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ABSTRACT

THE DEVELOPMENT AND FAILURE OF AMERICAN POLICY TOWARD CZECHOSLOVAKIA, 1938-1948

By Carson W. Clements

Utilizing Czechoslovakia as a case study, this study traces the development and ultimate failure of United States policy toward Eastern Europe from 1938-1948. How American policymakers viewed this region in terms of U.S. interests is of paramount importance in understanding why Czechoslovakia and other Eastern European countries "fell" under the sphere of influence of the Soviet Union rather than allying themselves with the West.

First, through multi-archival sources, this study demonstrates how U.S. policymakers' inability to recognize the unique position of, and democratic tradition within, Czechoslovakia led to the development and implementation of an inconsistent and essentially flawed policy of non-accommodation during the Truman administration that allowed the Czechoslovak Communist Party to obtain control of the government in 1948.

Second, this study shows that Eastern Europe, although economically not as significant to American interests as Western Europe, became an ideological battleground as the United States and Soviet Union tried to expand their respective sphere of influence in Eastern Europe. As a result the United States increasingly pressured the Czechoslovak government to adopt pro-Western policies favorable to the U.S.

Third, this study examines American foreign policy toward Czechoslovakia and Eastern Europe in the form of Lend-Lease aid, the United Nations Relief and Rehabilitation Administration (UNRRA) aid, the European

Recovery Program (ERP), and American unilateral loan packages. This study concludes that the United States increasingly utilized economic aid as a lever to influence political events in Czechoslovakia and Eastern Europe and demonstrates how this approach was ultimately anti-productive to achieving American objectives.

Fourth, by examining political events in Czechoslovakia from 1945-1948 this study reveals the often-flawed understanding of the political dynamics in Czechoslovakia on the part of key American policymakers, such as William Steinhardt, the U.S. ambassador to Czechoslovakia between 1945 and 1948.

The underlying focus throughout this study is on the actual policies developed and implemented and why U.S. policymakers chose to pursue an increasingly non-accommodating policy toward the government of Czechoslovakia.

THE DEVELOPMENT AND FAILURE OF AMERICAN POLICY TOWARD CZECHOSLOVAKIA, 1938-1948

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TABLE OF CONTENTS

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INTRODUCTION

As a microcosm of United States policy toward Eastern Europe in the early Cold War period American policy toward Czechoslovakia between 1938 and 1948 is instructive of overall American policy in the region. As this study indicates, U.S. policy toward Czechoslovakia was piecemeal in nature as American policymakers reactively developed an inconsistent and flawed policy of non-accommodation during the Truman administration. Although the U.S had comprehensive policies for economically and politically more important countries, such as Yugoslavia and Poland, the U.S. relied on a more general policy for other countries in the region. The failure to develop a comprehensive policy for each nation of Eastern Europe eventually weakened the U.S. position in countries such as Czechoslovakia. This worked to the detriment of the United States as Eastern European nations became unwilling pawns in the postwar years as the United States and Soviet Union vied for influence in the region and tensions escalated between the two powers.

During World War II the United States operated within and continued to apply a relatively static policy towards Eastern Europe, without major revisions. United States policymakers were convinced that free market capitalism and open markets were necessary for U.S. economic growth. Furthermore, American policymakers believed that these were the best way to avoid the economic competition, which the older, closed systems of empires and protective economic policies had created. In particular, the closed command economy of the Soviet Union was seen as a threat to U.S economic interests.[1]

[1] With the signing of the Anglo-American Trade Agreement of 1938 and breaking of the British Imperial Preference trading system, the Soviet Union

The result was an ideological battle between the United States and communist or socialist countries, a distinction U.S. policymakers were unable to make, over the structure of the postwar economic system. Clearly communist regimes posed the greatest threat to U.S. interests, but the nationalization programs of various socialist regimes often led to tensions with the U.S. Essentially, American policymakers did not oppose socialist governments as much as communist ones as long as the U.S. was able to establish trade with them.[2] For example, the United States extended credits and loans to Great Britain even under the left leaning Labour Party of Clement Attlee after the war. In addition, the U.S. continued trade with and economic aid to France and Italy despite the strength of the communist and leftist parties in both countries after the war.

This study traces the development of American globalism and the development of a comprehensive plan for the relief, recovery, and reconstruction of the European economy after the war. From a policy of accommodation and economic internationalism during the Roosevelt administration and the deals made, in conjunction with the war aims of the United States, with Great Britain and the Soviet Union, the stage was set for the postwar showdown over the economic and political future of Eastern Europe. This study argues that the key demarcation in American policy came with the death of President Franklin D. Roosevelt and his replacement by Harry S.

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and its centralized and closed system constituted the only real economic threat to the United States. As such, American policymakers understood that the Soviet Union was the greatest threat to American attempts to expand U.S. economic influence and markets.

[2] For a discussion of the distinction made by American policymakers regarding communist versus socialist governments in Eastern Europe *See* Sheldon Anderson, A Dollar to Poland is a Dollar to Russia: United States Economic

Truman. During the Truman administration internationalist policymakers took a back seat to non-accomodationists and anti-communist policymakers in the State Department who dominated policy by 1947. With the success of the communist and other leftist parties throughout Eastern Europe American policymakers became increasingly convinced that these countries were in the Soviet sphere of influence, a conclusion not without merit. In response to the growing strength of communist and other leftist parties in Eastern Europe U.S. policymakers increasingly turned to economic aid as a political tool to influence political events in nations such as Czechoslovakia. As this study demonstrates, the use of economic aid as a tool is evidenced by the U.S. aid packages under the UNRRA, which ran until 1948, U.S. loans and credits, and further by the offer of Marshall Plan aid to all of Europe in 1947. Essentially, in response to political events in Eastern Europe between 1945-1948 U.S. policymakers adopted hard-line policies toward Czechoslovakia and other Eastern European countries.

Several events led to, and are indications of, a hardening of American policy toward Czechoslovakia: 1) the nationalization program of the Fierlinger government in 1945; 2) the success of the Communist Party and the Democratic Socialist Party in the 1946 elections; 3) the Gottwald government's two year plan in 1946; 4) the rejection of Czechoslovakia's loan applications by the Export-Import Bank and International Bank for Reconstruction and Development (World Bank); 5) Czechoslovakia's rejection of the invitation to attend the Paris conference and participate in the Marshall Plan; 6) the Slovak Crisis in 1947, and 7) the Communist Party *coup d'etat* of February 22-24,

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Policy Toward Poland, 1945-1952. (New York and London: Garland Publishing, Inc., 1993).

1948. Essentially, economic leverage became the main weapon in the arsenal of U.S. policymakers to reverse communist influence in Czechoslovakia and bolster moderate forces.

In Chapter One the historiography regarding Czechoslovakia and Eastern Europe during the early Cold War period is examined to place this work within the broader context of cold war historiography. The historiographical debate regarding the motives of American and Soviet leaders, as well as the blame placed for the increasing tensions between East and West, are discussed through the case study of Czechoslovakia to assess the accuracy of various interpretive paradigms posited for the causes of the Cold War.

Chapter Two traces American policy toward Czechoslovakia from the official recognition of the Czechoslovak government-in-exile under Edward Beneš during World War II to the recognition of the Provisional Czechoslovak government immediately after the war. This chapter shows that the failure of the United States to develop a definitive and cohesive policy regarding recognition of the exiled Czechoslovak government led to tensions as Beneš sought American support during World War II.

The use of economic aid as a political tool by U.S. policymakers is revealed in Chapter Three through an examination of the scope of, negotiations regarding, and distribution of supplies during the period of UNRRA operations. Although Czechoslovakia participated in the UNRRA effort, UNRRA aid, nonetheless, became a political tool for American political objectives in the region. From insistence upon labels to denote the origin of UNRRA supplies to the $6 million reduction in the Czechoslovakia program the U.S., as the main contributing nation, showed its willingness to use UNRRA as a political weapon.

In Chapter Four the American policy of economic leverage is most clearly evinced. This chapter reveals that American policymakers used unilateral loans and credits as a tool to influence internal politics in Czechoslovakia, as well as to voice their disapproval of the Czechoslovak government's policies. For example, the U.S. originally agreed to a $50 million cotton credit loan, of which only $11 million was actually given to Czechoslovakia. In addition, the U.S. rejected the $300 million Export-Import Bank loan to Czechoslovakia and insisted upon the rejection of the $350 million World Bank loan to Czechoslovakia. Finally, American policymakers responded to political events in Czechoslovakia by placing additional terms and conditions upon Czechoslovakia to participate in the Marshall Plan. Essentially, the United States opposed the Gottwald government's nationalization programs, which affected some $30-$50 million in American property, and social welfare policies. Although agreement was eventually reached on compensation for this property, economic aid was still offered under harsher terms and intrusive conditions than for Western European nations. Ultimately, the Gottwald government decided that Czechoslovakia could not accept these terms and conditions.[3]

In Chapter Five Czechoslovak electoral politics between 1945 and 1948 are examined. This chapter illustrates that Czechoslovakia's parties remained dedicated to democratic principles up to, and arguably after, the events of February 1948. Unlike communist parties in other Eastern European countries,

[3] Although compensation was the major issue at first, the United States used the nationalization issue as a justification for holding up economic loans and aid even after a compensation agreement was reached. This is starkly different than the treatment other countries, such as Sweden and Norway, received despite the fact that they had nationalized U.S. property as well.

such as Poland and Hungary, the Czechoslovak Communist Party (CCP) worked within the democratic framework rather than gaining control of the government through extra-parliamentary means or tactics. The 1946 elections were, by all accounts of the elections, open and free. With 38 percent of the vote and a coalition with the Democratic Socialist Party (DSP) the CCP was entitled to form the government. Although controversy surrounds the events of February 22-24, 1948 several facts remain: the non-communist ministers resigned, Beneš accepted their resignations, the CCP asked for and Beneš recognized communist replacements for these ministers, and Beneš approved the new government. Lacking any non-communist opposition to mount a vote of no confidence in the National Assembly the CCP technically did not have to call for elections. Although this may be construed as "splitting hairs" over a parliamentary technicality this chapter shows that the events of February 22-24, 1948 can hardly be seen as a *coup d'etat* in the traditional sense of the term.

Overall this study reveals that American policy shifted from one of accommodation from 1945-47 to one of non-accommodation by 1947-48. The development and implementation of a non-accomodationist policy toward Czechoslovakia under the Truman administration eventually was counterproductive to attaining U.S. political aims in Czechoslovakia. In using economic aid as a tool to influence the policies of the Czechoslovak government, the United States ultimately weakened the moderate parties in Czechoslovakia and created tensions in U.S.-Czechoslovak relations.

In addition, this study reveals that U.S. economic aid and assistance was not offered to all European nations equally. In particular, the United States offered aid, suspended aid, or linked aid to policy changes on the part of the Czechoslovak government. This tactic strained relations and ultimately

diminished the position of the U.S. In terms of the Marshall Plan, this study shows that the U.S. imposed terms and conditions on Czechoslovakia, which were too harsh for the Czechoslovak government to accept. The result was the acceptance and subsequent rejection of the Marshall Plan.

Finally, this study demonstrates that the failure of American policymakers to recognize the unique position of, and democratic tradition within, Czechoslovakia facilitated the erosion of relations and ultimately strengthened the political position of the Czechoslovak communists. Ultimately, this miscalculation led to closer ties between Czechoslovakia and the Soviet Union and placed the communists in a position to seize complete control of the government in 1948.

Chapter One

Historiography

Given the lack of access to archives in Eastern Europe during the Cold War researchers were unable to carry out any systematic inquiry into American postwar policy toward Eastern Europe and the diplomatic and economic consequences for East European countries' participation, or non-participation, in American led economic aid packages.[4]

With the fall of the various communist and socialist governments of Eastern Europe in 1989-1991 and eventual collapse of the Communist Party in the Soviet Union itself researchers were finally able to gain access to the archives in Eastern Europe.

Although recent works have contributed to our understanding of the role of Eastern Europe in the escalation of tensions between the U.S. and USSR there are still gaps in the body of knowledge. For example, despite the contributions of Sheldon Anderson[5] and others in reassessing U.S. policy toward Eastern Europe in this period no comprehensive examination of Czechoslovakia has been undertaken since Walter Ullman's seminal work in

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[4] The most comprehensive study on U.S. economic policy toward the region as a whole is Geir Lundestad, The American Non-Policy Towards Eastern Europe, 1943-1947: Universalism in an Area not of Essential Interest to the United States. (Tromso and Oslo: Universitetsforlaget, 1978). Country specific studies include Sheldon Anderson, A Dollar to Poland is a Dollar to Russia: United States Economic Policy Toward Poland, 1945-1952. (New York and London: Garland Publishing, Inc., 1993), Paul Quinlan, Clash over Romania: British and American Policies Toward Romania, 1928-1947. (Los Angeles: American-Romanian Academy of Arts and Sciences, 1977), and Walter Ullman, The United States in Prague, 1945-1948. (New York: Columbia University Press, 1978).

[5] Sheldon Anderson, A Dollar to Poland is a Dollar to Russia.

1978. Therefore, this study contributes to the body of knowledge of U.S. postwar policy in Eastern Europe.[6]

Still unresolved are theoretical disagreements regarding the motives of U.S. policymakers toward Eastern Europe. For example, did America initiate intervention in European affairs, or was it invited by the Europeans to aid in their economic recovery? Did U.S. policymakers differentiate between democratic nations like Czechoslovakia and undemocratic regimes like Poland, which were in the Soviet sphere of influence when aid offers were developed? Was American assistance offered equally to all nations or were stipulations placed upon some countries that were too strict for them to accept? More specifically this study focuses upon unresolved questions regarding American policy towards Czechoslovakia from 1938 to 1948. In particular, what forces led U.S. policymakers to advocate a non-accomodationist position toward the Czechoslovak government by 1947-48 as opposed to maintaining the accomodationist position of the Roosevelt administration? And what were the goals and aims of U.S. policymakers regarding the Czechoslovak government? This study addresses these questions and sheds light on the events of the early Cold War.

To fully understand the context in which American policy toward Czechoslovakia developed, it is necessary to place this study into the existing body of knowledge on the origins of the Cold War and American foreign policy toward Eastern Europe. For decades historians have debated the causes of the

[6] Ralph Levering, Michael Wala, John Lewis Gaddis, Charles Maier, Robert Pollard, and Michael Hogan have explored aspects of U.S. postwar economic policy, but have focused upon Western Europe and the development of U.S. policy. Research on countries, such as Czechoslovakia, needs to be conducted to provide insight into U.S. motives and the impact of U.S. policy in the region.

Cold War, the role and position of Eastern Europe in Soviet-American relations, and the moral issues and questions relating to the causes of the Soviet-American rivalry.

Beginning in the late 1940s historians such as Herbert Feis, Arthur Schlesinger, Lloyd Gardner, and Gaddis Smith[7] examined the events of the early Cold War. These historians focused on the implications of policies formulated by the Truman administration. Limited by their bi-polar assessment of the Cold War these historians were biased toward the United States. Stressing the benevolence of America's commitment to the political and economic future of postwar Europe they defended the demands of Washington for an integrated economic solution to solve the economic problems of Europe.

From participation in the UNRRA to the implementation of the Marshall Plan U.S. policies were seen as humanitarian in nature. In addition, the actions of the Truman administration were viewed as legitimate responses to Soviet "expansion" and "aggression" in Europe. The Cold War was seen as the result of Soviet expansionist actions rather than attributable to the failure of U.S. policymakers to accurately assess Soviet intentions and actions. Arguing that the threat posed by the USSR to valid U.S. national security interests were real, the response of the Truman administration was justified and appropriate.

In the late 1960s and early 1970s scholars began to challenge traditional interpretations. Based on the work of William Appleman Williams who was considered "revisionist" or "radical" for suggesting that both the U.S. and

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[7] Herbert Feis, The Changing Pattern of International Affairs. (New York: Harper. Publishing, 1949); Arthur Schlesinger Jr., The Vital Center: The Politics of Freedom. (Boston: Houghton and Mifflin, 1949,1962); and Lloyd Gardner, ed., The Origins of the Cold War. (Massachusetts: Ginn-Blaisdell, 1970).

USSR were responsible for the onset of the Cold War[8], Joyce and Gabriel Kolko, and others argued that American economic aid was designed to serve U.S. interests rather than legitimate altruistic efforts to help other nations rebound from the devastation caused by World War II. Contrary to earlier views they argued that U.S. policy was designed to secure the political success of democratic and centrist political leaders in Europe. American policy was designed, therefore, to resist communist forces that were seen as "threatening" and poised to "take over" in several nations, which the Truman administration viewed as vital to American interests.

In addition, they argued that American misperceptions of Soviet actions were behind U.S. policy. Arguing that U.S. policies were attempts to mold Europe and the rest of the world into an American capitalist model these historians asserted that U.S. policy initiatives, such as the Marshall Plan, were designed to make Europe a safe arena for "international capitalism."[9] Economic self-interest rather than legitimate security concerns, or altruistic and humanitarian motives, formed the basis for their interpretation of U.S. policy.

Recent studies have challenged the accuracy of these interpretations. Focusing on the bureaucratic processes of U.S. policymaking these works are critical of the argument of the benign humanitarian nature of American

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[8] William Appleman Williams, The Tragedy of American Diplomacy. (New York: Dell Publishing Co., c1959, 1972).

[9] Gabriel Kolko, The Politics of War; The World and United States Foreign Policy, 1943-1948. (New York: Random House, 1968), Main Currents in Modern American History. (New York: Harper and Row, 1976); Lloyd Gardner, Redefining the Past: Essays in Diplomatic History. (Corvallis: Oregon State University Press, 1986); and John Lewis Gaddis, Containment: Documents on American Policy and Strategy, 1945-1950. (New York: Columbia University Press, 1978), Containing the Soviet Union: A Critique of U.S. Policy. (Washington: Pergam-Brassey's, 1987).

economic foreign policy. In addition, they are critical of the overemphasis on economic issues and seek to establish a synthesis between previous paradigms, while exploring new ground. Researchers such as Lynn E. Davis, Melvyn Leffler, Geir Lundestadt, Thomas McCormick and others view the origins of the Cold War from an international context and have developed what has been referred to as the "corporatist" and "world systems" paradigms to explain the events of this period.[10] In the words of Geir Lundestadt, "only after an understanding of the role, which Eastern Europe played in Washington's world picture, and what forces determined its policy toward that region, can we hope to appreciate the American response to the challenges, which presented themselves in the form of reliance on the Soviet Union as regards foreign policy, economic and social reform, and the gradual advance of communist supremacy."[11]

Lynn E. Davis argues that the events and arrangements made regarding the postwar future of Eastern Europe inevitably led to the Soviet-American conflict. During the first two years of American involvement in the war U.S. policymakers agreed that the Soviet Union would have the ability to exercise predominant influence in Eastern Europe. "Earlier uncertainties whether the

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[10] Sheldon Anderson, A Dollar to Poland; John Lewis Gaddis, We Now Know: Rethinking Cold War History. (Oxford: Clarendon Press, 1997); Geir Lundestadt, The American Non-Policy Towards Eastern Europe; Joseph Rothschild, East Central Europe Between the Two World Wars. (Seattle: University of Washington Press, 1974); David Dimbleby and David Reynolds, An Ocean Apart: The Relationship Between Britain and America in the Twentieth Century. (New York: Random House, 1988); Charles L. Mee, The Marshall Plan: The Launching of the Pax Americana. (New York: Simon and Schuster, 1984); and Lynn E. Davis, The Cold War Begins: Soviet American Conflict Over Eastern Europe. (Princeton: Princeton University Press, 1974).

[11] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 32-33.

Soviet Union would emerge from the war as a Great Power, or crippled by reconstruction needs, disappeared as it became clear that in those countries along its border, even a war-damaged Russia would be capable of exerting predominant military, political, and economic influence."[12] Despite this realization, Washington was not willing to throw in the towel regarding Eastern Europe. The Advisory Committee on Postwar Foreign Policy in October 1943 stated "The Soviet Union has not committed itself by its actions or the pronouncements of its leaders and its controlled press to follow a consistent line of foreign policy."[13]

If Soviet plans regarding Eastern Europe were vague, American policy toward the region was even less clearly defined. American policymakers were unable to agree upon what postwar Eastern Europe would look like politically, territorially, or economically. Washington hoped that the Atlantic Charter principles might be implemented in Eastern Europe, but no definitive alternatives were developed. According to Davis, "the failure to clearly define American goals in Eastern Europe, combined with an apparent willingness to await Soviet actions, resulted in large part from the recognition of the real

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[12] Lynn E. Davis, The Cold War Begins, 62-63; U.S. Department of State, FRUS 1943, Vol. III., Memorandum: "Conversation by Undersecretary Sumner Welles with British Foreign Minister Anthony Eden, March 16, 1943," 23-24: Notes of meeting between President Roosevelt and British Foreign Minister Eden, March 15, 1943.

[13] Lynn E. Davis, The Cold War Begins, 68; National Archives, Notter File, Policy Group Document PG-4, "Present Trends in Soviet foreign Policy", September 18, 1943"; U.S. Department of State, FRUS 1943, Vol. III., "President Roosevelt on Soviet Policy towards Czechoslovakia, October 1943," 13-17, 25.

limitations placed upon the use of military force to achieve even implementation of the Atlantic Charter principles in Eastern Europe."[14]

American policymakers understood that economic leverage represented the best hope for the promotion of U.S. interests in Eastern Europe. The postwar situation clearly favored the use of economic aid as a political tool and U.S. policymakers set out during the war to lay the foundations for economic assistance through UNRRA aid as well as loans, credits, and technical assistance. In terms of Czechoslovakia, Davis argues that the political situation in 1945 was much different from that in other Eastern European countries. "Czechoslovakia had the best established tradition of representative government and Beneš was committed to the creation of democratic institutions. In Czechoslovakia the real possibility existed that the goals, which the United States had been struggling to achieve in the rest of Eastern Europe, would actually be attained."[15]

Kolko argues that the U.S. viewed Czechoslovakia as being in the same category as Poland and Romania. As Davis points out this argument is contrary to the evidence. In the June 1945 Potsdam Briefing Book on Czechoslovakia, for example, the State Department held that "relations between the United States and Czechoslovakia remain excellent as they have in the past."[16] Davis's study dismisses many of the arguments regarding U.S. postwar plans for Czechoslovakia and Eastern Europe.

Davis, Lundestadt and others argue that American policy toward Eastern Europe shifted from one of accommodation under the Roosevelt administration

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[14] Lynn E. Davis, The Cold War Begins, 76.
[15] Ibid, 358; Gabriel Kolko, The Politics of War, 410-411.
[16] U.S. Department of State, FRUS 1945, Vol. IV., "Potsdam Briefing Book on Czechoslovakia, June 1945," 463.

during World War II to one of non-accommodation during the Truman administration from 1945-1948.[17] This hard-line approach escalated tensions and contributed to the Cold War.

Historians differ on where to assign blame for the onset of the Cold War. Given the amount of literature relating to this question, as well as the importance to it placed by other researchers, a brief overview is merited.

Assignment of blame for the onset of the Cold War is a major point of contention and one that has serious political implications. For Herbert Feis, Arthur Schlesinger, and others blame is placed squarely upon the shoulders of the Soviets and their "aggressive" actions. According to Feis, the Soviets were "trying not only to extend their boundaries and control over neighboring states but also reverting to their revolutionary effort throughout the world. Within the next few years this was to break the coalition…."[18] Similarly, Schlesinger stated that the Cold War could have been avoided, "only if the Soviet Union had not been possessed by convictions both of the infallibility of the communist word and the inevitability of the communist world…. [t]he most rational of American policies could hardly have averted the Cold War."[19] These statements epitomize the "Orthodox" paradigm. Moscow, not Washington, followed a confrontational path that "forced" the U.S. to respond to "protect" democracy and "legitimate" U.S. interests throughout the world from the "threat" posed by the "aggressive" actions of the Soviet Union, who were seen by U.S. policymakers as bent upon securing communist world domination.

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[17] Lynn E. Davis, The Cold War Begins; and Geir Lundestadt, The American Non-Policy Towards Eastern Europe.

[18] Herbert Feis, Churchill, Roosevelt and Stalin: The War They Waged and the Peace They Sought. (Princeton, NJ: Princeton University Press, 1957), 655.

For Gabriel Kolko, Lloyd Gardner, and others writing in the 1960s and 1970s, responsibility for the Cold War should not have been placed with the Soviet Union. In fact, these "revisionist" historians argued that in most cases the Soviets were not responsible, or at least not solely responsible, for escalating tensions in the early Cold War period. Instead, culpability should also have been heaped upon the shoulders of the Truman administration and misconceptions of Soviet intentions by American policymakers.

Kolko, Gardner, and other historians argued that it was the desire of American leaders, such as Cordell Hull and Dean Acheson, to establish a U.S.-dominated capitalist world system that served as the impetus behind the Soviet-American rivalry. To achieve this aim the U.S. sought to break restrictive markets that had impeded American economic growth prior to the war, such as the Imperial Preference System enforced by Great Britain prior to the Anglo-American Trade Agreement of 1938.[20]

Gardner blamed the U.S. for failing to understand legitimate Soviet interests. "Responsibility for the way the Cold War developed, at least, belongs more to the United States. At the end of the war it had greater opportunity and far more options to influence the course of events than the Soviet Union, whose

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[19] Lundestadt, The American Non-Policy Toward Eastern Europe 1943-1947, 18.

[20] Carl Kreider, The Anglo-American Trade Agreement: British and American Commercial Policies, 1934-1939. (Princeton: Princeton University Press, 1943); Michael Hogan, Informal Entente: The Private Structure of Cooperation in Anglo-American Economic Diplomacy, 1918-1928. (Columbia: University of Missouri Press, 1977); Melvyn Leffler, The Elusive Quest: America's Pursuit of European Stability, 1919-1933. (Chapel Hill: University of North Carolina Press, 1979); and Carl Parrini, Heir to Empire: United States Economic Diplomacy, 1916-1923. (Pittsburgh: University of Pittsburgh Press, 1969).

situation in victory was worse in some ways than the defeated countries."[21] Essentially, Gardner argues that American business interests and desires to maintain open markets for U.S. exports led to the confrontational nature of Soviet-American relations.[22]

For Walter LaFeber, responsibility for the Cold War was to be shared by the United States and the Soviet Union, as well as other key actors in the international arena, such as Great Britain and France. Rather than placing blame on the U.S., or USSR, the issue of blame was either ignored altogether or fault is placed on the actions and policies of all involved. LaFeber pointed to American economic policies as a major source of tension, but saw this as only one of the factors behind the deterioration of relations.[23] According to LaFeber, American policy was contradictory and contained an economic and a political factor that neither Roosevelt nor his successor ever reconciled. The problem existed because Washington realized that economic prosperity depended upon establishing open markets for American goods. "Washington believed another terrible economic depression could be averted only if global markets and raw materials were fully open to all peoples on the basis of equal opportunity."[24]

This sort of logic is seen in the statements of U.S. policymakers. Dean Acheson, for example, believed that "we cannot expect domestic prosperity

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[21] Lloyd Gardner, Architects of Illusion: Men and Ideas in American Foreign Policy, 1941-1949. (Chicago: Quadrangle Books, 1970), 317.

[22] American efforts to obtain access to markets throughout the world in the period of 1919-1939 have been well documented. See aforementioned works on American efforts to break into closed markets. For details on the views and actions to expand American markets by Cordell Hull and other American policymakers, see Lloyd Gardner, Architects of Illusion.

[23] Walter LaFeber, America, Russia, and the Cold War, 1945-1992, 7th ed. (New York and St. Louis: McGraw-Hill, Inc., 1992).

[24] Walter Lafeber, America, Russia, and the Cold War, 1945-1992, 9.

under our system without a constantly expanding trade with other nations."[25] This mindset was the driving force behind policy formulation during the Roosevelt and Truman administrations. At the Bretton Woods Conference in New Hampshire in 1944 the U.S. took steps to establish the institutional framework in which postwar economic development would occur. During the conference, the International Bank of Reconstruction and Development (the World Bank) and the International Monetary Fund (IMF) were established. The World Bank would have a treasury of $7.6 billion to guarantee private loans for rebuilding war-torn Europe. The IMF possessed $7.3 billion to stabilize currencies, so that trade could be conducted without fear of sudden currency depreciation or wild fluctuations in exchange rate. "It was the hope of the United States that these two agencies would reconstruct, then stabilize and expand world trade."[26] American motives to establish and ensure a free marketplace for U.S. goods are revealed in various policy papers from the Conferences at Malta and Yalta.[27] Analyzing American motives during the conferences, Walter LaFeber posited that the U.S. was freeing itself to "deal with the witch of the East, the Soviet Union. As it did the contradictions within American policy became stunningly apparent. On the one hand Washington demanded an open Europe…. [O]n the other hand Stalin had constantly

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[25] Lloyd Gardner, Economic Aspects of the New Deal Diplomacy. (Madison: University of Wisconsin Press, 1964), 344. Gardner provides a thorough account of the views of State Department officials, such as Dean Acheson.
[26] Walter Lafeber, America, Russia, and the Cold War, 1945-1992, 10.
[27] U.S. Department of State, "The Conferences at Malta and Yalta." In Foreign Relations of the United States 1945, (hereafter FRUS). Vol. II., 1945 (Washington, 1955), 235-236.

demanded that Roosevelt and Churchill recognize the Soviet right to control large parts of Eastern Europe."[28]

In terms of motives, historians are divided over the aims behind U.S. policy during the World War II conferences. According to Schlesinger and Feis, American policy was idealistic and altruistic in nature. Schlesinger, in particular, argued that the driving force behind the development of U.S. policies was the welfare of other nations, rather than economic interests. However, according to Geir Lundestadt, when Arthur Schlesinger Jr. enumerated his "six prime motives of American Universalism he only mentioned in passing that Cordell Hull took an interest in a free-trading world."[29] For Schlesinger, America was seen as a moderator between the policies of the Soviet Union and Great Britain. Rather than trying to impose a U.S. dominated economic system, the U.S. attempted to "protect world cooperation and national independence against the balance of power schemes of older, and presumably, more evil powers."[30] American motives were driven by the well being of others rather than by U.S. economic interests. Therefore, whether American economic and security interests depended on the economic viability of other nations, such as Czechoslovakia, was of little importance.

Lundestadt disagrees, arguing that the driving force behind American policy was the advancement of capitalism and the creation of a world system in which the U.S. could expand the volume of world trade.[31] In addition, democratic regimes were desirable if they furthered this aim, but not of vital

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[28] Walter Lafeber, America, Russia, and the Cold War, 1945-1992, 12.
[29] Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 20; Arthur Schlesinger Jr., "The Origins of the Cold War," Foreign Affairs (October 1967): 92-96.
[30] Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 20.

importance. According to Kolko, "the advance of American capitalism was what counted. The final goal was that the Soviet Union in some manner be reintegrated into the world system… and, in effect de-Bolshevized."[32]

Current scholarship shows that this debate is essentially moot. Clearly a combination of motives rather than any one best explains U.S. policy. American policymakers acted in terms of U.S. economic interests, for altruistic purposes, and in response to Soviet actions. The important thing to draw from this, however, is that American policy shifted from a proactive and accomodationist policy under the Roosevelt administration to a reactive and often inconsistent or non-accomodationist policy under the Truman administration after World War II. As a result, US policymakers increasingly reacted to the many forces at play in the post-war period in developing policy toward Eastern European nations, such as Czechoslovakia.

The debate should not be limited to a discussion of American and Soviet intentions. For example, Michael Hogan points out that not only can American and Soviet motives be classified as flawed and self-centered, as both sides sought to dictate the structure of the postwar world to further their economic and political goals, but that Great Britain and other nations played a significant role in shaping policy and must carry some of the culpability for the escalation of tensions between East and West. "Policymakers in the Truman administration were convinced that a 'dynamic economy' at home required trade and investment abroad, which in turn required the reconstruction of major trading partners in Europe and their reintegration into a multilateral system of world trade. These requirements summed up a world view rooted in political

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[31] Geir Lundestadt, The American Non-Policy Toward Eastern Europe, Intro.

conviction as well as in economic interests."[33] Essentially, Washington envisioned an open international economy based upon liberal capitalism, free trade, and equal opportunity. U.S. leaders equated these principles with democracy while associating autarkic economic policies with totalitarian regimes. Cordell Hull, for example, believed in the necessity of promoting the principles of liberal capitalism as well as the connection between capitalism and democracy. "Enemies in the marketplace can not be friends at the council table, and the political line up follows the economic line up."[34]

Although U.S.-Czechoslovak trade was not vitally important to the United States, Czechoslovak trade with Western European nations, such as Britain, France and Germany, made it more important. The reconstruction of Western Europe hinged on reestablishing pre-war trading relations. Therefore, nations such as Czechoslovakia and Poland were seen as essential markets to rebuild war torn Europe.

Historians have also been divided on whether Eastern Europe was seen as vital to the economic or security interests of the United States. For example, Herbert Feis placed little or no emphasis on Eastern Europe as being important to U.S. economic or security interests. For Feis American policymakers viewed Eastern Europe as a legitimate "sphere of influence" for the Soviet Union and not an area of vital interest to the United States. According to Feis, "the Soviet Union was within its historical right in hindering the emergence in any of the neighboring countries of a government that had deeper attachment to the West

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[32] Gabriel Kolko, The Politics of War: The World and United States Foreign Policy 1943-1945. (New York: Random House Publishing, 1968), 344.
[33] Michael Hogan, The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952. (Cambridge and London: Cambridge University Press, 1987), 26.

than to it."[35] For Feis, Rozek, and others, the Soviet Union was perceived as unwilling to tolerate anything except total control over Eastern Europe. The Soviets "could not tolerate even the patterns of government developed in Helsinki or Prague with their small measure of independence of the Soviet Union."[36] The United States and other Western powers, therefore, essentially sacrificed Eastern Europe, in order to appease the interests of the Soviet Union.

These historians assumed that the U.S. never developed concrete policies regarding Eastern Europe in time to prevent these nations from "falling" into the Soviet "sphere of influence." In other words, the West failed to solidify economic and political ties in the region before various nations were "lost" to communism. According to Lundestadt, "in the opinion of most Traditionalists little or nothing was done to stop or reverse the process towards Soviet domination of Eastern Europe. On the whole, these historians held the view that the U.S. tried to make little or no use of military and economic levers to influence Moscow's actions in the region."[37] Although this may ring true for military efforts in Poland, which had Soviet rather than American or British troops involved in its liberation, in terms of economic efforts the documents do not support this argument. For example, Poland was included in UNRRA aid

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[34] Cordell Hull, Memoirs, vol. 1 (New York, 1948), 364.
[35] Herbert Feis, Churchill, Roosevelt and Stalin, 563; Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 22.
[36] Herbert Feis, From Trust to Terror: The Onset of the Cold War, 1945-1950. (New York: Norton, 1970), 291-295; Edward J. Rozek, Allied Wartime Diplomacy: A Pattern in Poland. (New York: Wiley, 1958), 446; Walter Ullman, The United States in Prague, 1945-1948; and Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 22. These works provide examples of these views regarding Eastern Europe and the economic and security interests of the United States and Soviet Union.
[37] Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 23.

efforts, was offered and engaged in loans and credits, and was offered to participate in the Marshall Plan.[38] In terms of Czechoslovakia, this line of reasoning was also incorrect. The documents clearly show that the U.S. used both military and economic levers to influence events in Czechoslovakia. For example, U.S. and British troops played a major role in the liberation of Czechoslovakia and the removal of U.S. and British troops was done in concert with the removal of Soviet troops. In terms of economic aid, this study shows that the U.S and West offered UNRRA aid, loans and credits, and offered to have Czechoslovakia participate in the Marshall Plan.

Clearly American policy was mixed concerning Eastern Europe, but a distinction between economic policy and interests, as compared to political aspirations, needs to be drawn. Furthermore, the relationship between the United States and various nations of Eastern Europe differed considerably, based upon unique considerations. Each country had varying levels of contact with the U.S. before World War II. World War II changed the nature of relations between the United States and various Eastern European nations. Policy towards collaborationist nations was necessarily different than policies developed for nations invaded by, and subjugated by, Germany, such as Poland and Czechoslovakia. In addition, policy varied depending on whether the country was liberated or occupied by American and British troops, or Soviet troops. Soviet military dominance in Poland, for example, left the United States in a weaker position in dictating Poland's political future than was true in Czechoslovakia, where American troops were a factor in the liberation.[39]

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[38] For a detailed account of economic aid programs involving Poland *see* Sheldon Anderson, A Dollar to Poland is a Dollar to Russia.

[39] Bennett Kovrig, The Myth of Liberation: East-Central Europe in U.S. Diplomacy Since 1941. (Baltimore: Johns Hopkins Press, 1973).

Several types of governments were represented in the region and, contrary to previous interpretations, the extent of control and influence that the Soviet Union wielded varied considerably from country to country. The Prague government, for example, attempted to act as a bridge between East and West. The actions of Prague ultimately led to tensions, as Washington and Moscow exerted pressure on Czechoslovakia to move decisively into their respective camps. Czechoslovakia's attempt to balance itself between the interests of the two superpowers created internal divisions that led to the political events of 1948.

The inclusion of Czechoslovakia into the Soviet economic sphere can, in part, be seen as a direct result of American policies. The evidence indicates that non-communist Eastern European leaders saw the benefits of economic cooperation with the West. In addition, Eastern European communists and socialists also saw the benefits of co-operation with the West, but saw relations with the Soviet Union as equally beneficial and essential. Participation by communist- and socialist- led Eastern European nations in UNRRA aid packages and American loan packages, for example, indicates the communists and socialists willingness to deal with the West. However, Eastern European communists and socialists often complained that aid packages and loans were not offered under the same terms as aid or loan packages to non-communist or socialist governments in Western Europe. This created tensions and pushed many communist and socialist leaders closer to the Soviet Union. Therefore, had aid been offered under similar terms, as it had been for Great Britain, Czechoslovakia may have maintained closer economic relations with the West. The fact that Czechoslovakia initially accepted the American offer of aid under the Marshall Plan indicates that the Gottwald government was still willing to

participate in economic aid programs with the West as late as 1947-1948. The issue whether the Czechoslovak decision to rescind the original acceptance to participate in the Marshall Plan was dictated by the Soviets is discussed in Chapter Four.

For Kolko U.S. policy toward Eastern Europe was far less benign and humanitarian in nature. Kolko contended that U.S. insistence on playing a significant role in the region led the Soviets to pursue a more aggressive role than previously considered. Kolko argued that there were three possible courses for Eastern Europe: an anti-Soviet, a pro-Soviet, and a neutralist course. "The Russians would tolerate only the last two options, the United States only the first, and the British opted for neutralism more often than not. American diplomacy, in calling for the restoration of pre-war politics and economics, worked for the right, which quickly came to view the Americans as the last hope. Russia would not, and was not obliged to, tolerate this development."[40] Essentially the Soviets wanted to see the establishment of "friendly" governments in these countries and American aspirations to the contrary led to tensions. American policy regarding Poland and the insistence upon the "Declaration on Liberated Europe", for example, exacerbated tensions.

The decision of U.S. policymakers to support only non-communist governments and parties in the region weakened American credibility. American policy created and exacerbated internal political tensions in nations such as Czechoslovakia, which ultimately worked against U.S. interests.

Refusal to accept any Soviet imposed governments, as opposed to acquiescing to a legitimate Soviet "sphere of influence", in Eastern Europe was a cornerstone of the Truman administration. Both the Roosevelt and Truman

[40] Gabriel Kolko, The Politics of War, 170.

administrations understood that America's ability to project its' influence in Asia and other regions of the world depended upon Soviet agreement not to challenge the United States in its intended "spheres of influence." In order to achieve this, Washington would have to recognize a Soviet "sphere of influence" in Eastern Europe that was economically advantageous, but politically unacceptable.

For Kolko, Lundestadt and Ullman, therefore, the main driving force of American policy toward Eastern Europe was economic rather than ideological. Kolko stated that the driving force behind American policy was "the restoration of stability, normal trade, and the reintegration of Eastern Europe into the world economy…in effect, the continuation of the semi-colonial economic relationship of that area to the rest of the world."[41] Kolko argued that the left-oriented policies of Beneš and other East European leaders were not acceptable to U.S. policymakers. Thus, the nationalization programs initiated by the Gottwald government in 1946 and the often pro-Soviet stance of Beneš led to tensions between Washington and Prague.

