prices. A further aggravation was the fact that, although the British market was gaining in importance, this was mainly in the agricultural sector.¹⁰⁶

Here lay the crux of the problem: the Netherlands was specialized in the export of agricultural products to surrounding, prosperous countries, mainly

102 F. Hartog, "Vooruitzichten van de Duitse economie", in: *De Economist* 99/1, 1951, pp. 641-671, here p. 671.

103 This paragraph is, unless stated otherwise, based on *Griffiths*, *Economic Reconstruction Policy*, pp. 44 f.

104 H.J. Frietema, *Productie en prijsvorming op de Engelsche markt van Nederlandsche, Deensche en koloniale boter*, Haarlem 1937, p. 59; Klemann, *Reich en Empire*, pp. 176, 230.

105 See for example J. Schenk, *Havenbaronnen en Ruhrbonzen. Oorsprong van een wederzijdse afhankelijkheidsrelatie tussen Rotterdam en het Ruhrgebied 1870-1914*, Rotterdam 2015, pp. 218, 227 f., 230.

106 *Griffiths*, *Economic Reconstruction Policy*, p. 45.

Germany. However, the latter was no longer able to buy anything, and the only alternative market, Great Britain, could obtain products like cheese, bacon, eggs and butter from its Dominions, while it produced vegetables itself.¹⁰⁷ A memorandum from the Dutch government in January 1947 stated that “the export of agricultural products to Germany will always be one of the most important sources of trade for a country like the Netherlands”.¹⁰⁸

Above all, the Dutch realised that their natural trading partner, Germany, was more important to them and everything should be done to recover trade relations with its large eastern neighbour. In 1951, the Dutch catholic minister of Economic Affairs, J. van den Brink, stated that a number of people in the Netherlands believed that the war had changed the face of Europe so profoundly, that a complete reorientation of Dutch economic life was required, and that the traditional strong relations with Germany should be replaced. According to Van den Brink, these people overlooked the fact, “that life does not stand still, and Europe can only be healthy when all its parts function at a reasonable level”.¹⁰⁹ However, trade with Germany remained at an all-time low until at least 1948, as negotiations with the British and Americans lead to nothing. This greatly worried and irritated Dutch politicians and businessmen, as they all knew – and had even emphasized that during the Second World War¹¹⁰ – that without a German economic recovery, the Netherlands would not be able to recover itself: it was a matter of life and death.

6 Liberalisation of German imports

Change had to come from outside, i.e. from the Americans. This shift came in the first half of 1947. In the spring of that year, it became clear that a division of

107 Klemann, Reich en Empire, pp. 119-129, 146-153, 228-243; *Idem*, Political Development and International Trade. The Netherlands 1929-1941, in: M. Müller/T. Myllyntaus (Eds.), Pathbreakers. Small European Countries Responding to Globalisation and Deglobalisation, Berlin/New York 2007, pp. 297-321, here pp. 300-304, 310-314.

108 “Memorandum of the Netherlands Government on Allied Policy with regard to Germany”, 14.01.1947, in: NL-HaNA, Buitenlandse Zaken/Code-Archief 45-54, 1945-1954, 2.05.117, inv.nr. 22469.

109 “Lecture minister of Economic Affairs Van den Brink, to the Bundesverbandes der Deutschen Industrie”, 14.01.1952, in: NL-HaNA, Ambassade Duitsland en Militaire Missie, 1945-1955, 2.05.55, inv.nr. 515.

110 M. Lak, “Onze welvaart valt en staat met die van Duitsland”. Opvattingen over naoorlogs Duitsland bij de Nederlandse regering in Londen en de illegale pers tijdens de Tweede Wereldoorlog, in: Tijdschrift voor Geschiedenis 123/3, 2010, pp. 401-413.

Germany was unavoidable. The Foreign Ministers of the United States, France, the Soviet Union and Britain met in Moscow to discuss the peace settlement with Germany and Austria. The British and Americans had already decided that they intended to build a West German state.¹¹¹ Therefore, the state of the West German economy became important to the Americans. The decartelisation and dismantling of German industry, which the Americans had officially propagated and was part of American occupation policy between 1945 and 1947, for example with regard to the Ruhr coal industry,¹¹² no longer fitted into this picture. The Dutch had constantly been opposed to decartelisation. Given the extensive Dutch interests and investments in the German industry, for example in coal and mining, mainly build-up in the 1920s and 1930s,¹¹³ decartelisation would be detrimental to the Netherlands.