Lloyd Gardner offered a slightly revised version stating that "Russian domination of Eastern Europe through communist control endangered American plans, not because its businessmen needed those markets, but because the American political-economic world system needed a revived Europe, and a revived Europe depended upon re-established trade patterns…."[42] This statement is crucial to understanding American policy in Eastern Europe during

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[41] Gabriel Kolko, The Politics of War, 170-171. Quoted in Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 25.

[42] Lloyd Gardner, ed., The Origins of the Cold War, 108; Lloyd Gardner, Architects of Illusion, 57, 319; Walter LaFeber, America, Russia, and the Cold

the early Cold War. Regardless of actual levels of U.S. trade in the region, the need to re-establish trade between Western and Eastern Europe made it necessary for the U.S. to push for access to these markets. The complex nature of European trade, and the intricate dependence of Western Europe on trade with Eastern Europe, made it necessary for America to back regimes favorable to Western capitalism rather than leftist regimes favorable to the Soviet Union. Political parties of a communist or socialist nature were seen as a threat to resuming normal trade relations.

Regardless of the degree of emphasis placed upon economic interests in the development of American policy towards Eastern Europe, these historians agreed that economic interests, rather than democracy, were the driving force behind U.S. opposition to a Soviet "sphere of influence" in Eastern Europe.

The issue of spheres of influence remains a point of contention among historians. Not all historians have agreed that the U.S. adhered to any consistent "anti-spheres" policy in Eastern Europe. On the contrary, Fleming, Alperovitz, and Horowitz contended that Roosevelt agreed to let Stalin take the lead in the region, whatever the wishes of the local population.[43] Alperovitz argued that the American "hands-off policy" could best be seen in Roosevelt's consent to the October percentage deal[44], in the armistice with the Axis

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War, 6-7; William Appleman Williams, The Tragedy of American Diplomacy, 231-233, 244-245; and Gabriel Kolko, Politics of War, 166-171.

[43] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 25.

[44] U.S. Department of State, FRUS 1944, Vol. IV., Report: "The October Percentage Deal Between the Soviet Union and Great Britain," 1006; "Churchill to Roosevelt, October 18, 1944"; "Roosevelt to Churchill, October 22, 1944." For British accounts of the percentage deal are contained in FO 800-302/7505 (PRO) and PREM 3/434/7 (PRO). Both sets of reports and Roosevelt's responses are fascinating reading and raise vital questions about the motives and intentions of the leaders involved.

satellites, and in Roosevelt's presentation at Yalta of a "Declaration on Liberated Europe" without any bite in it.[45] Despite disagreement over the motives of the Roosevelt administration historians have tended to agree that the course of action under Truman became more aggressive and driven by economic motivations. Truman was not willing to allow a Soviet sphere of influence in Eastern Europe and tried to use economic leverage to thwart the development of any governments with socialist policies from gaining control.

Sheldon Anderson, John Lewis Gaddis, Bennett Kovrig, and Melvyn Leffler have placed more emphasis upon the role of Eastern Europe and U.S. policies toward this region. These historians have gone a long way toward providing a more accurate account of the origins of the Cold War and U.S. policy toward Eastern Europe.[46] For example, Kovrig laid out a convincing argument for the intricate role that Eastern Europe played in relations between East and West. Kovrig maintained that American policies were overwhelmingly influenced by global competition between Washington and Moscow. According to Kovrig,

> "Only when Hitler's war brought Russian power and communist ideology into the heart of Europe did the United States confront what it perceived to be a direct challenge to its interests. Only then did Eastern Europe

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[45] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 26; Gar Alperovitz, Atomic Diplomacy: Hiroshima and Potsdam. (New York: Vintage Books, 1967), 134-135; David Horowitz, From Yalta to Vietnam, 56-57, 89-90, Empire and Revolution: A Radical Interpretation of Contemporary History. (New York: Vintage Books, 1970), 84-85.

[46] John Lewis Gaddis, The United States and the Origins of the Cold War, 1941-1947, 359-361. Provides a good discussion of assignment of blame for the Cold War. For discussion of economic motives behind American policy see Chapter VIII, 357-359. For discussion of the various "levers" utilized by the American government in Eastern Europe see 206-211, 215-220, 222-224, 264-268.

> assume crucial importance for American policy, as a testimony to Soviet duplicity and aggressiveness and a stimulus for rallying the democracies. The Soviet domination of Eastern Europe not only made a mockery of America's professed war aims, but also ostensibly threatened the remaining bastions of liberal democracy and capitalism."[47]

Kovrig referred to a statement by Secretary of State Edward Stettinius in November 1944 as proof of U.S. interests in Eastern Europe. Echoing the American position, Stettinius stated that, the major interests of America in Eastern Europe were: 1) to ensure free choices of political, social, and economic systems; 2) the promotion of non-restrictive trade policies; 3) the freedom of equal access for American philanthropic and educational programs; 4) the protection of American property; and 5) the settlement of territorial disputes only after the cessation of hostilities.[48] Kovrig's work showed that American policy vacillated under Roosevelt and underwent a major shift to the right under Truman. As a key example of what has been called the failure of American economic leverage Kovrig stated that "as Washington's anger at Soviet actions mounted, the pullbacks followed by demobilization weakened its potential military leverage, and economic leverage was never seriously attempted. The abrupt termination of Lend-Lease shipments after V-E Day, though more a bureaucratic fumble than a calculated sanction, reinforced Stalin's belief that the contest with the West was entering a new phase."[49]

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[47] Bennett Kovrig, Of Walls and Bridges: The United States and Eastern Europe. (New York and London: New York University Press, 1991), 7.
[48] Bennett Kovrig, Of Walls and Bridges, 17.; U.S. Department of State, FRUS 1944, Vol. IV., "Statement of Secretary of State Edward Stettinius, 18 November 1944," 1025-26.
[49] Bennett Kovrig, Of Walls and Bridges, 17.

For many historians the question whether the U.S. can be criticized for pursuing democracy in Eastern Europe and, therefore, riding roughshod over legitimate Soviet interests, is clear. Lundestadt, for example, argued that, "it is evident that we must distinguish between the general importance to the U.S. of a particular area and the relevance of this area for the development of the Soviet-American dispute. From a strategic as well as from a political and economic standpoint, Latin America, Western Europe, and the Far East were of more interest to the United States than was Eastern Europe."[50] However, Eastern Europe played a significant role in the increase of tensions between the U.S. and USSR and, therefore, took on more significance than it otherwise might have.

In terms of Czechoslovakia, Allied unity in 1945-46 was still prevalent. Like Poland, Bulgaria, and Hungary, Czechoslovakia was viewed as a testing ground for Soviet intentions in Eastern Europe. "If Moscow did not respect the independence of a country, which had worked so hard to establish good relations with it, then the chances of cooperation between the two Great Powers were considered as slight."[51]

Lundestadt argued that economic interests played a significant role in American policy formation regarding Eastern Europe. In terms of policy toward Czechoslovakia in 1944 and 1945, Lundestadt argued that "American postwar economic planning emphasized the desirability of Czechoslovakia taking part in the multilateral world, which the U.S. wanted established."[52] Washington made it clear that the possibility of further economic assistance in

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[50] Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 107.
[51] Ibid; U.S. Department of State, FRUS 1946, Vol. VI., Report: "Soviet Policy Towards Czechoslovakia," 497.
[52] Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 153.

the form of loans or credits would not be extensive, unless Prague was willing, after a reasonable period of transition, "to avoid discrimination in trade and investment and accord American nationals as favorable treatment as that accorded nationals of any other country." Czechoslovakia should also "refrain from using exchange control as an instrument of discriminatory policy."[53]

Sheldon Anderson argues that American policymakers had clear economic as well as political objectives for maintaining democratic governments, and open markets, in Eastern Europe. "The United States was consistently frustrated in meeting its goal of establishing independent governments and open door market economies in the region, and the Soviet Union's military presence severely limited U.S. policy options to achieve these objectives."[54] American policymakers, therefore, saw the presence of the Soviets as an obstacle to the multilateral open market economic system they sought to establish.

For Washington the decision was clear: either establish a multilateral economic system through open markets and unfettered access, or run the risk of an economic crisis in the United States and Europe. The Truman administration believed that a return to the closed trading systems, and economic policies, of the prewar years could lead to another depression. In his State of the Union

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[53] Ibid, 160; Acheson to Steinhardt, October 5, 1945, Steinhardt Papers. National Archives RG 59 Box 83 NA. 860F .24/10-545, Steinhardt to Riddleberger, October 4, 1945, NA. 860F .24/10-445. For similar threats by Acheson to Poland see Sheldon Anderson, A Dollar to Poland is a Dollar to Russia, 30. Acheson had counseled Lane to warn the Polish government that close economic relations would not develop and financial assistance to Poland would remain small unless Poland was prepared to give assurances that it would after a "reasonable period of transition" abstain from discrimination in trade and investment.

[54] Sheldon Anderson, A Dollar to Poland is a Dollar to Russia, introduction.

Address in 1946 Truman stated that, "[t]he foreign economic policy of the United States is designed to promote our prosperity, and at the same time aid in the restoration and expansion of world markets."[55] This mindset led to tensions between the United States and various countries in Eastern Europe as command style economic policies were implemented.

According to Anderson, key members of Congress also began to question the logic and value of economic aid to communist or socialist governments in Eastern Europe. Durbrow of the State Department's East European Affairs Division, for example, "reminded Mikolajczyk of Congress' role in granting U.S. Export-Import loans, and added that Congress had recently been critical of the administration's compromising policy toward the communist governments in Eastern Europe."[56] Clearly this evidence flies in the face of the argument that economic considerations did not affect U.S. postwar policy toward Eastern Europe. American concerns, combined with the desire to protect American property and promote more democratic political affairs in Eastern Europe, placed the United States on a collision course with the Soviet Union over the future economic and political landscape of Eastern Europe.

By 1948 U.S. policy shifted further away from economic leverage toward non-accomodation and what eventually became the policy of containment. American efforts through the UNRRA had not materialized in political gains in Eastern Europe. This, coupled with increased tensions over compensation for nationalized American property and the use of loans and credits to support

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[55] Ibid, 29; U.S. Department of State, Bulletin, 3 February 1946, 139.
[56] Sheldon Anderson, A Dollar to Poland is a Dollar to Russia, 34; U.S. Department of State, FRUS 1945, Vol. V., Memorandum: "Conversation between Durbrow and Mikolajczyk, November 8, 1945," 400-404.

social programs, which the U.S. viewed as socialist in nature, slowly sealed the fate of Eastern Europe.

According to Anderson, the negligible political gain that the United States received from its substantial contributions to the UN relief effort paved the way for containment. In fact, "when the Truman Doctrine and Kennan's 'containment policy' became the foundations of American policy in 1947, the Administration gradually shifted its main concern from the growth of European markets for U.S. exports, to a revival of the Western European economy to reduce the threat of communism."[57] This did not mean that the administration had abandoned economic aid as a political tool for influencing events in Eastern Europe. In fact, loan negotiations and efforts through UNRRA had left the political situation in Eastern Europe in 1946-1947 "acceptable", but by no means desirable, to U.S. policymakers. It was not until Poland and Czechoslovakia's rejection of the offer to participate in the Marshall Plan and Czechoslovak political events in 1948 that the U.S. began to abandon economic aid as an effective tool and to pursue containment as the only viable policy.

Historians have disagreed over the causes behind economic and political developments in Eastern Europe. Some have found the key to political and economic developments in Eastern Europe in Moscow. Other historians have found the key to political and economic developments in Washington. Still others have looked to both Washington and Moscow, while emphasizing the pivotal role of leaders in other nations, such as Great Britain. The role of East European leaders has become an issue of interest in recent years. The extent, to which leaders such as Beneš were able to influence the course of U.S. policy,

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[57] Sheldon Anderson, A Dollar to Poland is a Dollar to Russia, 65; John Lewis Gaddis, Strategies of Containment, 23, 57.

and the development of tensions between the U.S. and USSR, is debatable. Clearly, these leaders had some degree of impact, but their efficacy was limited by the significance placed upon them by Washington and Moscow.

For LaFeber American actions abroad did not respond primarily to the pressures of other nations, but to "political, social, and economic forces at home."[58] Domestic concerns influenced policymaker's decisions to dismiss outside pressures and the role of external factors. Czechoslovakia may not have had the economic importance to dictate American or Soviet policy, but the growing competition between these countries made ties to nations, such as Czechoslovakia, more important than normal. Therefore, prewar trade levels between the U.S. and Czechoslovakia had a limited impact on the significance Washington placed upon Czechoslovakia during the early Cold War period.

Unfortunately, U.S. policymakers were never able to develop, or adhere to, a consistent policy regarding Czechoslovakia. The inability to develop clear policies ultimately worked against American interests. In essence, U.S. policymakers failed to rank Czechoslovakia among the vital interests of the United States. According to Lundestadt, U.S. policymakers were never quite able to make up their minds about the importance of Eastern Europe. "There were basic elements working for the establishment of a decisive American role in the region. So strong were these elements that suppression of political and economic forces friendly to the U.S. came to constitute an important setting for the onset of the Cold War."[59] American policy toward Czechoslovakia developed within the context of the Great Power conflict and the realities of U.S. postwar limitations coupled with Soviet efforts to establish a "sphere of

[58] Quoted in Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 33.

influence". These realities combined to lead the U.S. to accept a limited role in Eastern Europe.

The State Department attempted to exploit any political leverage it possessed, while utilizing economic leverage as the preferred tool of coercion. Loans and credits became the preferred weapons to put pressure on Czechoslovakia and other nations to adopt political and economic policies favorable to the U.S. Loans and credits were offered with strict restrictions and strings attached, were suspended, or never offered at all, if actions on the part of receiving countries weren't desirable to U.S. interests. The nationalization program of the Gottwald government in 1946, for example, led to heated debates between Prague and Washington over loans.

The significance of American postwar economic policies for Europe as a whole, on Eastern European countries, such as Czechoslovakia, and in terms of the Cold War makes a full examination of U.S. policy vital to understanding the complex set of events that developed after World War II. As this chapter indicates no assessment has been conducted on U.S.-Czechoslovak relations since Ullman's work in 1978. As a result, this study expands the existing body of knowledge on U.S. postwar economic policy, opens new avenues for researchers to understand the intricate facets of U.S. postwar economic policy development and implementation, and provides insights into the origins of the Cold War.

In the next chapter, American policy toward Czechoslovakia from the official recognition of the Czechoslovak government-in-exile under Beneš during World War II to the recognition of the Provisional Czechoslovak government immediately following the war, is examined. This chapter shows

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[59] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 34.

how the failure of the U.S. to develop a cohesive policy regarding the exiled government of Beneš led to tensions and a weakening of Beneš' position vis-à-vis the Czechoslovak communists after the war.

Chapter Two

From Munich to Liberation: U.S.-Czechoslovak Diplomatic Relations, 1938-46

On September 31, 1938 Germany, France, and Britain met at Munich to appease Hitler at the expense of Czechoslovakia, turning over the Sudetenland to Germany. Despite its disapproval of the Munich agreement, the United States did not stand by Czechoslovakia to oppose the annexation. Even after the occupation of rump Czechoslovakia on March 15, 1939, subsequent establishment of the Protectorate in the Czech lands under President Emil Hácha and the collaborationist government under Monsignor Tiso in Slovakia[60], Washington continued to maintain a strict neutrality policy, rather than risk damaging relations with Berlin. American acquiescence removed any western support for Beneš and, therefore, contributed to his decision to go into exile. As a result, American-Czechoslovak relations were damaged. Having acquiesced to German territorial demands over the Sudetenland, thus demonstrating Western willingness to allow Germany to gain territorial expansion at the cost of the sovereignty of smaller nations, the fate of Czechoslovakia was sealed. The actions of the Western powers had left Czechoslovakia in a vulnerable position vis-à-vis the expansionist aspirations of Nazi Germany.

The surrender of the Western powers at Munich is key to understanding the nature of American-Czechoslovak relations during the next ten years. Czechoslovak leaders remembered the betrayal of the West, and increasingly

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[60] Hácha became president of the German Protectorate over the Czech lands following the German occupation of Rump Czechoslovakia in 1939. Tiso became president of the collaborationist Slovak State in 1939 and in April 1947 was arrested and hanged for treason. His trial lasted five months and became a public showing of anger against those who had helped the Germans.

looked to the East to insure their security. It was within this framework that the U.S. attempted to re-establish relations with Czechoslovakia during the war and in the pivotal years following the end of hostilities in Europe.

In the aftermath of Munich, Beneš came increasingly under pressure and eventually went into exile in London in March 1939. The path to exile began in October 1938, when Hermann Goering sent an official notice to Vladimir Mastný, the Czechoslovak Minister in Berlin, informing him that Germany could not allow Beneš to retain the office of president. Goering's message warned that if Beneš did not resign, Germany would be justified "in carrying out the Munich Agreement, and would proceed against Czechoslovakia with the utmost ruthlessness."[61] Secretary Weizsäcker of the Berlin Foreign Office made a similar declaration to the delegate of the Czechoslovak Ministry of Foreign Affairs Arnošt Heidrich. As a result, Beneš sent a letter to the newly appointed government announcing his resignation and delivered a farewell speech that would long be remembered by patriotic Czechoslovaks.[62] After his announcement, Beneš left the Hrádčany for his home in Sezimovo Ůstí in southern Bohemia and following further German threats, he reluctantly fled to England in January 1939.

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[61] Edward Beneš, Memoirs of Dr. Edward Beneš: From Munich to New War and New Victory. (Boston and Prague: Houghton Mifflin Company, 1954), 50; Paul Preston and Michael Partridge, eds., British Documents on Foreign Affairs: Reports and Papers from the Foreign Office Confidential Print. Part III Vol. 3. January 1939-December 1940. FO 417/43 16199, C12588/1320/12, "Resignation Letter of Beneš to Czechoslovak Government." (London Oxford University Press, 1998), introduction. British Foreign Office documents provide a good discussion on the removal of Beneš as president.

[62] Beneš, Memoirs, "Farewell Speech." Full text of speech reprinted in Appendix, 292-295.

In Prague, Hácha was elected president, and on November 30, 1938 Beneš wrote a letter congratulating him and distancing himself from appearing to be "interfering with the internal policy of the Second Republic or making the government's position vis-à-vis Berlin more difficult."[63] In a subsequent letter on January 27, 1939, via the London Legation, he outlined his role in Czechoslovak political affairs. According to Beneš, he was "abstaining on principle from interfering in Czechoslovak affairs and planned to go on abstaining from political actions, which could bring difficulties to the government." Beneš stated that "he [did] not hold himself to be a political emigrant and [didn't] exclude a return to his country."[64]

Beneš remained in London until the end of January 1939 before traveling to the United States to lecture at the University of Chicago. The fact that Hácha was president, following the resignation of Beneš, posed a serious problem for his position vis-à-vis the United States and Great Britain. Beneš was not officially the Czechoslovak representative. Although British and American leaders sought to bolster his standing, in terms of international law, he was not the legitimate leader of Czechoslovakia. This caused President Roosevelt and Prime Minister Chamberlain to watch how Beneš was referred to in official correspondences. For example, any correspondence to Beneš in an official capacity, which referred to him as president, would amount to *de jure* recognition of him as the legitimate leader of Czechoslovakia. Until the U.S. entered World War II in 1941 efforts were made to avoid this legal pitfall. On the other hand, the leadership of Britain, as a belligerent in the war, officially

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[63] Beneš, Memoirs, 53.

[64] Karel Jech and Karel Kaplan, Dekrety Presidenta Republiky, 1940-1945: Dokumenty. (Presidential Decrees, 1940-1945) vol. 1 (Brno: Ústav pro soudobé dějiny AV CR (Czechoslovak Academy of Science) v Nakl. Doplnek, (1995).

recognized Beneš and his Provisional government in exile in July 1940 and subsequently granted full recognition to Beneš and his government in 1941.

Beneš' first trip to America exposed this problem, but it also revealed the high level of support for him in the U.S. According to Beneš, "even before our arrival in New York I was surrounded by a number of interviewers and journalists from New York. I was almost forced to speak on the American radio from the ship and to my surprise the police and civil authorities took me straight from the ship to Mayor LaGuardia."[65] Beneš and his wife were greeted by cheering crowds and LaGuardia gave a speech in which he stated that although Germany, France and Great Britain meeting at Munich "had decided that instead of politics they would perform common butchery… by placing a small, fettered state on their operating table" he assured Beneš that the U.S. had not forgotten this act of butchery and that the U.S. would assist Czechoslovakia to rise to freedom with Beneš as its president."[66] This speech encouraged Beneš and his supporters, but alarmed the Roosevelt administration. As a neutral nation until the bombing of Pearl Harbor in December 1941 and subsequent declaration of war by Congress, the Roosevelt administration was unwilling to recognize Beneš as doing so might be viewed as a hostile act by Germany. In addition, Hácha had been elected president and was, therefore, the official Czechoslovak representative.

Beneš soon left for Chicago where he received similar cheers, especially from his compatriots. Beneš remained in Chicago from the beginning of February until July of 1939. His professorship at the University of Chicago gave him access to political circles and to the largest Czech and Slovak

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[65] Jech and Kaplan, Dekrety Presidenta Republiky, 1940-1945: Dokumenty, 61.
[66] Ibid; Editorial, New York Times, February 12-15, (1939).

populations in the United States.[67] During his visit he received news of the events of March 15, 1939. His response was swift and forceful. In his telegrams to Roosevelt, Chamberlain, Daladier, Maxim Litvinov and the President of the League of Nations Council, Beneš argued that "as the second legally elected President of the Czechoslovak Republic, [he] had been forced by German violence to resign [his] office and to go into exile in defiance of right, justice, and the constitution and that events themselves prevented any other representative of Czechoslovakia from taking action."[68] His telegrams were a direct effort, despite Hácha becoming the President of the German Protectorate in March 1939, to gain recognition as the head of the "exiled Czechoslovak government.

The American response to Beneš came from Under-Secretary of State Sumner Welles in a note to the German *Chargé d'affairs* on March 20, 1939. In essence, Washington refused to acknowledge the establishment of the German Protectorate in Bohemia and Moravia. On March 27, 1939 Roosevelt officially answered Beneš' telegram, but did not officially refer to him as president. Beneš argued that this constituted *de jure* recognition of him as the legitimate leader of Czechoslovakia. However, Roosevelt and other American leaders objected to this conclusion.[69] Roosevelt's message referred to non-recognition of the German-Czech government of Hácha stating, in essence, that

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[67] Chicago was home to roughly one third of the Czech and Slovak population living in the United States. It is estimated that about 1,5000,000 people of Czech and Slovak origin lived in Chicago in 1938. Access to this group enabled Beneš to rally support in the United States for his struggle to gain independence for Czechoslovakia. Beneš understood that U.S. support would be necessary for this goal to be attained.

[68] Beneš, Memoirs, 65-66.

while the government of the United States observed that German authorities had occupied the provinces of Bohemia and Moravia, it did not recognize the legal status of that situation and made no reference to recognition of Beneš, who was not in the Czechoslovak government in 1938-39.[70]

The British response from Chamberlain came on March 20, 1939, in which the British government condemned German actions, but fell short of official recognition of Beneš or his "exiled" government. "H.M. government was forced to consider the events of the past days to be a clear violation of the Munich Agreement and of the spirit in which the signatories had engaged themselves to cooperate for the peaceful solution of all of the European questions."[71] Essentially, even though Germany had violated the Munich Agreement by annexing rump Czechoslovakia, Beneš had resigned in November 1938. Having resigned prior to the establishment of the Protectorate under Hácha in March 1939, he did not have a legitimate claim of being the legal representative of Czechoslovakia. If anyone had a claim it was Hácha. The British officially recognized Beneš and his government-in-exile, but not until November 1939.

The Soviet response came from Maxim Litvinov, who sent a note to the Czechoslovak Minister in Moscow on March 18, 1939, in which he decidedly rejected Nazi aggression against Czechoslovakia. The Soviets refused to recognize the annihilation of Czechoslovakia and continued to grant all aid to the Czechoslovak legation in Moscow recognizing the legation's legal and

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[69] U.S. Department of State, "Roosevelt Letter to Beneš." In Foreign Relations of the United States 1939, (hereafter FRUS). Vol. III., March 27, 1939.
[70] Ibid.

diplomatic position until January 1, 1940. However, the Soviets did not recognize Beneš, but rather the government of Hácha.

There was no response from Daladier and the French. This probably was in line with the French unwillingness to strain relations with Germany any more than necessary.

Despite his failure to obtain recognition as the exiled representative of Czechoslovakia, Beneš began to organize whatever state apparatus he could to resist Germany. Beneš began to unite the ethnic organizations in the U.S., Great Britain, and Canada. Beneš also contacted the members of the Czechoslovak diplomatic and consular missions in these countries in an attempt to establish connections with members of the Czechoslovak government.

On May 23, 1939, the Council of the League of Nations met in Geneva. Beneš used this meeting as an opportunity to solicit the support of Great Britain, the Soviet Union, and France.[72] Unfortunately, the efforts of Beneš fell upon deaf ears. For example, M. Avenol announced that he had to refuse to have the protest of Beneš officially discussed. Avenol stated that a private individual had submitted "in an irregular manner, that is to say, not by the Czechoslovak or another government, a protest."[73] Fortunately for Beneš, the Soviet Ambassador in London, Ivan Maisky, accepted the duty of submitting the protest to the League forcing the General Secretary to place the protest before the Council.

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[71] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3. FO 417/42 16194, "Further Correspondence Respecting Czechoslovakia and Hungary, March 20, 1939," 18.
[72] Ibid, 71.
[73] League of Nations, Council Meeting on Protest of Edward Beneš. Ser. L.o.N.P., 1939, III.2.

Under the guidance of Beneš, the organization of the Czechoslovaks in the U.S. also continued. Between April 18 and April 20, 1939 the Czech National Association, the Slovak National Association, and the Association of Czech Catholics met in Chicago and agreed to combine to form the Czechoslovak National Council of America under the chairmanship of Professor J. Zmrhal. The organization agreed not to accept the events of March 14-15 and argued that "the Czechoslovak Republic legally continued to exist, and its international rights and obligations as between other states and itself were still valid."[74] Furthermore, this group lobbied for American recognition of Beneš as the legitimate leader of Czechoslovakia. Beneš argued that the negotiations before or after March 15th between Berlin and Prague that led to the establishment of the German Protectorate lacked any legal basis, since the Protectorate had been forced onto the Czechoslovak government. This was a crucial step in undoing the events of March and creating the legal basis by which Beneš would argue that he, rather than Hácha, was the legal representative of Czechoslovakia. Therefore, Beneš was the only one capable of negotiating with other governments on behalf of Czechoslovakia. The fact that Slovakia had split from Czechoslovakia and formed a collaborationist state under Tiso did not affect the claim of Beneš either, as he was arguing that all of the events following Munich were not valid.

Before leaving the U.S. Beneš met with Roosevelt on May 28, 1939. Beneš used this meeting to bolster his claim as the rightful representative of Czechoslovakia. "Roosevelt received me most cordially, greeted me as the President of the Czechoslovak Republic, and added that for him there was no

[74] Beneš, Memoirs, 75.

Munich so that to him I was still the president."[75] Even if Beneš was truthful in relating the nature of this meeting, the reception of Beneš as president did not constitute *de jure* recognition of him as the legitimate representative of Czechoslovakia, because at no time did Roosevelt officially announce him as such. Therefore, Roosevelt's comments were private rather than official.

During this meeting, Roosevelt and Beneš discussed America's role in the escalating European conflict. According to Beneš, he told Roosevelt that he thought that America would have to eventually enter the war. "Europe could not stand alone against Nazi Germany and given the track record of Hitler even if America did not enter the fight against Nazism, Germany would eventually attack the United States."[76]

After meeting with Roosevelt, Beneš returned to Britain and began working on plans for his "exiled" government. On July 20, 1939 Jan Masaryk and Wickham Steed informed Beneš that he was to be invited to lunch by a small parliamentary group, including Winston Churchill, Anthony Eden, Sir Archibald Sinclair, Arthur Greenwood, leader of the Labour Party, Megan Lloyd George, Lady Violet Bonham-Carter, later Chairman of the Liberal Party, and Lord Robert Cecil.[77] Churchill gave the opening speech declaring that

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[75] Ibid, 76.

[76] U.S. Department of State, "Meeting Between Roosevelt and Beneš." In Foreign Relations of the United States 1939. Vol. III., 1939; Beneš, Memoirs, 79. American sources back up the general details of this meeting and Beneš' statements about the eventual need for the United States to enter the war on the side of the Allies. In terms of his claim about his recognition as president of Czechoslovakia the sources do not indicate that this recognition was anything but verbal and there was not any written recognition as such.

[77] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3. "Letter: Jan Masaryk and Wickham Steed to Beneš, 20 July 1939," 31-50.

"there would be no peace in Europe so long as Czechoslovakia remained enslaved" and he promised he would "always work to right the dreadful wrong that had been committed against Czechoslovakia."[78] This meeting was important, because the group received Beneš as the President of Czechoslovakia and the group pledged that peace could be attained only with the reestablishment of Czechoslovakia.

According to Beneš, when he arrived in London on July 18, 1939 he found Jan Masaryk, Dr. Hubert Ripka, Minister Smutný, and Colonel František Moravec, Director of Military Intelligence of the Czechoslovak forces in Great Britain during the war at work on the affairs of the exiled government.[79] These individuals formed the Provisional government in London under Beneš during World War II, which was recognized by the British on July 18, 1940 and the United States in 1942.

When Nazi Germany invaded Poland in 1939, the scope of the war changed dramatically, as France and Britain declared war on Germany, according to their treaty obligations with Poland. When France and Great Britain became belligerents in the war, Beneš quickly found strong support for recognition of his exiled government in both countries. Beneš pledged the support of the Czech and Slovak peoples in the cause of a free Europe. Towards this end he approved the formation of the Czechoslovak National Army in France.[80] The role of the Czechoslovak National Army was small during World War II, but the fact that the Czechoslovaks were active in liberating Czechoslovakia and Europe from Nazi occupation proved a powerful bargaining tool after the end of hostilities in 1945.

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[78] Beneš, Memoirs, 82-83.
[79] Ibid, 84-83.

The Paris meetings led to the formation of the Czechoslovak National Committee (CNC), with Beneš as its head.[81] The original members of the CNC were Beneš, Ingr, Osuský, Outrata, Ripka, Slávik, Šrámek, and Viest. When the CNC was formed it was agreed that it would be enlarged when other politicians, especially those belonging to socialist groups, arrived from Czechoslovakia and by Jan Masaryk representing the emigrants in Great Britain. There were several socialist parties in Czechoslovakia before the war. There were the Social Democrats and the National Socialists- the party to which Beneš belonged before he became President. In the 1946 elections, the National Socialists would receive more votes than any other party except the Communist Party. With British and French recognition Beneš turned his attention to gaining the recognition of the United States.

The war years were a crucial period in American-Czechoslovak relations. The United States allowed the Czechoslovak Legation in Washington, which had been staffed by representatives of the Hácha government before and after March 15, 1939, to remain open. This provided Beneš a political apparatus by which to push his claims in the U.S. It was not until 1943, however, that President Roosevelt accredited his diplomatic representative to the London government, thus granting formal recognition and making the missions embassies.

All of these were important steps in the formal recognition of the Provisional government as the legitimate political organ of Czechoslovakia.

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[80] Beneš, Memoirs, 89.

[81] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 4, January 1940-December 1940. FO 417/43 16199, C12588/1320/12, No. 48: "Nichols to Eden, British Legation to Czechoslovakia, 12 November 1941," enclosure in No. 48: "Members of the Czechoslovak Government," 309-310.

From 1938-1940, Beneš and his compatriots relied heavily on diplomatic and consular missions, which continued to be recognized and had been preserved, and upon the military organization that already had a solid basis and was accepted as a serious effort. As the war progressed, Beneš and his compatriots became the symbolic representatives of the aims and feelings of the Czechoslovak nation. With Germany preparing to attack Belgium and the Netherlands in the spring of 1940, Beneš moved for British recognition of the exiled government. This would afford Beneš and his Provisional government formal international, legal, and political form. With the fall of France the Provisional government was transferred solely to London, where it received official recognition. "After the attack on Norway in April 1940 [Beneš] considered that the invasion of Belgium and the Netherlands would provide a suitable occasion for obtaining international recognition."[82] Negotiations for the establishment of the London government began on April 26, 1940.

With the imminent collapse and expected collaboration of the French in June 1940, Beneš sent a letter to Anthony Eden, British Secretary of State for War, to facilitate the removal and relocation of the Czechoslovak National Army from France to Great Britain. The Czechoslovak forces consisted of numerous flying corps and one army infantry division. The airmen had been sent to the front under General Slezak immediately after the outbreak of war and fought under the French flag. With the help of the BBC, appeals were made to the airmen to fly to Great Britain. Despite heavy fighting, over 500 air

[82] U.K., Hansard Parliamentary Debates, Commons, 23 July 1940, vol. 363 (1940), col. 614; Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3, FO 417/42 16194, C 6843/2/12, "Papers regarding the recognition of a Czecho-Slovak Provisional Government, June-July 1940," 129-

personnel arrived in G.B. and took part in the historic Battle of Britain six weeks later. The infantry division on the other hand had to fight its way to the Mediterranean and wait for ships.

When the Czechoslovak Army units arrived on July 14, 1940, Anthony Eden sent a message to the soldiers pledging Britain's resolve to help in the restoration of Czechoslovakia to its pre-war status.[83] The presence of Czechoslovak forces on British soil was the last piece of the puzzle for British recognition of the Provisional government. Beneš thought, "the arrival of Czechoslovak military forces in Great Britain gave to these conversations a new and firmer legal and practical basis. The formation and recognition of a government became so to speak a necessity."[84]

The Provisional government consisted of Beneš as President, Jan Šrámek, the former Czechoslovak Deputy Prime Minister, as Prime Minister[85], members of the government[86], and the Czechoslovak State Council. The State Council

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135, especially record of a conversation between Halifax and Beneš 22 July 1940 C7646/2/12 No. 4.

[83] Preston and Partridge, eds., In British Documents on Foreign Affairs. Part III Vol. 3, FO 417/42 16194 "Message from Eden to the Czechoslovak Forces in London, 19 June 1940."

[84] Beneš, Memoirs, 106.

[85] Šrámek, a Czech, remained Prime Minister until the formation of the Košice Government in April 1945, when Zdeněk Fierlinger succeeded him. After the Communist takeover in 1948 Šrámek and a colleague were arrested trying to board an airplane and interned in a monastery until their death.

[86] The members of the Czechoslovak provisional government in London were Deputy Jan Becko, State Secretary in the Ministry for Social Welfare; Minister Ladislav Feirabend, Minister of State; Divisional General Sergej Ingr, Minister of National Defense; Minister Jan Masaryk, Minister of Foreign Affairs; Minister Ing. Jaromír Nečas, Minister of State; Deputy František Němec, Minister for Social Welfare; Minister Štefan Osuský, Minister of State; Eduard Outrata, Minister of Finance; Pauliny-Tóth, State Secretary in the Ministry of

was a provisional parliament consisting of representatives of the important political and social groups in Czechoslovakia to serve as a consultative and controlling organ.

The British response concerning official recognition of the Provisional government came from Lord Halifax on July 18, 1940.[87] Responding to the proposal of official recognition, Lord Halifax replied that "in light of exchanges of view, which have taken place between us, I have the honor to inform you that, in response to the request of the Czechoslovak National Committee, His Majesty's government is happy to recognize and enter into relations with the Provisional government."[88]

The creation of the Czechoslovak state organization abroad was a key element in terms of international law and the legitimacy of the Provisional government under Beneš. Official recognition of the Provisional government and of Beneš as the legitimate representative of Czechoslovakia meant that Britain was failing to recognize the Munich Agreement, as well as the annexation of rump Czechoslovakia in March 1939. Beneš took this a step further to also mean that all laws, decrees, customs, and administrative practices of the First Republic were validated and that, by international act, he was recognized as President of Czechoslovakia in the sphere of international law. According to Beneš, "it was a great diplomatic success, a success in

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Finance; Hubert Ripka, State Secretary in the Ministry of Foreign Affairs; Minister Juraj Slávik, Minister of the Interior; and Divisional General Rudolf Viest, State Secretary in the Ministry of National Defense.

[87] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3. FO 417/42 16194, January-December 1940. C 7646/2/12, No. 5 "Viscount Halifax to Dr. Beneš, 18 July 1940," 133; Beneš, Memoirs, 109.

international politics, that the Allies had not only recognized our government but at the same time the head of the state. It was a great success in internal politics, and meant a decisive consolidation of the emigration of the army and at the end of the war a stabilization of relationships."[89]

On July 24, 1940 Beneš made his first political message to the Czechoslovak people in which he emphasized the fact that his government had been internationally recognized. Immediately after the recognition, Ripka and Ingr entered into discussions with the British War and Air Ministries regarding cooperation of the Czechoslovak Army and Air Corps with British forces. These talks culminated in the signing of an agreement between Lord Halifax and Jan Masaryk on October 25, 1940. On December 10, 1940 a second agreement was signed regarding the financing of Czechoslovak forces during the war.[90] A key element of the agreement related to the use by the Provisional government of some ƒ6,000,000 of Czechoslovak funds held by the Bank of England. The agreement invalidated German claims to the funds and established the necessary provisions for their use in the war effort. A credit of ƒ7,500,000 was established with further amounts to be approved if necessary. In addition, the second agreement laid out plans and provisions "for preparation

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[88] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3. January 1940-December 1940. FO 417/42 16194, C 7646/2/12 No. 7. "Viscount Halifax to Beneš, 21 July 1940," 135.

[89] Beneš, Memoirs, 111.

[90] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3. January 1940-December 1940. FO 417/42 16194, C 13060/8893/12, No. 23 Foreign Office Minutes, "Financial Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Provisional Czechoslovak government, 12 December 1940," 162-164.

for Anglo-Czechoslovak co-operation for the reconstruction of economic life in the Republic after the end of the war."[91]

Although Beneš secured provisional recognition on July 18, 1940, the provisional status of the government proved insufficient. After establishing a civil and military administration in London and diplomatic services in various parts of the world, Beneš set out to gain full recognition from Great Britain and the United States. "We at once set ourselves the following important and concrete tasks: To transform 'provisional' recognition into a definitive one, thus regaining our pre-Munich international status and equality in international law with all the other independent states."[92] Beneš sought two things: 1) the placement of Czechoslovakia on the same legal basis as other Allied governments-in-exile; and 2) granting of the same international status to the Republic as it had enjoyed prior to Munich. In addition, the Hácha government would not be recognized.

Following the replacement of Halifax by Eden as Foreign Minister on December 23, 1940 and the beginning of the German campaign in the Balkans in 1941, Beneš moved to pressure the British toward this end. Beneš attempted to persuade Eden that a decisive British move on recognition would signal to other smaller nations the present and future aims of British policy and Britain's determination to liberate Europe from Nazi oppression.[93] On April 18, 1941 Beneš handed Eden a memorandum, stressing the importance of full *de jure* recognition, appointment of a British Plenipotentiary to the Czechoslovak government and a Czechoslovak Minister to the British government, and recognition that the provisional character of the government was an internal

[91] Beneš, Memoirs, 116.
[92] Ibid, 123.

affair of Czechoslovak democracy necessary during the war with a return to the Czechoslovak Constitution upon liberation.[94]

Finally, on July 18, 1941 Eden summoned Masaryk to the Foreign Office and handed him a note, in which the British government officially recognized the Czechoslovak government under the terms specified by Beneš. The note restored for Britain the former international status of Beneš and his government and opened the door for solution of future questions regarding the frontiers of Czechoslovakia, as well as postwar relations with Great Britain and other Allied governments.

The Soviet Union's recognition of the Czechoslovak government and the fact that they had renounced Munich from the start made Beneš' position less tenuous than it was with Great Britain and the United States. However, Soviet policy was not consistent throughout the war period. Between Munich and the signing of the Nazi-Soviet Non-Aggression Pact, Soviet policy in favor of Beneš is revealed, by Soviet actions during the crisis of September 1938; by the note which Foreign Commissar M. Litvinov addressed to Germany on March 18, 1939, after the occupation of Prague; and finally by Maisky's intervention on behalf of Czechoslovakia at Geneva on May 23, 1939.[95] The Soviet position toward the legal standing of Beneš and his government-in-exile between January 1, 1940 and the German attack on the Soviet Union, however, consisted of not granting official recognition to Beneš and recognizing the Czechoslovak

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[93] Ibid, 124.