The Americans felt that German industry had to be stimulated to produce.¹¹⁴ A healthy West German economy would make it possible for the Germans to support themselves and it would also contribute to the revival of the European economy in general. The American decision to build up the West German economy was a good omen for Dutch trade with Germany.¹¹⁵ It had become clear to Washington, that the only way to keep Germany from being a persistent problem was to change the terms of the debate between the United States and the Soviet Union. The White House declared the only solution to be a divided nation. The Americans were not unhappy to see the emergence of a divided Germany.¹¹⁶

Once the Americans and British had decided on the establishment of a West German state, they took measures to allow it to recover economically. After the currency reform of 1948 and the removal of the monetary overhang, the German economy could begin to take care of itself.¹¹⁷ Economic revival started, and from the beginning of the 1950s Germany was poised to regain its position as the most important European economy. Some historians have labelled this rapid revival of West Germany as a miracle, whereas others have referred to it as an

¹¹¹ *Judt*, *Postwar*, p. 124.

¹¹² *M. Boon*, *Oil Pipelines, Politics and International Business. The Rotterdam Oil Port, Royal Dutch Shell and the German Hinterland 1945-1975*, Rotterdam 2014, p. 40.

¹¹³ *Lak*, *Tot elkaar veroordeeld*, pp. 91 f.

¹¹⁴ See e.g. *Lak*, *Wechselwirkung*, p. 69; *Idem*, *Wat te doen met de Duitsers? Britse en Amerikaanse plannen voor denazificatie en economisch herstel*, in: *De Academische Boekengids* 77, 2009, pp. 24-28, here p. 27.

¹¹⁵ *Hartog*, *Duitse economie*, p. 669.

¹¹⁶ *Judt*, *Postwar*, pp. 126, 128.

¹¹⁷ *Eichengreen*, *The European Economy*, p. 71.

effect of recovery (catch-up), reconstruction or as „nothing more than a quick return to its former position within the west European industrial core area“.¹¹⁸

The first Dutch trade agreement with Bizonia was in fact concluded on 31st July 1948. The agreement provided for an exchange of goods to the aggregate value of 154 million dollars. An aggregate amount of 68 million dollars was provided for imports from the Netherlands and its overseas territories, whereas exports to the Netherlands and its colonies amounted to 86 million dollars. A large part of the coal supplies to the Netherlands could be balanced by the purchase of tin, tin alloys and soldering tin, rubber, soap and invisible imports, which accrued largely from Rhine freight costs for the shipment of coal to Rotterdam and of imports from Rotterdam to the Ruhr harbours. The Netherlands envisaged the purchase of goods from Bizonia equal to the amount of vegetables they supplied to them, for which they would otherwise not have been able to get payment in dollars.¹¹⁹

The Dutch historian Melchior Bogaarts claimed that after the conclusion of this agreement, the concerns that the Dutch government had about the low level of liberalisation of European and Dutch-German trade largely disappeared.¹²⁰ This is doubtful. A supplement to the agreement stated that the Netherlands could export extra goods and services to Germany, but these could amount to only 30 million dollars. For its part, Bizonia was allowed to export a little over half of that amount to the Netherlands. Clay, however, put his foot down when it came to coal, as he judged coal to be „pure solid gold.“ Coal was to be paid for in dollars. Coal in exchange for services, remained out of the question.¹²¹ According to the leader of the Dutch delegation, Teppema, it would have been extremely difficult for the Netherlands to have exerted more pressure at meetings with the Allies, as it would have led to “serious psychosis with the commanders of Bizonia, which could have had dangerous consequences for the

118 A. Predöhl, *Industrialisierung der Entwicklungsländer*, in: E.H. Sieber (Ed.), *Entwicklungsländer und Entwicklungspolitik*, Berlin 1963, pp. 51-65, here pp. 56 f. See also: A. Grotewold, *West Germany's Economic Growth*, in: *Annals of the Association of American Geographers* 63/3, 1973, pp. 353-365.

119 Heft 1, *Handelsabkommen zwischen dem Königreich der Niederlande und der amerikanisch/britischen Militärregierung für Deutschland*, 31.07.1948, in: BArch B 102/2031; BArch B 102/180331.

120 M.D. Bogaarts, *Ressentimenten en realiteitszin in Nederland 1945-1950*, in: F. Wielenga (Ed.), *De Duitse buur. Visies uit Nederland, België en Denemarken 1945-1995*, The Hague 1996, pp. 6-41, here pp. 29 f.

121 “Brief Teppema aan minister van Financiën Liefstinck. Vertrouwelijk”, 5.08.1948, in: NL-HaNA, *Financiën/Buitenlands Betalings Verkeer, 1941-1954*, 2.08.50, inv.nr. 36.

Netherlands“. They could do nothing but agree at that time.¹²² As a result of this, there was no true liberalisation of Dutch-German trade relations until well into 1949. The total volume of Dutch-German trade between July 1948 and July 1949 amounted to only 25 percent of the pre-war figure.¹²³ The beginning of Marshall Aid in 1948 offered some relief and made industrialisation easier, but the complete recovery of Dutch-German economic ties was dependent on the total liberalisation of trade.¹²⁴

However, there was light at the end of the tunnel. The western Allies decided a currency reform was necessary to reconstruct the German economy, the necessity of which had already been pointed by the Netherlands in a memorandum of December 1946.¹²⁵ The financial situation in Germany was chaotic and German price levels were not adjusted to world market prices. The guilder also had lost its role as an international means of payment. Trade between the Netherlands and the western occupation zones was conducted in dollars or pounds. This meant that each transaction required two currency conversions: one in Germany, i.e. dollars against Reichsmark with a variable converting rate to reach German price levels, and one in the Netherlands, namely dollars against guilders by depositing on an offset account with the Netherlands Bank, against a fixed converting rate of $\$1 = \text{ƒ}2,653$.¹²⁶ Unless a German currency reform took place, Germany would remain a dollar country to the Netherlands.¹²⁷

The core problem was that neither the Dutch, nor the German currencies were freely exchangeable, and dollars were extremely scarce. In April 1948, the Americans introduced the much-needed currency reform in Germany and created the *Bank deutscher Länder* (BdL), an independent central bank in the three western occupation zones.¹²⁸ The currency reform – which has been called the

¹²² Ibid.

¹²³ S.I.P. van Campen, *The Quest for Security. Some Aspects of Netherlands Foreign Policy, 1945-1950*, The Hague 1958, p. 104.

¹²⁴ F. Wielenga, *West-Duitsland. Partner Uit Noodzaak. Nederland en de Bondsrepubliek, 1949-1955*, Utrecht 1989, p. 231; van Zanden, *Een klein land*, p. 177.

¹²⁵ Rapport Hirschfeld “De economische vraagstukken van Duitschland en de vredesonderhandelingen”, 7.12.1946, in: NL-HaNA, Buitenlandse Zaken/Code-Archief 45-54, 1945-1954, 2.05.117, inv.nr. 15090.

¹²⁶ “Enkele opmerkingen over het handels- en betalingsverkeer met Duitsland”, in: ESB, 13 July 1949, pp. 555-557.

¹²⁷ J.H.F. Bloemers, *De financiële verhouding tussen Nederland en Duitsland, mede in verband met de Nederlandse beleggingen in Duitsland*, Amsterdam 1951, p. 5.

¹²⁸ C.L. Holtfrerich, *Die Deutsche Bank vom Zweiten Weltkrieg über die Besatzungsherrschaft zur Rekonstruktion 1945-1957*, in: L. Gall/G.D. Feldman/H. James/C.L. Holtfrerich/H.E. Büschen (Eds.), *Die Deutsche Bank 1870-1995*, Munich 1995, pp. 409-578, here p. 488.

greatest logistical feat of the American army since D-Day – indeed resulted in a fast economic recovery that Eichengreen described as miraculous.¹²⁹ Yet, it has been pointed out that German economic growth had already started before the *Währungsreform*,¹³⁰ and that growth figures are probably a combination of real growth and the legalisation of black market production.¹³¹ Hope for the recovery of Dutch-German trade was high.¹³² For the time being, however, this enthusiasm seemed unjustified. In a letter to the Dutch minister of Foreign Affairs, D.U. Stikker dated 1st September 1949, J.M. de Booy, head of the Dutch mission with the Allies in Bonn, wrote that J. McCloy, the new commander of the American occupation zone, still operated a policy of letting Germany export as much as possible, while, at the same time, buying little abroad. He also felt it his duty to ensure that harbours remained as cheap as possible for the American taxpayer.¹³³

In an *Aide de Memoire* written on 30th August 1949, the Dutch government once again stated it was “of the utmost importance that normal relations with Germany be reinstated as soon as possible [...] The government is convinced that western European peace and security are best served by the closest possible integration of [the] Western German economy with the economies of other countries in Europe”.¹³⁴ On 7th September 1949, the same day that the parliament of the German Federal Republic, the *Bundestag* “sich konstituierte”,¹³⁵ the Americans finally responded to the Dutch requests for the liberalisation of the Dutch-German trade traffic. The US occupation authorities suddenly decided to completely liberalise German imports, thus giving the Dutch delegation a surprise “it had never dared to dream of”.¹³⁶ At the same time, the Netherlands retained the right to fix the quota for imports from Germany. The Dutch government correctly considered this a major breakthrough.¹³⁷ According to opinion in the Netherlands, the JEIA, which had been cursed for its autarkic policy, had “while

129 Abelshauser, *Deutsche Wirtschaftsgeschichte*, pp. 121, 124; Eichengreen, *The European Economy*, p. 72.

130 Berger/Ritschl, *Germany*, p. 202.

131 Klemann/Kudryashov, *Occupied Economies*, passim.

132 Van Zanden, *Een klein land*, p. 177.

133 “Dagboeken 1948-1950”, in: NL-HaNA, Booy, de, 1944-1950, 2.21.311, inv.nr. 4.