[94] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3. April 1941-July 1941. FO 417/43 16199, C 4078/1320/12, No. 40: "Papers regarding the recognition of the Czechoslovak Government," 282-294, especially see Memorandum by Beneš, "Political and Juridical Relationship of the Czechoslovak Republic to Great Britain," 285-288.

[95] Beneš, Memoirs, 153.

legation in Moscow, under the Hácha government. After the German invasion Soviet policy changed and the Soviets looked to recognize a Czechoslovak government in exile, consisting of Beneš, as well as the Czechoslovak communists and socialists in Moscow.

The German decision to invade the Soviet Union removed the obstacle to full Soviet recognition of Beneš and his exiled government. In a speech to the Czechoslovak nation from London on June 24, 1941 Beneš stated that "[O]ur former relations with the Soviet Union of 1938 were fully restored by these events."[96] On July 5, 1941, Beneš renewed contact with Maisky who informed him on July 8, 1941 that the Soviet Union stood for the independence of Czechoslovakia and did not intend to interfere in any way with the internal affairs of the Czechoslovak Republic. The Soviet Union also stated that it was ready to renew immediate diplomatic relations with the Czechoslovak government in London. In addition, Maisky informed Beneš that the Soviets were willing to allow the establishment of Czechoslovak military units on the Soviet front if the Czechoslovak government so desired.

On July 16, 1941 this agreement was formally put into writing in the Soviet-Czechoslovak Agreement. The Soviet and Czechoslovak governments agreed that the agreement would go into effect immediately and would not be subject to ratification, to exchange Ministers, to mutually aid and support each other in every way against Germany, and to the formation of Czechoslovak army units in Soviet territory.[97]

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[96] Ibid, 156.

[97] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3., April 1941-July 1941. FO 417/43 16199, C 8083/7140/12, No.41: "Agreement Between the Union of Soviet Socialist Republics and the Czechoslovak Republic, 21 July 1941," 297-299; Beneš, Memoirs, 157-158.

Having secured the full recognition of the British and Soviets, Beneš sought U.S. recognition. Despite previously warm receptions given to the Czechs, the official U.S. position was to avoid granting full recognition to the exiled government. This policy was consistent with American neutrality legislation, which prohibited the delivery of war materials, but did allow for diplomatic ties to belligerent governments. Not until the Japanese attack on Pearl Harbor on December 7, 1941 and the entry of the U.S. into World War II, did the U.S. entertain recognition of Beneš as the legitimate representative of Czechoslovakia.

Once the U.S. entered the war and Czechoslovakia became an ally, the Roosevelt administration finally was in a position to officially grant Beneš and his Provisional government full *de jure* recognition. After the British recognized the Provisional government, Beneš opened up confidential discussions with the U.S. to see "whether the American government was ready to extend the legal position, which it had taken towards the Czechoslovak diplomatic and consular authorities, to cover in addition the newly-established Czechoslovak government."[98] Following encouraging responses from Hull, Beneš was sure that the U.S. was ready to discuss full recognition. In letters to Congressman J. Sabath and Senator J. Lee on May 14, 1941 and June 12, 1941, Hull stated, "the U.S. has never revoked the recognition of Czechoslovakia and will continue to recognize its national integrity and international status."[99] This did not mean that the U.S. was recognizing Beneš, but merely Czechoslovakia.

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[98] Beneš, Memoirs, 170.

[99] U.S. Department of State, FRUS 1941, Vol. I., Letter: "Cordell Hull to Congressman J. Sabath, May 14, 1941," Letter: "Cordell Hull to Sen. J. Lee, June 12, 1941."

Following discussions with J.G. Winant, the American Ambassador to Britain, the U.S. decided to recognize the Provisional government, but did not take the step of granting full recognition. In a letter to Beneš on July 30, 1941 Roosevelt stated that, "in order that the ties between our two nations should not be broken, we have not ceased to recognize the diplomatic and consular representatives of Czechoslovakia in the United States in the full exercise of their functions. It is therefore with real pleasure that I can inform you that the American government has decided to accredit an Envoy Extraordinary and Minister Plenipotentiary to the Provisional government for closer contact in the common interests of the two countries until the institutions of free government are re-established in Czechoslovakia."[100] Roosevelt's decision to have official contacts with the Provisional government was one more step in the reinstatement of Czechoslovakia's pre-Munich legal position. Therefore, by July 1941 Washington was taking steps toward recognition, but did not officially recognize the Provisional government of Beneš. In fact, full U.S. recognition would not come until October 26, 1942.

Full recognition of the exiled Czechoslovak government of Beneš was not the priority of the Roosevelt administration as the situation in Europe worsened for Britain and France. By November 1940, the British had announced that their currency reserves in the U.S. were almost depleted. In response, Roosevelt unveiled his plan of "Lend-Lease" on December 18, 1940.

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[100] U.S. Department of State, FRUS 1941, Vol. II., Letter: "Roosevelt to Beneš, July 30, 1941; Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 3. April 1941-July 1941. FO 417/43 16199, C 9089/3261/12, No. 44: "Press Release No. 365 from Department of State, 30 July 1941," 299.

The Lend-Lease Bill was officially put before Congress on January 11, 1941.[101] This bill authorized Roosevelt to allow war materials to be made and sold to governments or to lend it to them, and authorized Roosevelt to supply foreign governments with military information and to give permission for foreign war supplies to be repaired in the U.S. As war loomed Roosevelt and the U.S. Congress took further steps to revise, or nullify, aspects of the Neutrality Laws and to bring America further into the European conflict. For example, on November 14, 1941 the House passed an amendment to the Neutrality Laws allowing U.S. merchant vessels to carry war material to British ports.

The lessons of the 1930s had shown American leaders that economic prosperity lay in the expansion of world trade and the ability of the U.S. to have unfettered access to global markets and raw materials. In August 1941, at the Atlantic Conference with Churchill, Roosevelt pushed for implementation of this policy. On August 14, 1941 Roosevelt and Churchill declared the Atlantic Charter. This along with Lend-Lease aid to Great Britain and subsequently aid to the other allies, including Czechoslovakia, were significant steps towards full American involvement in World War II. In Article III of the Atlantic Charter, the two leaders declared that after the war all people should have the right to choose the form of government under which they will live. In Article IV the economic side of this principle was laid out. "All states should enjoy access, on equal terms, to the trade and raw materials of the world which are needed for

[101] U.S. Senate Committee on Foreign Relations, The Lend-Lease Act of 1941. 78th Cong., 1st sess., 1941; U.S. House Committee on Foreign Affairs, The Lend-Lease Act: Hearings, 78th Cong., 1st sess., 1941.

their economic prosperity."[102] The efforts to establish these principles after the war were to dominate American policy.

By 1942, the U.S. found it increasingly necessary to grant definitive and full recognition to Czechoslovakia and other exiled governments in an effort to unify resistance and resources against Germany. Washington accredited their Envoy to Czechoslovakia and informed Masaryk on October 26, 1942, that U.S. recognition was to be regarded as legally definitive and full. As a result, Beneš traveled to the U.S. as the legitimate Czechoslovak representative in 1943. In May and June he met with Roosevelt, Hull, State Department officials, and members of Congress. These meetings enabled Beneš to begin the arduous task of discussing postwar plans.[103] The fact that the Soviet Union had challenged Munich and maintained close ties to Beneš, Gottwald and other Czechoslovak leaders, coupled with the fact that the United States waited until 1942 to grant full recognition of Czechoslovakia, is important in understanding why Czechoslovak leaders looked to the Soviet Union, more so than the West, for security after the war.

Treaties with the Soviet Union and the exiled Polish government further solidified recognition. In the mind of the Czechoslovak government, cooperation with the Soviet Union was necessary to ensure that another Munich would not occur. A joint declaration providing for close political and economic association was signed on November 11, 1940 and the joint Polish-

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[102] U.S. Department of State, FRUS 1941, Vol. I., "The Atlantic Charter", Art. IV., 366-368.
[103] U.S. Department of State, FRUS 1941, Vol. I., "Meeting between Roosevelt to Beneš May-June 1943"; Beneš, Memoirs, 184.

Czechoslovak Agreement was signed on January 23, 1942.[104] The Czechoslovak-Soviet Agreement was signed in December of 1943. Initial responses to this agreement were mixed. In Washington, Roosevelt and other senior officials approved the signing of this Treaty.[105] The British reaction was considerably different. Churchill also favored the move, seeing it as a means of securing independence for Eastern Europe and non-interference by the Soviets in their internal affairs, but the Foreign Office was split. The London Poles, however, opposed the policy. According to Beneš, the majority of the London Poles, when they heard about the policy saw the end of their plans to establish a Polish led Central European Federation.[106]

The turning point in the war and for the position of Czechoslovakia was 1943. Up to 1943 Allied war aims, policies, and postwar plans had been only generally laid out in the Atlantic Charter[107] and the British-Soviet Treaty of May 26, 1942. By 1943, with the end of the war and eventual success of the Allies a possibility, the need for negotiations to develop concrete postwar plans for rebuilding war torn Europe emerged. In response, the Allies convened six conferences, which were held during 1943. These conferences were of vital

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[104] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 4. January 1942-March 1943. FO 404/28 16249, C 1286/151/12, "Mr. Nichols to Mr. Eden, British Legation to the Czechoslovak Republic, 29 January 1942," 10-13, especially see Enclosure 1: "The Polish-Czechoslovak Declaration", and Enclosure 2: "The Resolution," 12-13.

[105] U.S Department of State, FRUS 1943, Vol. III., "American Reaction to the Czechoslovak-Soviet Agreement of 1943."

[106] Beneš, Memoirs, "Treaty of Friendship, Mutual Aid, and Postwar Cooperation, December 12, 1943," 255-257.

[107] Jan Masaryk's letter to Beneš on August 29, 1941 provides Czechoslovak reaction to the Atlantic Charter.

importance to the future of Czechoslovakia and laid the groundwork for postwar cooperation.[108]

With the Wërmacht on the defensive following Stalingrad, Beneš traveled to Moscow to meet with Czechoslovak communists and others who had fled to the Soviet Union during the war. Among those Beneš met with was Klement Gottwald, the Communist leader. It was Gottwald who suggested that National Committees (*Národní výbory*) should be formed to serve as tools for revolt against the Germans. National Committees, as originally conceived and eventually introduced into Czechoslovakia after the war, were elected in every commune, town, and province on a system of proportional representation. Although plans were made for their formation during the war, the National Committees were never utilized against the Germans on a large scale. Despite this, the communists heralded them after the war for their acts of resistance to the Germans.

Following the Communist *coup d'etat* of February 1948, the National Committees were remodeled and given wide judicial and administrative powers to enforce the economic, social, and political regulations entrusted to them. The members were elected, but first nominated by the Communist Party with no opposition candidates allowed to stand. Although other political parties were represented during the war, the communists, through better organization, often secured a majority of the executive posts.

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[108] The first Conference was held at Casablanca from January 14-24, 1943; the second in Washington from May 11-24, 1943; and the third in Quebec from August 11-24, 1943. The "Big Three": Roosevelt, Churchill, and Stalin attended the next three, held in Moscow from October 19-November 1, 1943, in Cairo from November 22-26, 1943, and in Tehran from November 28-December 1, 1943.

Gottwald pressed Beneš about the postwar political structure in Czechoslovakia. Because of the ruthless actions of right wing parties during the war, Gottwald assumed that "there would be a great revolutionary shift to the left, a clear socialist majority and an overwhelming defeat of the former pre-war right-wing bloc (Agrarians, National Democrats, and Traders)."[109] Beneš pressed Gottwald about the Communist Party's plans to merge all the socialist parties. In addition, he questioned Gottwald about the possibility that the Communist Party might renounce its independence and take directions from Moscow. Gottwald informed Beneš that he could not answer that question.

Eventually, Beneš and Gottwald agreed that elections should be held within six months of the end of hostilities in Czechoslovakia. Gottwald was less specific about whether the communists would join the London government. Although Gottwald did not oppose the London government, he argued that if the Communist Party were to become members, the London government would have to undergo reconstruction.

Although Beneš had not reached a final agreement with Gottwald, he left Moscow on December 23, 1943 having made clear progress toward an understanding with Gottwald about Czechoslovakia's postwar role. Beneš saw Czechoslovakia's future as dependent upon economic cooperation with both the Soviet Union and the United States. The Soviets had been very sympathetic to Beneš and his efforts during the war, which contributed to the affinity he developed for the Soviet Union. However, Beneš refused to choose between orientation toward the U.S. and USSR. To Beneš the future prosperity of Czechoslovakia would be best served by friendship with both. "In this sense-- and in this sense only-- did I sign and approve the Treaty with the Soviet Union

[109] Beneš, Memoirs, 271.

of December 1943, intentionally and consciously linking it with the Anglo-Soviet Treaty of May 26, 1942."[110] Beneš was confident that cooperation between the capitalist West and communist East was attainable. It was the signing of the Anglo-Soviet Treaty on cooperation during the war and on postwar cooperation in reconstruction and the maintenance of peace that convinced Beneš that there was a real desire to secure friendly allied cooperation after the war.

During the postwar period the view of the United States on whether the Czechoslovak government and its policies represented an acceptable middle ground between East and West changed. In particular, Washington's view of Beneš and his policy of cooperation with the Soviet Union and emphasis on the need for social and economic reforms within Czechoslovakia underwent a transformation during the Roosevelt administration and shifted completely under Truman. Beneš failed to dissuade the concerns of U.S. policymakers and this eventually worked against him in the post-war period. As the subsequent chapters demonstrate, American policymakers were very uncomfortable with Beneš' stance vis-à-vis the Soviet Union and his attempts to bridge East and

[110] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 5. April 1943-March 1944. FO 404/29 16569, C 11407/525/12, No. 11: "Mr. Nichols to Mr. Eden, British Embassy to the Czechoslovak Republic", 230-232; C 11655/2462/G, No. 12: "Mr. Eden to Mr. Nichols Foreign Office, 7 October 1943," 232-233; C 11655/2462/G. No. 13: "Mr. Winston Churchill to Sir R.I. Campbell (Washington)," C 11655/2462/G. No. 1195; C 11655/2462/G. No. 439: "Churchill to Sir A. Clark Kerr (Moscow) 16 October 1943," 233-238, especially Enclosures 1-4; C 13005/2462/G No. 14: "Mr. Eden to Mr. Nichols, 15 November 1943," 238-241; and C 15065/525/12 No. 16: "Mr. Nichols to Mr. Eden, British Embassy to the Czechoslovak Republic, 22 December 1943," 242-244.

West, although likely in the best interests of Czechoslovakia, ultimately his actions were counterproductive in terms of securing U.S. support after the war.

On the minds of American policymakers during the visit of Beneš in May-June 1943 was the proposed Soviet-Czechoslovak Treaty of Cooperation.[111] According to Lundestadt, "there is no reason to doubt that Beneš' general approach to the Soviet Union was favorably received in Washington, but there are indications that the State Department, perhaps not so much the president, did not approve of the treaty itself."[112] This dual policy was an attempt to please the British, who disliked the idea of a Soviet-Czechoslovak Treaty, and the desire of Czechoslovakia for such a treaty. American policymakers, especially those in the State Department, were split over their desire to promote international security, vis-à-vis world organizations, as opposed to alliances and exclusive treaties and their fear of Soviet expansion into Eastern Europe.[113]

Representing the United States position on the Soviet-Czechoslovak Treaty at the Meeting of the Foreign Ministers in Moscow in October 1943, Hull stated that he was not totally familiar with the details of the treaty and left

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[111] U.S. Department of State, FRUS 1943, Vol. III., "Reaction to the Soviet-Czechoslovak Treaty of Cooperation," 670-671.

[112] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947: Universalism in an Area not of Essential Interest to the United States. (Tromso and Oslo: Universitetforlaget, 1978), 150; U.S. Department of State, FRUS 1943, Vol. III., "Reaction to the Soviet-Czechoslovak Treaty of Cooperation," 670-671.

[113] National Archives, Office of Strategic Sevice Records, Modern Military Records Division, OSS Research and Analysis Report No. 1720. RG 59, 2-8, "Notter File" RG 59 Box 246, Folder: "The Soviet Alliance System, June 1943," 10-41, "The Soviet Alliance System and the Dumbarton Oaks Proposals," 11-12; Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 150-151.

discussion almost exclusively to Eden and Molotov. Eventually the British abandoned their opposition during the meeting.[114] When asked about the position of the State Department after the meeting Hull stated "the Treaty of Mutual Assistance… has been under discussion for some months. This agreement is somewhat after the fashion of the Anglo-Soviet Pact of 1942. It is not understood to be in conflict with the general framework of worldwide security."[115] The tacit approval of the U.S., in conjunction with British approval, cleared the way for closer cooperation and relations between the exiled Czechoslovak government and the West. During 1944 the Czechoslovak government in exile maintained relatively friendly and close relations with both the East and West.

In 1944, American-Czechoslovak relations were dominated by the view among U.S. policymakers that "it was only natural for the Czechoslovaks to turn to Moscow for direction in military matters not only during the war, but even to some extent in the postwar period."[116] This view did not mean that the U.S. was abandoning its desire to maintain economic and political relations with Czechoslovakia. For example, Harriman told Beneš that Washington expected the Czechs to "look to Russia for security but to the United States on other questions in the normal and natural manner."[117] Despite this opinion, the

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[114] U.S. Department of State, FRUS 1943, Vol. I., "Comments of Cordell Hull at the Meeting of Foreign Ministers in Moscow," 625-626; U.S. Department of State, FRUS 1943, Vol. III., "British Opposition to the Soviet-Czechoslovak Treaty of 1943," 719.
[115] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 151; United States Department of State, Bulletin. December 18, 1943, 439.
[116] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 152.
[117] U.S. Department of State, FRUS 1943, Vol. III., "Statement by Averell Harriman Regarding the Future of American-Czechoslovak Relations," 719-729; Hubert Ripka, The Soviet-Czechoslovak Treaty. (London, 1943), 9-10.

position of both the British and American governments was still ambiguous. For example, both refused to sign civil affairs agreements with the Czechoslovak government in exile, which would have dictated who was responsible for civil affairs and reconstruction. According to Geir Lundestadt, the reason was that "American military authorities saw no need to deviate from the doctrine that the power responsible for military operations in the area would also look after the administration of civil affairs."[118] Since U.S. policymakers saw this as the best avenue for an American "sphere of influence" in Western Europe, they saw no need to deviate on the principle regarding Eastern Europe.[119] These actions left a clear and distinct impression upon the Czechoslovak government that the U.S. was only willing to establish limited relations with Czechoslovakia. The result was to push Czechoslovakia closer to the Soviet Union after the war.[120]

American postwar economic planning in 1944 reflected the desire of U.S. policymakers to have Czechoslovakia participate in the multilateral world, which the U.S. sought to bring about. The impetus to have Czechoslovakia participate was not based upon immediate or direct economic advantages for the United States. According to Geir Lundestadt, "in a world-wide perspective American-Czechoslovak trade would still be of minor importance. Instead, emphasis was placed on the beneficial effects of extensive trade between Czechoslovakia and the countries of Central and Western Europe. Before the

[118] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 152.
[119] Ibid.
[120] Ibid.

war, Czechoslovak trade with the Soviet Union was limited. Its potential was also largely neglected in American postwar planning."[121]

The positive attitude of U.S. policymakers regarding American-Czechoslovak relations became increasingly entrenched by the end of 1944. In fact, by 1944-45 U.S. policymakers saw Czechoslovakia as a litmus test of whether the Soviet Union would allow Eastern European nations to serve as a bridge between East and West, or whether the Soviets would seek to solidify a sphere of influence in the region through Soviet friendly governments. This viewpoint is expressed in a letter to Laurence Steinhardt, the U.S. Ambassador to Czechoslovakia, from Charles Bohlen, Eastern European expert in the State Department, in which Bohlen stated that "it is not too much to say that Czechoslovak-Soviet relations will provide the best indication of the ability of the two worlds to get along with each other."[122] This viewpoint and evaluation of American-Czechoslovak relations carried over into 1945.

During the Yalta Conference the State Department maintained that American-Czechoslovak relations were excellent. Czechoslovakia was to receive UNRRA aid and possibly direct aid in the form of loans, credits, and other technological support. A letter from Riddleberger to Steinhardt on February 3, 1945 reveals the desire of U.S. policymakers to advance various economic and political objectives. American objectives to establish an international economic framework, within which Czechoslovakia would

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[121] Committee on Postwar Programs, Czechoslovakia, May 27, 1944, National Archives, Notter File, RG 59 Box 19, 11-12. Cited in Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 153.

[122] Bohlen to Steinhardt, December 28, 1944, Steinhardt Papers. National Archives, RG 59 Box 44 NA. 860F. 00/12-2844; Donovan to President Truman, August 28, 1945, Harry S. Truman Papers. National Archives, RG 59 Box 15, Folder: "Office of Strategic Services," NA. 860F.00/8-2844, 3-4.

participate, eventually created tensions for U.S.-Czechoslovak relations. This was exemplified when the State Department expressed the desirability of Czechoslovakia to "coordinate its economic policies and practices with the overall program adopted for postwar rehabilitation and economic reconstruction."[123]

By late March to early April 1945, the Czechoslovak government was reformed in Moscow. Up to this point the Communist Party had not officially participated in the previously formed London government. However, in early 1945 the Communists and their sympathizers controlled nearly half of the posts in the reorganized government. Fierlinger, a Social Democrat, became Prime Minister and members of the Communist Party filled two of the five Vice-Premier posts. The Communists gained control of important Ministry posts such as the Interior Ministry. In addition, Svoboda became the Minister of Defense.[124] Once established in Moscow, the new government relocated to Košice in liberated eastern Czechoslovakia.

The Košice government sought cooperation with the Soviet Union, other Eastern European nations, and friendly relations with the U.S. This approach was not a deviation from the approach of the London government. However, the policies of the Košice government created tension with the U.S. over domestic economic policies. According to Geir Lundestadt, "in domestic

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[123] U.S. Department of State, FRUS 1945, Vol. IV., "Riddleberger to Steinhardt, February 3, 1945," 423-425; Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 154.

[124] U.S. Department of State, FRUS, 1945, Vol. IV., "Steinhardt to Riddleberger, February 5, 1945," 432; National Archives, RG 59 Office of Strategic Services Research and Analysis Report No. 3015: "The New Czechoslovak Government, April 3, 1945," 1-11; Kennan to Secretary of State,

matters both democratic principles and comprehensive economic reforms were emphasized as basic guidelines."[125] Essentially, this meant some degree of nationalization, which was an issue for the U.S., albeit not the paramount issue, when American property was affected. The shift to the left on the part of the Košice government was aided by the banning of certain political parties, such as the Agrarians, who had collaborated with the Germans. The removal of these groups meant that there was no political right in Czechoslovakia to work as a counter to the communists and other leftist parties.

American reaction to this political shift was essentially one of acceptance. "What sources we have for the internal American view seem to indicate that Communist influence was considered strong, stronger than Washington would have liked, but at the same time it was not thought unreasonable in view of the position the CP held in Czechoslovak politics."[126] Although U.S. officials would have preferred that the Communist Party was not dictating Czechoslovak economic policy at all, the reality of the political situation meant they were involved. Given this reality U.S officials viewed the relationship with Czechoslovakia as satisfactory, but with the possibility of improvement. However, although this viewpoint was dominant in the State Department some policymakers, such as George Kennan, believed that the new government's policies signaled that Czechoslovakia was "lost" to the Soviet

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May 8, 1945. James F. Byrnes Papers, National Archives, RG 59 NA. 860 F.01/5-845.

[125] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 155.

[126] Ibid, 155; National Archives, RG 59 Office of Strategic Services Research and Analysis Report No. 3015: "The New Czechoslovak Government, April 3, 1945," 5-11; U.S. Department of State, FRUS 1945, Vol. IV., "Report on the Makeup of the New Czechoslovak Government," 431-432.

sphere of influence. As this dissertation demonstrates, this view would come to dominate U.S. policy by 1948.

In all likelihood, the composition of the new government prompted U.S. policymakers to take a more proactive stance towards Czechoslovakia. The State Department increasingly began to call for the placement of American embassy staff in Czechoslovakia, which the Soviets opposed.[127] Soviet opposition was based on military operations still being conducted in Czechoslovakia and an emerging struggle for spheres of influence. The American case was taken up with the Soviet authorities, both by the Embassy in Moscow and by Secretary of State Stettinius during Foreign Minister Molotov's visit to the U.S. in April-May 1945, but Moscow's attitude remained unchanged. The impasse was broken when the Czechoslovaks requested a civil affairs agreement with the United States. This would have given the United States and Britain a considerable degree of authority regarding civil affairs in Czechoslovakia after the end of hostilities. Despite their previous opposition to such an agreement, both Washington and London expressed interest. Acting Secretary of State Grew exemplified the new position by stating that "in view of the important position that Czechoslovakia occupied in Central Europe and in view of the differences with the Soviet Union on the question of U.S. and British diplomatic representation in Czechoslovakia this initiative is

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[127] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 6. "Negotiations Regarding the American and British Desire for the Return of Diplomatic Missions to Czechoslovakia and Soviet Opposition," April 1944-March 1945. FO 404/31 17013, C 16563/1347/12, No. 1: "Mr. Nichols to Mr. Eden, British Embassy to the Czechoslovak Republic, 28 November 1944," 361-362, No. 5: "Mr. Nichols to Sir A. Clark Kerr (Moscow), 28 March 1945," 370-378.

welcomed."[128] Eventually this initiative fell through, and the Czechoslovak government abandoned the effort, based on Soviet opposition.

Soviet pressure on the Czechoslovak government-in-exile to abandon any civil affairs agreement with the U.S. or Great Britain, which has come to be known as the Košice incident, strained relations between the U.S. and USSR. Despite this incident, many U.S. policymakers remained optimistic about the future of American-Czechoslovak relations. Notwithstanding comments from George Kennan that the "inability to receive what representatives the government wanted, emphasized the absence of Czechoslovak independence" most U.S. officials remained relatively optimistic and hopeful.[129]

The Košice incident was not put on the U.S. agenda at the Potsdam Conference in 1945. Despite concerns on the part of Kennan, the decision was made not to discuss matters relating to Czechoslovakia. American policy papers from the Potsdam Conference reflected the prevailing view in the State Department that U.S.-Czechoslovak relations remained excellent as they had in the past.[130] Essentially, U.S. policymakers blamed the incident on pressure from the Soviets rather than on the Czechoslovak government.

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[128] U.S. Department of State, FRUS 1945, Vol. IV., "Secretary of State Grew on the Placement of American Embassy Staff in Czechoslovakia, May 20, 1945," 450, see especially Note 93; Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 156.

[129] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 7. April 1945-September 1945. FO 404/31 17022, N 3949/650/12, No. 10: "Mr. Nichols to Mr. Eden, 9 April 1945," 38-39.

[130] U.S. Department of State, FRUS 1945, Vol. IV., "Policy Papers for the Potsdam Conference, April 23, 1945," 463; Lane to Mathews, June 1, 1945, Lane Papers. National Archives RG 59 Box 89, NA. 860F.00/6-145, 9-10; Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 158.

The tension created over this issue is one of the first salient indications of the deterioration of relations between the U.S. and USSR regarding Czechoslovakia. The incident also convinced the non-accomodationist members of the State Department to support the British idea of having General Patton push as far as possible into Czechoslovakia to give the U.S. a foothold with which to work from after the war.[131] Despite State Department opinion, Truman and the Joint Chiefs of Staff decided not to accelerate Patton's advance for military reasons.[132]

With the conclusion of military operations in Czechoslovakia the situation over the placement of American and British diplomats was resolved and representatives from both countries were posted in Prague. The U.S. representatives arrived on May 29, 1945, and the British representatives arrived the next day.[133] By the beginning of June 1945 UNRRA shipments began to arrive in Czechoslovakia, marking the beginning of the long journey toward economic recovery.[134]

During the second half of 1945 initial reports from the U.S. embassy in Prague were optimistic. "There exists a strong desire both for cooperation with Moscow and for social reform, but the majority of Czechoslovaks led by Beneš

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[131] U.S. Department of State, FRUS 1945, Vol. III., "Secretary of State Grew on British Suggestion Regarding Military Operations in Czechoslovakia," 277-278, 281-282.
[132] Memorandum from Stettinius to Masaryk, May 1, 1945, Stettinius Papers. National Archives RG 59 Box 725, NA. 860F.00/5-145; Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 157.
[133] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 7. April 1945-September 1945. FO 404/31 17022, N 3949/650/12, No. 10: "Mr. Nichols to Mr. Eden, 9 April 1945," 38-39.
[134] U.S. Department of State, FRUS 1945, Vol. IV., "Summary of UNRRA Shipments to Czechoslovakia, June 3, 1945," 454-456.

apparently also want to be on good terms with the West."[135] The perceived split between loyalty to East and West among the political parties in Czechoslovakia led the American Embassy staff in Prague to strengthen ties with the moderate elements, while distancing themselves from the communists and socialists, who were seen as loyal only to the Soviet Union. There was a perception that the communists and socialists "represented a degree of loyalty to the Soviet Union and a domestic radicalism unacceptable to the United States."[136] This perception received increasing acceptance among U.S. policymakers and dominated policy by 1948. However, this view was shortsighted. Although the Communist Party was the largest political party in Czechoslovakia, albeit not a majority, in 1945, the communists had indicated a desire to work with both the East and West.[137]

Although American-Czechoslovak relations remained relatively friendly during this period, there was some tension over the removal of the Sudeten Germans and the cession of Ruthenia to the Soviet Union. Ruthenia became an issue for U.S. policymakers, since it involved the taking of property claimed by U.S. citizens. The Fierlinger government supported American protests to

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[135] Kleiforth to Riddleberger, June 4, 1945, Steinhardt Papers. National Archives RG 59 Box 47, NA. 860F.00/6-445.

[136] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 158.

[137] Kleiforth to Riddleberger, June 4, 1945, Steinhardt Papers. National Archives RG 59 Box 47, NA. 860F.00/6-445, Williamson to Kleiforth, July 18, 1945, NA. 860F.00/7-1845, Steinhardt to Riddleberger, September 1, 1945, NA. 860F.00/9-145, 4-6; National Archives, RG 59 Office of Strategic Services Research and Analysis, Report No. 3140: "The Czechoslovak Party System," 39-52, 57, 83; Memorandum, "Policy and Information Statements September 9, 1946," James F. Byrnes Papers. National Archives, RG 59 NA. 860F.00/9-946, 1; Donovan to President Truman, August 28, 1945, Harry S. Truman Papers. National Archives, RG 59 "Report on Conditions in Czechoslovakia from Donovan to President Truman, August 28, 1945," 1-4.

Moscow regarding this property. "A friendly act on the part of the Fierlinger government was that it supported protests to Moscow over removal of allegedly American property from Czechoslovakia."[138] U.S. property claims in Czechoslovakia would create tensions again in 1946 when the Gottwald government implemented its nationalization policy. This issue gained significance as the U.S. Soviet rivalry heated up and drove a wedge between the United States and the leftist parties in Czechoslovakia.

Up to October 1945, U.S. policymakers deemed political events in Czechoslovakia as satisfactory. The Provisional National Assembly, for example, maintained a majority by the non-communist political parties up to 1946.[139] The climate was conducive enough to lead U.S. policymakers, such as Steinhardt, to "be relatively optimistic about political prospects."[140] The relationship between Washington and Prague also held the possibility of financial assistance. UNRRA aid had begun to flow into Czechoslovakia in 1945, and negotiations for economic assistance loans had begun. According to Geir Lundestadt, the U.S. "tried to speed up UNRRA supplies to Czechoslovakia, but the Americans felt that the expected benefits from such international aid were not forthcoming, even if it was of basic importance to Prague. This was to some extent blamed on the local UNRRA organization led

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[138] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 158.

[139] Preston and Partridge, eds., British Documents on Foreign Affairs. Part III Vol. 7. April 1945-September 1945. FO 404/31 17022, N 3949/650/12, No. 10 Enclosure: "List of Members of the New Czechoslovak Government, 9 April 1945," 39-43, N 4334/650/12, No. 11: "Mr. Nichols to Mr. Eden, British Embassy to the Czechoslovak Republic, 20 April 1945," N 4345/650/12, "Policy of the New Czechoslovak Government," 43-48.

[140] Steinhardt to Riddleberger, September 1, 1945, Steinhardt Papers. National Archives, RG 59 Box 83, NA. 860F.00/9-145, 4-6.

by a Soviet citizen."[141] The State Department also moved to supply additional aid for Prague.[142] For example, further aid in the form of a $44 million loan for the purchase of American cotton was proposed.

As the following chapters indicate, U.S. policy was divided over the efficacy of aid to prevent the communists or socialists from gaining political ground. Between 1945 and 1948 U.S. policymakers vacillated between cooperation with these groups and pressure on them in response to their domestic policies. Increasingly economic aid became a political tool as U.S. policymakers attempted to influence the course of Czechoslovak politics and to strengthen non-communist parties. This was ultimately counterproductive as the communists and socialists used U.S. actions to justify closer connections with the Soviet Union.

[141] Ibid; James F. Byrnes Papers, Policy and Information Statements, September 9, 1946, James F. Byrnes Papers. National Archives RG 82, 6-7. Cited in Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 159.
[142] Memo Hickerson to Clayton, September 10, 1946, Steinhardt Papers. National Archives, RG 59 NA. 61160F31/9-445, Steinhardt to Secretary of State, October 5, 1945, NA. 61160 F/10-545, Steinhardt to Mayor Kelly of Chicago, September 14, 1945, NA. 860F.51/9-1445.

Chapter Three

The United Nations Relief and Rehabilitation Administration And U.S.-Czechoslovak Economic Relations, 1943-1947

Previous research on America's role in the UNRRA stressed the humanitarian nature behind the U.S. involvement in the UNRRA aid program. This assessment is valid, but incomplete. The U.S. clearly acted for altruistic and humanitarian purposes, but also out of economic self-interest. Therefore, although the role of the United States in UNRRA can be depicted in a positive light, the use of UNRRA aid as an economic weapon to influence political events in Europe, by the United States, cannot be ignored.

This chapter shows that regardless of the original intent and purpose of UNRRA the U.S. quickly used its position as the main contributing country to push its political and economic agenda, especially in Eastern Europe. Furthermore, this chapter shows that from the onset the U.S. envisioned UNRRA as a temporary solution to the economic problems of war torn Europe and sought completion or termination of the UNRRA aid programs as quickly as feasibly possible. By 1947 the U.S. had stated its intention not to fund UNRRA further and began to increasingly push the European Recovery Program (ERP), known as the Marshall Plan. Essentially, as the political landscape in Europe changed and the U.S.-Soviet conflict intensified American policymakers sought a reconstruction program consisting of unilateral agreements, loans, and credits, rather than continuing the multi-lateral system under UNRRA. The result was that by 1947 UNRRA was scraped in favor of the Marshall Plan, as the means of achieving European economic reconstruction.

To fully understand the impact of the UNRRA aid programs on U.S.-Czechoslovak relations, it is necessary to examine how the UNRRA was created; how the structure and organization of UNRRA was worked out; the duties and responsibilities of participating States; the scope and focus of the various phases of the UNRRA aid programs; the type and amounts of contributions made; the impact of UNRRA aid programs on U.S.-Czechoslovak relations; how UNRRA was utilized by the United States as a tool to achieve political aims in Czechoslovakia; the success and failures of the UNRRA aid programs; and why UNRRA aid programs were abandoned in favor of unilateral efforts, such as loans and credits, epitomized by the U.S. led effort under the Marshall Plan.

Prior to UNRRA, no organization had been specifically formed to bring aid and relief to war-torn areas. Winston Churchill made the first public suggestion, although he never actually suggested the formation of an international agency. In a speech to the House of Commons on August 21, 1940 Churchill softened the British stand on the naval blockade of supplies to Europe under Nazi occupation. "Let Hitler bear his responsibilities to the full, and let the people of Europe who groan beneath his yoke aid in every way the coming of the day when that yoke will be broken. Meanwhile we can and will arrange in advance for the entry of food into any part of the enslaved area, when it has regained its freedom. We shall do our utmost to build up reserves of food all over the world… so there will always be help."[143]

The British set out to arrange for postwar relief in September 1940. In a memo by the Marquees of Lothian to Cordell Hull, arrangements for dealing

[143] U.K., Hansard Parliamentary Debates, Commons, 21 August 1940, vol. 364 (1940), col. 314, 55.

with world surpluses were suggested. At the same time, various exiled governments made plans to accumulate supplies for use after liberation. Beneš and representatives of other European nations met at St. James Palace on September 24, 1941 to establish apparatus for postwar relief. The U.S. was consulted and supported the effort.[144] In essence, the governments agreed that:

> 1) It was their common goal to ensure that sufficient supplies of food, raw materials, and articles of necessity were made available; 2) while each government and authority were responsible for making provision for the economic needs of its peoples, their plans should be coordinated; 3) each government and authority should prepare estimates of the kinds and amounts of food, raw materials, and articles of necessity required, and indicate the order of priority for delivery; 4) a bureau should be established by the British government, with which the governments would collaborate in framing estimates of requirements, and after coordinating these estimates present proposals to a committee of representatives under the chairmanship of Sir Frederick Leith-Ross.[145]

The Leith-Ross Committee made proposals to the U.S. for recommendations.[146] After reviewing the proposals the U.S. made a suggestion for a UN agreement to create a relief administration.[147] There were three separate proposals for the formation of an international relief organization: The Soviet proposal of January 1942, the Leith-Ross proposal of February 1942,

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[144] U.S. Department of State, Cable No. 2887: "Winant to Secretary of State, July 7, 1941." In Foreign Relations of the United States 1941, (hereafter FRUS). Vol. II., 1941; National Archives, RG 59 File No. 840.48/4988.
[145] U.K., Report of Proceedings of the Inter-Allied Meeting, Cmnd. 6315 (September 24, 1941), 17-18.
[146] U.S. Department of State, UNRRA Documents 1942, Enclosure I to Dispatch: "United States Embassy London, To Secretary of State, February 26, 1942, No. 2954."
[147] Memo: Acheson to Hull, June 23, 1942, Hawkins Papers. National Archives, RG 59 NA. 840.48/52/6-2342, Cable: Hull to United States Embassy, London, May 7, 1942, RG 59 NA.840.48/52/5-742.

and the U.S. proposal of May 1942. The final draft proposal was adopted in November 1943 after the views of concerned nations were received.

Before the end of hostilities in Europe, the newly formed United Nations set out to assess the relief and rehabilitation requirements of various countries. On November 9, 1943, seven months before the successful invasion at Normandy, forty-four nations signed the UNRRA at the White House. Roosevelt echoing the sentiment of the representatives gathered stated,

> The United Nations agree to cooperate and share in the work of UNRRA- each nation according to its individual resources- and to provide relief and help in rehabilitation… It will be the task of UNRRA to operate in these areas until peace enables these peoples to assume their own support.[148]

As one of the nations represented, Czechoslovakia agreed that after liberation it would receive "aid and relief from its sufferings, food, clothing, and shelter" along with "aid in the prevention of pestilence and in the recovery of the health of the people." In addition, arrangements were made for "providing assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services."[149] The job of UNRRA was to plan, coordinate, administer and arrange for relief measures for the victims of war in any area under UN control.[150]

From the beginning it was assumed that the success of UNRRA would depend upon the legal status of UNRRA in each country. Based upon this

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[148] United Nations. Relief and Rehabilitation Administration (hereafter UNRRA), Journal, First Council, 9 November 1943, 1-2; George Woodbridge, UNRRA; The History of the United Nations Relief and Rehabilitation Administration. Vol. I (New York: Columbia University Press, 1950), introduction.