134 “Dagboeken 1948-1950”, in: *ibid.*

135 W. Benz, *Auftrag Demokratie. Die Gründungsgeschichte der Bundesrepublik und die Entstehung der DDR 1945-1949*, Bonn 2010, p. 464.

136 “Nota S. Th. J. Teppema, Directoraat-Generaal van de Buitenlandse Economische Betrekkingen, REA 337, aan minister van Financiën Liefstinck”, “Handels – en betalingsverkeer met West-Duitsland”, 7.09.1949, in: NL-HaNA, Financieel Attaché, 1940-1974, 2.08.75, inv.nr. 3365.

137 D. Hellema, *Neutraliteit & Vrijhandel. De geschiedenis van de Nederlandse buitenlandse betrekkingen*, Utrecht 2001, p. 165.

dying finally done a good deed“.¹³⁸ The American decision was so sudden and so unexpected that, as the leader of the Dutch delegation Teppema noted, his team was totally overwhelmed, as was the German delegation.¹³⁹

According to De Booy, the Dutch-German trade agreement for the period 1st September 1949 to 31st August 1950 offered great opportunities for a healthy development of trade. He continued by stating that “to ensure that the Netherlands and Germany will profit to the fullest extent from the agreement which has been concluded, it is necessary that our desire to liberalise inter-European trade and to abolish the obstacles with which it has to contend, are borne in mind when implementing this trade agreement. In the sphere of trade, therefore, the main obstacles to sound development seem to have been removed“.¹⁴⁰ The reasons for this sudden change in American policy are unclear. The Hague suggested that the JEIA could have seen it as an experiment, as one final act before transferring its authority.¹⁴¹

The reactions from the German side were mixed. The government of the Federal Republic saw the agreement as an essential contribution to the liberalisation of inter-European trade that would eventually speed up free trade in Europe.¹⁴² The West German government stated that it was aware of the fact that the liberalisation of inter-European trade demanded concessions and sacrifices from all countries. It believed, however, that “the return to a competitive economy and with it to normal ways of trade offers advantages to all, especially to Germany with its increased dependence on foreign trade as a consequence of the war“.¹⁴³

Not all agreed, though. Representatives of the German rubber industry were, for example, not in the least happy. According to them, if similar trade negotia-

138 Brief H. van Blankenstein, Directoraat-Generaal voor de Buitenlandse Economische Betrekkingen, “Nadere besprekingen in Frankfurt inzake de uitvoering van het nieuwe handelsaccord met West Duitsland van 22 t/m 24 Sept. ’49”, aan de Minister van Economische Zaken, 26.09.1949, in: NL-HaNA, Financiën/Buitenlands Betalings Verkeer, 1941-1954, 2.08.50, inv.nr 36.

139 “Nota S. Th. J. Teppema, Directoraat-Generaal van de Buitenlandse Economische Betrekkingen, REA 337, aan minister van Financiën Liefstinck”, “Handels – en betalingsverkeer met West-Duitsland”, 7.09.1949, in: NL-HaNA, Financieel Attaché, 1940-1974, 2.08.75, inv. nr. 3365.

140 “Memorandum on the Netherlands-German Economic Relations”, 11.10.1949, in: BArch Z 45 F, OMGUS, FIN/17/18.

141 “Nota Plv. Directeur-Generaal van het Buitenlands Betalings Verkeer M. Boomstra, ‘Terzake van onderhandelingen met Duitsland’, aan de Minister van Financiën”, 8.02.1950, in: NL-HaNA, Financiën/Buitenlands Betalings Verkeer, 1941-1954, 2.08.50, inv.nr 36.

142 “Memorandum der Bundesrepublik Deutschland über die Befreiung des intereuropäischen Handels von Beschränkungen”, 10.10.1949, in: BArch Z 8/1708.

143 “Erklärung des Bundeswirtschaftsministeriums zum Liberalisierungsprogramm des Ausenhandels”, 14.10.1949, in: *ibid.*

tions followed, Germany would give away its trump cards prematurely. They saw no sense in the German economy being bound by contingents, whereas there were no limitations the other way round.¹⁴⁴ In a letter to the German Minister of Economic Affairs, Ludwig Erhard, the *Verein deutscher Maschinenbau-Anstalten* - Association of Mechanical Engineers – stated that: “A healthy German machine construction industry is a precondition for building up the economy. Our development will be seriously damaged by unlimited imports of foreign machines without an equally unlimited export of German machines”.¹⁴⁵

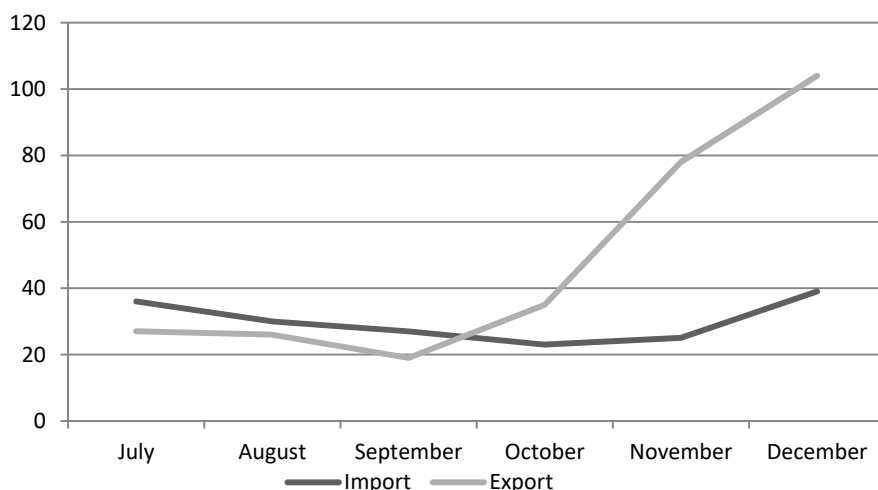


Fig. 1: Dutch imports and exports from and to Germany, June-December 1949, million guilders. Source: CBS, *Maandstatistiek van den In-, Uit- en Doorvoer 1949* (Utrecht 1949-1950).

Whatever the reasons for the change in US policy or the resistance by some circles in Germany, the results of the liberalisation were spectacular (see fig. 1). In September 1949, West Germany ranked sixth in Dutch exports; in October it ranked third and by November it had taken first place.¹⁴⁶ The trade agreement of 7th September 1949 was extremely advantageous to the Netherlands, and all The

¹⁴⁴ “Letter H.A. Fritz, Arbeitsgemeinschaft der deutschen Kautschukindustrie: ‘Handelsvertragsverhandlungen’”, 30.09.1949, in: *ibid.*

¹⁴⁵ “Telegram Verein deutscher Maschinenbau-Anstalten to Erhard and the Ministry of Economic Affairs”, 13.10.1949, in: *ibid.*

¹⁴⁶ *Wielenga*, West-Duitsland, p. 236.

Hague had to offer in return was an increased purchase of non-essentials.¹⁴⁷ Dutch exports to Germany skyrocketed with an increase of 150 percent from the third to the fourth quarter of 1949, and by a further 27 percent growth in the next quarter.¹⁴⁸ Germany imported butter, meat, eggs, lard, fruit, cacao products, sugar and vegetable oils to an amount of 5.1 million dollars between January and September 1949. In the fourth quarter, the value to the Federal Republic as a whole increased to 27.5 million dollars; in the first quarter of 1950 it stood at 46 million dollars, or 63 percent of all imports from the Netherlands.¹⁴⁹ The first six months after the liberalisation showed an increase in turnover of 225 percent.¹⁵⁰ Although Dutch-German relations would remain emotionally tense for a long time after the war, the liberalisation of trade signalled the start of a return to normal trade relations. And with this, the main goal of the various postwar Dutch governments with respect to the recovery of economic ties with its large neighbour, was achieved.

7 The role of Marshall Aid

In Dutch historiography, Marshall Aid has traditionally been seen as a catalyst for the revival of the economy that began in 1949 and continued after 1950.¹⁵¹ In September 1949, one day prior to the liberalisation of German imports, the Minister of Economic Affairs Van den Brink stated that the Netherlands was able to execute its recovery at a gratifying pace but was only able to maintain a reasonable level of facilities because of Marshall Aid.¹⁵² At this point it is pertinent to question the extent to which the recovery of trade relations with Germany brought

147 "Letter S.J. Teppema to the Dutch Minister of Finance, 'Handels- en betalingsverkeer met West-Duitsland'", 7.09.1949, in: NL-HaNA, Financieel Attaché, 1940-1974, 2.08.75, inv.nr. 3365.

148 C. Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*, Munich 1990, p. 122.

149 Ibid.

150 "Tien jaar buitenlandse economische betrekkingen", in: NL-HaNA, EZ/BEB, 1945-1995, 2.06.107, inv.nr. 10.

151 See, e.g., F. Messing, *De Nederlandse economie 1945-1980. Herstel, groei, stagnatie*, Bussum 1981, pp. 25, 56; J. de Vries, *De Nederlandse economie tijdens de twintigste eeuw*, Antwerp/Utrecht 1973, p. 91; van Zanden, *Een klein land*, p. 176.

152 "Rede betreffende de exportbevordering naar de dollargebieden, uit te spreken door de Minister van Economische Zaken Van den Brink ter gelegenheid van een bijeenkomst met vertegenwoordigers van het bedrijfsleven", 6.09.1949, in: NL-HaNA, EZ/Centraal Archief, 1944-1965, 2.06.087, inv.nr. 477.

about a revival in the Dutch economy. The relevant question here should be whether Marshall Aid actually did set the Netherlands on its feet again.