[149] United Nations. UNRRA, Agreement (New York, 1943), preamble.

assumption, Leith-Ross proposed a protocol for "establishing the legal status of UNRRA and the facilities and immunities governments would accord it."[151] The U.S. response came from Hull who stated that the U.S. "took the view that these matters could best be taken up individually with each government."[152] By February 1944, the Director General requested that governments grant UNRRA the "privileges and immunities specified by the Council against the time when Foreign Office and State Department facilities would no longer be available."[153]

Although the agreement to establish UNRRA was set, many aspects of its financing and scope of operations had to be worked out. Before these questions were settled there were three developments that affected the work of the new organization.[154] First, was the formation of the Middle East Relief and Refugee Administration in July 1942, to deal with displaced persons, an issue of major importance to Czechoslovakia. Second, Roosevelt instructed Hull to develop policy towards peoples in U.S. occupied territories.[155] Third, Roosevelt appointed Herbert H. Lehman, the Governor of New York, as Director of the Office of Foreign Relief and Rehabilitation Operations (OFRRO). Lehman was instructed to "organize U.S. participation in the activities of the United Nations in furnishing relief and assistance to victims of war."[156] Lehman's office was

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[150] Ibid, Article I.
[151] U.S. Department of State, FRUS 1943, Vol. I., Cable No. 6449: "Winant to Hull, September 25, 1943."
[152] Ibid, Cable No. 6227: "Hull to Winant, October 2, 1943."
[153] George Woodbridge, UNRRA, Vol. I., 271.
[154] George Woodbridge, UNRRA, Vol. I., 21.
[155] U.S. Department of State, OFRRO Documents 1942, Letter: "Roosevelt to Hull, November 18, 1942."
[156] United States Department of State, Bulletin. November 21, 1942, 948.

merged with the Office of Lend-Lease and the Office of Economic Warfare to form the Foreign Economic Administration (FEA) in September 1943.[157]

The first UNRRA council session laid the groundwork for cooperation and equity among the participating countries. The council and committees worked so well together that Acheson commented before the House Committee on Foreign Affairs to the "remarkable beginnings in international cooperation," which the first council achieved.[158] The council produced forty-one resolutions establishing four principles. First, UNRRA was to help people help themselves. Second, UNRRA was not to deplete its resources for relief of any area capable of paying with suitable means of foreign exchange. Third, no government was required to assume the burden of an enduring foreign exchange debt for the procurement of supplies and services. Finally, distribution was to be conducted so that all classes of the population, irrespective of their purchasing power, would receive equitable shares of commodities. The council was determined to prevent discrimination based on race, creed, or political belief.[159] This chapter demonstrates that these principles were subverted by 1946 as U.S. policymakers employed economic leverage to promote non-communist parties in Europe.

In addition, UNRRA was to supply essential consumer goods to meet immediate needs, such as food, clothing, and medical supplies. UNRRA was to supply relief services and agreed to provide rehabilitation and technical

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[157] President. 1943. Executive Order. The Foreign Economic Administration (FEA), Executive Order No. 9380. Federal Register 48, no. 2 (25 September).
[158] U.S. House Committee on Foreign Affairs, UNRRA: Hearings on H.J. Resolution 192. 78th Cong., 1st and 2nd sess., 1944, 10-11.
[159] George Woodbridge, UNRRA, Vol. I., 29.

supplies. These were needed to enable countries to produce and transport relief supplies and assistance and to restore public utilities to adequate levels.[160]

This implies that UNRRA was designed to carry out immediate relief functions rather than long-range reconstruction operations, such as those implemented through the ERP. The wording of the UNRRA agreement reflects its' short-term focus, with the term "Rehabilitation" adopted only after it was decided that it should cover the transitional measures needed to restart industrial and agricultural activities.[161]

Richard Law, British Undersecretary of State, John Maynard Keynes, and members of the British embassy reached an agreement with Acheson in October 1943 regarding the scope of UNRRA. "It should be a temporary operation restricted to providing relief and rehabilitation supplies and services under the aegis of the existing allocating agencies… [UNRRA] should observe local distribution and secure a fair allotment of goods and services before the combined boards in relation to quantities and the claims of wealthy nations."[162]

The council consisted of a representative from each participating government and met six times. The first meeting was in Atlantic City on November 10, 1943, where the rules of procedure were established.

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[160] United Nations, Secretariat. Relief and Rehabilitation Administration., Resolutions I, II, 1944, II.B.3.

[161] U.S. Department of State, UNRRA Documents 1942, "Subcommittee on Economic Reconstruction, minutes of meetings, June 12-15, 1942"; U.S. Department of State, FRUS 1942, Vol. III., Letter: "Leith-Ross to Acheson, July 28, 1942."

[162] United Kingdom. Foreign Office. Memo: "Scope and Operations of UNRRA, 5 October 1943," British Foreign and State Papers, 1941-43, 34:988; U.S. Department of State, FRUS 1943, Vol. I., Memo: "Edward R. Stettinius (Undersecretary of State) to the President, October 20, 1943," Enclosing Memo:

The second session was held in Montreal from September 15-17, 1944. At this meeting Lehman declared that "the gradual liberation of Europe was confirming all past fears regarding the urgent needs for relief and rehabilitation. Although the liberated countries were energetically preparing to handle their own problems, their limitations in finances, skilled manpower, and supplies would necessitate requests for outside aid."[163]

The third session was held in London on August 7, 1945. By this time Germany had surrendered enabling the Council to finally assess the needs of various occupied countries, as well as the legitimate representatives responsible for each countries participation in UNRRA. Decisions made during the Third Council session enabled UNRRA to develop a long-range program of operations. The geographic area of responsibility was clearly defined and the total financial resources available were finally ascertained. The capability of making estimates and the ability to inform each country of the value of the supplies they could expect to receive delineates this period of supply operations from the wartime period. Receiving countries were eager to determine what relief supplies they could expect from UNRRA and what they would have to procure from other sources. From the standpoint of restoring normal trade between countries it was "advantageous that the size and character of the UNRRA supply program for each country should be established."[164] In response the Central Committee, as required under Resolution 80, developed the following procedure:

"Representative of Thinking of Scope of UNRRA," National Archives, RG 59, NA. 840.50/3252.

[163] George Woodbridge, UNRRA, Vol. I., 40.

[164] U.S. Department of State, UNRRA Documents 1945, Memo: "Weintraub to Chiefs of Missions in Receiving Countries, November 12, 1945."

> The Administration will prepare a draft of its program of operations. This will show the amount of resources it proposes to devote to relief and rehabilitation operations. It will be based on the needs of each country, as defined by Council Resolutions and on the extent of the resources of UNRRA. The programs will be accompanied by the best estimates of the US dollar values of each country.[165]

Despite problems in the supply system and the estimated need of approximately $1.50 Billion to cover a request for $700 million from the Soviet Union and increased requests from other nations, such as Czechoslovakia, the session ended on a positive note.

The fourth session met in Atlantic City in March 1946. At this time UNRRA was reaching its peak supply levels. The fourth session faced two key problems: a growing shortage of foods throughout Europe and the rest of the world and the problem of caring for displaced persons who did not wish to return home. In addition, Lehman resigned. Lehman believed that the work of UNRRA was nearing its end and called for new cooperative organizations. The council appointed LaGuardia, as the new Director General of UNRRA.

The fifth session was held in Geneva in August 1946. LaGuardia's report stated that the activities of UNRRA were ending, that no provision had been made for 1947, and that the emergency task was over. However, LaGuardia admitted that neither UNRRA, nor the contributing countries, thought that the needs of receiving countries were over. LaGuardia promised, "that supplies to

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[165] United Nations, Secretariat. Relief and Rehabilitation Administration, Central Committee (hereafter CC), Memo: "Director General to the Central Committee, Procedure to be adopted under Resolution 80 in submitting Broad Programs of Operation by the Administration to the Central Committee, November 2, 1945," CC (45) 34, 3-4.

carry out UNRRA's full program would be shipped."[166] Clayton opened discussions by stating that the U.S. supported the assumption that UNRRA should end. UNRRA had fulfilled its two purposes: to furnish supplies to liberated countries, which lacked the foreign exchange to pay for basic necessities, and to establish an organization to procure, ship, and deliver such supplies.[167] Given the fact that the U.S. contribution constituted 68 to 72 percent of UNRRA funds his statement signaled that UNRRA would almost certainly come to an end. Despite pleas by receiving countries that continuing economic hardship warranted the continuation of UNRRA the U.S. pullout left their hopes in doubt.

The sixth session met in Washington in December 1946. LaGuardia's report stated that 74 percent of programs were fulfilled and that UNRRA would complete the remainder approved by the Central Committee.[168]

The Committee of the Council for Europe (CCE) was established, based on the Inter-Allied Committee on European Post-War Requirements. CCE's functions were to "recommend bases for overall requirements, advise with respect to the fair and equitable apportionment of supplies and assist in securing the maximum production and interchange of surplus supplies, and receive and discuss periodic reports and advise on the organization of measures to assist displaced persons and the coordination of national action in regard to medical and other relief and rehabilitation problems."[169] Since the CCE determined

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[166] George Woodbridge, UNRRA, Vol. I., 46.
[167] Ibid.
[168] UNRRA, Journal, Sixth Council, January 1944, 18-34.
[169] United Nations, Secretariat. Relief and Rehabilitation Administration, Resolution XX, 1944, II.B.3; George Woodbridge, UNRRA, Vol. I., 62.

receiving countries needs, it was vital to the amount of aid received by receiving countries, such as Czechoslovakia.

In allocating available funds among countries, UNRRA applied the equalization of deficiencies technique developed earlier in the year.[170] In measuring need UNRRA took into account the fact that countries had become accessible to supplies at different times. Despite the delay and problem getting supplies to Albania, Czechoslovakia, and Poland UNRRA decided that requirements for consumable goods were not cumulative. The fact that people were cold and hungry when supplies could not reach them, did not increase the quantities necessary to keep them fed and warm during the subsequent period.[171]

The CCE focused on periodic UNRRA reports, which Eastern European nations used to criticize UNRRA.[172] The CCE continued to discuss reports into 1947 and voted to dissolve at its thirty-eighth meeting on March 23, 1948.

Financing UNRRA required participating nations, especially the U.S., to work together and efficiently, while protecting home markets and economies where possible. In signing the UNRRA agreement each government "pledged itself to contribute to the resources needed to enable UNRRA to accomplish the

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[170] U.S. Department of State, UNRRA Documents 1945, Memo: "Weintraub to Chiefs of Missions in Receiving Countries, November 12, 1945."
[171] George Woodbridge, UNRRA, Vol. I., Table 12: "Requirements of receiving Countries December 1945," 359.
[172] United Nations, Secretariat. Relief and Rehabilitation Administration, Committee for the Council of Europe (hereafter CCE), Minutes from 24th meeting, January 11, 1946, (46) 6, CCE, Minutes from 25th meeting, February 15, 1946, (46) 17, CCE, Minutes from 27th meeting, April 25, 1946, (46) 37, CCE, Minutes from 28th meeting, June 6, 1946, (46) 51.

purposes for which it was established."[173] Nations could make administrative or operating contributions. Whichever type a nation chose, the proposed amounts became binding once legitimate representatives of a nation chose to make it so.

During the war it was impossible to be precise as to the size and scope of UNRRA. Not until an assessment of damages for each country was made would the requirements of UNRRA be known. No one could prophesy the extent of need of the liberated countries, or what resources the governments supplying relief would have at their disposal. The UNRRA financial target was set at a sufficient level to provide relief and rehabilitation of the liberated countries through the import of vital supplies. There were many variables, and the only constant was that relief needs would outrun the means to meet them.

Finance discussions between Washington and London produced general principles upon which a plan was adopted. First, it was agreed that the acceptance of aid should not result in an undue burden of indebtedness.[174] Second, they agreed that countries with the ability to pay should.[175] Czechoslovakia was categorized as having insufficient resources to pay, although it was able to make contributions. Many countries argued that the promise of help had led them to increase the destruction of resources. Therefore, they argued, they had acquired a right to UNRRA aid.[176] Third,

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[173] United Nations, Secretariat. Relief and Rehabilitation Administration, Article V, 1943, II.B.2.
[174] U.S. Department of State, FRUS 1943, Vol. I., Letter: "Sir Kingsley Wood, (Chancellor of the Exchequer) to Lehman, April 22, 1943."
[175] United Kingdom. Office of the Minister of the Treasury. Treasury Files, February 1943, PRO 18642/03/1, unnumbered documents.
[176] U.S. Department of State, FRUS 1945, Vol. III., Memo: "Leith-Ross Conversation with Rudolf Bicanic (UNRRA Council member for Yugoslavia),

countries should contribute to administrative expenses. This was crucial to the international spirit of UNRRA. It meant that all nations, whether providing or receiving, would be equal in the councils. Fourth, the financing of loans and credits were accepted as necessary. Finally, countries agreed that the plan had to pass the U.S. Congress, since the U.S. would provide the bulk of resources. Each reflects the limited scope of UNRRA and that reconstruction had been discarded as a UNRRA function.

The U.S. plan called for a fund to provide the equivalent of foreign exchange to countries without foreign exchange, that countries able to pay for supplies should and that UNRRA might require a receiving country to make available proceeds of sale in local currency for relief work.[177] The result was the White Plan under which 1 percent of one year's national income would be paid by governments whose territory was not overrun.[178]

The adoption by the Council of the one percent basis was modified to state, "not less than 10 percent of the amount contributed by each government… shall be in such form of currency as can be expended in areas outside of the contributing country. The balance of 90 percent was to be in the form of a credit in local currency to be available for the purchase of supplies and services."[179] UNRRA never applied the ability to pay principle strictly. Often supplies were sent to a country before a decision was reached on ability

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January 8, 1945," Memo: "Oscar Schacter (General Council Office, HQ) to Lehman, November 9, 1945," reporting two meetings with V.F. Teplyakov (General Counsel, Soviet Purchasing Commission).

[177] George Woodbridge, UNRRA, Vol. I., 87.

[178] United Nations. Secretariat. Relief and rehabilitation Administration, "Special Studies Prepared for OFRRO Preparatory Committees 9 and 10, Summary of Conversations in London, April 8-23 1943"; K.R. Miller, "Interview with Harry D. White (United States Treasury), March 1948."

to pay. For example, shipments to Poland were made, despite a decision whether the Polish case was to be presented by the London or Lublin Poles.

The issue of money reared its head at the fifth session. At this point it was obvious that UNRRA needed more money to meet the needs of liberated countries in 1947.[180] Despite this realization, the Council decided that no further contributions, other than those already proposed, would be recommended. The reaction of receiving countries was predictable. Delegates from these nations pleaded for the continuance of UNRRA.[181] Contributing country delegates, such as William Clayton, argued that the completion of the work of UNRRA would have to be achieved through other means. "To the extent assistance could not be supplied by the IMF and the World Bank, the solutions lay in bilateral arrangements between countries requiring assistance and those able to provide it."[182] This statement is indicative of U.S. attempts to end UNRRA and pursue bilateral financial agreements to strengthen the U.S. position in Europe, while promoting corporate "globalism". Thus the U.S. took advantage of the limited scope of UNRRA to promote its model for European recovery.

With the end of Lend-Lease aid in 1945, a program that constituted the bulk of American economic policy during World War II, the U.S. embarked upon an economic reconstruction campaign to rebuild war torn Europe. The

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[179] George Woodbridge, UNRRA, Vol. I., 91.
[180] UNRRA, Journal, Fifth Council, 5th Plenary Meeting, August 7, 1946, speech by William Clayton, 27-29.
[181] Ibid; UNRRA, Journal, Fifth Council, 6th Plenary Meeting, August 8, 1946, speeches by Hilary Minc (Poland), X. Zolotas (Greece), and Vaclav Majeir (Czechoslovakia), 31-34.
[182] UNRRA, Journal, Fifth Council, 5th Plenary Meeting, August 1946, speech by Clayton, 27-29.

UNRRA, founded in 1943, was turned to as the vehicle to achieve European economic recovery until termination of UNRRA programs in 1947.

Washington believed that economic aid was essential to provide economic stabilization and the resumption of open trade in Europe. As Averell Harriman explained to Cordell Hull in 1944, economic aid offered "one of the most effective weapons at our disposal to influence European political events in the direction we desire and to avoid the development of a Soviet sphere of influence over Eastern Europe."[183] Eldridge Durbrow, of the State Department's East European Division, argued that economic aid offered "the only lever... to bring about any semblance of economic and political stability in East Europe."[184]

The contributions of the United States, Great Britain, and Czechoslovakia to UNRRA are important to understand the dominant role of the U.S., as well as the impact of UNRRA on U.S.-Czechoslovak relations. Participation of the U.S. in UNRRA was made possible through passage of seven public laws over

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[183] Quoted in Sheldon Anderson, A Dollar to Poland is a Dollar to Russia: U.S. Economic Policy Toward Poland, 1945-1952. (New York: Garland Publishers, 1993), xv; George C. Herring, Aid to Russia, 1941-1946: Strategy, Diplomacy, and the Origins of the Cold War. (New York: Columbia University Press, 1973), 153-154, 259. For further assessments of American policymakers views regarding the future of Europe and America's interests in the region see John Lamberton Harper, American Visions of Europe: Franklin D. Roosevelt, George F. Kennan, and Dean G. Acheson. (Cambridge and New York: Cambridge University Press, 1994); Carl Kreider, The Anglo-American Trade Agreement: A Study of British and American Commercial Policies, 1934-1939. (Princeton: Princeton University Press, 1943); and Michael J. Hogan, The Informal Entente: The Private Structure of Cooperation in Anglo-American Economic Diplomacy, 1918-1928. (Columbia: Univ. of Missouri Press, 1977).

[184] Sheldon Anderson, A Dollar to Poland, xv. Quoting George C. Herring, Aid to Russia, 153-154.

a two-year period.[185] The first was Joint Resolution 192 on November 15, 1943.[186] Congress authorized the appropriation of "sums not to exceed $1,350 million in the aggregate, as may be appropriated for participation in UNRRA."[187]

Lehman's testimony, along with comments by Sol Bloom, before the House Committee on Foreign Affairs enabled passage. One misperception was that the U.S. was committing itself to a vast and undefined expenditure abroad, while other nations were avoiding their responsibilities. Bloom argued that it was erroneous to believe that liberated countries would not help. "It is clear that 90 percent of the expense will be borne by the nations and that UNRRA will operate through governments, not by distributing alms to individuals."[188] Lehman's testimony and the campaign by the Director General to cultivate a favorable political environment in the U.S. kept UNRRA funds flowing.

The first American contribution came in the form of a $450 million appropriation in June 1944. At this time Roosevelt "vested all authority with respect to the expenditure of funds and the provision of supplies and services out of the U.S. contribution in the Foreign Economic Administrator."[189] Despite the support of Roosevelt the bureaucratic procedures established within

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[185] George Woodbridge, UNRRA, Vol. I., 113.
[186] Ibid.
[187] U.S. Public Law 267, 78th Cong., 1st sess. 15 November 1943.
[188] Sol Bloom, Our Heritage. (New York, 1944); U.S. House Committee on Foreign Affairs, Hearings on H.J. Resolution 192. 78th Cong., 1st and 2nd sess., 1944, 127.
[189] U.S. House Committee on Foreign Affairs, Hearings on H.J. Resolution 192, 78th Cong., 1st and 2nd sess., 1944, 106-107; President, Executive Order, "Participation of the United States in the Work of the United Nations Relief and Rehabilitation Administration, Executive Order No. 9453," (6 July 1944).

U.S. government agencies did not facilitate the expeditious release of U.S. supplies.

In October 1945, the U.S. dissolved FEA and the job of handling UNRRA funds was turned over to the State Department. Under State Department guidance the procurement apparatus became simplified. This was partly the result of the termination of the Combined Raw Materials Board and the Combined Production and Resources Board in December 1945. By 1946 UNRRA took steps to streamline procedure, by lifting most wartime allocation and export restrictions. The State Department, however, insisted upon screening UNRRA requisitions in light of congressional appropriations.

The U.S. appropriation was used for "procurement to cover estimated needs against the time when UNRRA could begin active operations. It was not until the winter of 1945, when receiving governments were able to estimate their needs and UNRRA its resources that the UNRRA procurement operation developed on the basis of a program of operations."[190] In late 1945, UNRRA was put to the test as Congress debated a second contribution. Only by diverting $50 million did UNRRA supplies continue. In the end, Congress authorized $750 million, preventing any break in the UNRRA supply line.

Britain's contribution represented the second largest. When UNRRA was established, the British economy was under wartime controls. The Ministries of Food and Supply and the Board of Trade were the agencies involved. In fact, "before the formation of UNRRA the British had established within the Ministry of Production an organization functioning under the

[190] George Woodbridge, UNRRA, Vol. I., 388-389.

Supplies to Liberated Areas Committee (SLAO)."[191] SLAO was eventually transferred to the Board of Trade after 1945 and became the UNRRA supply contact.

Britain's contribution began when Britain "suspended normal budgetary procedure and operated on a vote of credit system, under which Parliament approved block appropriations to defray war expenses."[192] Based on estimates of the national income for the year ended June 1943 Sir John Anderson, Chancellor of the Exchequer, estimated Britain's contribution at £75 to £76 million.

Utilization of the British contribution occurred over four periods. The first, up to November 1945, was marked by UNRRA requirements on an already stressed wartime economy. Authorizations from Headquarters were, "essentially 'hunting licenses'; that is, ERO Supply officials were briefed by Washington as to the nature of requirements in broad terms, and then made their own investigations of the possibilities of securing goods from British sources."[193]

The second phase ran from November 1945 through May 1946 and coincides with the establishment of country programs. A significant development in this period involved the use of the convertible portion of the British contribution. There was a difference of opinion between Headquarters and ERO as to the use of convertible funds. Headquarters regarded them as a

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[191] R. Herbert, "Procurement through His Majesties Government," 1. Quoted in George Woodbridge, UNRRA, Vol. I., 395.
[192] J.E. LeJune, The use of the United Kingdom Contribution to UNRRA, 8-9. Quoted in George Woodbridge, UNRRA, Vol. I., 118.
[193] J.E. LeJune, The use of the United Kingdom contribution to UNRRA, 17.

reserve of hard cash for procurement of supplies in the world. Britain made it clear it was not able to contribute dollars, either directly or indirectly.[194]

The third phase ran from June 1946 through March 1947. During this phase the absorption of the British contribution occurred. The British contribution totaled £153,193,602.[195] UNRRA also transferred free sterling from sources. In addition, Headquarters transferred $42 million.[196]

The fourth phase ran from April to October 1947. During this period budget estimates were made to ensure that all funds for the procurement of supplies would be used. This policy derived in a large measure from the U.S. decision that no shipments of supplies could be sent to Europe after 31, March 1947. This meant that fulfilling programs depended upon the fullest realization of contributions from other supplying countries.

Czechoslovakia was a receiving and contributing nation. Based on the Financial Plan and Res. 80, the Council urged that invaded countries make operating and administrative contributions. Although no formal appeal to "nonpaying" governments was made, Czechoslovakia took it upon itself to respond. "By the Third Council session Czechoslovakia had made a contribution of sugar and announced that it was anxious to help 'the great and noble work of UNRRA' by being a supplying country."[197] By the time operations ended Czechoslovakia had contributed approximately $4,852,000.

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[194] George Woodbridge, UNRRA, Vol. I., 398.
[195] U.S. Department of State, UNRRA Documents 1948, Letter: "H.E. Howell (Controller) to Sir Edward Bridges (UK Treasury), September 28, 1948."
[196] J.E. LeJune, The use of the United Kingdom contribution to UNRRA, 32.
[197] UNRRA, Journal, Third Council, 5th Plenary Meeting, 43, UNRRA, Journal, Third Council, 10th Plenary Meeting, 86; George Woodbridge, UNRRA, Vol. I., Table 6: "UNRRA Budgets 1944-1947," 132.

Procurement in Czechoslovakia came from convertible funds from the British contribution. With the signing of the Bretton Woods Agreement on July 15, 1945, pound sterling became freely convertible into dollars. This meant that the British Treasury was unable to make it available for UNRRA procurement. Direct procurement took place in eleven countries and involved various supplies. In Czechoslovakia, for example, seeds were procured directly. In principle, the policies involved were similar to those governing procurement in the ERO, with a reservation that since the transactions were more diversified as to commodities bought, procedure was less formalized than was the case with British purchases.

In addition, non-governmental contributions were made. In accordance with Resolution 14 § 9 of the UNRRA Financial Plan, rules and regulations were established pertaining to these contributions. In June 1944 the Contributed Supplies Branch (CSB) was established at Headquarters with the purpose of initiating drives in the U.S. for the collection of used clothing to supplement inadequate supplies. The newly formed CSB also developed plans for "the acceptance and handling of all voluntary contributions."[198] A problem arose over the designation attached to these contributions. Despite problems, contributions were received from the American Relief for Czechoslovakia, the Rebuilders of Poland Association, Polish Supply and Reconstruction Mission, American Hungarian Relief, American Committee for Yugoslav Relief, and the Brethren Service Committee.[199] These included much-needed livestock. For

[198] United Nations, Secretariat. Relief and Rehabilitation Administration, Committee on Supply (hereafter CS), Report of the Bureau of Supply, 10th Meeting of the Committee on Supplies, September 7, 1944, CS (44) 31.
[199] These groups contributed substantial supplies and hard currency donations to receiving nations totaling $184,984,792. For example, American Relief for

example, Poland received 8,000 draft horses from the Rebuilders of Poland Association and Czechoslovakia received heifers from the Brethren Service Committee.[200]

The success of UNRRA was in part the result of the help and services provided by foreign voluntary relief agencies. These agencies made substantial contributions of supplies and personnel directly to UNRRA as well as carrying out their own programs. The importance of a working arrangement with the voluntary agencies was recognized in the UNRRA Agreement, which stated that, "foreign voluntary relief agencies may not engage in activity in any area receiving relief without the consent and unless subject to the regulation of the Director General."[201] In the first council session, it was agreed that UNRRA should enlist the participation of foreign voluntary relief agencies, to the extent that they could be effectively utilized in relief activities, for which they had special competence and resources. In developing relief projects Headquarters and the ERO evaluated plans and encouraged the missions to press for formal agreements. In practice control was varied. Poland and Czechoslovakia, for example, kept control over foreign voluntary agencies.

The most valuable and long lasting aspect of the work of UNRRA with voluntary agencies was the development of permanent organizational machinery for cooperation between government ministries of health and social

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Czechoslovakia contributed $485,036, the Rebuilders of Poland Association contributed $613,475, the Polish Supply and Reconstruction Mission contributed $410,965, the American Hungarian Relief contributed $50,000, the American Committee for Yugoslav Relief contributed $273,656, and the Brethren Service Committee contributed $523,836.

[200] U.S. Department of State, UNRRA Documents 1946, Letter: "Lehman to M.R. Zigler (Executive Secretary, Brethren Service Committee), January 31, 1946."

welfare, indigenous private charitable organizations, and foreign voluntary societies. "Thus a coordinating committee of foreign voluntary agencies was established in Poland, in Czechoslovakia, and in the three western zones of Germany."[202] Even in countries where no formal committees were achieved, UNRRA, the governmental authorities concerned, and foreign voluntary agency representatives met frequently on an informal basis. Examples include the Friends Relief Service, the Save the Children Fund, the international branches of the YMCA and YWCA, and the International Red Cross.

The UNRRA actively sought to increase its resources from voluntary contributions. The Victory Food Program, for example, was created in 1945 to collect ten million cans of fruit and vegetables from community centers throughout America. The success of the collection effort posed a problem for UNRRA. When LaGuardia became Director General he summed up the concerns in a telegram to Walter F. Fitzpatrick:

> People purchase canned food containing considerable amounts of water. We would be shipping water instead of food, and there is plenty of water in these countries. In addition, contributors pay retail prices and we are shipping in wholesale quantities. This makes a difference of 30 percent. Therefore, a cash contribution is desirable because meat, fish, milk, and dehydrated food is acquired all ready for shipment.[203]

In all, non-governmental contributions amounted to $209,895,377, one third more than the contribution of Canada, the third largest contributing nation.

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[201] UNRRA, Agreement, Article IV, 2.
[202] George Woodbridge, UNRRA, Vol. II., 74.
[203] Telegram: "LaGuardia to Walter F. Fitzpatrick (Chairman, Emergency Food Collection Committee, Providence RI) May 29, 1946." Quoted in George Woodbridge, UNRRA, Vol. I., 140.

There were two phases of the UNRRA supply operation. Phase one started in November 1943 and continued through August 1945. The changing situation in Europe made it nearly impossible to accurately assess the extent of assistance occupied countries would need. On top of this the amount of resources available to UNRRA was undeterminable since the recommendations laid out in the Financial Plan could only be implemented and approved by legislative action in the member countries. During this phase, however, the bases of relief requirements for Europe were agreed upon, and policies for the procurement of relief and rehabilitation supplies were worked out.

Phase two began in August 1945 and continued through September 1948. With the end of the war the problems of phase one were solved and the task of assessing the extent of relief aid began. During phase two, UNRRA focused upon providing for the import of raw materials rather than finished products. In doing so, UNRRA was working toward rehabilitating industries engaged in the production of relief supplies. This policy proved successful in contributing to industrial rehabilitation and recovery.

One task before the Committee on Supplies was to prepare a list of relief and rehabilitation requirements "covering the needs for imports and selected commodities from outside Europe into seventeen countries."[204]

To assess the needs of individual countries the Director General invited governments to submit estimates of essential relief and rehabilitation imports for the six-month period following the period of military responsibility. In addition, they were requested to indicate the extent of financial help from UNRRA in the procurement of these supplies. "The invitation known as the

'2A Questionnaire' was addressed to all governments of Europe."[205] Czechoslovakia, Greece, Poland, and Yugoslavia responded that they would require substantial assistance from UNRRA. Based on these requests a tentative allocation of resources, based upon a $1 billion budget, was drawn up, 75 percent of which was to be disclosed to member governments in terms of quantities and supplies, and the balance held in a contingency reserve.[206] Budgets for Czechoslovakia, Albania, Greece, Poland, and Yugoslavia were attained by the application of the equalization of deficiencies technique, designed to provide equitable distribution of supplies while meeting receiving members immediate needs.

Formal supply agreements between UNRRA and receiving countries resulted from Resolution I and were essential to ensure that operations were conducted with the consent of legitimate authorities. The master agreement served as the basis for the terms of all agreements with receiving countries, until the Czechoslovak Agreement on February 26, 1945, which served as the model for future agreements. Negotiating various agreements was initially the responsibility of Headquarters, but was transferred to ERO at the end of 1944.

UNRRA missions to receiving countries all operated according to principles established in the country agreements. Article I of all agreements stated basic principles governing the provision of UNRRA supplies and

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[204] United Nations, CS, "Estimate of Relief and Rehabilitation Imports into Seventeen European Countries from Outside Continental Europe, January 20, 1944," CS (44) 7.
[205] U.S. Department of State, UNRRA Documents 1944, Memo: "Lehman to the Member Governments of Continental Europe."
[206] Letter: "Hendrickson to Sir William Mathews (Chief of Balkan Mission), November 15, 1944. Cited in George Woodbridge, UNRRA, Vol. I., Table 10: "Tentative Allocation of UNRRA Resources November 1944," 347.

services. UNRRA agreed to furnish relief and rehabilitation supplies and receiving government, promised to cooperate with UNRRA. All agreements were clear that supplies and services were to be furnished only as long as countries were unable to pay for them in foreign exchange.

Article II dealt with administration of services. It was agreed that relief and rehabilitation services would be carried out in accordance with plans made between UNRRA and the receiving countries. "Although the agreements with Czechoslovakia, Yugoslavia, and Albania mentioned supplementary agreements regarding organization of relief and rehabilitation services, these were only concluded with Czechoslovakia, and abandoned as unnecessary."[207] Menshikov, Deputy Director General, Bureau of Areas, Headquarters,[208] held that governments should receive UNRRA supplies by right and consignment should, therefore, be made directly.

The responsibilities of the receiving government were straightforward. They were required to inform UNRRA of plans for, and means of, distributing UNRRA supplies and agreed to keep UNRRA informed of actual distribution. This was necessary to allow UNRRA representatives the opportunity to observe distribution. The Czechoslovak agreement also required that UNRRA representatives be granted the chance to "satisfy themselves that the system of distribution was operating in accordance with council resolutions."[209] In

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[207] George Woodbridge, UNRRA; The History of the United Nations Relief and Rehabilitation Administration. Vol. 2 (New York: Columbia Univ. Press, 1950), 8, Appendix VII, Document 5C.
[208] U.S. Department of State, UNRRA Documents 1944, Memo: "Joel Gordon (Bureau of Areas) to Menshikov, George Xanthaky (Bureau of Areas), November 24, 1944."
[209] George Woodbridge, UNRRA, Vol. II., 10.

addition, receiving countries were bound to allow UNRRA to publicize information about the delivery and distribution of supplies.

Article IV applied to proceeds in local currency from the sale or exchange of UNRRA supplies. Each country agreed to supply UNRRA with local currency for operating expenses and to provide a periodic record of the net proceeds of sale. Only the Czechoslovak agreement stated that, "administration of net proceeds should rest with the government rather than UNRRA."[210] It was agreed that receiving countries had to spend, within a reasonable time, funds equivalent to the net proceeds of the sale of goods for relief and rehabilitation.

Article V provided for the establishment of the receiving country missions and required countries to facilitate the admission and movement of UNRRA personnel. Although Czechoslovakia pushed for a small mission, UNRRA refused to allow any language in the agreement limiting mission size.

The remaining articles dealt with various topics. Article VI accorded mission personnel the privileges granted to diplomatic personnel. Article VII made the assets, property, income, transactions, and operations of UNRRA immune from any taxes, fees, or duties. Article VIII bound receiving governments to maintain adequate statistical records on relief and rehabilitation operations, and to furnish UNRRA with records, reports, and information. Article IX provided for the modification, by mutual agreement, of the agreements. This was not utilized, except in the Czechoslovak agreement regarding the administration of services. Article X stipulated that the agreements would go into effect upon signing.

At the peak of operations in 1946, five types of offices administered UNRRA. First, were the UNRRA Headquarters and main administrative

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[210] George Woodbridge, UNRRA, Vol. II., 11.

offices in Washington. Second, was the London European Regional Office (ERO). This office "bore the responsibility for administration and supervision of all offices, missions, and displaced persons operations in Europe… and the recruitment of personnel and procurement… within the region."[211] Third, were the twenty-nine servicing offices that recruited personnel, procured supplies, provided governments with services in health, welfare, and displaced persons operations, expedited the shipment of UNRRA goods, served as a channel for public information, arranged travel, and provided for transient UNRRA personnel. In addition, there were sixteen missions to receiving countries that advised governments on the preparation and status of requests for supplies. Finally there were the displaced persons operations in Germany.[212]

Given the varying size and scope of the offices in Washington and London during the war the possibility of two UNRRA headquarters emerged. This posed a problem for the Director General who had to reach an agreement on the work of both. The final result was the May Directive compromise on May 3, 1945.[213] All of the offices and missions administered by Headquarters and the ERO operated under the same guidelines that stated that all members of each mission would receive instructions from the mission chief. Chiefs of each mission would make a determination on whether or not to delegate authority to particular heads of divisions, but generally speaking it was resolved that all communications to and from missions would be handled through the chiefs.

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[211] George Woodbridge, UNRRA, Vol. I., 147.
[212] Ibid, Chart I, 156; Chart II, 163; and Chart III, 165.
[213] Sir Arthur Salter, "Note on UNRRA Organization, March 9, 1944." Cited in George Woodbridge, UNRRA, Vol. I., 179-180.

Finally, it was decided that chiefs should look either to Washington or London, depending on the mission, for all of their instructions.[214]

Missions to receiving countries had the daily task of securing supplies and qualified personnel from around the world. The missions were the backbone of the UNRRA organization. For example, if supplies failed to arrive it was the mission staff that faced the monumental task of explaining the reason to disappointed and sometimes angry groups. When supplies arrived as planned these individuals were faced with the task of expediting disorganized governmental machinery and interpreting government policies to decide on the best way to insure the fullest use of UNRRA supplies.

Missions in receiving countries had certain common functions. First, they constituted the final link in the UNRRA chain of command. They acted as liaison between the receiving government and UNRRA. In accordance with UNRRA mandates they assisted receiving governments, in light of their knowledge of the availability of specific commodities, the limitations of UNRRA funds, and conditions within the country, to prepare detailed lists of supply requirements to Headquarters. Second, they advised governments on matters relating to the distribution and use of UNRRA supplies within the country. Third, they observed distribution to ensure equitable and nondiscriminatory treatment, urging governments to suppress black markets and prosecute cases of misdistribution. Finally, they pressured governments to provide public information as to the international character of UNRRA.

To carry out the obligation of UNRRA to provide services in agricultural and industrial rehabilitation, health, welfare, and displaced persons, the

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[214] Sir Arthur Salter, "Note on UNRRA Organization, March 9, 1944." Cited in George Woodbridge, UNRRA, Vol. I., 179-180.

missions made surveys of, and advised on, varied problems in the fields, and in some countries carried out actual operations. Missions also coordinated the programs of foreign voluntary societies working within receiving countries.[215]

The slow development of a UNRRA organizational structure caused a delay in setting up effective control policies and procedures. It was only as the role of Headquarters, the ERO, and the missions were defined that it became possible for UNRRA devices to be effectively implemented. From the beginning it was recognized that only through formal administrative orders could the jurisdictional boundaries and internal policies of UNRRA be established. By 1946 Headquarters codified policies in a Basic Headquarters Manual and a Basic Field Manual.

After the Czechoslovak Agreement was signed, shipments began through the Black Sea port of Constanza. Constanza was not ideal for shipments to Czechoslovakia and Poland, because of geography and inadequate berthing and storage capacities. The amount of supplies, which could reach these countries prior to the opening of the Baltic ports, was, therefore, limited.[216]

Public information about the work of UNRRA became a means for the United States to politicize UNRRA aid. To facilitate public information UNRRA formed the UNRRA Public Information Program (PIP). PIP had three tasks: to supply contributing countries with reports on the range of activities of the organization; to ensure that receiving countries "understood and appreciated" the purpose of UNRRA; and inform receiving countries as to the source of relief supplies. Since the U.S. provided over 70 percent of the

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[215] George Woodbridge, UNRRA, Vol. I., Table 7: "UNRRA Resources," 216, Table 8: "UNRRA Disbursements," 234.
[216] Ibid, Table II: "Goods Supplied to Czechoslovakia for the Period Ending May 31, 1945," 351.

financial support, it was only natural that the organization channeled material from the field to Headquarters.[217] It was decided that UNRRA should supply public information in the literal sense of factual reporting and that the public information work of UNRRA was, as far as possible, to be done in cooperation with the appropriate agencies of the member governments.[218] This was in accord with the recommendation of the First Council that governments consistently, with such measures as they might deem necessary to regulate the dissemination of information while hostilities or other military requirements still existed, afford UNRRA the opportunity to make its operations and sources of supplies public information.[219]

The degree to which public information was spread depended upon the level of free press. In countries with state controlled press, dissemination of information as to the work of UNRAA and the sources of UNRRA supplies were strictly controlled. The level of support for public information varied among countries. For example, in the U.S. the responsibility lay with the Office of War Information, during the war and then with the State Department. During the period of UNRRA operations the State Department was neither willing, nor adequately staffed, to provide much in the way of public information services. As a result, UNRRA had to "prepare the President's quarterly Report to Congress on Operations of UNRRA, collect material for Congress, reply to a

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[217] U.S. Department of State, UNRRA Documents 1942-45, Memo: "Salisbury to Phillips (Public Information Division, HQ), October 20, 1944," Cable No. 4837: "Washington to London, September 22, 1945," Cable No. 7217: "Washington to London, November 21, 1945", Cable No. 7368: "Washington to London, November 26, 1945," Cable No. 46: "London to Missions, October 20, 1945," Cable No. 369: "London to Missions, December 20, 1945."
[218] George Woodbridge, UNRRA, Vol. I., 281.
[219] UNRRA, Agreement, Resolution IV.

constant barrage of requests for information from officials and members of Congress, and plead its cause before congressional committees."[220]

By the middle of 1945, public information about the work of UNRRA became a larger task, as the end of hostilities opened the way for substantial shipments of relief supplies. Prior to leaving UNRRA in 1946, Lehman made it clear that member governments were under an obligation to actively promote UNRRA. At the Fourth Council session he stated that:

> We have learned that members should unreservedly acknowledge their domestic responsibilities towards an international organization they have created… its policy and its actions need domestic explanation and defense; the national interest in its work deserves stimulation and it should not be candid if I did not say that I believe members could have done more to explain UNRRA to their people and strengthen support.[221]

When LaGuardia took over as Director General, he continued to promote the use of public information and became the symbol of UNRRA to the world. When Lehman stepped down, Salisbury resigned and Joseph Lilly replaced him as the new Director of Public Information at Headquarters on March 1, 1946.