The answer depends on how it is judged, referring to quantitative figures or *political* results. According to the Dutch historian Jan Woltjer, Marshall Aid worked as a blood transfusion to the wounded, and was truly a gift from heaven.¹⁵³ Other historians however, most notably Pierre van der Eng, have stated that the financial advantages of Marshall Aid should not be overestimated. The Netherlands had to free the same amount in national currency on behalf of reconstruction, the so-called counterpart funds, because the United States made dollars available but did not grant them.¹⁵⁴

Under the provisions of the Marshall Plan, counterpart funds were created through the sale of goods sent by the American government without requiring payment in dollars. They were deposited in Special Accounts and could only be used with the consent of Economic Cooperation Administration (ECA) officials. In this way, the Americans had the power to block or authorise releases from these accounts.¹⁵⁵ In the Netherlands, a Dutch firm could buy dollars that were made available under the framework of Marshall Aid. The guilders with which these were bought ended up in counterpart funds with which projects in the Netherlands could be carried out. Another important US demand was the end to bilateral trade relations and the reintroduction of multilateral monetary relations. The Hague had no objections to that whatsoever: it was a proponent of multilateral trade and had always seen bilateral agreements as emergency measures.

In his study about the significance of Marshall Aid, Van der Eng argues that the accepted image of the quantitatively positive economic effects of the aid programme is somewhat exaggerated. He calculates that without Marshall Aid, Dutch economic recovery would have been delayed by about three years.¹⁵⁶ Yet he forgets that this aid was not merely about money, but about hard currency with which goods could be bought all over the world. Moreover, the Marshall

153 Woltjer, *Recent verleden*, p. 326; M. van Rossem, *Herstel en vernieuwing, 1945-1952*, in: *Idem/E. Jonker/L. Kooijmans (Eds.), Een tevreden natie. Nederland van 1945 tot nu*, Baarn 1993, pp. 10-40, here p. 31.

154 P. van der Eng, *De Marshall-hulp. Een perspectief voor Nederland 1947-1953*, Houten 1987, p. 196.

155 C. Esposito, *Influencing Aid Recipients. Marshall Plan Lessons for Contemporary Aid Donors*, in: *Eichengreen (Ed.), Post-War Recovery*, pp. 68-90, here p. 77.

156 Van der Eng, *De Marshallhulp*, pp. 24-29. See also B. van Ark/J. de Haan/H.J. de Jong, *Characteristics of Economic Growth in the Netherlands During the Postwar Period*, in: *N. Crafts/G. Toniolo (Eds.), Economic Growth in Europe Since 1945*, Cambridge 1996, pp. 290-328, here p. 303.

Plan was not aimed primarily at the Netherlands, but at France. With this aid, the US was able to buy off French opposition to the economic, political and military recovery of Germany. France, highly dependent on American loans, could be pressurised.¹⁵⁷

Without doubt, Marshall Aid played a significant role in the recovery of the Dutch economy. Its true importance was that it altered the perspective for the future. The Marshall Plan stimulated a liberalisation of economic policy all over Europe and introduced the Netherlands to a course focused on industrialisation and export, as well as industrial investments. Marshall Aid also brought about a change in Dutch foreign policy. The Hague sided with the American multilateral integration policy that included the prospect of integrating West Germany into the western bloc. The futile Dutch attempts to solve monetary and trade problems on its own ended with the decision to follow United States policy.¹⁵⁸

Moreover, the United States' aid helped the Netherlands, and also Germany, to overcome the problem of a lack of foreign assets. The number of dollars did not even have to be very high, as long as the supply of dollars solved the problems of the Dutch balance of payments. Dutch economic reconstruction and the increase of industrial production demanded the recovery of the supplies of raw materials, and a renewal of industrial machinery. These could only be paid for in dollars. Without dollars, modernisation and economic growth would have been impossible, and Dutch exports would have remained low. With the dollars supplied by Marshall Aid, the Netherlands was able to finance the import of raw materials, foodstuffs and investment goods essential for their economic recovery. In 1948, industrial production stood at 113 percent of the 1938 level.¹⁵⁹ Between 1948 and 1950, 12 percent of the goods imported into the Netherlands were financed through Marshall Aid. The most important of these were the raw materials, iron, steel, oil and chemical products.¹⁶⁰ The economic weekly *Economisch-Statistische Berichten* stated that the importance of the Marshall Aid was primarily "that our country has been allowed to proceed with its recovery on the same footing as before April 1948".¹⁶¹ Marshall Plan funds eased foreign exchange

¹⁵⁷ Kleßmann, *Die doppelte Staatsgründung*, p. 105.