Each mission kept tabs on the number of articles appearing in the newspapers of receiving countries, referring to UNRRA and the source of UNRRA supplies. In Czechoslovakia, press clippings about UNRRA were numerous and relatively unbiased. "The number of press clippings about UNRRA never fell below a thousand in any month in 1946 and at the peak of operations in August 1946, when LaGuardia visited the country, totaled 2,430."[222] The Czechoslovak mission never took official action to urge the

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[220] George Woodbridge, UNRRA, Vol. I., 281-282.
[221] UNRRA, Journal, Fourth Council, 34.
[222] Denlinger, History of Public Information Activities in the Czechoslovakia Mission, (1972), section 1c. Cited in George Woodbridge, UNRRA, 281-282.

publication of additional articles or correct news reports. In comparison, when Polish Vice-Premier Gomulka made disparaging statements during the food crisis of 1946 the Director General stepped in to protest, resulting in the Polish government allowing the Mission to review all statements before publication.

The most pressing task of the public information staff was the endeavor to inform the public in receiving countries, both as to the country of origin of UNRRA supplies and the international character of the UNRRA that made them available. The U.S. Congress took a serious interest in ensuring that receiving countries lived up to this task, insisting that special labels, or other designations on supplies, be used to denote the country of origin.[223] Within UNRRA, however, the opinion that it was the responsibility of the receiving governments to provide labels or issue pamphlets indicating the source of supplies prevailed. In practice, goods were shipped to countries with UNRRA clearly marked on the crates and boxes or painted on the sides of locomotives and assembled machinery. In addition, the U.S., British, or Canadian flags usually appeared on goods from those countries. In the case of bulk goods such as coal or wheat, designation for the origin rested upon the cooperation of the receiving country. In Czechoslovakia, for example, the government put up posters in the food shops containing important facts about UNRRA and printed a statement on

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For examples of Czechoslovak press releases see *Čas*, *Mláda Fronta*, *Obzory*, *Právo lídu*, *Rudé právo*, and *Svobodný žítřek*.

[223] U.S. House Committee on Foreign Affairs, Hearing on H.J. Resolution 192, 78th Cong., 1st and 2nd sess., 1944, 43, Republican Congressional Food Study Committee Report to the Honorable Joseph W. Martin JR., October 29, 1945; U.S. House Subcommittee on Appropriations, Hearings on a House Joint Resolution Making Appropriations for UNRRA, 79th Cong., 1st sess., 1945.

ration cards denoting country of origin.[224] Given the labeling on the majority of supplies there was little justification for U.S. concerns.

Distribution of UNRRA supplies was the responsibility of the receiving government or authorized authority. This was designed to enable governments to keep control over the distribution of UNRRA supplies.[225] The impetus to place distribution responsibilities upon receiving governments was done to avoid an enormous staff that would be hard to administer and extremely expensive to maintain. Sale of portions of UNRRA goods was accepted as necessary at the First Council session. Lehman found it necessary, however, to "explain the idea in hearings on the first UNRRA appropriation."[226]

The Director General reserved the right to be fully informed of plans for distribution of supplies. As agreements between UNRRA and the non-paying governments were negotiated in the winter and spring of 1944-45, the broad scope of responsibility for distribution was limited. This was partly the result of Czechoslovak and Yugoslav insistence on taking responsibility for distribution, to confirm their authority in the people's eyes.

No issue was more contested than proceeds from the sale of UNRRA supplies. The First Council recommended that so far as possible the costs of UNRRA expenses should be picked up by the local government through payment in local currency. When the U.S. Senate discussed agreements with

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[224] Denlinger, History of Public Information Activities, 8. Cited in George Woodbridge, UNRRA, Vol. I., 283.
[225] UNRRA, Resolution 7, par. 2.
[226] U.S. Senate Committee on Foreign Relations, Hearings on H.J. Res. 192. 78th Cong., 2nd sess., 1944, 30-31, 45.

receiving countries two opposing views arose regarding the control of funds.[227] Advocates of the idea that control over the proceeds of sale rested with the receiving governments included Menshikov and Leith-Ross. According to Leith-Ross, it would "prove administratively impossible to provide the large mission staff needed to maintain a careful check on the proceeds of sales receipts and to direct their expenditure."[228] George S. Dunnett, a British Treasury official and member of the UNRRA Committee on Financial Control held that local control would prevent any intrusion onto the sovereignty of the receiving government.[229] Eventually a compromise was reached in which receiving governments had the right to merge proceeds of sale with their ordinary revenue to meet expenditures.

The size of proceeds varied widely among receiving countries depending on their policies for distributing UNRRA goods. Despite differences, the net cumulative totals were substantial in comparison with other items of government income. In Czechoslovakia, for example, the net totals through September 30, 1948 were 27 percent. In state-controlled economies, capital equipment was not usually sold, but remained in the hands of government corporations. Although UNRRA decided in 1947 that no book value be placed on supply items, countries like Czechoslovakia consistently assigned values. As a result, the estimated total proceeds for Czechoslovakia came to more than

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[227] U.S. House Committee on Foreign Affairs, Hearings on H.J. Res. 192. 78th Cong., 1st and 2nd sess., 1944, 138; U.S. Senate Committee on Foreign Relations, Hearings on H.J. Res. 192. 78th Cong., 2nd sess., 1944, 46.
[228] United Nations. UNRRA Administrative Council, "Minutes 46th meeting, November 22, 1944."
[229] U.S. Department of State, UNRRA Documents 1944, Memo: "Conference between George Dunnett (United Kingdom Treasury), E.R. Copleston (United Kingdom Treasury), and Dayton, November 18, 1944."

100 percent of the estimated supply value.[230] Second, in most countries portions of supplies were freely distributed, reducing the size of the proceeds of sale. Many supplies went directly to charitable institutions, refugee camps, and children. Overall, most goods were sold and depending on sale practices varying proceeds obtained. The third factor affecting the value of proceeds of sale was the change in currency values in receiving countries. Depending on fluctuating currency rates the value of proceeds changed.

Since receiving governments were required to spend funds for relief and rehabilitation projects, UNRRA was able to exert influence over governments as to specific proposals. The Czechoslovak mission, for example, was "instrumental in getting the government to approve a relief program of 50 million crowns (approximately $1 million) for needy children and other emergency relief programs."[231] This exemplifies the influence UNRRA exerted on expenditure decisions within receiving governments. Receiving countries were at the mercy of UNRRA for urgently needed supplies and UNRRA played upon this when approving requests. As political events in Czechoslovakia unfolded, the United States sought to control the expenditure of proceeds of sale to influence political events.

It was generally accepted that the timing of expenditures from the proceeds of sale had a direct impact on inflationary forces within a country.[232] In essence, the withdrawal of local currency through the sale of UNRRA supplies had a deflationary effect, whereas the expenditure of proceeds within

[230] United Nations. CC, "Ninth and Final Financial Report," CC (48) 2, 23, 65.
[231] United Nations. Secretariat, Press Release No. 557, December 18, 1946. Quoted in George Woodbridge, UNRRA, Vol. II., 59.

the country had an inflationary effect. As a result, plans were worked out for exchange rather than purchases among receiving countries, such as agreements with Czechoslovakia for a $1 million shoe program and the exchange of raw wool against piece goods and knitwear. Unfortunately, most plans never materialized, because of the slow recovery of trade in Eastern Europe.[233]

Proceeds of sale of UNRRA goods were used for: social welfare, health, education, industrial rehabilitation, public utilities, and housing. Depending on the policies and needs of the receiving countries the amount spent varied. Most countries allotted the largest sums to welfare and health. In Czechoslovakia the largest amount was spent for the restoration of villages, housing, and flood relief. Many U.S. policymakers opposed welfare programs, seeing them as socialist or communist. As a result, the use of proceeds of sale for welfare and social programs in Czechoslovakia became a contentious issue.

Procurement of food was a problem for UNRRA from the beginning of field operations to the end of the program. In all 42.6 percent of the supply program was devoted to food procurement. This consisted of over nine million tons valued at $1,236,018,700 consisting chiefly of grains, fats and oils, meats, dairy products, and fish.[234] UNRRA officials hoped to raise the per capita food

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[232] United Nations. Committee on Financial Control (hereafter CFC), "Expenditures from Proceeds of Sale and Inflation within Receiving Countries," CFC (45) 53, CFC (46) 1, 19, 34, 36, 49, 56.
[233] For full details of the arrangements with Czechoslovakia see United Nations. Secretariat, Report: "Economic Recovery in Countries Assisted by UNRRA," Prepared by the Director General of UNRRA to the Secretary General of the United Nations. Washington, 1946, 7-8.
[234] George Woodbridge, UNRRA, Vol. I., 409.

consumption level to 2,650 calories.[235] This proved higher than it was able to achieve, forcing UNRRA to lower the level to 2,000 calories in 1946. In fact, by 1947 there was a threat that some countries might fall below this.[236] The inability of UNRRA to meet target levels resulted from crop failures and some countries unwillingness to live up to their responsibilities to provide supplies. For example, in 1944 the U.S. had abundant supplies of fat, but used this for the domestic soap industry rather than stockpiling it for postwar relief. Furthermore, in 1945 with the grain shortage already visible the Combined Food Board (CFB) removed wheat from international allocation.[237]

In 1944, discussions over UNRRA's ability to meet demand remained optimistic. The Report of CFB, to the Second Council in September 1944, is indicative of this optimism. "The board has confidence that, given cooperation between governments, the problem of meeting the requirements of countries during 1945 can be solved."[238] Acheson, the U.S. Council member, commented, "the significance of that… is that the time has come for UNRRA to put aside worry about availability of supplies. Somebody else has undertaken to meet that responsibility. If they fail, we will know where responsibility lies."[239] By the Fourth Council in May 1946, C. Tayler Wood, the U.S. Council member, advocated improvement of CFB. "In view of the prospect of

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[235] UNRRA, Resolution 55; UNRRA, Transmitting Committee of the Council for Europe (hereafter TCCE), "Ad Hoc Food Subcommittee, Bases of Food Requirements, June 29, 1944," TCCE (44) 24, Council II Document 8.
[236] UNRRA, Program Subcommittee of the Central Committee (hereafter CC/P), (47) 3, "Plan for the Utilization of UNRRA's Resources to Meet Urgent Food Needs in the First Quarter of 1947, January 11, 1947," CC/P (47) 3.
[237] United Nations. CS, "Report of the Ad Hoc Subcommittee on Special Supply Problems to the Committee, February 9, 1946," CS (46) 13, 3.
[238] UNRRA, Journal, Second Council, "Report of CFB," 42.
[239] Ibid, 54.

continuing food shortages, the supplying and receiving countries concerned develop plans for the improvement of machinery for the allocation of food stuffs in short supply."[240] Unfortunately for the masses in the worst affected countries, the change in machinery for food allocation was too late to make an improvement.

The CFB Report to the Third Council in August 1945 stated that the war had caused a serious decline in agricultural production, with the 1945 harvest being 15 percent below that of 1944.[241] By the end of 1945, famine throughout Europe was imminent. This left UNRRA facing a 6 million ton shortfall, based on the U.S. representative's tabled estimate of world export availability of 12 million tons against import requirements of 18 million tons.[242]

Responding to the crisis, Lehman issued a report stating "UNRRA will have shipped only 53 percent of its bread-grain requirements, 20 percent of its rice needs, and less than 4 percent of its requests for edible fats."[243] Lehman offered five recommendations: 1) increased production; 2) intensification of food conversion measures; 3) adoption of rigid control measures; 4) effective measures to amass the 1946 harvest and increase extraction rates of bread grains; and 5) the broadening of membership of CFB to carry into operation more effectively the pooling principle.

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[240] UNRRA, Resolution 93 in response to the CFB Report. Quoted in George Woodbridge, UNRRA, Vol. I., 413.
[241] UNRRA, Journal, Third Council, 27.
[242] United Nations. CS, "Wheat and Flour: Stated Requirements and Suggested Distribution of Supplies by Sources during January-June 1946, January 21, 1946," CS (46) 4, appendix c.
[243] UNRRA, Journal, Fourth Council, "A Statement by the Director General on The World Food Crisis, March 18, 1946," Document 50, c (46) 30, 2.

When LaGuardia took over as Director General he contacted Truman for assistance. "My feeble voice is not enough, Mr. President, please make an appeal to the farmers and the Department of Agriculture so we will not have one days delay. The situation is something we cannot make up later on. Shipments in June will not save the lives of people who will die in May."[244] At the Food and Agriculture Organization (FAO) Conference in May 1946 agreement was reached that the CFB should give way to a broad international organization known as the International Emergency Food Council (IEFC).[245]

Food policy took a front seat after May 1946 as the realization of the long-term food crisis set in. In May, Cairns wrote LaGuardia that "the situation with respect to the last half of 1946… is grave, but the position in the first six or eight months of 1947 is less grave only in the sense that there is more time to prepare for it. Several countries will continue to need large imports of food at least until the 1947 harvest."[246] At the Fifth Council session in August 1946, Cairns presented calculations by the Food Division indicating that $1 billion was needed to meet the import needs of Czechoslovakia, Austria, Greece, Italy, Poland, and Yugoslavia before the 1947 harvest. The U.S. position on the validity of these forecasts was harsh. Wood, for example, stated "the matter is not of such great urgency, since the programs are going to run into next year, and the stringency of food is not going to become great until next spring."[247] On November 11, 1946 LaGuardia presented a proposal for the creation of an Emergency Food Fund to meet the needs of countries in 1947.

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[244] U.S. Department of State, UNRRA Documents 1946, Letter: "LaGuardia to Truman, April 2, 1946."
[245] George Woodbridge, UNRRA, Vol. I., 421.
[246] U.S. Department of State, UNRRA Documents 1946, Memo: "Cairns to LaGuardia, May 30, 1946."

By January 1947 the U.S. position was reversed. Dallas Dort, the U.S. Central Committee representative, stated, "a serious problem faces a number of countries in assuring the delivery of food supplies during the next few months… it appears, however, that no substantial assistance will be available during the first quarter of 1947. As a result the people of several countries face real suffering unless UNRRA utilizes its remaining resources to meet this need."[248] The result was the creation of the Emergency Food Program.

Two thirds of the UNRRA food programs consisted of four major commodities: grain, meat, dairy products, and fats. The remainder was composed of supplies obtained to make up deficiencies in basic foods, such as Soya flour. Rather than steadily decreasing between 1945 and 1947, the food budget actually increased, in part because of the 1946 famine. "At the end of July 1946 the total food budget was $1.121 billion. At the end of 1947 it was $1.243 billion. Therefore, there had been an increase of $122 million in the intervening period."[249] By the time UNRRA Food Programs came to an end in 1947, the food position was better than it had been in the previous year.

In developing a program of operations for the last half of 1946, UNRRA faced a diminished contribution total of $2,904,296,000 compared with the $3 billion on which the program was based.[250] In line with the short-term nature of UNRRA it was decided at the Sixth Council session to complete procurement and shipments to Europe not later than March 31, 1947. As the programs

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[247] UNRRA, Journal, Fifth Council, Document 50, c (46) 22, 2.
[248] United Nations. CC/P, "Plan for Utilization of UNRRA's Resources to Meet Urgent Food Needs in the First Quarter of 1947," CC/P (47) 3.
[249] George Woodbridge, UNRRA, Vol. I., 431.
[250] United Nations. CC, "Minutes 23rd Meeting, July 23, 1946," CC (46) 85, 92-102.

reached completion it became obvious that there were no provisions in the budget to meet food needs during the first quarter of 1947.[251]

The Central Committee had a $35 million Emergency Food Fund, which it used for the benefit of Austria, Poland, and Greece. This plan came under criticism from Yugoslavia and Czechoslovakia. Prague was upset that its program was cut by $6 million to help finance the fund. Although the fund was small compared to the size of UNRRA operating funds, this did not diminish the veracity with which the scheme was attacked.[252] In the end UNRRA opted to even out the level of fulfillment between the least and most advanced programs. By the first quarter of 1947 over 80 percent of the programs were fulfilled and by the end of 1947 the programs as a whole were 96.7 percent completed. Until September 30, 1947, when all new procurement stopped, efforts were made through diversions and funding arrangements to bring all budgets to the same fulfillment levels. When the Bureau of Supply issued its March 1948 Report 99.8 percent of the program was fulfilled.

Agricultural Rehabilitation was a major concern of UNRRA, given the need for food supplies in many countries. The food shortage in Europe could only be solved if normal levels of agricultural production were restored. The Agricultural Program was unique compared to other UNRRA programs in that the timing of deliveries was crucial to its success. Agricultural supplies, such as seeds, fertilizers, pesticides, tractors, plows, and harvesting equipment, had to reach their destinations at the right time of year to be of use. Agricultural supplies and services were divided into six groups: 1) tractors and draft animals for plowing, planting, and harvesting; 2) miscellaneous farm machinery for

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[251] George Woodbridge, UNRRA, Vol. I., 372.
[252] United Nations. CC, "Minutes 45th Meeting, February 3, 1947," CC (47) 16.

tillage, seed planting, cultivating, and harvesting, and farm equipment such as milk cans, sacks, and seed cleaners; 3) agricultural seeds along with fertilizers and pesticides; 4) materials for the prevention of diseases in livestock; 5) fishing boats and gear; and 6) the development of a technical services program to ensure full use of supplies.[253] To implement these programs the Agricultural Divisions at Headquarters and the ERO were closely integrated.

Farm Machinery and equipment was vital to the program. During the war work animals and tractors had been destroyed or removed. "In February 1944 CPRB approved the allocation of 186,000 tons of material for the production of farm machinery and equipment."[254] CPRB recommended that 70 percent of the sources come from the U.S. and 30 percent from Britain and Canada. Actual production from the U.S. was lacking by 1945. For example, by 1945 almost 1,800,000 tons of machinery was in production in the U.S. for American farmers, which was 43 times the amount provided for Europe.[255] Despite this lackluster commitment, farm machinery was delivered. Czechoslovakia, for example, received 2,001 wheel tractors, 34 crawler tractors, and 2,226 garden tractors.

Seed-cleaning equipment was provided to liberated countries as well. Although small amounts were shipped, the impact on Czechoslovakia was significant. For example, before the war there were only three electromagnetic

[253] George Woodbridge, UNRRA, Vol. I., 479.
[254] U.S. Department of State, UNRRA Documents 1944, Memo: "Millard Peck and James C. Foster (Agricultural Rehabilitation Division, HQ) to George M. Reynolds (Foreign Economic Administration) Relief and Rehabilitation Division, Review of the Farm Machinery Program, April 4, 1944."
[255] George Woodbridge, UNRRA, Vol. I., 481, and Table 16, 485.

seed-cleaners in Czechoslovakia."[256] UNRRA procured three seed-cleaners for Czechoslovakia and Yugoslavia, and two for Byelorussia. Following the war European seed supplies were intact leaving procurement from Europe a viable option. Czechoslovakia supplied clover, spinach and a large tonnage of other vegetable seeds. Overall, the Agricultural Rehabilitation Program supplied over 2,300,000 tons of supplies and spent over $320 million.[257]

Another form of UNRRA aid was medical and sanitation supplies. The Medical and Sanitation Supply Program was established to: bring about the rehabilitation of hospitals, clinics, and laboratories, to prevent epidemic diseases, to help restore the drug industry, and to provide specialized supplies for war victims. The total of all UNRRA medical and sanitation supplies was valued at $117,500,000, or roughly 4 percent of the whole supply program. The U.S. was responsible for 80 percent of the program, procured from domestic production and from military surpluses at home and overseas.[258] The primary purpose of the program was to prevent the spread of pestilence. Therefore, large quantities of penicillin, sulfa drugs, and diphtheria antitoxin were sent to

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[256] Arthur Darken, A Brief History of the Agricultural Supplies Branch, ERO. (New York: 1958). Quoted in George Woodbridge, UNRRA, Vol. II., 99.
[257] United Nations. CC/P, "Proposals for Immediate Expansion of the Agricultural Rehabilitation Programs for Albania, Austria, Czechoslovakia, Greece, Italy, Poland, and Yugoslavia, February 5, 1946" CC/P (46) 22, "Minutes 23rd meeting, February 12, 1946," CC/P (46) 32; United Nations. CC, "Minutes 22nd meeting, March 4, 1946," CC (46) 27, 122-127, "Recommendation of the Program Subcommittee on Supplementary Agricultural Rehabilitation Programs, February 16, 1946," CC (46) 22, 101-107, "Resolution Approving the Policy of the Program Subcommittee in Regard to a Special Program of Agricultural Rehabilitation, March 12, 1946," CC (46) 35, 137-139.
[258] U.S. Department of State, UNRRA Documents 1947, "Meeting on Medical and Sanitation Supply Program, HQ, March 19, 1947."

receiving countries. Czechoslovakia received medical supplies including a million-volt x-ray machine for cancer treatment and materials for a plant to produce 40 million units of penicillin per month.[259]

Industrial rehabilitation was another focus of UNRRA. Supplies for industrial rehabilitation were divided into four categories: 1) highway, railway, and water transport equipment; 2) coal, fuel and lubricants; 3) material for the restoration of public utilities; and 4) material and equipment necessary for the restoration of essential industries.[260] Transportation was vital to the success of UNRRA programs. Without trucks food supplies would have remained largely undelivered. The need for trucks was a major topic of discussion of the Third Council session in August 1945. Lehman stated that "trucks and other motor vehicles have been our most constant anxiety, and for them we have made our most vigorous efforts… Our efforts have yielded about 20,000 Lorries in procurement or in the process of shipment. These are not enough and not soon enough! Every day we shall continue to press for more and more, and we must get them much faster."[261] Philip Noel-Baker repeated Lehman's sentiments. "A lorry is a lorry, but it is more: it is the lifeblood of organized society. Transport for the peoples of Europe is food, clothing, coal, raw materials, and work for people who have been hungry, ragged and unemployed."[262]

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[259] Eris M. Holland, Penicillin Plant Project, 1. Quoted in George Woodbridge, UNRRA, 439.
[260] George Woodbridge, UNRRA, Vol. I., 457.
[261] UNRRA, Journal, Third Council, 3rd Plenary Meeting, Address by Lehman, 22; George Woodbridge, UNRRA, Vol. I., Table 14: "Program of Truck Deliveries to Czechoslovakia," 459.
[262] UNRRA, Journal, Third Council, "Statement by United Kingdom Delegate," c (47) 35, 41.

As a result of these pleas a massive influx of trucks from the U.S. and Canada entered Europe in October 1945.[263] One of the smoothest operations was the procurement from Canadian surpluses in the Netherlands of 3,638 three-ton trucks for Czechoslovakia and Poland. Arrangements were made that the Ninth Canadian Armored Regiment would drive these from Arnhem to Pilseň, Czechoslovakia.[264] Within two days convoys of fifty trucks moved across the Czechoslovak border. Each contained enough gas for the trip as well as 100 gallons for use in Czechoslovakia. Depots were established at Stárý Pizenec and Pilseň. The trucks were inspected and those destined for use in Czechoslovakia were turned over to the government. Drivers took the trucks to a transport center on an island in the Moldau River at Prague. From Prague they were dispatched to deliver supplies throughout the country.[265]

Czechoslovakia also contributed to UNRRA fuel and lubricant supplies. During the initial planning stage it was assumed that mines in receiving countries could produce up to 40 percent of the coal they had before the war. This was sufficient to meet the needs of countries like Czechoslovakia, Poland, and Yugoslavia, as well as the needs of countries such as Albania and Greece. When the United Mine Workers Union went on strike in the U.S. on November 21, 1946 the possibility of a coal shortage became a real possibility. Given the degree that European production had been affected by the war the reliance on U.S. supplies existed. Czechoslovakia was vital to keeping coal supplies at

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[263] U.S. Department of State, UNRRA Documents 1945, Cable: "London to Prague No. 290, October 6, 1945."
[264] Ibid, Memo: "Wasson to Gold, "Report on Movement of Czech Trucks for Czechoslovakia and Poland, October 8, 1945."
[265] Ibid.

necessary levels. When Yugoslavia required large quantities of coal in 1946, for example, Poland and Czechoslovakia supplied 75,000 tons of Silesian coal.

Locomotives and railway cars were also a major part of the UNRRA program. In all, 4,200 freight cars and just over 200 new locomotives were bought from the U.S. surplus. Receiving countries, such as Czechoslovakia, Poland, and Yugoslavia provided technical staffs and crews to assemble and test the locomotives and take them back to their countries.[266] Accessories constituted the major contribution from Great Britain. These were a vital part of the operation and maintenance of locomotives and rolling stock. Hostilities in Europe, as well as demolition by resistance groups, had seriously devastated the European rail systems. As a result, UNRRA had to supply railway ties and track to repair the infrastructure. Ultimately the railway equipment program included 1,100,000 railway ties and roughly 400 miles of track.

In terms of liquid fuel, most European nations could not meet their requirements. Czechoslovakia, for example, produced small amounts from the Slovakian fields, but relied on imports from Romania to meet its requirements. After the war, Poland lost its most productive oil fields as a result of the realignment of its eastern border. Initially it was hoped that the Soviets would supply Poland and Czechoslovakia with petroleum from Romanian and former Polish resources. When Moscow failed to supply petroleum, UNRRA was forced to set up an emergency program to meet the need. In all, UNRRA procured 110,000 tons of petroleum through the ERO from British Sterling sources in the Persian Gulf. The U.S. contribution was used to procure

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[266] Scipio, "UNRRA's Program for Railway Transportation Equipment," 13-26; George Woodbridge, UNRRA, Vol. I., Table 15: "Locomotives and Railway Cars," 469.

2,800,000 tons of petroleum. Procurement was handled through the Army Navy Petroleum Board under the supervision of Colonel G.H. Vogel.[267]

Public Utilities were another area of UNRRA Rehabilitation efforts. UNRRA procurement of materials came largely from the U.S. with the remainder from Great Britain. In Czechoslovakia, bombs had disrupted the gas supply in Brünn.[268] Despite concerted efforts to repair the damage, foreign parts were needed.[269] UNRRA public works projects throughout Czechoslovakia were quite successful.

The Industrial Rehabilitation Program was the second largest UNRRA program. Over a three-year period UNRRA moved over 11 million tons of supplies with a value of approximately $681 million. Although rehabilitation supplies were a necessary part of the success of the relief program, the impact for receiving countries was long-term, separating rehabilitation supplies from relief supplies. Through rehabilitation supplies economies were restarted and the path to economic recovery began. UNRRA supplies helped restore normal economic production and financial stability, but at the close of operations in 1947 more assistance was needed to achieve normal productivity and financial stability.[270]

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[267] George Woodbridge, UNRRA, Vol. I., 471.
[268] Brünn is the German name, referred to in the documents, for the Czechoslovak City of Brno. Brno is the capital of Moravia in the present day Czech Republic. Brno is on the major transport routes between Bratislava the Capital of the Slovak Republic, and the Czech capital of Prague. Brno sustained more damage than Prague and needed serious rehabilitation supplies.
[269] U.S. Department of State, UNRRA Documents 1945, "Branch A, Industrial Rehabilitation Division," 28-29.
[270] United Nations. CCE, "Survey of UNRRA Operations in Europe, June 1947," CCE (47) 28.

The issue of fair and equitable treatment plagued the UNRRA programs. Czechoslovakia, for example, argued that it was not equitable that its program be cut, because its immediate needs were considered less than those of other countries. Czechoslovakia's representative argued that the economy had been planned based on the full program being carried out. The Central Committee, however, argued that "it was equitable that Czechoslovakia's lesser needs be sacrificed to meet the greater needs of others."[271]

UNRRA procurement policies were based on the premise that stockpiles be regarded as available for use in any liberated area. For example, "goods stockpiled by the Foreign Economic Administration (FEA) were not earmarked for specific claimants, but were used for military and civilian relief programs, for paying governments, Lend-Lease, or UNRRA."[272] When Europe was liberated UNRRA did not possess substantial stockpiles. Rather, the majority of supplies were procured during the period of active operations. In all UNRRA shipped more than twenty-four million tons of supplies, valued at nearly $3 billion.[273] The scope of UNRRA created difficulties. Philip Noel-Baker summed up the situation before the House of Commons stating, "it has been said that UNRRA accumulated the red tape of forty nations… It would be truer to say that forty nations tied UNRRA in red tape."[274]

Plans to end UNRRA operations were contemplated as early as the Third Council Session in August 1945. For example, in the Preamble it was

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[271] United Nations. CCE, "Survey of UNRRA Operations in Europe, June 1947," CCE (47) 28.
[272] U.S. Department of State, UNRRA Documents 1944, Memo: "Harold Stein (FEA) to Members of Planning and Control Staff (FEA), May 31, 1944."
[273] George Woodbridge, UNRRA, Vol. I., 382.
[274] U.K., Hansard Parliamentary Debates, Great Britain Parliament, Commons, 16 November 1945, col. 2610.

suggested "UNRRA will complete its shipments to the receiving countries in Europe not later than the end of 1946 and in the Far East three months thereafter."[275] In deliberating over the second U.S. contribution, Congress operated under the assumption that these dates, although not written in stone, provided a general framework by which liquidation would be planned.[276]

Termination of UNRRA meant that various essential services would have to be turned over to receiving governments. UNRRA instructed the missions to ask governments to survey their welfare programs, whether carried out by UNRRA, internal, or voluntary agencies, and determine where assistance was needed. Given the scope of this task the UN General Assembly passed a resolution[277] providing for the continuance of welfare functions through 1947. UNRRA agreed to maintain its welfare staff through February to preserve continuity in programs that receiving countries wished continued.

The success of UNRRA varied from country to country. Overall, UNRRA enabled countries to avoid economic collapse and humanitarian catastrophe. In terms of Czechoslovakia, UNRRA was a relative success. UNRRA supplies enabled Czechoslovakia to provide much needed relief after the war. Although Czechoslovakia's agricultural and industrial sectors were improved, more aid was needed to place the Czechoslovak economy on par with

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[275] UNRRA, Journal, Third Council, Preamble.
[276] U.S. House Subcommittee on Appropriations, Hearings on House Joint Resolution Making Appropriations for UNRRA for Fiscal Year 1946, 79th Cong., 1st sess., 1945, 19; U.S. House Committee on Foreign Affairs, Hearings on House Resolution 4649, 79th Cong., 1st sess., 1945, 65; U.S. Department of State, UNRRA Documents 1946, Cable No. 1394: "London to Washington, February 2, 1946," 282.
[277] United Nations General Assembly. Third Session. Official Records, Special Resolution 58, December 14, 1946. II.B.3.

pre-war levels. As such, Czechoslovakia continued to seek loans and credits from the United States as well as the IMF and World Bank.

Despite the relative success of the program, UNRRA was not able to achieve full rehabilitation. As UNRRA operations moved into 1947, U.S. policymakers realized that more was needed in the form of loans and credits, as well as an overhaul of the European economic system, if many countries were to become self-sufficient. The need for loans and credits was recognized in 1945 and 1946, but the economic crisis of 1947 made the necessity more visible to U.S. policymakers. As a result, Washington increasingly looked to loans, credits and the Marshall Plan as the best means of attaining sustainable economic recovery for Europe and the most effective means of achieving U.S. political objectives.

In the following chapter U.S.-Czechoslovak loan negotiations, credits, and economic cooperation between 1945 and 1948 will be outlined. This chapter reveals the shift in U.S. policy from one of multilateral international aid and economic assistance under the UNRRA to a policy of unilateral loans and credits, culminating in the Marshall Plan.

Chapter Four

U.S.-Czechoslovak Economic Relations: From Loans and Credits to the Rejection of the Marshall Plan, 1945-1947

By 1947, American leaders began to realize that existing economic policies were not working to solve the severe economic problems Europe faced. No amount of aid would solve the European crisis unless fundamental changes were made to the continental system of trade and competition. Integration and cooperation, therefore, became catch phrases for the new American vision of European recovery.[278] The ultimate result was the European Recovery Plan (ERP) developed by the Truman administration in 1947. The Marshall Plan stood as the cornerstone of U.S. postwar economic policy toward Europe and represented America's economic efforts to contain "Soviet led" communist expansion. The framers of the Marshall Plan, along with their British counterparts, worked under the assumption that the Soviet Union was attempting to dominate the world and establish international communism. As a result, they believed that the interests of their nations were at risk.

From the end of hostilities in 1945 and the formal establishment of the American and British embassies in Prague in June-July 1945 to the assumption

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[278] John Lamberton Harper, American Visions of Europe: Franklin D. Roosevelt, George Kennan, and Dean Acheson. (Cambridge and New York: Cambridge University Press, 1994); Lynn E. Davis, The Cold War Begins: Soviet-American Conflict over Eastern Europe. (Princeton, N.J: Princeton University Press, 1974); Beatrice Heuser, Securing Peace in Europe, 1945-1962: Thoughts for the Post-Cold War Era. (New York: St. Martins Press, 1992); Gregory Fossedal, Our Finest Hour: Will Clayton, the Marshall Plan, and the Triumph of Democracy. (Hoover Institution Press of Stanford University, 1993); and Geir Lundestad, American Non-Policy in Eastern

of power by the communists in February 1948, the relationship between Czechoslovakia and the West was dominated by discussions of economic assistance. The nature of American-Czechoslovak relations would be determined between 1945-1947, as the U.S. developed its economic policies towards Eastern Europe. How American policy was developed and implemented with various Eastern European nations would determine whether they developed close ties with the Soviet Union or the American dominated West. In the process, Czechoslovakia became a pawn in the escalating power struggle between the United States and the Soviet Union.

On September 1, 1945, Czechoslovakia applied for a $300 million credit from the United States Export-Import Bank. At this point American concerns over the Czechoslovak government's plans to nationalize key industries reared its head.[279] William Steinhardt, the U.S. ambassador to Czechoslovakia, for example, advised the State Department to ask the Export-Import Bank to "defer any definite commitment until after the announcement of the nationalization program."[280] This was the first indication that the U.S. was beginning to take a hard-line policy stance towards Eastern Europe and Czechoslovakia in particular. The U.S. demanded that economic assistance be tied to an insistence that any nation wanting loans or credits adhere to the multi-lateral economic

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Europe, 1943-1947: Universalism in an Area not of Essential Interest to the United States. (Tromso and Oslo: Universitetsforlaget, 1978).

[279] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, (Prague XII, Stalinova 46: Czechoslovak Ministry of Information and Orbis LTD., 1946), 10-12.

[280] U.S. Department of State, Memo: "William Steinhardt, U.S. Ambassador to Czechoslovakia to Secretary of State, September 2, 1945," In Foreign Relations of the United States 1945, (hereafter FRUS). Vol. IV, 1945, 478.

principles advocated by the U.S. This hard-line approach was an attempt to protect American economic interests.

The Cotton Loan was the second loan agreement between the U.S. and Czechoslovakia. In early October 1945, Washington told Prague that it was willing to extend a credit of $44 million. There were no conditions attached to the offer.[281] Without any concrete policy towards Czechoslovakia the U.S. had to develop policy in the face of mounting tensions with the Soviet Union.

At the end of October 1945, Beneš signed the first Czechoslovak Nationalization Decree of the Fierlinger government, which nationalized mines, food industries, joint stock banks, and private insurance companies. Of concern to Washington was the nationalization of an estimated $30-$50 million of American property in Czechoslovakia.[282] Despite Steinhardt's opposition, Secretary of State James F. Byrnes indicated in December 1945 that $25-$35 million would be made available to Czechoslovakia from the Export-Import Bank. The State Department also agreed to begin negotiations with Czechoslovakia for a $50 million credit to enable Czechoslovakia to purchase

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[281] Ibid, "Details of the Proposed $44 million Cotton Loan Credit to Czechoslovakia, October 10, 1945," 552-554; Memo: "Secretary of State to Steinhardt, U.S. Embassy, Prague, October 2, 1945," Steinhardt Papers, National Archives RG 59 Box 83 NA. 860F.24/10-245, Memo: "Steinhardt to Riddleberger, October 29, 1945," NA. 860F.24/10-2945, Memo: "Steinhardt to Secretary of State, August 30, 1945," NA. 860F.24/8-3045. This credit was seen as essential to provide Czechoslovakia with much needed raw materials of cotton to supply its textile industry.

[282] United States Department of State, Bulletin, December 8, 1946, 1027; Hubert Ripka, Czechoslovakia Enslaved: The Story of the Communist Coup d'etat. (London, 1950), 42-43.

surplus American property.[283] The willingness to extend loans and credits was linked to the withdrawal of the Red Army from Czechoslovakia in 1945.

By February 1946, the State Department informed representatives of the Czechoslovak government that the American loan discussed during previous months would not exceed $50 million, despite indications from Prague that more would be required. Steinhardt further informed Czechoslovakia that the loan would have to be linked to compensation for American property affected by the nationalization program. Czechoslovakia was expected to "grant adequate and effective compensation for nationalized property, to abstain from measures in conflict with U.S. proposals for expansion of world trade and employment, to conclude an interim commercial agreement with the U.S., to make available to Washington full information on Czechoslovakia's economic relations and commitments, and, finally, to resist inclusion in any economic plan dominated by the Soviet Union."[284]

Allowing the U.S. access to the details of their international relations and commitments and forcing them to agree to resist economic ties with the Soviet Union would constitute a breach of Czechoslovakia's sovereignty. Prague looked at the terms imposed upon Great Britain for their loan in 1946 and saw a double standard at work. Regardless of this issue, the compensation clause

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[283] U.S. Department of State, FRUS 1946, Vol. VI., "Details of negotiations between the United States and representatives of the Czechoslovak government regarding a $50 Million credit for the purchase of surplus American property," 181-182.

[284] Quoted in Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 1943-1947, 162. U.S. Department of State, FRUS 1946, Vol. VI., "Steinhardt, U.S. Ambassador to Czechoslovakia to Czechoslovak government regarding conditions of $50 million loan, February 3, 1946," 182-183, and Memo: "Acting Secretary Acheson to American Embassy, Prague, February 4, 1946," NA. 860F.51/3-2846.

posed a real problem for Czechoslovakia. Czechoslovakia, like most European countries after the war, faced an extreme shortage of dollars. This alone made compliance with U.S. demands nearly impossible.

The willingness on the part of the U.S. to grant a large credit to Czechoslovakia was strained by several factors. "The Truman administration disliked Czechoslovakia's support of the Soviets in international organizations and press attacks on the U.S."[285] Whether this dislike played a role is disputable. However, the fact that the Export-Import Bank had limited funds in 1946, made a larger loan improbable. In addition, Washington wanted to see how eager Prague was to receiving economic aid. With Czechoslovak elections planned, the U.S. wanted to hold off negotiations until the results could be evaluated.[286]

In April 1946, the United States approved a loan of $40 million from the Export-Import Bank to Poland. Negotiations between the U.S. and Czechoslovakia over terms for compensation for nationalized property enabled Washington to soften its position on the Export-Import Bank loan. According

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[285] Quoted in Geir Lundestadt, The American Non-Policy Toward Eastern Europe, 1943-1947, 163; Williamson to Steinhardt, April 1, 1946, Steinhardt Papers. National Archives, RG 59 Reel 24 NA. 860F. 24/4-146, 1-3; U.S. Department of State, FRUS 1946, Vol. I., 173, 1265. Congress had increasingly begun to see Soviet actions in Eastern Europe as disturbing in 1946. As a result Congress viewed any support from communist governments in Eastern Europe for Soviet policies as signs they were under Soviet control. The Truman administration was not willing to go this far yet, but was disturbed by statements in the Czechoslovak press as well as Czechoslovakia's policies.

[286] Williamson to Steinhardt, April 1, 1946, Steinhardt Papers. National Archives, RG 59 Reel 24 NA. 860F.24/4-146, 2, Riddleberger to State Senator Boyd, October 24, 1946 NA. 860F.51/10-2446, Byrnes to Embassy in Prague, March 5, 1946, NA. 860F.51/3-546; U.S. Department of State, FRUS 1946, Vol. VI., 187, 190-191, 195.

to Geir Lundestadt, this new willingness was the result of U.S. policymakers' desire to "relieve Prague's dependency on the Soviet Union somewhat. This was due to both increased corn deliveries from the Soviets and to the opening that seemed to have come about for American cotton in the Czechoslovak textile industry."[287] Despite this apparent breakthrough, Steinhardt decided that the credit should be postponed until after the elections. Steinhardt believed an American loan before the elections would be interpreted as approval of the Fierlinger government, which could be used by the communists to their advantage in the upcoming election.[288] Steinhardt was willing to grant the credit but wanted to wait until after the elections to publicly announce it.

On May 26, 1946 elections were held in Czechoslovakia. The results of the elections were better than many policymakers had feared and not as decisive for the communists as they had anticipated. Receiving 38 percent of the vote the Communist Party failed to attain a majority. Forming a majority coalition in the National Assembly with the Social Democratic Party, however, the communists were able to appoint Klement Gottwald as the new Prime Minister. The Communist Party also held the Ministry of Finance, which was a key post for economic policy. The Gottwald government consisted of twenty-six

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[287] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 164; U.S. Department of State, FRUS 1946, Vol. VI., 196-197; United States Department of State, Bulletin, May 5, 1946, 761-762; Williamson to Steinhardt, April 27, 1946, National Archives. Steinhardt Papers, RG 59 Reel 24 NA. 860F.51/4-2746, 3, Steinhardt to Secretary of State, May 6, 1946, NA. 860F.51/5-646, and Posniak to Luthringer, May 7, 1946, NA. 860F.51/5-746.

[288] U.S. Department of State, FRUS 1946, Vol. VI., Note 39: "Implications of the timing of the Export-Import Bank credit for the Czechoslovak elections," 197, Note 38, 196-197; Williamson to Steinhardt, April 1, 1946, National Archives. Steinhardt Papers, RG 59 Reel 24 NA. 860F.51/4-146, 2, Steinhardt to Secretary of State, May 11, 1946, NA. 860F.51/5-1146.

members with the communists holding nine posts. Together with the Social Democrats, who tended to support the communists, there was an almost even split between the moderates and leftists.[289]

The Gottwald government's program was introduced on July 8, 1946. The program favored economic and military cooperation with the Soviet Union.[290] The first step for the new government was to establish a new constitution. Gottwald stated that the constitution, "must follow the democratic principles of the present constitution, take into account above all the results of the struggle against the occupationists, and must ensure the popular, genuinely democratic character of our own public administration on the basis of the

[289] Following the elections of 1946, President Beneš approved the coalition government to be led by Klement Gottwald. The composition of the Gottwald government consisted of: Klement Gottwald as Premier (Prime Minister); Dr. Petr Zenkl, Monsignor Dr. Jan Šrámek, Ján Ursiny, Zdeněk Fierlinger, and Viliam Široký as Deputy Premiers; Jan Masaryk as Minister of Foreign Affairs; General Ludvík Svoboda as Minister of National Defense; Dr. Hubert Ripka as Minister of Foreign Trade; Václav Nosek as Minister of Interior; Dr. Jan Dolanský as Minister of Finance; Prof. Jaroslav Stránský as Minister of Education; Dr. Prokop Drtina as Minister of Justice; Václav Kopecký as Minister of Education; Bohumil Laušman as Minister of Industry; Julius Ďuriš as Minister of Agriculture; Antonín Zmrhal as Minister of Home Trade; Dr. Ivan Pietor as Minister of Transport; František Hála as Minister of Postal Services; Prof. Zdeněk Nejedlý as Minister of Social Welfare; Prof. Adolf Procházka as Minister of Health; Václav Majer as Minister of Food; Dr. Alois Vošahlík MP; Dr. Mikuláš Franek MP; and Under-Secretary of State for Foreign Affairs Dr. Vladimír Clementis and Under-Secretary of State for National Defense Ján Lichner.

[290] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 12-15; U.S. Department of State, FRUS 1946, Vol. VI., "Gottwald government's plans for economic and military cooperation with the Soviet Union," 204-205; Policy and Information Statements, Czechoslovakia, September 9, 1946, James F. Byrnes Papers. National Archives RG 83 NA. 860F.51/9-946, 13-14.

National Committees."[291] The National Committee system was a carry over from the Fierlinger government. This system had not been opposed by non-communists in Czechoslovakia, or by the United States, before. The new Constitution, therefore, meant that the principle of universal, direct, secret, equal, voting and proportional representation was constitutionally ensured.

The Gottwald government stated that, "this constitutional framework for the system of National Committees must be accompanied by reconstruction, decentralization, modernization, simplification, and economization of our whole civil service- beginning from the Ministries and ending with the local National Committees."[292] This represented a clear shift from Soviet style centralized government planning that Washington failed to recognize. In addition, the guarantee of democratic principles was not fully appreciated by U.S. policymakers. Rather than recognizing the fact that the communists were willing to accept and adhere to such principles, the U.S. took exception to the Gottwald government's nationalization programs, a policy that separated the Gottwald government from other communist governments in Eastern Europe.

Gottwald proposed that the new Constitution needed to embody decrees on the nationalization of banking, mines, mineral resources, power and key industries. "The new constitution must disappoint the hopes of all those who believe that the nationalized economic enterprises will be returned to a handful of big capitalists. On the other hand, the constitution must give protection to small and medium sized private enterprise, and especially the legitimately

[291] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 9.
[292] Ibid, 9-10.

acquired property of our farmers, tradesmen, shopkeepers, and all other persons and corporations must be safeguarded."[293]

The program also addressed industrial and agricultural production levels. The new government estimated that in spite of the loss of labor from the expulsion of Germans and Hungarians, industrial production would surpass pre-war levels by 10 percent at the end of 1948. To attain this level of production the government proposed a two-year plan for industry. To carry out this two-year plan the government proposed concentrating on those branches of industry of paramount importance, and whose slow development could delay the general progress. These included mining, smelting, the production of electricity and gas, engineering, the manufacture of railway wagons and engines, tractors and agricultural machinery, the chemical industry for production of fertilizers, plastics, and in the consumer goods industries the manufacture of textiles, footwear, and tires.[294]

Agricultural production was a major concern of the Gottwald government. The government realized that agricultural production had to reach pre-war levels by 1948 to adequately meet domestic demand. The principle deficiency, according to the government, was a lack of fats and meat. It was essential, therefore, to give attention to the raising and improving of livestock as well as to the extension of grain acreage and increased yield of plants and oil seeds. "We must endeavor to raise by the end of 1948 the production of beef by

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[293] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 9. Efforts were made to maintain the support from farmers, small businessmen, shopkeepers, and tradesman whom the Communist Party relied upon for some support. Nationalization was only to occur in the major industries and was designed to gain control of vital industries and banking from the wealthy elite in Czechoslovakia.

[294] Ibid, 14, Table: "Figures on Production Levels by the end of 1948," 14-16.

35 percent, pork by 100 percent, lard by 100 percent, butter by 10 percent, milk by 75 percent, and eggs by 50 percent."[295] One of the key aspects of agricultural production was support for the voluntary merging of land. However, the merging of land in the border districts was compulsory to prevent "the superfluous partitioning of estates." For interior land, the government deemed it necessary to accelerate the confiscation of land according to the Košice program and according to Presidential Decree No. 12/1945, the Decree of the Slovak National Council No. 104/1945 and appropriate amendments."[296] Collectivization was part of the overall two-year plan and the nationalization program in general. Unlike the nationalization of industry, collectivization in agriculture did not provoke U.S. opposition.

The organization of nationalized and private enterprises into National Federations of Industry was also an intricate part of the two-year plan. The organization of nationalized industry was seen as crucial to raising production levels. "A suitable organization compulsorily combining nationalized and private enterprises must be established in the form of National Federations of Industry. The appropriate state authorities will be able, through these bodies, to direct whole industrial sectors according to plan, to bring the interests of the nationalized and non-nationalized parts of the industry into harmony and to fit them into the overall state plan, without interfering with healthy competition."[297] In addition, the government set out to simplify distribution to reduce costs so commodities could be sold at reasonable rates without affecting

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[295] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 16.
[296] Confiscation of land and property acquired by collaborators during German occupation of Czechoslovakia was a popular issue among various Czechoslovak political leaders.
[297] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 33.

profit. While accomplishing this task the government would relax the system of controlled economy in distribution to the degree that progress in industrial and agricultural production and the development of foreign trade permitted.

Another pressing issue for the new government was currency reform. To accomplish this task it would be necessary to establish a basis for the registration of capital and to fix the amount of tax on property. Measures were proposed that were aimed at preserving the stability of the Czechoslovak currency, while preventing inflation as much as possible. Financial reform in Czechoslovakia required reorganization of banking if the other measures were to be at all successful. According to the Statement of Policy of Mr. Gottwald's Government, "[b]anking must be reorganized according to the requirements of planned economy. The chief idea underlying the measures will be the concentration of all capital assets and their centralized distribution into two channels; toward investment and toward production."[298] The government called for the establishment of a National Banking Council to implement the unified direction of nationalized and private banking. Government control over the banking sector was essential to eliminate competition between banks that made the Czechoslovak banking system relatively inefficient.

The government also proposed simplification of taxation. The communists recognized the necessity of having a simple, clear, and comprehensive system of taxation to facilitate the ability of the government to raise revenue and coordinate economic recovery. To accomplish this task, the government proposed and implemented three basic types of taxes: a tax on earned income, a tax on industrial enterprises, and a tax on unearned income. The new system revised direct and indirect taxes. For example, the turnover tax

[298] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 37.

was replaced by a general excise tax. The excise tax was graded according to the economic importance of services or goods subject to the tax. The key reform involved the tax on unearned income. This was designed to tax the wealthiest members of society who did not have a taxable earned income.

The two-year plan called for the development of foreign trade. Lacking sufficient raw materials for industry, the government had to expand foreign trade to earn dollars with which it could import raw material for industry. "The content and volume of our imports will be determined by the need to import a number of essential raw materials, agricultural produce and food, as well as certain semi-finished and finished products."[299] The need to procure raw materials and food determined the content and volume of exports.

The two-year plan also addressed the orientation of foreign trade. The Gottwald government, like its predecessor, understood that foreign trade had to guarantee permanent markets for Czechoslovak products and permanent buying sources for import needs. Economic ties with the Soviet Union, as well as with the West, were viewed as essential to ensure the success of this program. The government stressed the need for "a substantial all-round extension and deepening of trade relations with the Soviet Union and the other Slav states, as well as the rest of the countries of Central and Southeastern Europe. We shall also systematically deepen our trade relations with the United States, the British Empire, France, and other countries."[300] This was in line with the policy of the Fierlinger government and should have come as no surprise to American policymakers. The fact that the Gottwald government indicated a desire to work economically with both the U.S. and USSR should have been taken as a

[299] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 40.
[300] Ibid, 41.

positive declaration. The call for close ties with Moscow, however, worried American officials and created tensions between the U.S. and Czechoslovakia. Under James F. Byrnes and Dean Acheson, the foreign policy alignment of Czechoslovakia was used as one of the justifications for suspending various loan negotiations. For example, in November 1946 the State Department stopped a $10 million credit from the British Surplus to Czechoslovakia. In addition, in a letter from Riddelberger to Steinhardt in Prague, Byrne's position on the policy of Czechoslovakia toward the Soviet Union is evinced. "For the Secretary of State the international picture is most important. Czechoslovakia would have to change its foreign policy orientation to qualify for any economic aid from the United States."[301] This position was reaffirmed in a letter from Riddelberger to Steinhardt on October 3, 1946 in which he stated that the State Department would be willing to extend credits if the Gottwald government showed "concrete evidences of friendship towards the United States, which would include some reorientation of its foreign policy as well as an agreement on compensation and commercial policy questions."[302]

Another policy that concerned Washington was Prague's emphasis and expenditures on social welfare programs rather than rehabilitation. American policymakers were concerned that revenue that could go to agricultural or

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[301] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 173; Riddleberger to Steinhardt, December 2, 1946, Steinhardt Papers. National Archives RG 59, NA. 860F.00/12-246, 6; Czechoslovak Committee, Minutes of Meeting, December 3, 1946, National Archives RG 59 Box 15557 Lot 122, 7; U.S. Department of State, FRUS 1946, Vol. I., "UK Ambassador Harriman to Secretary of State on Czechoslovakia's role in the ITO negotiations," 1347, FRUS 1946, Vol. I., "ITO Negotiator Wilcox to Secretary of State," 1347.

[302] Riddleberger to Steinhardt, October 3, 1946, Steinhardt Papers. National Archives RG 59 Box 51, NA. 860F.00/10-346, 2.

industrial rehabilitation was being diverted to social programs. However, as was the case with other European countries, social welfare programs were not used as an official justification for suspending loans or credits. In an effort to carry out the principles laid down in the Košice program, the government planned to implement several programs. First, social insurance was to be made more economical as a first step in the creation of a national health insurance service. In terms of public health, the government proposed the State Health Service designed to provide all citizens with basic health guarantees. "In the sphere of public health the government, starting from the principle that the right to health is one of the basic civil rights of all citizens, will make plans and take all necessary steps towards the organization and unification of the State Health Service, in accordance with up to date standards of medical science."[303] Despite Washington's disapproval tensions did not arise as they had over Czechoslovakia's nationalization of U.S. property.

The foreign policy of the Gottwald government was predicated on the idea that the security and very existence of the country depended upon the establishment of alliance and cooperation with the Soviet Union. By close cooperation the government meant political, military, and economic relations. "The external security, nay, the very existence of Czechoslovakia depends on the permanent alliance and all-round co-operation with our mighty ally, the Soviet Union…. The Soviet Union's entry into the Danube Basin not only enhances our security but enables and commands us to extend our efforts toward the systematic development of economic relations in addition to our

[303] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 46. The Communist Party platform had a guarantee of basic health insurance and a comprehensive plan for guaranteeing what they considered to be a basic right of all citizens to have protection of public health.

sincere political and military alliance and traditional cultural relations."[304] The U.S. focused on the references to close ties to the Soviet Union over statements about expanded economic, political, and cultural ties with the United States, Great Britain, and France in the policy statement as further evidence that the Gottwald government was moving closer to the Soviet camp and not fully independent of the Soviet Union.

In reality, the government was seeking to become an active member in the United Nations and to develop closer ties with the West. In his closing statement, Gottwald summed up the foreign policy of his government. "In foreign policy the government will continue to strengthen economic and political relations with its great ally in the East, and cultivate its traditional friendship with other democratic countries, especially Great Britain, France, and the United States. In the interest of carrying through the two-year plan the government will endeavor to extend economic relations with these countries."[305] Considering these statements, it is hard to understand the response on the part of American policymakers. Under Beneš and Fierlinger, Czechoslovakia had indicated that relations with the Soviet Union were desirable and would have to be part of Czechoslovakia's overall foreign policy. The United States, however, locked onto this part of the Gottwald government policy and failed to nurture economic and political ties with Czechoslovakia.

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[304] Czechoslovakia. Statement of Policy of Mr. Gottwald's Government, 53. The government is referring to the Soviet Union's incorporation of Ruthenia in referring to the Soviet Union becoming Czechoslovakia's neighbor in the Danube Basin. Close ties to the Soviet Union were not a new idea and most political parties in Czechoslovakia as well as President Beneš had supported establishing close ties with both the East and West.

[305] Ibid, (Closing statement by Klement Gottwald to the public abroad. Czechoslovak Press Agency broadcast of statement on July 3, 1946), 64.

The reaction of Steinhardt to the new policies could best be termed as ambivalent. In a report from the American embassy in Prague to Washington, Steinhardt stated that he preferred Gottwald to Fierlinger as Prime Minister of Czechoslovakia.[306] This viewpoint was indicative of that held by many Eastern European experts in the State Department. In a letter from Williamson to Steinhardt, for example, Steinhardt was told that "as long as free elections exist there is a possibility of change, and until there is a coup d'etat which makes democratic government impossible, we shall continue to operate on the principle that Czechoslovakia can be an important aspect in our European policy and may be saved for our concept of Western civilization."[307] This viewpoint would dictate American negotiations over loans and credits to Czechoslovakia for the next two years. The U.S. attached strings to economic aid offers to Czechoslovakia and continually pushed Prague on the issue of compensation for nationalized property. Washington also pressured Prague about the nature and specifics of their policies toward the Soviet Union and tried to make Czechoslovak ties to the Soviet Union a tool for not granting economic assistance in the form of loans and credits.

Despite relative disappointment with the results of the Czechoslovak elections in 1946, the U.S. moved ahead to grant the $50 million surplus credit

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[306] U.S. Department of State, FRUS 1946, Vol. VI., 204-205; Steinhardt to Secretary of State, May 15, 1946, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/5-1546, Folder: Undated Speech by Steinhardt, Steinhardt Papers, 1947. National Archives RG 59, 3-4, Harriman to Secretary of State regarding Foreign Office predictions for outcome of Czechoslovak elections, May 31, 1946, NA. 860F.00/5-3146; and Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 165.

[307] Williamson to Steinhardt, July 1, 1946, Steinhardt Papers. National Archives RG 59 Box 51 NA. 860F.00/7-146, 4; United States Department of State, Bulletin, August 31, 1947, 410.

to Czechoslovakia with very few strings attached, only two days after the Czechoslovak elections. In addition, the Export-Import Bank approved a $20 million cotton credit one day later with a formal agreement signed on July 3, 1946.[308] Granting of these aid packages was a decisive step in the expansion of American-Czechoslovak economic relations. The concessions Czechoslovakia was required to make, however, were the beginning of a policy of economic leverage on which the Truman administration increasingly relied to influence political affairs in Eastern Europe.

Despite State Department consensus that the granting of the $50 million credit was a desirable move, there was disagreement over the terms Czechoslovakia should be granted. William Clayton, for example, favored relatively mild terms, because, he believed the Czechoslovak government should not be discriminated against. Steinhardt and others in the State Department, however, sought a harder line, including measures to insure that Czechoslovakia adhere to the principles it was agreeing to. In the end the U.S. adopted a middle position seeking guarantees over the issue of compensation for nationalized property and adherence to the basic loan terms. Washington decided it should apply the same standards to Czechoslovakia that it was applying to Poland, a country more heavily influenced by the Soviet Union.[309]

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[308] U.S. Department of State, FRUS 1946, Vol. VI., "Granting of a $50 million dollar Surplus Credit to Czechoslovakia," 200-203, FRUS 1946, Vol. VI., "Details of the $20 million Cotton Credit for Czechoslovakia, Note 38, 197, 203-204; Czechoslovak Committee, June 7, 1946, Steinhardt Papers. National Archives RG 59 Box 15557 Lot 122: State Department Files, Steinhardt to Williamson, May 20, 1946, Steinhardt Papers. National Archives RG 59 Box 51 NA. 860F.00/5-2046.

[309] Czechoslovak Committee, June 7, 1946, Steinhardt Papers. National Archives RG 59 Box 15557 Lot 122: State Department Files, Steinhardt to Williamson, May 20, 1946, Steinhardt Papers. National Archives RG 59 Box 51

In the end, Czechoslovakia agreed to "adequate and effective compensation" for nationalized American property. However, the compensation issue remained a major stumbling block. For example, it led the Gottwald government to accuse the U.S. of having made the $50 million credit offer on less favorable terms than credit offers to other countries.[310] The State Department vehemently denied this charge and blamed the Czechoslovaks for the delay of finalizing the credit. As tensions mounted, negotiations for a loan became more strained. The United States delayed the conclusion of the loan agreement, citing as the cause of the holdup, Czechoslovakia's objections to the terms placed on the credit and its own terms for compensation. It became increasingly obvious that the U.S. was taking a harder stance towards loans to Czechoslovakia at this point. According to Geir Lundestadt, "the State Department was definitely preparing for a firm stand. Acheson did, however, point out that the United States would not increase the previous conditions or add new ones."[311]

From September 1946 to January 1947, American economic relations with Czechoslovakia deteriorated considerably. Under the leadership of James

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NA. 860F.00/5-2046, Williamson to Steinhardt, July 14, 1946, NA. 860F.00/7-146, 4-5, Williamson to Steinhardt, August 1, 1946, NA. 860F.00/8-146, 3-4, Williamson to Steinhardt, August 15, 1946, NA. 860F.00/8-1546, 1-5, Steinhardt to Secretary of State and Acting Secretary Acheson to Steinhardt, June 20, 1946, NA. 860F.00/5-2046, Williamson to Hickerson and Riddleberger, July 15, 1946, NA. 860F.51/7-1546; U.S. Department of State, FRUS 1946, Vol. VI., 205-206; Policy and Information Statements, Czechoslovakia, September 9, 1946, James F. Byrnes Papers. National Archives RG 83 NA. 860F.51/9-946, 2.

[310] U.S. Department of State, FRUS 1946, Vol. VI., "Czechoslovak government reaction to terms for granting $50 million credit," 212-213.

[311] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 167.

F. Byrnes and Dean Acheson the U.S. position toward Czechoslovakia became increasingly tense and unfriendly. In a telegram from Byrnes to Acheson regarding $41 million of the $50 million credit still unused by Czechoslovakia, Byrnes told Acheson that he wanted him to:

> "Look into the situation to determine if there might be any way of preventing the unused portion of the credit from being utilized in practice. I do not want to cancel a contract but merely to see to it that we are not making new contracts subsidizing the communist control of Czechoslovakia. I am convinced that the time has come when we shall endeavor by all fair means to assist our friends in Western Europe in the matter of surplus property sales and such other means as are feasible rather than to continue to extend aid to those countries of Eastern Europe at present engaged in a campaign of vilification of the United States and distortion of our motives and policies. Any other course… will not be understood by the American people."[312]

This statement indicates that key American policymakers were pursuing a hard-line policy towards the countries of Eastern Europe. Czechoslovakia was not seen as vital to U.S. interests and policymakers were beginning to view aid to Czechoslovakia and other countries in Eastern Europe as ineffectual.

By September 13, 1946, the U.S. further applied the hard-line economic policy toward Czechoslovakia by summarily suspending all sales of surplus property. By September 28, the State Department informed the Czechoslovak Embassy in Washington that negotiations for disbursement of the $50 million credit were to be suspended, since American motives for granting credits were being misunderstood in Czechoslovakia and the Czechoslovak press had

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[312] Quoted in Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 167; U.S. Department of State, FRUS 1946, Vol. VI., Telegram: "Byrnes to Acheson regarding $41 million of the $50 million credit still unused by Czechoslovakia," 216-217.

inferred that there were ulterior motives for granting of such assistance.[313] The new economic policy had support from Steinhardt and other policymakers in the Central European Division of the State Department. However, it received mixed approval in the Economic Divisions of the State Department. The new policy was a blow for the Economic Divisions, which had carried out most negotiations with Prague, particularly since "Hanč, the Czechoslovak negotiator, had accepted U.S. conditions for the Export-Import Bank loan."[314]

To justify this policy the Truman administration offered three official reasons. First, that this new policy was necessary because no agreement had been reached regarding Czechoslovak compensation for nationalized American property. Second, that a Czechoslovak-Romanian agreement involved the transfer of $10 million of the $50 million surplus credit, which the U.S. had not approved. Finally, that the Czechoslovak press and certain officials had supported claims from the Soviet Union that the United States was attempting, through economic pressure, to dominate the world. Of these reasons only the issue of compensation for American property held any significance or validity.

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[313] U.S. Department of State, FRUS 1946, Vol. VI., 223, including Note 70. For examples of Czechoslovak newspaper articles containing statements the United States found offensive regarding American motives see *Rudé Právo*, the Communist Party paper, *Právo Lidu*, the Social Democratic Party paper, and *Svobodný Zítřek*, the Social Democrats Party weekly. For Czechoslovak newspapers who tended to print favorable articles regarding the motives of the United States see *Svobodné Slovo*, the daily of the National Socialist Party who were the closest rival to the Communist Party in the elections of 1948.

[314] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 168; Riddleberger to Steinhardt, October 3, 1946, Steinhardt Papers. National Archives RG 59 Box 51 NA. 860F.00/10-346, 1-7, Yost to Riddleberger, Kidd, and Jerabek, September 6, 1946, NA. 860F.51/9-646, Steinhardt to Clayton, September 17, 1946, NA. 860F.51/9-1746, Willoughby

The issue of compensation continued to plague American-Czechoslovak relations, since the U.S. was unable to obtain an "acceptable" agreement on the issue. Riddleberger told Steinhardt that the "compensation issue was taking on what would amount to a tactical aspect since it could be used to delay for an indefinite period the extension of the Export-Import Bank credit."[315] Although compensation was stated as a reason for the new policy the third reason may in fact have been the driving force behind the new policy. The actions of the Czechoslovaks at Paris affirmed Byrnes' views of Prague's inability to remain independent of Soviet pressure. Commenting on the actions of the Czechoslovaks a State Department official stated "we do not want to give credits to them and leave ourselves open to the charge of enslaving them through handouts."[316]

Byrnes was convinced that the Soviets were increasingly wielding influence in Czechoslovakia through the communists, who dominated the Czechoslovak government and, therefore, controlled how it voted in international decisions. After observing the actions and voting pattern of the Czechoslovaks, Byrnes sent a telegram to Steinhardt in which he observed: "when they disagree with us on every vote on every treaty it confirms the unfriendly attitude hitherto expressed in the Czechoslovak press."[317] The

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to Wilcox, September 27, 1946, NA. 860F.51/9-2746; Forestall diary, September 25, 1946; U.S. Department of State, FRUS 1946, Vol. VI., 215.

[315] Riddleberger to Steinhardt, October 3, 1946, Steinhardt Papers. National Archives RG 59 Box 51 NA. 860F.00/10-346, 2, Yost to Riddleberger, Kidd, and Jerabek, September 6, 1946, NA. 860F.51/9-646, Willoughby to Wilcox, September 27, 1946, NA. 860F.51/9-2746.

[316] U.S. Department of State, FRUS 1946, Vol. VI., 216.

[317] Ibid, Vol. VI., 233; Riddleberger to Steinhardt, October 3, 1946, Steinhardt Papers. National Archives RG 59 Box 51, NA. 860F.00/10-346, 1; Foreign Policy Reports, February 15, 1947, 276-277; Czechoslovak Committee,

comments of Byrnes are indicative of the growing viewpoint in the Truman administration that the Soviets, vis-à-vis the Czechoslovak communists, were exerting control over Czechoslovakia by late 1946.

The overall state of American-Soviet relations in late 1946 had become increasingly tense. As a result, U.S. policymakers increasingly viewed the actions of Czechoslovakia as evidence of their growing dependence on, and control by, the Soviet Union. In fact, relations had deteriorated so much that Byrnes told Steinhardt in late September that "the situation has so hardened that the time has now come, in the light of the attitude of the Soviet government and the neighboring states which it dominates in varying degrees, when the implementation of our general policies requires the closest coordination. In a word we must help our friends in every way and refrain from helping those who either through their helplessness or for other reasons are opposing the principles for which the United States stands."[318] The U.S. position was curious given the unique position of Czechoslovakia in comparison to other Eastern European countries. Soviet troops were not occupying the country and the communists had worked within the democratic system along with the Social Democrats to gain control of the National Assembly. In fact, up to 1947 the government gave no indication that they were not willing to continue the democratic tradition in Czechoslovakia.

Minutes of Meeting, December 3, 1946, National Archives RG 59 Box 15557 Lot 122, 10; Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 170.

[318] U.S. Department of State, FRUS 1946, Vol. VII., "Byrnes to Steinhardt on state of U.S.-Czechoslovak relations," 223; Riddleberger to Steinhardt, October 3, 1946, Steinhardt Papers. National Archives RG 59 Box 51, NA. 860F.00/10-346, 1-7.

Adoption of a hard-line policy regarding Czechoslovakia in 1946 further strengthened the communist position within Czechoslovakia. At the same time, this policy weakened the political position of moderate parties the U.S. was attempting to bolster. For example, on June 10, 1946 Bruins wrote to Secretary of State Byrnes urging the State Department to downplay calls on the part of the moderates for increased cooperation and aid with Czechoslovakia.[319] The new economic policy pushed Czechoslovakia closer to the Soviet Union, which in turn convinced American policymakers that they were correct in implementing the policy. This became, therefore, a self-fulfilling prophecy as the actions of the Gottwald government became *ex post facto* proof of their unfriendly stance toward the United States.[320]

The American position toward Czechoslovakia hit a low in late 1946 with the decision to suspend all credits to Czechoslovakia. This constituted a further attempt on the part of the Truman administration to use economic leverage as a tool to influence political events in Czechoslovakia in a more "desirable" direction. In addition, it reveals the increasing view among U.S. policymakers of the efficacy of using economic aid as a means of pressuring the Gottwald government. However, it does not demonstrate that American policymakers were ready to abandon economic aid programs to Czechoslovakia completely. In fact, in late 1946 Riddleberger informed Steinhardt that the State Department would be willing to extend credits if the Gottwald government showed "concrete evidences of friendship towards the United States, which would

[319] Bruins to Secretary of State, June 10, 1946, Bruins papers. National Archives RG 59 Box 55 NA. 860F.00/6-1046.
[320] Policy and Information Statements, Czechoslovakia, September 9, 1946, James F. Byrnes Papers. National Archives RG 83 NA. 860F.51/9-946, 10-11;

include some reorientation of its foreign policy as well as an agreement on compensation and commercial policy questions."[321] This statement reveals the further use of economic aid as a means of changing the policies of the Gottwald government to obtain American objectives. However, the American policy of offering aid, suspending aid, and utilizing aid as a tool was viewed by the Gottwald government as evidence of the uncertain, vague, and even hostile nature of U.S. policy toward Czechoslovakia and the communists in particular. Given the divisive nature of using aid as a tool American policymakers, such as Steinhardt and Byrnes, remained divided over the efficacy of a hard-line policy.

America's hard-line policy received criticism from Great Britain. British officials, under the new Labour government of Clement Attlee, were convinced that U.S. policies failed to recognize the differences among the various countries of Eastern Europe. The British recognized that Czechoslovakia could not be viewed as being under the control of the Soviet Union. The British saw in Czechoslovakia a chance to develop ties that did not exist in other Eastern European countries. Lord Inverchapel, for example, told Dean Acheson that rather than ostracizing Czechoslovakia the United States and Britain should attempt to develop closer ties and reinforce ties that already existed.[322] Eventually the U.S. began to act on British criticisms. In October 1946, Byrnes

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Czechoslovak Committee, Minutes of Meeting, December 3, 1946, National Archives RG 59 Box 15557 Lot 122, 3-5.

[321] Riddleberger to Steinhardt, October 3, 1946, Steinhardt Papers. National Archives RG 59 Box 51, NA. 860F.00/10-346, 2.

[322] Ibid, 1-5, especially, 1-2, Willoughby to Wilcox, September 27, 1946, NA. 860F.51/9-2746, Memo of Conversation, Acheson-Lord Inverchapel, October 21, 1946, NA. 840.50 Recovery/10-2146, Folder: Memoranda 1946, Bevin to Byrnes, May 16, 1946, NA. Mathews File, Box 2.

agreed to allow the British sale of aircraft to Czechoslovakia. This was more an attempt to relieve British concerns than an actual reversal in policy.

By November the U.S. position was affirmed when the State Department stopped a $10 million credit from the British surplus to Czechoslovakia.[323] The failure of Steinhardt to secure the disputed Export-Import loan in late 1946 indicates that American policy had not softened toward Czechoslovakia. Byrnes was responsible for implementing any modification in U.S. policy and he showed no indication he was leaning in that direction. "For the Secretary of State the international picture was most important. Czechoslovakia would have to change its foreign policy orientation to qualify for any economic aid from the United States."[324] By 1947 the U.S. position had become increasingly firm and showed no signs of being softened.

In 1947 the Nagy government in Hungary "fell" making a reappraisal of American policy toward Eastern Europe essential. According to Geir Lundestadt, "despite dislike of Prague's policies Washington had to recognize that they stood out from those of other capitals in the region. Czechoslovakia was not yet considered to be behind the Iron Curtain."[325] Based upon

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[323] U.S. Department of State, FRUS 1946, Vol. VI., "Stoppage of $10 million credit from British surplus to Czechoslovakia," 235; Forestall diary, August 15, 1947, "British aid to Czechoslovakia in 1947."

[324] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 173; Riddleberger to Steinhardt, December 2, 1946, Steinhardt Papers. National Archives RG 59, NA. 860F.00/12-246, 6; Czechoslovak Committee, Minutes of Meeting, December 3, 1946, National Archives RG 59 Box 15557 Lot 122, 7; U.S. Department of State, FRUS 1946, Vol. I., "UK Ambassador Harriman to Secretary of State on Czechoslovakia's role in the ITO negotiations," 1347, FRUS 1946, Vol. I., "ITO Negotiator Wilcox to Secretary of State," 1347.

[325] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 173; U.S. Department of State, FRUS 1947, Vol. IV., 201-203, 206-208;

Steinhardt's assessments, in early 1947, American policymakers were fairly confident that Czechoslovakia would not go the route of Hungary. In fact, Steinhardt pointed to several key distinctions to support his position. First, there were no Soviet troops in Czechoslovakia, as there were in Hungary. Second, the moderate political parties remained fairly strong despite the majority of the communists and social democrats in the National Assembly. Finally, it had become clear that moderates, even within the Communist Party, were gaining ground. On June 19, 1947, Steinhardt reported that "while a few communist leaders are unquestionably prepared to take their orders from Moscow I would doubt that others or a vast majority of the party would approve of or even submit to seizure of the government on instructions from Moscow."[326]

Steinhardt's assessment and positive actions on the part of the Gottwald government, led to a softening of American policy toward Czechoslovakia in 1947. For example, the U.S. indicated their willingness to grant an additional $20 million cotton credit and some minor and specific Export-Import Bank credits. Unfortunately, when Czechoslovakia failed to show interest at just the right time nothing materialized.[327] In March 1947, negotiations resumed on

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Leahy diary, February 26, 1947; Steinhardt to Williamson, March 5, 1947, Steinhardt Papers. National Archives RG 59 Box 85, NA. 860F.00/3-547.

[326] U.S. Department of State, FRUS 1947, Vol. IV., 201-203, 212-213; Undated Speech By Steinhardt, Steinhardt Papers. National Archives RG 59 1947 Folder, 15-17; U.S. Department of State, National Archives RG 59 Embassy Telegrams: "Prague to Washington," 860F.00/1-747, 860F.00/2-547, 860F.00/3-1347, 860F.00/5-1647, and 860F.00/7-147.

[327] U.S. Department of State, FRUS 1947, Vol. IV., 196, 204, 214-216, 242; Bruins to Steinhardt, March 19, 1947, Steinhardt Papers. National Archives RG 59 Box 54 NA 860F.51/3-1947, Havlik to Clayton, February 10, 1947, NA

practical details for Czechoslovak compensation for nationalized property. Although nothing resulted from these discussions, and no economic assistance was actually given, these events are indicative of an improvement in American-Czechoslovak relations in early 1947. A contributing factor to improved relations was the fact that Czechoslovakia had "compiled compensation figures for nationalized American property with all of the conditions initially laid down by the United States for an Export-Import Bank credit."[328] Therefore, in March-April 1947 the Economic Divisions in the State Department took the initiative in a reconsideration of the U.S. attitude on aid to Czechoslovakia.

Steinhardt, however, still opposed loosening of American policy towards Czechoslovakia. Steinhardt believed that it had been hard-line policies that had secured gains from the Gottwald government, and he argued that maintaining the hard-line policies would net further concessions. The Joint Chiefs of Staff also favored the continuation of hard-line policy arguing that extending aid to Czechoslovakia, or any Eastern European country, would be counterproductive, since these were "countries which very probably cannot in the foreseeable future be removed from predominant Soviet influence."[329] Based on these suggestions the Truman administration decided that no change in policy would be considered. Given cooperation from the Czechoslovak government and the fact that Prague had met all of the conditions set out in the initial loan agreements the decision to maintain a restrictive economic policy toward Czechoslovakia was shortsighted.

860F.51/2-1047, 1, Bruins to Steinhardt, June 13, 1947, NA. 860F.00/6-1347. John Bruins was in charge of the United States Embassy in Prague in 1947.

[328] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 175.

[329] U.S. Department of State, FRUS 1947, Vol. I., 735-736, 737-738, 749.

One reason Czechoslovakia did not actively pursue economic assistance from the U.S. in 1947 was that they had decided to gain economic support from the World Bank. In February 1947, Czechoslovakia applied to the World Bank for a $350 million loan. Although the World Bank was theoretically an international institution funding for it came primarily from the United States. In the end Czechoslovakia was denied the loan, because of American control over the World Bank. According to Geir Lundestadt, "although the World Bank was an international institution and more independent of the State Department than the Export-Import Bank, the United States still had considerable influence over it. Therefore, even the World Bank's lending policy was soon directed primarily toward Western Europe. Ultimately, Eastern Europe and Czechoslovakia received nothing."[330] The failure of the U.S. to encourage Czechoslovakia's closer contact with the West undermined the very moderate elements it sought to back in Czechoslovakia. The Czechoslovak economy was industrialized and could not function effectively without close trade with the West. Without credits these connections could not be established. The communists viewed American policies as a clear indication that they were practicing the Dollar Diplomacy the Soviets had accused the Americans of.

The policies of the Gottwald government were a continuing bone of contention with the Truman administration. American officials argued that Czechoslovakia was sacrificing too much in an effort to please the Soviets. For

[330] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 176; U.S. Department of State, FRUS 1947, Vol. IV., "Details of the World Bank denial of $350 million loan to Czechoslovakia," 204, 214-215, 243; William Diebold Jr., "East –West Trade and the Marshall Plan," Foreign Affairs, (July 1948), 721; Richard N. Gardner, Sterling Dollar Diplomacy, 296; Undated Steinhardt Speech, Steinhardt Papers. National Archives RG 59 Snyder Papers: 1947 Folder, 12-13.

example, there was little or no criticism of the Soviet Union in the press. Several agreements providing for political and economic cooperation were signed with the Soviet Union, while few advances were made toward the West.[331] The single most disturbing policy of the Czechoslovak government was its emphasis on state planning and ownership. Although this was a policy supported by most of the major parties in Czechoslovakia, it was construed as a clear indication of Soviet influence in Czechoslovak affairs.[332] The policies of the Gottwald government led U.S. policymakers to conclude that no significant economic aid should be granted to Czechoslovakia since communist influence was still too strong. "American policymakers did not think that Moscow gave direct orders or interfered directly in Czechoslovak affairs, but from Washington's point of view this only made matters worse as it implied that Prague's disagreeable policies were pursued from conviction."[333]

Decline of the $350 million loan from the World Bank, American resistance to grant credits, and the fact that UNRRA aid would come to an end no later than early 1948 left the economic future of Czechoslovakia uncertain.

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[331] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 177; U.S. Department of State, FRUS 1947, Vol. II., 379-380, 812; Byrnes to Embassy in Prague, December 23, 1946, James F. Byrnes Papers. National Archives RG 83 NA. 860F.00/12-2346, 1-2, 4-5.

[332] U.S. Department of State, FRUS 1947, Vol. IV., 214-215, FRUS 1947, Vol. IV., 206-209; Steinhardt to Secretary of State, May 29, 1946, Steinhardt Papers. National Archives RG 59 NA. 860F.50/5-2946; Policy and Information Statements, Czechoslovakia, September 9, 1946, James F. Byrnes Papers. National Archives RG 83 NA. 860F.51/9-946, 10.

[333] Geir Lundestadt, The American Non-Policy Towards Eastern Europe, 1943-1947, 177. Citing Stevens to Bohlen, June 12, 1947, Steinhardt Papers. National Archives RG 59 1947 Folder NA. 860F.00/6-1247, Conference at Embassy with Ambassador and Staff, May 16, 1947, 1947 Folder NA. 860F.00/5-1647, 7, Steinhardt to Secretary of State, May 16, 1947, NA. 860F.00/5-1647, 2-3.

On June 4, 1947, however, Secretary of State George C. Marshall, who replaced Byrnes in 1947, gave his famous Marshall Plan speech at the commencement ceremony at Harvard University. The European Recovery Program would prove to be the next test of American-Czechoslovak relations.

By 1947 the economic picture in Czechoslovakia remained precarious as trade with the Soviet Union and West had failed to revive the economy. Reviving the Czechoslovak economy, therefore, would require a substantial loan. As Czechoslovakia's main ally, the Soviet Union was not in a position to offer substantial economic aid. The Soviet economy was still feeling the devastating effects of the war. "Even in supplying raw materials to Czechoslovak factories, such as cotton and crude oil, the Soviets were of little help. More often than not, the staples offered proved unsuitable for processing in Czechoslovak factories whose machinery was usually geared to raw materials of a different and higher grade."[334] Trade with the West was also limited. Great Britain was still in an economic crisis, Germany who had been a key prewar trading partner had been devastated, and the United States usually attached special conditions and terms to loans or credits that were too harsh or intrusive for Czechoslovakia to accept.