¹⁵⁸ Hellema, *Neutraliteit & Vrijhandel*, p. 149.

¹⁵⁹ Klemann, *German Occupation*, p. 464, Table 1.

¹⁶⁰ H. de Haan, *De invloed van het Marshall-plan op de Nederlandse economie*, in: R.T. Grif-fiths/P.A. Schregardus/G.J. Telkamp/L.W.M. Timmermans (Eds.), *Van strohalm tot strategie. Het Marshallplan in perspectief*, Assen 1997, pp. 114-122, here p. 119.

¹⁶¹ "Aantekening. Het eerste verslag van de Nederlandse regering betreffende de werking van het E.R.P.", in: *ESB* 33, 1948, pp. 1035 f., here p. 1036.

bottlenecks, provided dollars and allowed growth to continue.¹⁶² On top of that, it put West Germany back on its feet financially. Finally, Marshall Aid made international economic cooperation possible. The plan formulated trade policy rules that facilitated the international rehabilitation of the future Federal Republic of Germany and brought West Germany back onto the world market. It paved the way for the establishment of a West German state and allowed the western zones to control their own resources. Marshall Aid made the integration of the Federal Republic acceptable to other European countries, as the integration of West Germany was one of the preconditions for the allocation of Marshall Aid.¹⁶³

At the same time, it is obvious that Marshall's speech of June 1947 did not end economic problems.¹⁶⁴ The effects of Marshall Aid were only felt in 1948, when the first goods arrived in the Netherlands. Moreover, it is difficult, if not impossible, to measure the economic importance of Marshall Aid.¹⁶⁵ Little if anything has been published about the quantitative effects of the Marshall Aid on the Dutch economy.¹⁶⁶ It does, however, seem unlikely that American aid alone caused the resurgence of the Dutch economy. According to the Dutch economic historian Hein Klemann the impressive increase in production after the war was “conveniently called a miracle, and this miracle, insofar as a miracle needs explanation, was attributed to Marshall Aid”.¹⁶⁷

Without doubt, Marshall dollars gave the Dutch economy an important boost, but that success can also be attributed to the fact that conditions for success were already present in the Netherlands. It had highly skilled workers, a management framework, the realisation that great efforts had to be made¹⁶⁸ and above all, a machine park larger than before the war.¹⁶⁹ According to the historian Richard Griffiths, Marshall Aid coincided with the moment that industrial production passed its pre-war level for the first time.¹⁷⁰ Klemann calculates, however, that the level of Dutch industrial production had passed that of 1938 as early as 1946.¹⁷¹ The food industry had also passed the 1938 level by 1946, and more people

162 M. Mazower, *Dark Continent. Europe's Twentieth Century*, London 1998, p. 299.

163 Abelshauser, *Deutsche Wirtschaftsgeschichte*, pp. 135, 141 f.

164 R.T. Griffiths, *Het jaar 1947*, in: *Idem/Schregardus/Telkamp/Timmermans (Eds.), Van strohalm tot strategie*, pp. 5-16, here p. 15.

165 De Haan, *Marshall-plan*, p. 119.

166 M.M.G. Fase, *De Marshall-hulp opnieuw beschouwd*, in: *ESB* 82, 1997, pp. 424-428, here p. 426.

167 Klemann, *Nederland 1938-1948*, p. 25.

168 M. van Rossem, *De Verenigde Staten in de twintigste eeuw*, The Hague 1991, p. 138.

169 Klemann, *Nederland 1938-1948*, pp. 302, 574.

170 Griffiths, *Het jaar 1947*, p. 115.

171 Klemann, *German Occupation*, p. 468, Figure 2.

worked in industry in 1946 than had before World War II.¹⁷² International services and export trade recovered far more slowly, however, because the German economy stagnated until 1948. The Dutch merchant fleet reached its pre-war size by 1949, although harbour activities and international internal shipping increased only tantalizingly slow. The Dutch economy grew almost continuously between 1945 and 1950. By 1950 it was 40 percent above the pre-war level.¹⁷³

However, a fundamental reconstruction of the Netherlands was only possible if the obstacles in the trade relations with Germany were cleared. This is another, and probably the most important reason why the Dutch economy developed so strongly after 1949. After the liberalisation of trade with its large eastern neighbour, exports grew spectacularly and a Dutch claim of over 300 million guilders on Germany developed.¹⁷⁴ Exports to Germany between 1947 and 1950 grew from 58 to 1,109 million guilders, about as much as total Marshall Aid in the 1948-1954 period. In practice, this meant that the extra demand from Germany resulted in an impulse of 8 percent of Dutch GDP,¹⁷⁵ around four times as much as the Marshall Aid in the 1948-1954 period, which has been estimated at 2 percent.¹⁷⁶ Therefore, it can be concluded that the recovery of economic relations with Germany was of greater importance than Marshall Aid. Dutch exports to the rapidly growing German economy increased impressively. The German share in total goods exports rose from 5.9 percent in 1948 to 20.6 percent in 1950.¹⁷⁷ From August to December, the percentage of imports covered by exports goods was higher than ever before the war: on average around 80 percent.¹⁷⁸ *Economisch-Statistische Berichten* drew the correct conclusion: „When we write about recent trade developments between the Netherlands and Germany, there is only one overriding phenomenon: the liberalisation“.¹⁷⁹