In the midst of this economic crisis Marshall introduced his famous Marshall Plan. Initially the Marshall Plan was offered to all countries of Europe without distinction. The Gottwald government, therefore, accepted the invitation to attend the Paris conference on July 8, 1947. Within two days, however, the Czechoslovaks rescinded their initial acceptance. Czechoslovakia's retraction has been seen as evidence of Soviet influence over

[334] Walter Ullman, The United States in Prague, 1945-1948, (New York and Boulder: Columbia University Press, 1978), 75.

Czechoslovakia. The fact that Czechoslovakia accepted the invitation and then declined after Beneš and Gottwald's trip to Moscow convinced U.S. policymakers that the Soviet Union was exerting influence over Czechoslovakia.

To ascertain whether the Soviets forced Czechoslovakia to reject the invitation it is necessary to examine American, as well as Czechoslovak sources. Czechoslovak sources, for example, indicate that the Czechoslovak government initially discussed the question of participating on June 24, 1947.[335] By July 4, 1947, the government had decided in principle that they should take part in the Marshall Plan. A key actor in the Czechoslovak decision was Jan Masaryk. Masaryk favored the Marshall Plan if its aim was to unite Europe and he opposed the plan if it would serve as a divisive force.[336] Czechoslovak sources, therefore, indicate that the government, including the communists, was

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[335] Rudolf Jičín, Karel Kaplan, Karel Krátký, and Jaroslav Šilar, Československo a Marshallův plán: Sborník dokumentů, Zápis o tajné Části 93. schůze vlády ČSR [Text of meeting] June 24, 1947 (Sešity Ústavu pro Soudobé Dějiny AV ČR Svazek 1, 1992), 13-16. See in particular the comments by Vládimir Clementis on the failure of UNRRA aid alone to improve the Czechoslovak economy and the desirability of participating in the European Recovery Program.

[336] "Details of Jan Masaryk's role in the initial Czechoslovak decision to attend the Paris conference and views on the Marshall Plan," Archiv Předsednictva Vlády [Archive of the Prime Minister's Office], Protocols of the 95th sess. of the Czechoslovak government, July 4, 1947; J. Belda, et al., "K Otázce Účasti Československa na Marshallové Plánu" [Concerning the Question of Czechoslovakia's Participation in the Marshall Plan] Revue dejin socialismu. (1968); Rudolf Jičín, Karel Kaplan, Karel Krátký, and Jaroslav Šilar, Československo a Marshallův plán: Sborník dokumentů, Zápis o tajné Části 93. schůze vlády ČSR [Text of meeting] June 24, 1947 (Sešity Ústavu pro Soudobé Dějiny AV ČR Svazek 1, 1992), 22; Report of the United States Ambassador to Norway, Bay, to the Secretary of State: Bay to Secretary of State, June 27, 1947, National Archives RG 59 NA. 860F.00/6-2747.

willing to accept the invitation despite the fact that the Soviet Foreign Minister Molotov had already declined.

Masaryk was aware of the Soviet withdrawal and approached the Soviet *Chargé d'affairs*, Bodrov, to ascertain the reason behind the decision. According to Masaryk, the Soviets withdrew because "they saw in the Marshall Plan an instrument of American interference in the internal affairs of European countries by means of the Plan's steering committees."[337] Czechoslovak acceptance of the offer was essentially an economic decision despite growing political implications.

Following Masaryk's discussions with Bodrov the Czechoslovak government sent a delegation to Moscow to discuss a proposed Franco-Czechoslovak treaty and various economic questions to which participation by Czechoslovakia in the Marshall Plan was added. At this meeting Stalin impressed upon Gottwald, Masaryk and the rest of the delegation that the Soviet Union had a negative view of the Marshall Plan and of Czechoslovak participation. After this meeting the delegation sent a telegram to Prague on July 10, 1947,[338] indicating that the Soviets were surprised by the Czechoslovak decision to accept the invitation to attend the Paris Conference, especially in light of the fact that the Yugoslav, Polish, and Romanian governments had all

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[337] Archiv Předsednictva Vlády, Protocols of the 96th sess. [Extraordinary and Secret], July 10, 1947; Walter Ullman, The United States in Prague, 1945-1948, 76; Miroslav Bouček, Praha v Únoru, 1948, o práci Pražské stranické organizace v únorových 1948. [Prague in February 1948: About the Work of Political Organizations in Prague in February 1948] (Nakladatelství Politické Literatury, 1963), 15-16, 30.

[338] Rudolf Jičín, Karel Kaplan, Karel Krátký, and Jaroslav Šilar, Československo a Marshallův plán: Sborník dokumentů, Zápis o tajné Části 93. schůze vlády ČSR [Text of meeting] June 24, 1947 (Sešity Ústavu pro Soudobé Dějiny AV ČR Svazek 1, 1992), 57-58.

consulted with Moscow first.[339] This telegram is crucial to understanding whether the Czechoslovak decision was made freely or whether the Soviet Union forced the Czechoslovak government to rescind its acceptance. The document suggests that the decision was, in fact, made freely.

In the telegram the representatives indicated that Moscow would see participation as proof that Czechoslovakia had allowed itself to be used as a tool against the Soviet Union. The Soviets had told the Czechoslovak delegation that the real intention of the Marshall Plan was the formation of a Western bloc and the isolation of the Soviet Union. The Soviets viewed the Marshall Plan as a vehicle for the U.S. to influence the politics of its participants. Based on these views the Soviet Union would view acceptance by Czechoslovakia as an unfriendly move. Given the Soviet position the delegation asked Beneš to call the remaining members of the government into session to decide whether to rescind. Nothing in the telegram itself indicates that the Soviet Union ordered Czechoslovakia to rescind, but merely that participation could be seen as an act hostile to the interests of the Soviet Union.[340]

Upon receipt of the telegram, Beneš called a cabinet meeting to discuss the position of Czechoslovakia's participation. Cabinet meeting records indicate that the ministers present were split over whether to accept the

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[339] Telegram: "Gottwald, Masaryk, and Drtina, the Minister of Justice to Beneš and the Czechoslovak Government, July 10, 1947," [Enclosure to the 96th sess. of the Government, July 10, 1947]; Rudolf Jičín, Karel Kaplan, Karel Krátký, and Jaroslav Šilar, Československo a Marshallův plán: Sborník dokumentů, Zápis o tajné Části 93. schůze vlády ČSR [Text of meeting] June 24, 1947 (Sešity Ústavu pro Soudobé Dějiny AV ČR Svazek 1, 1992), 58-64.

[340] Rudolf Jičín, Karel Kaplan, Karel Krátký, and Jaroslav Šilar, Československo a Marshallův plán: Sborník dokumentů, Zápis o tajné Části 93. schůze vlády ČSR [Text of meeting] June 24, 1947 (Sešity Ústavu pro Soudobé Dějiny AV ČR Svazek 1, 1992), 59-62.

invitation to attend despite the position taken by the Soviet Union. Even the non-communist members, however, were not willing to risk insisting upon acceptance. Unlike the communists and the Fierlinger group the non-communists insisted upon getting to the root of the matter rather than simply accepting the position of the Soviet Union. Jaroslav Stránsky, the National Socialist Minister of Education, for example, insisted that a "thorough consideration of the whole matter" was necessary in view of the fact that the original decision to accept had been made after Molotov left Paris and "nothing had prevented the Soviet Union to make known its own point of view."[341] Despite support for the original decision Fierlinger took it upon himself to defend Bodrov's behavior. Fierlinger argued that Bodrov could not simply tell the Czechoslovaks not to go. The Czechoslovaks would have viewed this as highly offensive.[342]

Václav Kopecký, the Communist Party Minister of Information, also argued for rescinding the original acceptance, stating that he was doubtful that the Marshall Plan had economic importance and that Czechoslovakia's non-participation might be an effective weapon against Western attempts to isolate the Soviet Union. Support for participation came from the Slovak Democrats and other moderate parties. For example, Ján Ursíny, the Vice-Premier from

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[341] Telegram by Gottwald, Masaryk, and Drtina, the Minister of Justice to Beneš and the Czechoslovak government, July 10, 1947; Rudolf Jičín, Karel Kaplan, Karel Krátký, and Jaroslav Šilar, Československo a Marshallův plán: Sborník dokumentů, Zápis o tajné Části 93. schůze vlády ČSR [Text of meeting] June 24, 1947 (Sešity Ústavu pro Soudobé Dějiny AV ČR Svazek 1, 1992), 70; Walter Ullman, The United States in Prague, 1945-1948, 78.

[342] Rudolf Jičín, Karel Kaplan, Karel Krátký, and Jaroslav Šilar, Československo a Marshallův plán: Sborník dokumentů, "Fierlinger's defense of Bodrov," Zápis o tajné Části 93. Schůze vlády ČSR [Text of meeting] June 24, 1947 (Sešity Ústavu pro Soudobé Dějiny AV ČR Svazek 1, 1992), 76-77.

the Slovak Democrats, stated that the original decision to accept was based upon economic and political considerations. He further argued that commercial contacts with an industrialized West were a necessity, since Czechoslovakia was primarily an industrialized state. Jan Kopecký, the Minister of Transport and member of the Catholic Peoples Party believed that the government should have attended. Kopecký argued that such an action would not be inconsistent with the treaty with the Soviet Union. Kopecký stated that he "found it necessary to add that since Moscow had not agreed to Czechoslovakia's participation, it was important to find a solution with honour."[343]

Steinhardt's assessment of the actions of the Czechoslovak government was based on twelve factors that he considered "powerful instruments of persuasion over Czechoslovakia now in possession of the Soviets."[344] Steinhardt believed the Soviets had the potential to exert more influence in Czechoslovakia than they had ever had. Steinhardt told Riddleberger that his Embassy would be "particularly vigilant in watching for any signs of increased Soviet pressure, especially in respect to the more thorough carrying out of communist policies within the framework of the present National Front government, the communist attempts to weaken their opponents and purge their ranks, and finally in any attempt to prepare the ground for a communist coup d'etat."[345] Steinhardt claimed to have expected the Czechoslovak reversal once

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[343] Ibid, 81.
[344] Steinhardt to Secretary of State, July 15, 1947, Steinhardt Papers. National Archives RG 59 Reel 25, "Steinhardt's Twelve Factors of Soviet Control over Czechoslovakia," NA. 860F.00/7-1547.
[345] Steinhardt to Riddleberger, July 15, 1947, Steinhardt Papers. National Archives RG 59 Reel 25, NA. 860F.00/7-1547.

the delegation traveled to Moscow. He informed Riddleberger of such and stated it was time to review U.S. policy.[346]

Within six days Steinhardt advised the State Department to develop new policies towards Czechoslovakia. He wanted the U.S. to propose a cultural convention to the Czechoslovak government and have the War Department adopt a conciliatory attitude in the upcoming negotiations concerning payments for Czechoslovak exports and imports across the U.S. zone of Germany. Both were designed to show that the U.S. had not abandoned Czechoslovakia and that they would not have to rely solely on the Soviet Union for economic aid. Steinhardt's proposals contained hard-line elements, arguing that the U.S. should "avoid making contribution towards protecting the economy of Czechoslovakia from deteriorating, as long as the government permits itself to be used as an instrument of Soviet policy, and continues to stake the improvement of its economy on Soviet promises to deliver raw materials."[347]

When Dr. Hanč, the counselor of the Czechoslovak Embassy in Washington, met with Francis Williamson and Harold Vedeler, of the Central European Division of the State Department, in late July the issue of the Czechoslovak decision was raised. According to Walter Ullman, Hanč told the Americans "the Czechoslovak government was not to be blamed entirely for the withdrawal of its acceptance."[348] He implied that Soviet pressure on Czechoslovakia was so great that it could not be withstood. Hanč believed that some good might come of it, since "this action along with other developments

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[346] Ibid.

[347] Steinhardt to Secretary of State, July 22, 1947, Steinhardt Papers. National Archives RG 59 Reel 25, NA. 711.60F/7-2247; Walter Ullman, The United States in Prague, 1945-1948, 81.

[348] Walter Ullman, The United States in Prague, 1945-1948, 104.

within Czechoslovakia, would decrease the communist influence at the next election."[349] The validity of these statements is unclear, since Hanč was not present with the Czechoslovak delegation in Moscow and was not privy to all of the inner workings of the Gottwald government.

This statement runs counter to those made by Jan Masaryk on August 2, 1947, in an interview with James H. Long of the Associated Press. Steinhardt discredited Masaryk's comments, however, calling them "disingenuous". The part of Masaryk's statement that upset Steinhardt the most was his assertion that he and Gottwald realized even before their talks with Stalin and Molotov in Moscow that given the existing circumstances their original decision to go to Paris had to be reverted. Steinhardt commented that, "this realization had not dawned on them before they left Praha… originally neither Masaryk nor Gottwald was even scheduled to go to Moscow; only Hubert Ripka, Minister of Foreign Trade, was to journey to the Soviet capital to discuss Soviet-Czechoslovak economic relations. Only when the issues of the Franco-Czechoslovak Treaty and Czechoslovak participation at the Paris conference came up that Gottwald and Masaryk came into the picture."[350]

Steinhardt's criticisms extended to the reactions of the non-communists in the Czechoslovak government. Petr Zenkl, Vice-Premier and head of the National Socialist Party, was one of the individuals Steinhardt singled out. Steinhardt noted that the initial reaction of Zenkl had been one of surprise and humiliation and members of both the National Socialist and Catholic Peoples

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[349] Memorandum of Conversation between Hanč and Williamson, Vedeler (and other United States Officials), July 29, 1947, Steinhardt Papers. National Archives RG 59 NA. 860F.00/7-2947.

[350] Steinhardt to Secretary of State, August 4, 1947, Steinhardt Papers. National Archives RG 59 Reel 25, NA. 860F.00/8-447.

Party had even begun to develop plans for leaving Czechoslovakia and setting up a government-in-exile. In August 1947, Steinhardt received two reports from John Bruins, his counselor in Prague, and Harold Vedeler. Vedeler's report indicated that the recent turn of events had "produced a great impact on certain divisions of the [State] Department… who seemed to attach as much importance to this as to Munich."[351] Vedeler told Steinhardt that in his view the two divisions who had exaggerated the importance of the Czechoslovak decision to withdraw from the Paris conference were the Division of Research for Europe and the Division of Investment and Economic Development. According to Vedeler, the consensus view in the Central European Division was that:

> 1) The Czechs had hedged from the beginning their acceptance of the invitation… making it possible for them to withdraw if it should appear advisable; 2) the Czech action was in keeping with the previous submissive character of their foreign policy; 3) the retraction was a logical corollary sooner or later of the Soviet withdrawal from discussions of European economic cooperation and 4) it seemed a natural accompaniment to the increasing number of mutual aid pacts, cultural agreements and comprehensive economic agreements which are binding Czechoslovakia ever more closely to the Soviet Union and its satellites.[352]

In November, Jan Masaryk traveled to the United States to discuss Czechoslovakia's claim to a share of the gold pool taken by Germany during the war from occupied nations. During these talks Marshall raised the issue of the Czechoslovak decision not to participate in the Marshall Plan talks. In

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[351] Vedeler to Steinhardt, August 12, 1947, Steinhardt Papers. National Archives RG 59 Reel 25, NA. 860F.00/8-1247. Quoted in Walter Ullman, The United States in Prague, 1945-1948, 83.

response to questions form Marshall, Masaryk stated that Czechoslovakia was not always in a position to choose the course of action they might want. Czechoslovakia's policy decisions frequently had to take into account its long-term interests. Marshall indicated that he understood that Czechoslovakia had originally wished to join the Marshall Plan and that he hoped economic trade between the two countries would continue.

Marshall explained to Masaryk that the aim and purpose of the Marshall Plan was to get normal trade started again and despite Soviet claims to the contrary it would increase, rather than retard, the volume of trade between East and West. The Czechoslovak government did not reverse their decision, but Gottwald reassured Masaryk that the decision to not participate would not preclude the continuation of American-Czechoslovak economic relations. Masaryk remarked to Marshall that he admired the U.S. effort to assist Europe and he expressed regrets that Czechoslovakia could not participate.[353]

The Czechoslovak decision not to participate further pushed Czechoslovakia towards the Soviet Union and isolated Czechoslovakia from the West. The decision reinforced the Communist Party's position and reinforced the viewpoint among American policymakers that Czechoslovakia had moved solidly into the Soviet orbit. Based on this viewpoint the U.S. increasingly took a hard-line stance toward Czechoslovakia diminishing the hopes of establishing normal and substantial trade.

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[352] Vedeler to Steinhardt, August 12, 1947, Steinhardt Papers. National Archives RG 59 Reel 25, NA. 860F.00/8-1247.

[353] Memorandum: "Conversation between Masaryk and Marshall regarding future of American-Czechoslovak relations, November 14, 1947," Steinhardt Papers. National Archives RG 59 NA. 860F.51/11-1447.

The U.S. position following the Czechoslovak decision not to participate had the opposite effect than Washington had wanted. Although the U.S. left the opportunity for some form of trade with Czechoslovakia open, the chances for substantial economic assistance and economic ties between the two nations had been lost. Washington decided to devote its resources to the economic aid of the nations who chose to participate in the Marshall Plan, rather than devoting economic aid to countries, which it viewed as being under Soviet influence. Following the decision not to participate Czechoslovakia became a pawn in the ideological division of Europe between East and West. The U.S. viewed Czechoslovakia as under the control of communist forces and Czechoslovakia became, in the minds of many American policymakers, just another Soviet satellite. In essence these events shattered Beneš' hopes of Czechoslovakia serving as a bridge between East and West.

In the next Chapter Czechoslovak political developments from 1946 to the communist *coup d'etat* in February 1948 are examined. This Chapter reveals the failure of key U.S. policymakers, such as Steinhardt, to accurately assess the strength of the communist and leftist parties, as well as the relative weakness of the non-communist parties in Czechoslovakia. It also reveals how American attempts to bolster moderate forces in Czechoslovakia were ultimately hindered by the use of economic aid as a political tool.

Chapter Five

Czechoslovak Politics and the Communist Assumption of Power 1946-1948

Following the refusal of Czechoslovakia to participate in the European Recovery Program the strength of the Czechoslovak Communist Party grew, as Western influence waned. To understand the events of February 1948 it is necessary to trace the developments in Czechoslovak politics from the 1946 elections, when the Communist Party first gained enough votes, along with the Social Democratic Party, to form a coalition government in the National Assembly. The communist *coup d'etat*, as it has been called, was not an isolated political event, but rather the result of years of political developments. To better understand the events of February 1948, therefore, this chapter will focus on internal political developments in Czechoslovakia from 1946-1948.

In May 1946, the Czechoslovaks held their first postwar elections. American involvement in these elections was as an interested spectator. The U.S. had an interest in seeing the moderate forces in Czechoslovakia do well, but had little power to sway the actual results. Steinhardt was the point man for the United States. Steinhardt was, theoretically, closest to the situation and should have had his finger on the pulse of the political situation in Czechoslovakia. However, Steinhardt proved to be more attuned to the moderates than to the actual strength of the communists and other leftist parties in Czechoslovakia. In a letter to Dulles on December 26, 1945, Steinhardt maintained his earlier prediction that the communists would lose influence and stated that the communists might only get 20 percent of the vote. "If my forecast is reasonably accurate they [the communists] are almost certain to lose two and perhaps three key posts in the government… It would, therefore, be

prudent to press American claims against Czechoslovakia after the elections, when they stand a better chance of being honored than at the present time."[354]

Two weeks before the elections Steinhardt had not changed his predictions and saw the chance for the moderate parties to gain ground in the elections. In a letter to the secretary of state on May 15, 1946, Steinhardt provided statistics as to how he saw the results of the elections turning out. According to Steinhardt, the Constituent Assembly after the elections would result in a moderate majority:

> "A Constituent Assembly so constituted would be controlled by the moderates with 171 votes out of 300 as against the radicals, including 39 Social Democrats, with 129 votes of which not more than 20 Social Democrats could be relied upon to support radical measures... at least half of the Social Democrats elected should be regarded as just as moderate as the National Socialists in view of the fact that the Social Democrats consist of left and right wing factions."[355]

Steinhardt argued that these were the most favorable results the Communist Party and other leftist parties could expect. It is hard to determine just how Steinhardt arrived at these figures, but the most probable answer is that he arrived at these figures based upon his contact with members of the non-communist parties. The U.S. embassy in Prague had contacts among ranking politicians of various non-communist parties of whom Dr. Petr Zenkl, chairman of the National Socialist Party and one time vice-premier, was the most

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[354] Steinhardt to Dulles, December 26, 1945, Steinhardt Papers. National Archives RG 59 Reel 24, NA. 860F.00/12-2645; Walter Ullman, The United States in Prague, 1945-1948. (Boulder and New York: East European Quarterly and Columbia University Press, 1978), 50.

[355] Steinhardt to Secretary of State, May 15, 1946, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/5-1546.

prominent. Regardless of where Steinhardt arrived at these figures he never swayed from them even on the eve of the elections.

Steinhardt wrote to Byrnes the day before the elections that President Beneš and Foreign Minister Masaryk had secured an agreement with the Soviets that troop movements through Czechoslovakia would be postponed until after the elections. Steinhardt viewed this as a major development in strengthening the chances of the moderates at the polls.[356] Steinhardt was clearly out of the loop in terms of the actual strengths of the moderate and non-communist parties. Steinhardt also underestimated support for the Communist Party. Without placing blame on Steinhardt it is necessary to recognize that his knowledge of Czechoslovak political affairs left a lot to be desired.

The election results were a major surprise to Steinhardt and American policymakers. Steinhardt's predictions were smashed as the Communist Party in Bohemia and Moravia took 38 percent of the vote, or 114 seats rather than the 89 seats. The National Socialists took 55 seats as opposed to the 65 seats. The Catholic Peoples Party took 46 seats rather than 55. And the Social Democratic Party took 37 seats as opposed to 39. The results in Slovakia were equally disappointing for Steinhardt. The Communists Party took 21 seats rather than 16, the Social Democrats took 43 seats instead of 50, the Freedom Party took 3 seats rather than 1, and the Labor Party took 2 seats.[357]

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[356] Steinhardt to Secretary of State, May 23, 1946, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/5-2346.

[357] Steinhardt to Secretary of State, May 15, 1946, Steinhardt Papers. National Archives RG 59 Reel 24, "Anticipated results of the Czechoslovak Elections," NA. 860F.00/5-1546, Steinhardt to Secretary of State, June 4, 1946, "Results of the Czechoslovak Elections," NA. 860F.00/6-446; Victor S. Mamety and Radomír Luža, A History of the Czechoslovak Republic, 1918-1948. (Princeton, N.J.: Princeton University Press, 1973), 403-405.

The results were not what the U.S. hoped for. However, the results were not as decisive as the communists hoped they would be. Despite missing the mark with his predictions, Steinhardt was not willing to concede that all was lost for the moderates in Czechoslovakia. According to Walter Ullman, he clung to his previous contention that the democratic parties would have the edge since the Social Democrats would split their vote. "Perhaps the most interesting, while at the same time the most important result of the election, will be the struggle for control of the Social Democratic Party, in which there is a strong difference of opinion between the left wing and the right wing."[358] Although Steinhardt failed to accurately gauge the strength of the communists, he accurately predicted the schism among the Social Democrats.

Reactions in Washington, to the election results, were more pessimistic than that of Steinhardt. For example, Averell Harriman wrote from London that the British Foreign Office was surprised that the Communist Party had received 38 percent of the vote rather than the 31 percent predicted. Harriman agreed with the British assessment that the cause of the non-communists lackluster results at the polls was due in a large part to their failure to develop effective countermeasures to the very effective anti-American and anti-British propaganda deployed by the leftist parties.[359] Criticism also fell on the shoulders of Beneš. In a report from the Office of Strategic Services, Beneš was accused of poor leadership. The report stated, "Bitter disappointment over the outcome of the elections has increased the sharpness of criticism of the

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[358] Steinhardt to Secretary of State, May 27, 1946, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/5-2746; Walter Ullman, The United States in Prague, 53.

[359] Harriman to Secretary of State, May 31 1946, National Archives RG 59 NA. 860F.00/5-3146.

leadership of Benes [sic] on the part of the National Socialists and the Catholic People's Party. Even at the cost of the vitally needed leadership critics hold that Beneš has elevated the presidency to a mere political symbol. Since the liberation, he has never utilized his great following among the people to give positive direction and leadership."[360]

John Bruins, Steinhardt's counselor, did not share his assessment that outside forces did not play a role in the elections. To Bruins the announcement one week prior to the elections that units of the Red Army would be moving through Czechoslovakia from Austria to the Soviet zone of Germany had a significant impact on people's choices at the polls. "The announcement served as a reminder to the people that their country was virtually surrounded by Soviet forces and may have caused some timid voters to cast their ballots for the communists."[361]

Bruins believed that Gottwald would bring the Slovak Democrats into the new government despite the hatred the Communist Party leadership felt for many in the Slovak Democratic Party. Gottwald, for example, had accused certain members of the party of having ties to the fascist government of Tiso in Slovakia during the war. In fact, some members of the party were implicated and subsequently resigned after an investigation revealed that some members had indeed been connected to the Tiso regime. Whether these connections posed an actual threat to Czechoslovakia, or not, Gottwald used this information to force their resignation and rid himself of political opponents. Bruins

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[360] Walter Ullman, The United States in Prague, 55; National Archives, Office of Strategic Services Records, Modern Military Records Division, OSS Intelligence Report No. 269008, June 1, 1946, RG 319.

concluded that "the dominance of the [C]ommunists makes it far from certain that the results of the election will be translated into a government of the National Front or into a redistribution of local control in accordance with democratic principles."[362] Bruin's disdain for the Communist Party was evident in a letter to Byrnes on June 10, 1946, urging the State Department to downplay calls on the part of moderates for increased cooperation and aid with Czechoslovakia. Bruins stated that in view of the moderates poor showing at the polls the U.S. "may well adopt a cooler attitude towards humanitarian relief and loans to Czechoslovakia as long as the present degree of communist control continues."[363]

Despite their success in 1946, the Communist Party was careful not to take actions that would completely isolate the United States. Gottwald understood that economic ties with the West were necessary to facilitate the reconstruction of the Czechoslovak economy. The communists were not willing to abandon the tradition of democratic principles in Czechoslovakia. For example, when non-communists were elected in mayoral races in Plzeň and Olomouc, local Communist Party members tried to reverse the elections through pressure tactics. However, these actions were localized and the Communist Party leadership did not support them. For example, the Minister of the Interior, Václav Nosek, a communist, upon hearing of these efforts

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[361] Bruins to Secretary of State, June 4, 1946, Bruins Papers. National Archives RG 59 Box 55 NA. 860F.00/6-446, Bruins to Secretary of State, June 7, 1946, NA. 860F.00/6-746.

[362] Bruins to Secretary of State, June 7, 1946, Bruins Papers. National Archives RG 59 Box 55, NA. 860F.00/6-746.

[363] Bruins to Secretary of State, June 10, 1946, Bruins Papers. National Archives RG 59 Box 55 NA. 860F.00/6-1046. Quoted in Walter Ullman, The United States in Prague, 1945-1948, 57.

instructed the local communists to abide by the election results. Essentially the Communist Party was not willing to resort to radical changes in government and daily life. "In a declaration to its Executive Committee, the party's Chairman and now Prime-Minister Designate, Klement Gottwald, pledged continued adherence to the Košice Program, although he pledged the introduction of a two-year economic plan, some reforms in public administration and taxation, and some further nationalization."[364]

Steinhardt was ambivalent toward the policies of Gottwald. Steinhardt referred to Gottwald as "a man of common sense and native shrewdness willing to learn, a thorough Czechoslovak patriot, a person unlikely to embark on further extremist ventures… and more reliable than Fierlinger." Steinhardt also stated that the "new government will concern itself primarily with the execution of the programs of nationalization of industry and other liberal economic measures already begun rather than with the initiation of additional radical moves."[365] The Gottwald government did as Steinhardt had expected. The nationalization programs and other changes called for in the two-year plan were slowly phased in and the tradition of democratic principles remained intact.

To understand the differences between the political parties in Czechoslovakia in 1946 it will be necessary to briefly outline each party and where they stood on the political spectrum. Once this is accomplished the election results can be better understood and American reaction can be assessed. In particular, the U.S. decision to suspend economic aid and loan negotiations

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[364] Walter Ullman, The United States in Prague, 90; Editorial, *Rudé právo*, 31 May 1946.

[365] Steinhardt to Secretary of State, July 3, 1946, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/7-346; U.S. Department of State, FRUS 1946, Vol. VI., 205.

following the election was a direct response to the success of the communists and other leftist parties in 1946, as well as to the policies outlined by the Gottwald government.

Taking a traditional approach to defining a political spectrum, with Marxists on the far left and conservatives and clericals on the far right, the political parties in Czechoslovakia can be broken down as such. On the far right was the Czechoslovak People's Party who adhered to liberal democratic principles, but found the atheism and anti-clericalism of the communists to be completely unacceptable. The party was led by Mgr. Jan Šrámek, the party's Chairman and a Vice-Premier in the government and Mgr. F. Hála, Vice-Chairman of the party and Minister of Posts and Telegraphs. Dr. Adolf Procházka, Minister of Health, and Dr. Ivo Ducháček, Chairman of the National Assembly's Committee on Foreign Affairs represented a more secular wing of the party. Compared to Šrámek and Hála these two were not as adept at politics. The Catholic People's Party led the struggle against the communists and was often targeted. For example, the Communist Party's Ministry of Information occasionally banned the party's weekly *Obzory*.[366]

The Catholic People's Party supported relations with the West. Despite this, the party proved ineffectual in mounting any serious opposition to the Communist Party. "On occasion, Šrámek and Hála would stiffen and strike a more pro-Western note, but the party, supposedly the most anti-communist in postwar Czechoslovakia, did not really live up to its reputation. Only Helena Koželuhová, one of the editors of *Obzory* and a member of the party's more progressive wing, and a few younger functionaries clustered around her openly

[366] *Obzory* translates to "Horizons". This was the most outspoken paper against the policies of the Gottwald government.

opposed communism and, on occasion, the Soviet Union itself."[367] Steinhardt criticized the party in a letter to Marshall on October 22, 1947 stating, "the People's party has been reduced to a cipher. Šrámek and Hála kept those who showed themselves more independent under a tight lid. The National Socialists and the Slovak Democrats are now alone to fight the anti-communist battle."[368] Steinhardt's criticism was more a reflection of his frustration with the political events in Czechoslovakia than legitimate criticisms of the actions of the party.

The Czechoslovak National Socialist Party secured the second highest number of votes in 1946. National Socialist resistance to the Communist Party was much more effective than that mounted by the Catholic People's Party. The National Socialists prided themselves for their "Czechness". The party had no foreign links and could trace itself back to the Austro-Hungarian Empire. Dr. Petr Zenkl and Dr. Vladimír Krajina, Secretary-General of the party and a well-known professor at Charles University, led the party. Krajina in particular was often a target of the communists and was the target of a mail bomb.[369] Packages containing explosives were mailed to some of the most prominent anti-communist politicians in 1947. Krajina later uncovered and publicized their communist origin. Other National Socialists in the new government were Dr. Jaroslav Stránský, who replaced Zdeněk Nejedlý as Minister of Education, Hubert Ripka, Minister of Foreign Trade, and Dr. Prokop Drtina, Minister of Justice. According to Ullman, "all said, and even though they, like the Populists, ultimately lost out in the fight against unlimited communist power in

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[367] Steinhardt to Secretary of State, April 30, 1947, Steinhardt Papers. National Archives RG 59 Folder 1947 NA. 860F.00/4-3047.
[368] Steinhardt to Secretary of State, October 22, 1947, Steinhardt Papers. National Archives RG 59 Folder 1947 NA. 860F.00/10-2247.
[369] Walter Ullman, The United States in Prague, 1945-1948, 184.

Czechoslovakia, the National Socialists constituted the most vociferous and significant opposition to communism from 1946-1948."[370]

American policymakers recognized the strength of the National Socialists against the Communist Party. John Bruins reported to Marshall on March 13, 1947, that the National Socialists were "at present the strongest and best led of the non-communist parties in the National Assembly after the communists."[371] Bruins comments were reflected in the National Socialist Daily *Svobodné slovo*. Ivan Herben, the Editor in Chief, noted that the Communist Party was losing its influence with the people while the National Socialist Party was growing in popularity.[372] As the largest non-communist party in Czechoslovakia the National Socialists were constantly faced with communist efforts to limit their power. For example, its opposition to the Czechoslovak-Soviet Treaty, as well as its support of participation in the Marshall Plan, made it an open target for communist attacks.

Stránsky, the Minister of Education, exemplified National Socialist resistance to the Communist Party in a speech on August 31, 1947, in the mining town of Moravská Ostrava. Stránsky criticized the government for reversing the decision to attend the Paris conference stating, "it would have been to the benefit of the country to accept the invitation to Paris; furthermore, the original acceptance and subsequent rejection of the invitation was clearly

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[370] Walter Ullman, The United States in Prague, 1945-1948, 193-94.
[371] Bruins to Secretary of State, March 13, 1947, Bruins Papers. National Archives RG 59 Box 55 NA. 860F.00/3-1347.
[372] Ivan Herben, "Communist Party losing influence while National Socialist Party grows in popularity," *Svobodné slovo*, 22 June 1947.

the result of subordinating Czechoslovakia's interests to those of the USSR."[373] National Socialist attacks on communist activities were numerous in 1947 as the struggle between the parties escalated. In the end, National Socialist resistance fell short and its leaders were targeted after February 1948 with renewed fury.

The Social Democrats represented the third non-communist party in the Czech lands of Bohemia and Moravia. The Social Democrats received 37 seats in the 1946 elections. This was enough to give them a majority in the National Assembly by joining ranks with the Communist Party. The Social Democrats were generally seen as a moderate branch of the communists. Zdeněk Fierlinger, the Deputy Premier of the new government and Václav Majer, the Minister of Food, led the party. The party had traditionally cooperated with the communists, but in 1947 Fierlinger and Majer began to assert their independence. An article on December 12, 1947 in the Party's Weekly, *Svobodný zítřek* (A Free Tomorrow), defended Václav Majer, who had come under harsh criticism by Gottwald for the poor state of the food situation in Czechoslovakia.[374] Despite tensions there remained a considerable amount of cooperation between the two parties regarding social and economic programs.

The political situation in Slovakia was markedly different than in Bohemia and Moravia. Four political parties were on the ballot in Slovakia in 1946: the Slovak Communists, the Slovak Democratic Party, the Freedom Party, and the Slovak Labor Party. Only the Slovak Communists and the

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[373] "Stránsky critical of Government's decision not to attend Paris Conference," *Svobodné slovo*, 1 September 1947; Yost to Secretary of State, September 4, 1947, National Archives RG 59 Yost Folder, 1947 NA. 860F.00/9-447.

Slovak Democratic Party actually received significant numbers of seats in the elections. Steinhardt predicted that the Communist Party would receive 16 seats and the Slovak Democrats 50 seats in the election. However, the Slovak Communists received 21 seats and the Slovak Democratic Party received 43 seats. Although the Slovak Democrats had a majority in Slovakia, their position in the National Assembly was precarious. Dr. Josef Lettrich led the Slovak Democrats. Although the party had scored a decisive victory in Slovakia in 1946, they would watch their results disintegrate before their eyes within eighteen months.

The Slovak Democratic Party was a hybrid of various political parties, consisting of members from the dissolved Agrarian Party, representatives of Slovak political Catholicism, and Slovaks of a genuine Czechoslovak political orientation. The ability of the Slovak Democrats to attract people from former parties and organizations, either formally proscribed or otherwise politically compromised, enabled the party to get off to an impressive start. Essentially, almost anyone who was not a communist in Slovakia joined the Slovak Democratic Party. The Slovak Democrats became the focus of the communists between 1946 and 1948. The communists used the fact that there were former fascists in the ranks of the Social Democrats to wage an aggressive policy to discredit and eliminate Social Democrats from Czechoslovak politics. The Social Democrats eventually purged the party of these individuals, but the efforts were deemed by many to be too little and too late. According to Walter Ullman, "failure to take such action, on their own and in good time, greatly impeded the political effectiveness of the Social Democrats and, ultimately,

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[374] Editorial, *Svobodný zítřek*, 4 December 1947; Bruins to Secretary of State, December 12, 1947, Bruins Papers. National Archives RG 59 Box 55 NA.

deprived them of the fruits of their impressive victory at the polls even before their demise as a party after the February 1948 coup."[375]

The Communist Party in the Czech lands and Slovakia were in a stronger position after the 1946 elections than any other political party. The Communist Party had actively resisted German advances before Munich, advocated taking up armed resistance rather than surrendering, and was a key player in the underground resistance during the war. These facts alone gave the communists a considerable amount of political prestige. The Czech and Slovak Communists also drew upon their connections with the Soviet Union to strengthen their position. However, various political leaders questioned the reluctance of the communists to join the Czechoslovak resistance, until after the German attack on the Soviet Union in June 1941 changed World War II from a "capitalist war" into a struggle for the "existence of socialism". Some critics even claimed that the Communist Party was more Soviet than Czechoslovak, taking its orders from Moscow rather than from Prague. Attacks on the Communist Party were sporadic and were seen as dangerous. The communists successfully linked themselves with the interests of the Soviet Union making an attack on them an attack on the Soviet Union.[376]

Communist strength in Czechoslovakia was based on several factors other than their "affiliation" with the Soviet Union. For example, the communists controlled many of the important posts in the National Committees. The communists obtained these posts through superior organization and, partially, as a result of the presence of Soviet troops in key areas. The National Committees were administrative units into which the country was divided on

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860F.00/12-1247.

[375] Walter Ullman, The United States in Prague, 1945-1948, 101.

the regional, district, and local levels. The disproportionate control of the Communist Party in the National Committees was reflected in statements by the U.S. *Chargé d'affairs* Alfred Kleiforth. Kleiforth noted that there was, "a showdown in this matter between Hubert Ripka, the National Socialist Minister, and Gottwald, the Vice-Premier. This showdown resulted in gains for the communists with Gottwald adopting a conciliatory attitude agreeing to modify matters."[377]

After the elections it appeared as though cooperation between the communists and non-communists was possible. Based upon statements by Gottwald and key political figures in Czechoslovakia, an apparent "era of good feeling" had settled in over Czechoslovak politics. "While it would be too strong an expression to refer to this period as one of close and effective cooperation between communist and non-communist parties, there existed a political climate conducive to joint constructive work."[378] Events throughout 1946 solidified the idea of cooperation between the communist and non-communist parties. Steinhardt, as well as many non-communist politicians in Czechoslovakia, held this mindset.[379] The views of Steinhardt reflect the desire of U.S. policymakers to avoid showing favoritism to any of the political parties.

By June of 1947, the view of Steinhardt concerning the potential for cooperation among the various political elements in Czechoslovakia had

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[376] Ibid, 100-101.
[377] Kleiforth to Secretary of State, June 4, 1945, National Archives RG 59 Box 51 NA. 860F.00/6-445.
[378] Walter Ullman, The United States in Prague, 1945-1948, 103.
[379] Steinhardt to Secretary of State, January 7, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/1-747, Steinhardt to Bruins, February 13, 1947, NA. 860F.00/2-1347; Bruins to Secretary of State, January 24, 1947. Bruins Papers. National Archives RG 59 Box 55 NA. 860F.00/1-2447.

changed dramatically.[380] As relations between the Soviet Union and the West deteriorated, Czechoslovakia became increasingly unable to function as the bridge Beneš and the non-communists had hoped it could. Although the communists also desired this, the choice of remaining truly neutral became increasingly small as the Soviet Union and United States pressed down upon the Czechoslovak government to choose a side in the escalating conflict. "Caught between the U.S. position of a speedy economic reconstruction of Germany, a rather frightening prospect for the Czechs, and the spectacle of communization in some of its Eastern European neighbors upon which the Soviets had embarked on in Romania, Poland, and Hungary, Czechoslovak parties split on similar lines."[381] Among the issues the Czechoslovak parties split over was whether to participate in the Marshall Plan.

By August of 1947, the gulf between the communists and non-communists widened. Václav Kopecký, the Communist Party Minister of Information, stated "the Communist Party and ÚRO [Central Trade Union Organization] were the sole powers in Czechoslovakia. If communists and trade unions wished they could start a revolution at any time. Whatever Gottwald says is backed by the Russian Army. Look what is happening in Hungary and the Balkans… That process will not stop at our borders."[382] American policymakers, or at least Charles Yost, saw the comments of Kopecký as evidence of the new policy of the left wing of the Communist Party

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[380] Steinhardt to Secretary of State, June 11, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/6-1147.
[381] Walter Ullman, The United States in Prague, 1945-1948, 104.
[382] Yost to Secretary of State, August 13, 1947, National Archives RG 59 Yost Folder, 1947 "Comments of Václav Kopecký, Communist Party Minister of Information regarding the Communist Party and ÚRO [Central Trade Union Organization] as sole powers in Czechoslovakia," NA. 860F.00/8-1347.

and, possibly, of the party as a whole. Kopecký's speech solidified the growing sentiment in Washington that the communists were planning to make a move against the non-communist parties.

By August of 1947, American fears began to materialize. In an article in *Rudé právo* on August 17, 1947, the Communist Party targeted the National Socialists for negative comments made about the Soviet Union, viewing these comments as treasonous.[383] The Communist Party had decided that the National Socialists represented the most dangerous threat to their power and moved to weaken the party in any way they could. This is not to say that the communists ended their campaign of discrediting other groups, such as the Slovak Democrats, but rather that the National Socialists became the focus of their efforts. In a letter to the Secretary of State on September 9, 1947, Yost stated that "in a sudden shift of strategy, the communists have now decided to make the National Socialists their chief target of attack… and the communists view the National Socialists as their most dangerous political foe."[384] Despite increased attacks, not all of the members of the Communist Party sought an end of the National Front type of government. For example, in an interview with correspondents of the New York Herald-Tribune on September 28, 1947, Gottwald stated that even if the Communist Party received a clear majority in the next elections the National Front type of government would continue in Czechoslovakia.[385] Although Gottwald was walking a fine line for this

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[383] Editorial, *Rudé právo*, 17 August 1947.
[384] Yost to Secretary of State, Sepatember 9, 1947, National Archives RG 59 Yost Folder, 1947 NA. 860F.00/9-947.
[385] "Communists pledge to continue National Front government if win upcoming Czechoslovak elections," New York Herald-Tribune, 28 September 1947, European Edition.

interview, his comments must be viewed as legitimate, regardless of hindsight of the events of February 1948.

Steinhardt was unable to ascertain whether the Communist Party would continue a compromising attitude towards the non-communists, or adopt more aggressive tactics. The course of action, which the communists would choose, depended considerably upon the results of the upcoming Social Democratic Party Congress. This Congress would settle the future leadership of the Social Democratic Party and determine whether or not Zdeněk Fierlinger would remain the party leader. "If Fierlinger were re-elected, Communists and Social Democrats might merge and this, in turn, would add momentum to the communist offensive."[386] The party conference resulted in the ouster of Fierlinger as head of the party. The ouster of Fierlinger ended any hopes that the Communist and Social Democratic parties would merge and led to decreased cooperation between the two parties. Beneš and Steinhardt believed that the removal of Fierlinger would result in a stepped up effort on the part of the Communist Party to eliminate non-communist opposition in preparation for the upcoming elections scheduled for May 1948. Beneš told Steinhardt that the point had been reached where he believed that there would be "at least two more communist efforts between now and the election in May, to intimidate, even terrorize, the non-communists, and thus influence the outcome of the elections." Beneš did not believe, however, that further efforts would

[386] Steinhardt to Secretary of State, October 30, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/10-3047, Steinhardt to Secretary of State, October 23, 1947, NA. 860F.00/10-2347; and Walter Ullman, The United States in Prague, 1945-1948, 107.

"precipitate a more acute crisis than those just passed."[387] Despite this statement, Beneš believed that the Communist Party would only have limited success in changing the overall results of the May elections.

A letter from Steinhardt to Marshall on November 5, 1947, reveals the perceived weakness of the Communist Party. Steinhardt outlined what he saw as indications of a growing schism in the party. "Gottwald's personal dislike for Rudolf Slánský, the Secretary General of the Czechoslovak Communist Party, has led to the intimation by the Prime Minister that Frank would be a more acceptable Secretary General."[388] The Communist Party, however, did not reflect its internal divisions. For example, in an interview with the United Press, Gottwald and Slánský indicated a conciliatory spirit and Gottwald insisted that Czechoslovakia would not become a member of any bloc. Gottwald also stated that good communists must be good patriots. In light of these developments Bruins took the position that given communist setbacks it was unlikely that the Communist Party might resort to illegal measures to gain a clear majority in the elections. Bruins believed that: 1) the Czech people would react to such methods in an unfavorable manner; 2) that unorthodox communist election methods would impair the ability of Czechoslovakia to get raw materials from the West; and 3) that Beneš was popular, respected, and could be counted upon in an emergency to use his position to resist extra-legal action.[389]

Bruins predictions proved wrong on all three counts. Bruins was not alone among American policymakers and ranking members of the non-

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[387] Steinhardt to Secretary of State, November 24, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/11-2447, 128, 130.
[388] Steinhardt to Secretary of State, November 5, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/11-547.

communist parties in Czechoslovakia also shared his views. In fact, only Claiborne Pell, the U.S. Representative in Bratislava, saw the possibility of such actions. Pell based his assessment on events in Slovakia as the so-called "Slovak Crisis" escalated in 1947. Pell believed that "it may be possible that the communists, thwarted in their attempt to gain control within the parliamentary framework, may use force. However, that will be for Praha, if not Moscow, to decide. And time will tell the result. At the same time, no matter what, I imagine they will step up their anti-American attack."[390]

The Slovak Crisis was the first real test of the Gottwald government. The Slovak Crisis is a good example of Communist Party policies as well as the difference between the political situation in the Czech lands and Slovakia. Unlike the Czech lands of Bohemia and Moravia, Slovakia, as a collaborationist state under Tiso in World War II, suffered severe wartime destruction leaving Slovakia's communications network and industries damaged. In addition, the Slovak population was divided over the issue of reincorporating Slovakia into a resurrected Czechoslovak state. Slovak collaborators, in particular, feared reprisals from Czechoslovak authorities. Many Slovaks also feared the presence of the Red Army, an official enemy of the Slovak state during the war.

The Slovak Crisis was in part the result of differences between Czechs and Slovaks that made cooperation between them problematic. Religious differences aside, the Czechs and Slovaks had long-standing issues that were accentuated by Slovak collaboration in World War II. Following the collapse

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[389] Bruins to Secretary of State, December 12, 1947, Bruins Papers. National Archives RG 59 Box 55 NA. 860F.00/12-1247.

[390] Steinhardt to Secretary of State, November 24, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/11-2447, Claiborne Pell to Steinhardt, November 24 1947, NA. 860F.00/11-2447.

of the Tiso regime in 1945, polarization occurred between communist and non-communist groups in Slovakia. The issue of collaborationists among the ranks of the non-communist parties in Slovakia initiated the Slovak Crisis.[391]

The success of the Slovak Democratic Party in the 1946 elections and the weak showing of the Communist Party fueled the rivalry between these two groups. The Communist Party received 21 seats in the Czechoslovak National Assembly, whereas, the Slovak Democratic Party received 43 seats. Despite this showing the Slovak Democrats representation in Prague was reversed. The victory of the Communist Party in the Czech lands negated Slovak Democrat victories at the polls. As a result, the party was forced to cooperate in the larger government and to take a secondary role to the Communist Party.

Another factor, which led to the Slovak Crisis of 1947, was the trial and execution of Tiso. In the fall of 1945, Tiso and members of his collaborationist government were turned over by the United States Army to the Czechoslovak authorities for trial. Tiso's trial lasted from December 1945 to April 1947. Tiso was found guilty and sentenced to death. Tiso's scheduled execution created tensions between the Slovak Democrats and the Communist Party when the Slovak Democratic Party requested a pardon and the Communist Party insisted upon carrying out the order. Following street demonstrations in April of 1947, the government discussed the pardon request. The final vote was 17-6 against pardoning Tiso. The execution was carried out on April 18, 1947.

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[391] From 1945-1946 there were only two political parties in Slovakia the Communist Party and the Slovak Democratic Party. In 1946, however, the Social Democratic and Freedom Parties entered the fray of Slovak politics. These new parties were never very popular and played essentially a minor role in Slovak political affairs.

The execution of Tiso and the attempt of the Slovak Democrats to have him pardoned provided fuel to the communists to push ahead with renewed claims of former collaborationists in the ranks of the Slovak Democratic Party. "They [the Slovak communists] were to do so again, when, in the fall of 1947, they purported to have discovered a conspiracy against the state, led by former members of the one-time Hlinka Party who had now found cover and protection in the present Democratic Party. The conspirators were charged with spreading propaganda hostile to the Republic, various acts of sabotage, and attempting to restore an independent Slovakia."[392] With mounting Communist Party pressure the Slovak Democrats were forced to take action. In a statement to *Čas* [Time] on September 15, 1947, General Mikuláš Ferjenčík, the Slovak Commissioner of the Interior, confirmed that some minor officials in the Slovak Democratic Party had been involved in activities against the state. Despite Ferjenčík's statement that these were isolated acts that posed no threat to security the communists successfully launched a propaganda campaign, to convince the population that Slovakia was in the midst of a major political crisis.

American policymakers monitored the situation closely. In a letter to Marshall on September 16, 1947, Yost insisted that the presence of some former Tiso officials in the Slovak Democratic Party did not suggest that the suggestion of the Communist Party of a large-scale conspiracy existed. Yost reported that Pell planned to leave for Bratislava to investigate the situation.[393] The activities of the Slovak Action Committee made the job of the State Department harder. Durčanský, Chairman of the Slovak Action Committee in New York, sent a letter to Marshall on September 23, 1947. The Communist

[392] Walter Ullman, The United States in Prague, 1945-1948, 113.

Party saw this as evidence of the conspiracy against the state. The letter requested Marshall to explain the Slovak situation and "intercede on behalf of a free Slovakia."[394] The Slovak Action Committee sent similar letters to Charles Ross and H. Freeman Mathews on April 30, 1947.[395] The U.S. was not prepared to take such an action on behalf of the Slovak Action Committee and requests received no support, or were disregarded.[396] Eventually the State Department declared Durčanský a war criminal and ceased to acknowledge letters from the Slovak Action Committee.

On October 4, 1947, the Slovak Democrats situation worsened. In a police raid the personal secretary of Ján Ursíny, Otto Obuch, was linked with Slovak conspirators abroad. Although Ursíny had no knowledge of these actions he resigned his position to avoid any judicial proceedings.[397] Facing this setback the Slovak Democrats launched a counter attack under the leadership of Rudolf Fraštacký, the Deputy Chairman of the Slovak Board of Delegates. Fraštacký accused the Slovak communists of intending to breakup the Slovak Democratic Party by force, ever since their inability to do so by democratic elections in May 1946. Quoting Ladislav Holdoš, a leading Slovak communist, Fraštacký asserted that such resolve had taken place only days after

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[393] Yost to Secretary of State, September 16, 1947, National Archives RG 59 Yost Folder, 1947 NA. 860F.00/9-1647.
[394] Slovak Action Committee [signed and enclosed by Durčanský and Polakovič] to Secretary of State Marshall, September 23, 1947, National Archives RG 83 Folder: Czechoslovak Action Committee NA. 860F.00/9-2347.
[395] Slovak Action Committee to Ross, April 30, 1947, National Archives RG 83 Folder: Czechoslovak Action Committee NA. 860F.00/4-3047, Slovak Action Committee to Mathews, April 30, 1947, NA. 860F.00/4-3047.
[396] Walter Ullman, The United States in Prague, 1945-1948, 115; Editorial, *Čas*, 27 September 1947.

the elections, on June 6, 1946, when Holdoš reportedly declared that "a definite plan to break up the Democratic Party existed and would be carried out in order to gain power for the Communist Party."[398] Fraštacký also accused the Slovak communists of ignoring the real needs of Slovakia, or the interests of the Czechoslovak State. He argued that they did not care about recovery and the restoration of the economy, but only about maintaining power. Fraštacký concluded that "the fate of the Slovak Democratic Party was the fate of Czechoslovak democracy" and warned that, "only a genuine purge of Slovak political life irrespective of party affiliation rather than a one-sided, slanderous campaign against one party would give Slovakia the healthy political climate of which she is in dire need."[399]

Discovery of complicity on the part of key Slovak Democrats led the communists to seek the end of the Slovak Democrat majority. The Slovak Democrats on the other hand sought to maintain their majority, while conceding certain posts to the communists. The U.S. position rested once again on Steinhardt's appraisal of the results of the new Slovak Board of Delegates. Steinhardt maintained that barring any unforeseen developments the new Slovak Board of Commissioners would consist of 7 Democrats, 5 Communists, 1 Freedom Party, and 1 Slovak Social Democrat member leaving a majority of

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[397] Steinhardt to Secretary of State, October 31, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/10-3147.
[398] Walter Ullman, The United States in Prague, 1945-1948, 116.
[399] Rudolf Fraštacký, "Fate of Czechoslovak democracy in Balance," *Čas*, 5 October 1947; Steinhardt to Secretary of State, October 8, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 Report: "Steinhardt to Washington on statements of Rudolf Fraštacký," NA. 860F.00/10-847.

non-communists.[400] Steinhardt's prediction proved fairly accurate. The Slovak Democrats received 6 members, the Slovak Communists 5, the Freedom Party 1, the Social Democrats 1, and 2 non-party members. Although the communists lost in sheer numbers, they gained the chairmanship of the board under Gustav Husák. The communists may not have attained a reversal of the 1946 elections, but they had set the stage for expanding their efforts throughout the country.

Historians disagree over the implications of the Slovak Crisis. For some the crisis can be seen as a "dress rehearsal for the Prague February crisis."[401] Walter Ullman states, "the events of the weeks immediately succeeding the Slovak Crisis prove Luža right."[402] Victor Jarošova and Ondřej Jaroš on the other hand argue that the Slovak Crisis was unrelated to the events of February.[403] Whether Ullman and Luža or Jarošova and Jaroš are correct in their assessments is difficult to ascertain. Logically it is not possible to draw causal connections to the events of February 1948 from preceding events. This represents a *post hoc ergo propter hoc*, or false cause, argument.

The preceding months to the assumption of power of the Communist Party in February 1948 were filled with growing tensions between communists and non-communists. With elections scheduled for May the political jockeying within Czechoslovakia intensified as various parties sought to improve their position in the National Assembly. The success of the various parties in the May elections would depend in large part to effective leadership and

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[400] Steinhardt to Secretary of State, November 20, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/11-2047.
[401] Mamaty and Luža, History of the Czechoslovak Republic, 411.
[402] Walter Ullman, The United States in Prague, 1945-1948, 119.
[403] Victor Jarošova and Ondřej Jaroš, Slovenské robotnictvo b boji o moc, 1944-1948. [The Slovak Working Class in its Struggle for Power] (Bratislava: N.P., 1965), 221-252.

coordination. The Communist Party possessed superior leadership and was united in policy more so than any other party. Neither the National Socialists or the Catholic People's Party gave its members the same clear-cut direction, the Communist Party rank-and-file received from their leadership. The Social Democratic leaders were, as yet, "rather cautious in order not to jeopardize their hard contested victory by any show of anti-Communism."[404]

American policymakers were clearly concerned over events in Czechoslovakia and the Czechoslovak withdrawal from the Marshall Plan. In a secret letter to Dean Acheson, H. Freeman Mathews, the Director of the State Department's Office of European Affairs, attempted to assess the outcome of political events in Czechoslovakia. Mathews, in speculating about possible Soviet influence, considered it a distinct possibility. Mathews pointed to communist attempts to "disintegrate the Slovak Democrats, with the Czech parties standing aside, the purge of saboteurs in the Catholic or National Socialist parties, and the split within the ranks of the Social Democrats into a Unity Party and an unrecognized rump."[405] Mathews recommended that the U.S. adopt a hard-line policy regarding loans or credits to Czechoslovakia, believing that economic aid would only serve to strengthen the position of the communists. "If reconstruction loans and large commercial loans are made available to the nationalized Czech industry they would provide much needed capital to finance the two-year plan, the success of which communist prestige is committed. Similarly, reconstruction loans by the International Bank should be

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[404] Walter Ullman, The United States in Prague, 1945-1948, 132.
[405] Director, Office of European Affairs [H. Freeman Mathews] to Dean Acheson, July 22, 1947, National Archives RG 59 General Records Folder: Under-Secretary, "Records of the Central European Division," NA. 860F.51/7-2247; Walter Ullman, The United States in Prague, 1945-1948, 133.

suspended until further trends in Czechoslovak politics can be seen more clearly."[406] This correspondence is indicative of the growing position among U.S. policymakers that economic assistance should not be considered as long as the Communist Party wielded power. Convinced that the communists were gaining ground, rather than weakening, U.S. policymakers believed economic aid should be withheld so as not to give the communists support in their campaign.

An embassy dispatch from Hawkins in London to Washington reflects this pessimism. The British Foreign Office maintained, contrary to the predictions of Beneš, that the strength of the Communist Party was growing not waning. "The Foreign Office is worried about recent political developments in Czechoslovakia. It is felt in London that the communists are making progress there and in elections this spring will make real gains… The communists are exploiting the situation created by the Czechoslovak withdrawal from participation in the Marshall Plan and are influencing the masses to vote for closer cooperation with the USSR."[407]

Steinhardt's assessment of the intentions of the Communist Party is revealing. Steinhardt argued that the political situation in Czechoslovakia was still fluid and the course of events depended in large part upon the nature of East-West relations. Steinhardt reported, based on discussions with various non-communist leaders and a secret Communist Party document they had obtained, that the communists did not plan any violent or illegal seizure of

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[406] Director, Office of European Affairs [H. Freeman Mathews] to Dean Acheson, July 22, 1947, National Archives RG 59 General Records Folder: Under-Secretary, "Records of the Central European Division," NA. 860F.51/7-2247; Walter Ullman, The United States in Prague, 1945-1948, 133.

power.[408] This painted a more pessimistic picture than presented by Steinhardt a week before.

> "The [C]ommunists have lost some ground with the electorate since May 1946 and would probably not venture on new elections without a firm alliance with a tame Social Democracy… Whatever their object and time table, there is little question that the over-all Moscow party line and struggle for position within the party itself will result in a continued tactic of provoking recurring political crisis [sic] which create the atmosphere of tension and disorder on which the Russians thrive."[409]

The internal political situation in Czechoslovakia was not completely settled by 1947. The situation in late 1947 continued to leave Washington scrambling to accurately assess the possible course of events and develop a policy, which would lead to the realization of U.S. goals. Steinhardt became the State Department guide to events in Czechoslovakia and the formation of American policy. On October 29, 1947 Steinhardt informed Marshall that the U.S. should maintain its policy of no loans, continued business relations where possible, and keeping the hopes alive of loans at some time in the undefined future.[410] Up to November 1947 the possibility of a Communist Party *coup d'etat* remained slight in Steinhardt's view. By late November 1947, however, Steinhardt seriously considered the possibility.[411]

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[407] Dispatch: Hawkins, London Embassy, to Secretary of State, October 1, 1947, Hawkins Papers. National Archives RG 59 NA. 860F.00/10-147.
[408] Steinhardt to Secretary of State, September 29, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/9-2947.
[409] Ibid.
[410] Ibid.
[411] Steinhardt to Secretary of State, November 24, 1947, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/11-2447; Walter Ullman, The United States in Prague, 1945-1948, 140.

Suffering from bad health Steinhardt returned to Washington and Bruins assumed control of the embassy. On December 24, 1947, Bruins wrote "the embassy contacts agree that the present comparative political calm is unlikely to last beyond mid-January when [C]ommunists are expected to begin their pressure campaign… Based on the expected termination of the London Foreign Ministers Conference."[412] Bruins statement represented a clear shift between his views and those of Steinhardt. Bruins was not alone, however, in his assessment of Communist Party intentions. Pell, for example, reported to Bruins that Štefan Baštovanský, the Secretary General of the Slovak Communist Party, had told him that he could not "categorically reply" whether the Slovak communists would depart from parliamentary methods to achieve their objectives. Pell concluded from his interview with Baštovanský that the Slovak communists, "who were certain they could not gain even a sizable minority of the Slovak vote by legal means simply had not yet made a fixed decision whether or not to take extra-legal measures to win."[413] This level of uncertainty among American policymakers did not last long.

By January 1948, Bruins still did not feel that the situation had deteriorated to such a degree that a *coup d'etat* was imminent. "There are the usual number of rumors and alarms. Some of the alarmists place us definitely behind the "Iron Curtain" by the 15th of January including M. Bidault according to an info telegram from Caffrey today. I believe that the election campaign will soon be stepped up, but do not thus far have the feeling of any dire

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[412] Bruins to Secretary of State, December 24, 1947, Bruins Papers. National Archives RG 59 Box 55 NA. 860F.00/12-2447.

[413] Bruins to Secretary of State, December 16, 1947, Bruins Papers. National Archives RG 59 Box 55 NA. 860F.00/12-1647. Cited in Walter Ullman, The United States in Prague, 1945-1948, 141.

impending events hanging over our heads."[414] Bruins made suggestions to Steinhardt as to how the U.S. could support the moderate elements in Czechoslovakia. Bruins recognized that financial help would be viewed by the communists as an attempt to buy the Eastern Europeans, so he proposed a Commercial Treaty, and, or a Cultural Treaty, with Czechoslovakia as a gesture of U.S. support.[415]

By the end of January 1948, Bruins had not changed his outlook on the Czechoslovak political situation. In a letter on January 28, 1948, Bruins urged the U.S. to conclude, as quickly as possible, both the Commercial Treaty and the Cultural Treaty he had alluded to earlier, with Czechoslovakia.[416] In this same dispatch Bruins suggested an immediate release of American documents regarding the liberation of Prague. With State Department approval Bruins met with Clementis, the Foreign Minister, and Ripka, the Minister of Foreign Trade. Bruins was more interested in these arrangements as propaganda devices than as actual beneficial arrangements. "What they [Czechoslovaks] need most is moral support. They do not want to feel deserted."[417] According to Ullman, Bruins report constitutes "one of the strongest, if not the strongest, appeals made by American diplomacy on behalf of Czechoslovakia. It also represents one of the few attempts to deal with Czechoslovakia methodically and with a

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[414] Bruins to Steinhardt, January 6, 1948, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/1-648. Jefferson Caffrey, whom Bruins refers to, was the United States Ambassador to France at the time.
[415] Bruins to Steinhardt, January 20, 1948, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/1-2048.
[416] Bruins to Secretary of State, January 28, 1948, Bruins Papers. National Archives RG 59 NA. 860F.00/1-2848.
[417] Ibid.

clearly defined goal, something conspicuously absent in the preceding period."[418]

Notwithstanding Bruins actions, U.S. policy toward Czechoslovakia changed little between 1946 and 1948. Attempts to bolster the moderates through the Commercial Treaty and Cultural Treaty were little more than window-dressing in light of American unwillingness to grant substantive economic aid in the form of loans or credits over the previous years. Although Vedeler and Marshall gave preliminary approval for these treaties they were never to see them come to fruition.[419]

Political events in early February 1948 seemed to suggest that nothing would occur until the elections. In the February 5, 1948 parliamentary session, for example, the parties agreed on the need for elections in the spring, but no serious disputes were observed. Bruins reported to Marshall on February 11, 1948 that "the communists preferred May 2nd to any other date, presumably to obtain benefit of the May Day publicity… and there is no indication that the communists are trying to avoid any election at all."[420] Bruins comments accurately reflect the situation at the time. The situation would not change until the two sessions of the government on February 17th and the meeting of the National Front on February 18th. In both instances, the National Socialists attempted to force the Communist Party to stop the activities of Nosek, the

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[418] Walter Ullman, The United States in Prague, 1945-1948, 144.
[419] Vedeler to Steinhardt, General Correspondence, January 30, 1948, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/1-3048; U.S. Department of State, FRUS 1948, Vol. IV., "Secretary of State Marshall to Embassy, Czechoslovakia, February 4, 1948," 735.
[420] "Parliament Agrees on Spring Elections," *Svobodné slovo*, 6 February 1948; Bruins to Secretary of State, February 11, 1948, Bruins Papers. National Archives RG 59 NA. 860F.00/2-1148.

Czechoslovak Interior Minister, who had been engaged in the removal of non-communist police officers and had replaced them with Communist Party members. "Gottwald was particularly hard-pressed on the police issue in view of the fact that the Social Democrats had joined ranks with the other non-communist parties in their insistence on an adequate explanation by the Minister of the Interior."[421] To avoid a showdown Gottwald adjourned the session on procedural grounds, arguing that since the session had been called to discuss the issue of a new Constitution those present did not have the power to discuss other issues.[422]

Steinhardt returned to Prague on February 20, 1948. Upon his arrival Steinhardt received a letter from Jan Masaryk, apprising him of the situation.[423] In light of the situation, Steinhardt was unwilling to make any definitive predictions as to what might happen in Czechoslovakia regarding the crisis.[424] Steinhardt waited for the meeting of the Czechoslovak Cabinet on February 20th to see if anything was resolved. Unfortunately, the cabinet was unable to resolve the dispute over Nosek's actions. Since Gottwald had indicated that he was unwilling to act on this issue the non-communist members of the Cabinet tenured their resignations to Beneš on the evening of February 20, 1948.

Beneš accepted the resignations to show support for the position of the ministers. Interpretations on the role of Beneš in the resignation of the non-

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[421] Walter Ullman, The United States in Prague, 1945-1948, 146.
[422] Editorial, *Rudé právo*, 18 February 1948; "Gottwald Adjourns Parliament over Nosek Issue," *Svobodné slovo*, 19 February 1948.
[423] Jan Masaryk to Steinhardt, February 20, 1948, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/2-2048.
[424] Steinhardt to Secretary of State, (airgram A-178), February 20, 1948, Steinhardt Papers. National Archives RG 59 NA. 860F.00/2-2048.

communist ministers have received much attention.[425] Although there remains disagreement over his full role in the governmental crisis, Kaplan, Belda, Bouček, Smutný, Ullman and other historians all agree that the decision of Beneš to accept the resignations paved the way for Gottwald to seize full control under the guise of the democratic process. Regardless what role Beneš played in the governmental crisis, the fact remains that his acceptance of the resignations allowed the communists to replace the resigned ministers with Communist Party members and form a true majority in the Parliament. With control of the Parliament the communists no longer had to worry about a vote of no confidence and, therefore, did not have to call for elections. With the opposition eliminated, Beneš was the only remaining obstacle.

American reaction to these events was mixed. The U.S. embassy in Prague appeared to be well informed of the activities. In a letter to Marshall on February 21, 1948, Steinhardt reported that the communists were using the resignations of the non-communist cabinet ministers to "discredit and isolate resigning ministers from their supporters and to constitute a new so called National Front with communist stooges by presenting trade unions, group organizations, partisans, and other communist dominated groups including left-wing Socialists."[426] Steinhardt was unable to accept that the communists appeared to be gaining control without any party to oppose them. Essentially

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[425] Karel Kaplan, "On the Role of Dr. Eduard Beneš in February 1948," Historica, 5 (1968), 240, fn. 1; Josef Belda, et. al., Na Rozhraní dvou epoch. (Prague: N.P., 1968), 252-262; Jaromír Smutný, Únorový Převrat I [the February Revolution I] (London: N.P., 1958), 14; and Miroslav Bouček, Praha v Únoru 1948: O práci pražké stranické organizace v Únorových dnech 1948. [Prague in February 1948: about the work of the political organizations in Prague in February 1948] (Praha: Vydaní I, 1963).

the resignation by the non-communist ministers had left the Communist Party unopposed in the National Assembly and only Beneš remaining. "It was becoming increasingly obvious that the non-communist parties had not only lost the initiative, but, even worse, that their resistance to the attacking communists was rapidly faltering. Their last hope now rested with President Beneš."[427]

In an effort to prevent Gottwald from dismissing the non-communist ministers Beneš sent a letter to Gottwald on February 24, 1948, appealed to Gottwald to work within the democratic tradition and to try and solve the governmental crisis by "parliamentary and constitutional means."[428] Despite this last minute plea, the communists moved ahead with their plans. On February 25th Beneš received an official letter from the Communist Party. In this letter Gottwald and Rudolf Slánský indicated to Beneš that they could no longer negotiate with the resigned non-communist ministers, since they were no longer representatives of their constituents. In addition, the letter urged Beneš to "recognize the correctness of the Communist Party's conclusions and agree with its proposals."[429] On the evening of February 25th Beneš gave in and accepted the resignations of the National Socialist, Populist, and Slovak Democratic ministers and appointed the new government outlined by Gottwald.

When word reached Washington, policymakers in the Central and East European Division of the State Department were unclear as to what course of

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[426] Steinhardt to Secretary of State, February 19, 1948, Steinhardt Papers. National Archives RG 59 Reel 24 NA.860F.00/2-1948.
[427] Walter Ullman, The United States in Prague, 1945-1948, 152.
[428] "Letter: Beneš to Gottwald, February 24, 1948," *Rudé právo*, 25 February 1948. Beneš's letter was made public by an announcement of the Czechoslovak News Bureau (ČTK) and its press release by the Czechoslovak News Agency was printed in *Rudé právo*.
[429] Walter Ullman, The United States in Prague, 1945-1948, 153.

action to take. Based on conflicting suggestions from his policymaking staff Marshall turned to Steinhardt for an assessment of the situation.[430] Steinhardt suggested the U.S. protest to the Gottwald government and to Moscow. According to Walter Ullman, Steinhardt believed that a protest might "influence [Beneš's] course of action, since the President had not yet clarified his position."[431] To the surprise of Steinhardt, Marshall supported a tripartite declaration issued on February 26 1948 by the U.S., Britain, and France against the communist putsch in Czechoslovakia. The declaration stated that the three countries protested the actions of the communists who "by means of a crisis artificially and deliberately instigated, the use of certain methods already tested in other places, had permitted the suspension of the free practice of parliamentary institutions and the establishment of a disguised dictatorship of a single party under the cloak of a government of national union".[432]

The tripartite declaration had the effect Steinhardt feared it might. Rather than having a sobering effect on the communists, the declaration merely "emboldened the communists because of their belief that the statement indicated that the Western powers intended to do little about the present situation other than issue condemnatory statements."[433] Steinhardt suggested that Marshall threaten economic sanctions. Based upon the impact Bidault's threat of economic sanctions had produced, Steinhardt believed that this course

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[430] Secretary of State Marshall to Steinhardt, February 25, 1948, Steinhardt papers. National Archives RG 59 Reel 24 NA. 860.F.00/2-2548.
[431] Steinhardt to Secretary of State, February 26, 1948, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/2-2648.
[432] Tripartite Declaration of the Governments of the United States, Great Britain and France on the Czechoslovak Governmental Crisis, February 26, 1948.
[433] Steinhardt to Secretary of State, March 1, 1948, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/3-148.

of action would provide the best result. The communists would realize that economic sanctions would suffocate the economy and in all likelihood become more conciliatory. The inability of the U.S. to handle the Czechoslovak situation in a concise and clear way left the moderates in a precarious position. As the days passed, opposition to the events of February 22-24, 1948 waned and Beneš came under increasing pressure from the Communist Party.

The failing health of Beneš became the final nail in the coffin of the hopes of the moderate elements in Czechoslovakia. In a conversation with Steinhardt, Masaryk told him "he [Beneš] would not live long," since Beneš "was a broken man." With their moral leader in ill health the moderates remained in disarray as the Communist Party solidified its power.

American actions prior to, during, and following the communist assumption of power leave a lot to be desired. Had Washington developed concrete and rational policy toward Czechoslovakia, the events of February 1948 may have been avoided. Rather than employing economic leverage, the U.S. should have recognized the uniquely democratic nature of Czechoslovakia in Eastern Europe and actively developed economic ties, regardless of which party was in control. Steinhardt summed up what he believed could have changed the course of events in a letter to Marshall. "1) Radio and other propaganda… 2) negotiation of treaties (small countries are flattered by such attentions)… 3) assistance (sale, not gifts) of much needed commodities… and 4) direct internal interference…"[434] Although Steinhardt's report is critical of

[434] Steinhardt to Secretary of State, April 30, 1948, Steinhardt Papers. National Archives RG 59 Reel 24 NA. 860F.00/4-3048; U.S. Department of State, FRUS 1948, Vol. IV., 747; Walter Ullman, The United States in Prague, 1945-1948, 194.

both the moderates and U.S. policy he recognized that communist strength was too great to expect a moderate controlled government.

The new government approved by Beneš, before his resignation, appeared open to economic relations with the West. On March 26, 1948, Vladimír Clementis, the new Czechoslovak Foreign Minister, told Steinhardt that the new government "had no intention to change anything in their relations whether personal or intergovernmental."[435] Despite this statement the U.S. proceeded to reduce the size of its embassy staff and consideration of economic aid all but ended. In essence, American policy toward Czechoslovakia had been flawed. The U.S. attempted to play a significant role in Czechoslovak affairs, but saw the results of the 1946 elections as the point Czechoslovakia "fell" under Soviet control. The fact remains that nothing definite had been decided about the ultimate fate of the country, that Czechoslovakia did have free elections in 1946, and that there was a marked difference between the overall political climate of the country as compared with the rest of Eastern Europe. Therefore, the United States may well be charged with not having even attempted to play an important part in Czechoslovak affairs. United States policy, therefore, was inadequate in dealing with the unique situation in Czechoslovakia. American policymakers from Steinhardt to Bruins were not willing to challenge, or suggest changes to policy, despite growing realizations it was not working.

[435] Vladimír Clementis, Czechoslovak Foreign Minister, to Steinhardt, March 26, 1948, Steinhardt Papers. National Archives RG 59 Folder 1947 NA. 860F.00/3-2648.

CONCLUSION

As a microcosm of United States policy toward Eastern Europe in the early cold war period, American policy toward Czechoslovakia from 1938-1948 is instructive of overall American policy in the region. As this study indicates, U.S. policy toward Czechoslovakia was piecemeal in nature as American policymakers reactively developed a non-cohesive and flawed policy of non-accommodation during the Truman administration. The U.S. relied on one general policy for the region, rather than having the foresight to develop a comprehensive policy for each nation. Consequently, nations such as Czechoslovakia became unwilling pawns in the postwar years, as the United States and Soviet Union vied for influence in the region and tensions escalated between the two powers.

The United States operated within a traditional mindset during World War II and continued to apply old policy without major revisions. American Policymakers were convinced that free market capitalism and open markets were necessary to promote American economic interests. However, protectionist sentiment was prevalent in states where agriculture and certain industrial sectors were located, which would be threatened by these policies. Despite these concerns most American policymakers were convinced that these were the best way to avoid the economic competition the older, closed systems of empires and protective economic policies had created. In particular, the closed command economy of the Soviet Union was seen as a threat to U.S economic interests. The result was an ideological battle between the United States and communist or socialist countries; a distinction U.S. policymakers were unable to make, over the structure of the postwar economic system.

This study has traced the development of American globalism and the development of a comprehensive plan for the relief, recovery, and reconstruction of the European economy after the war. From a policy of accommodation and economic internationalism during the Roosevelt administration and the deals made, in conjunction with the war aims of the United States, with Great Britain and the Soviet Union, the stage was set for the postwar showdown over the economic and political future of Europe. The key demarcation in American policy came with the death of Roosevelt and his replacement by Truman. During the Truman administration internationalist policymakers took a back seat to non-accomodationists and anti-communist policymakers in the State Department, who dominated policy by 1947. With the success of communist and other leftist parties throughout Eastern Europe American policymakers adopted hard-line policies toward Czechoslovakia and other Eastern European countries. Essentially, as political events in Eastern Europe unfolded U.S. policymakers became convinced that countries, such as Czechoslovakia, were in the Soviet "sphere of influence".

Several events led to a hardening of American policy toward Czechoslovakia: 1) the nationalization program of the Fierlinger government in 1945; 2) the success of the Communist Party and the Democratic Socialist Party in the 1946 elections; 3) the Gottwald government's two year plan; 4) the rejection of Czechoslovak loan applications by the Export-Import Bank and World Bank; 5) The rejection of the invitation to attend the Paris conference and participate in the Marshall Plan; 6) the Slovak Crisis in 1947, and 7) the events of February 22-24, 1948. As these events unfolded U.S. policy became increasingly rigid. Economic leverage became the main weapon in the arsenal

of American policymakers to reverse communist influence in Czechoslovakia and bolster the moderate forces.

Chapter Two traced American policy toward Czechoslovakia from 1938-1946. In particular, this study focused on the impact on U.S.-Czechoslovak relations of the U.S. reaction toward Munich; the U.S. decision not to officially recognize the Czechoslovak government-in-exile under Beneš, until the U.S. was firmly in World War II; and of the U.S. delay in granting official recognition of the Provisional Czechoslovak government, until 1943. This chapter shows that the United States lacked a definitive policy toward Czechoslovakia, which ultimately led to tensions as Beneš sought American support and ultimately strained relations after the war.

The piecemeal nature of U.S. policy is revealed in Chapter Three through an examination of the scope of, negotiations regarding, and distribution of supplies during the period of UNRRA operations. Although Czechoslovak forces participated in the effort to defend Great Britain, as well contributing to the liberation of Czechoslovakia, UNRRA aid became a political tool. From insistence upon labels to denote the origin of supplies to the $6 million reduction in the Czechoslovakia program the U.S., as the main supplier of supplies, showed its willingness to use UNRRA as a political weapon.

In Chapter Four the policy of economic leverage is most clearly seen. American policymakers used loans and credit as a tool to influence internal politics in Czechoslovakia, as well as to voice their disapproval of the policies of the Czechoslovak government. For example, granting of the $50 million Cotton credit, of which only $11 million was actually given to Czechoslovakia. The policy is also seen in the American rejection of the $300 million Export-Import Bank loan, in the rejection of the $350 million World Bank loan, and in

the terms and conditions placed upon Czechoslovakia to participate in the Marshall Plan. The United States opposed the Gottwald government's nationalization and social welfare policies, which affected some $30-$50 million in American property. Agreement was eventually reached on compensation for this property, but economic aid was still offered under harsh terms and intrusive conditions that Czechoslovakia could not accept. The decision of Czechoslovakia to maintain close ties to the Soviet Union also led to tensions.

Chapter Five examined Czechoslovak politics between 1945 and 1948. This chapter illustrates that Czechoslovak parties, including the Czechoslovak Communist Party, remained dedicated to democratic principles up to, and arguably after, the events of February 1948. Unlike communist parties in other Eastern European countries the Czechoslovak Communist Party worked within the democratic framework, rather than gaining control of the government through extra-parliamentary means or tactics. The 1946 elections were, by all accounts of the elections, open and free. With 38 percent of the vote and a coalition with the Democratic Socialist Party the Communist Party was entitled to form the government. Although controversy surrounds the events of February 22-24, 1948 several facts remain: the non-communist ministers resigned, Beneš accepted their resignations, the Communist Party asked for and Beneš recognized communist replacements for these ministers, and Beneš approved the new government. Lacking any non-communist opposition to mount a vote of no confidence in the National Assembly the Communist Party technically did not have to call for elections. Although this may be construed as "splitting hairs" over a technicality the events of February 22-24, 1948 can hardly be seen as a *coup d'etat* in the traditional sense of the term.

This study demonstrates that American policy shifted from one of accommodation from 1945-47 to one of non-accommodation by 1947-48. The development and implementation of a non-accomodationist policy toward Czechoslovakia under the Truman administration eventually was counterproductive to attaining U.S. political aims in Czechoslovakia. In using economic aid as a tool to influence the policies of the Czechoslovak government, the United States ultimately weakened the position of moderate parties in Czechoslovakia and created tensions in U.S.-Czechoslovak relations.

In addition, this study reveals that U.S. economic aid and assistance was not offered to all European nations equally. In particular, the United States offered aid, suspended aid, or linked aid to policy changes on the part of the Czechoslovak government. This tactic strained relations and ultimately diminished the position of the U.S. In terms of the Marshall Plan, this study shows that the U.S. imposed terms and conditions on Czechoslovakia, which were too harsh for the Czechoslovak government to accept. The result was the acceptance and subsequent rejection of the Marshall Plan.

Finally, this study demonstrates that the failure of American policymakers to recognize the unique position of, and democratic tradition within, Czechoslovakia facilitated the erosion of relations and ultimately strengthened the political position of the Czechoslovak communists. Ultimately, this miscalculation led to closer ties between Czechoslovakia and the Soviet Union and placed the communists in a position to seize complete control of the government in 1948.

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