The true breakthrough in Dutch trade relations with Germany was only realised after the unexpected liberalisation of German imports of Dutch products, with spectacular results. About half of the deficit on the German balance of trade arose from trade with the Netherlands, which more than quadrupled its

172 *Idem*, *Nederland 1938-1948*, pp. 298, 434.

173 *Van Zanden*, *Een klein land*, p. 179.

174 “Enige aspecten van het actief saldo op de monetaire rekening met Duitsland”, in: *ESB* 1950, pp. 533-536, here p. 533.

175 *CBS*, *Zeventig jaar statistiek*; own calculations.

176 *Fase*, *De Marshall-hulp*, p. 427.

177 *CBS*, *Zeventig jaar statistiek*, p. 177.

178 *CBS*, *Maandstatistiek*, December 1949, Utrecht 1950, p. 5.

179 “Enige aspecten van het actief saldo op de monetaire rekening met Duitsland”, in: *ESB* 1950, pp. 533-536, here p. 533.

sales to Germany while increasing purchases of German goods by only about 10 percent.¹⁸⁰ With the liberalisation of German imports and the resulting strong increase of Dutch exports to Germany, a huge step was taken in the direction of normalising Dutch economic relations.¹⁸¹

8 Conclusions

After the defeat of the Third Reich, Dutch-German trade relations were at an almost complete standstill. Before World War II, Germany had been the Netherlands' most important trading partner, although the 1931 German financial crisis and the subsequent Nazi autarkic policy had seriously hindered trade between the two countries. As a consequence, Great Britain temporarily became the Netherlands' most important export market.

In May 1945, one of the most important goals of the Dutch government was to revive Dutch-German trade, as this was essential to the Dutch economic recovery. This was easier said than done. The Ruhr industrial area produced little and coal was in limited supply. Moreover, machine production had collapsed, causing a severe shortage of spare parts in Dutch machinery. Trade with Germany was all but possible, and almost non-existent until 1948, apart from compulsory exports of coal, timber and scrap and a limited number of industrial products. Postwar trade with Germany was difficult because of Allied occupation policy. Foreign trade and monetary transactions were carried out by the JEIA. Not only did the Americans forbid German traders to have direct relations with foreigners, but the Netherlands had to pay for German coal and industrial products with dollars, but received inconvertible *Reichsmark* in return for its exports.

The early postwar Allied policy robbed the Netherlands of the possibility to restart trade with its most important pre-war trading partner. This, in its turn, threatened Dutch economic reconstruction. Although historians have written extensively on the results of the Allied occupation policy in Germany, they have paid far less attention to the consequences for Germany's neighbours, especially the Netherlands. As this article has shown, the consequences of the Allied occupation policy for these countries were at least as severe as to Germany.

For the Netherlands this meant, amongst other things, that after World War II a temporary shift in the general Dutch trade pattern occurred when Great Britain

180 Diebold, Trade and Payments, pp. 189 f.

181 Van Zanden, Een klein land, p. 177; Lak, Tot elkaar veroordeeld, pp. 161-175.

became the Netherlands' main export market. This was not a voluntary shift, as The Hague's main aim was to restore economic ties with its principal pre-war trading partner. It, therefore, made a number of proposals to the British and American occupation authorities, even suggesting that all trade with Germany should flow through a trading syndicate.

The real breakthrough, however, came from abroad, i.e. from the United States. When it became clear that the division of Germany was unavoidable, Washington decided to construct a West German state. The Germans would be responsible for their own economy and this would stimulate European recovery as a whole. The Hague greeted this shift in US policy with satisfaction, although the Americans only liberalised the German import of Dutch products in September 1949. This liberalisation was an essential step in the process of normalising German-Dutch trade. The results were spectacular. Dutch exports to Germany skyrocketed. These increased exports to Germany raised the Dutch GDP by 8 per cent. This was almost four times as much as was achieved by Marshall Aid, which in Dutch historiography has traditionally been seen as the main explanation for the rapid Dutch economic growth after 1949. Although Marshall Aid was indeed of great importance to the Dutch economic recovery, this article has made clear that the opening of the German market and the restoration of trade between the Netherlands and Germany were of far greater importance for the Dutch economy than Marshall Aid, a fact long overlooked in the existing literature.

Bionote

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