

BECAUSE WE NEED THEM...

*German-Dutch relations after the occupation: economic inevitability and political acceptance,
1945-1957*

Martijn Lak

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German-Dutch relations after the occupation: economic inevitability and political acceptance, 1945-1957

Omdat we ze nodig hebben...
Duits-Nederlandse betrekkingen na de bezetting: economische onvermijdelijkheid en politieke acceptatie, 1945-1957

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Chapter 1 Introduction, historiography and composition of the study

1.1 International relations theory

German-Dutch economic relations have been so intense since the late nineteenth century that their economies have often been regarded as being mutually dependent.¹ Although protectionism and monetary problems undermined these contacts during the interwar period, this mutual dependency has remained largely intact. The question of the relevance of this economic interdependence has been widely debated. The main protagonists in this field of discussion were, on the one hand the Liberals and on the other the (neo-)Realists. According to the Liberals, intense economic contacts guarantee political security and peace. In this they adhered to the ideas of the eighteenth century philosopher Immanuel Kant, who, in his *Zum ewigen Frieden – Perpetual Peace* – stated that: ‘The spirit of commerce, which is incompatible with war, sooner or later gains the upper hand in every state. As the power of money is perhaps the most dependable of all the powers (means) included under the state power, states see themselves forced, without any moral urge, to promote honourable peace and by mediation to prevent war wherever it threatens to break out. They do so exactly as if they stood in perpetual alliances, for great offensive alliances are in the nature of the case rare and even often less breaks out’.² Not only did Kant state that economic interdependence would ensure peace, he also believed that democracy would do so. According to Kant, merchants can influence politics and if politicians were to listen to them, peace could be achieved. After all, merchants are primarily concerned with business, and war is harmful to trade. If two countries in which the people have something to say are economically dependent on one another, this mutual dependence could lead to peaceful relations and to a desire to treat one another with respect and consideration. In *De l’esprit des Lois – The Spirit of the Laws* (1758) – Charles de Montesquieu stated something similar: ‘The natural effect of trade is to bring about peace. Two nations which trade together, render themselves reciprocally dependent; for if one has an interest in buying, the other has an interest in selling; and all unions are based upon mutual needs’.³

¹ H.A.M. Klemann, *Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: Economische integratie en politieke consequenties 1860-2000* (Rotterdam 2006) 17, 22, 28 and 64-65.

² Immanuel Kant, *Zum ewigen Frieden* (Königsberg 1795) 64-65. The original reads: ‘Es ist der Handelsgeist, der mit dem Kriege nicht zusammen bestehen kann, und der früher oder später sich jedes Volks bemächtigt. Weil nämlich unter allen, der Staatsmacht untergeordneten, Mächten (Mitteln), die Geldmacht wohl die zuverlässigste seyn möchte, so sehen sich Staaten (freylich wohl nicht eben durch Triebfedern der Moralität) gedrungen, den edlen Frieden zu befördern, und, wo auch immer in der Welt Krieg auszubrechen droht, ihn durch Vermittelungen abzuwehren, gleich als ob sie deshalb im beständigen Bündnisse ständen’.

³ Quoted by P. Martin, T. Mayer and M. Thoenig, ‘Make Trade not War?’, *Review of Economic Studies* 75, No. 3 (July 2008) 865-900, there 865.

In the academic field of political science, considerable thought has been given to the relation between politics and economics. The best suited of these ideas is the one that has come to be known as the interdependence theory. This theory is primarily concerned with the question of whether economic dependence can lead to peaceful political relations. Over the last decades an extensive literature has been published on the issue of the political consequences of economic interdependence and mutually profitable economic relations.⁴

Although several forms of liberal theories on international relations exist, they share one common idea: 'All of them propose the hypothesis that interdependence decreases international conflict, or at least decreases incentives for conflict. Given the fact that war is neither in the interest of the people nor in national interests, interdependence is expected to decrease war among liberal states'.⁵ The Liberals do not believe that if economic ties between countries are strong then the countries can never go to war with one another, but that these countries would be more likely to treat one another in a more reserved and politically correct manner.

Recently, the French economists Phillipe Martin and Thierry Mayer and their Swiss colleague Matthias Thoenig stated that even in a model where trade increases welfare and war is 'Pareto dominated by peace', 'higher trade flows may not lead to peace'. According to these authors, the idea that trade promotes peace is only partially correct: 'bilateral trade, because it increases the opportunity cost of bilateral war indeed deters bilateral war. However, multilateral trade openness, because it reduces the opportunity cost of going to war with any given country, increases the probability of war between any given pair of country'.⁶ This observation, however, seems to fit perfectly with the assumption that increased bilateral trade would lead to peaceful political relations, as is illustrated by the Netherlands and Germany after 1945. Average higher trade will not lead to peace, but trade between two countries that are bilaterally economically dependent, like the Netherlands and Germany, does.

According to modern social scientists, it is not so much trade, but free trade that promotes peaceful relations between two countries. Interdependence can only lead to peace if a country's economic policy is directed towards ensuring that it can get what it needs from a

⁴ Klemann, *Waarom bestaat Nederland eigenlijk nog?*, 9-10.

⁵ S.M. McMillan, 'Interdependence and Conflict', *Mershon International Studies Review* 41 (1997) 33-58, there 36. See further: C.F. Bergsten, R.O. Keohane, J.S. Nye, 'International economics and international politics: A framework for analysis', *International Organization* 29, No. 1, *World politics and international Economics* (1975) 3-36; Keohane, Nye, 'Power and interdependence revisited', *International organizations* 41, No. 4 (1987) 725-753; E.D. Mansfield, *Power, Trade and War* (Princeton 1994); Dale C. Copeland, 'Economic Interdependence and War: A Theory of Trade Expectation', *International Security* 20 (1996) 5-41; Keohane, 'Problematic Lucidity: Stephen Krassner's "State power and the structure of international trade"', *World Politics* 50 (1997) 150-170; E.D. Mansfield and B.M. Pollins, 'The Study of Interdependence and Conflict: Recent Advances, Open Questions, and Directions for further research', *The Journal of Conflict Resolution* 45 (2001) 834-859; E.D. Mansfield and B. Pollins (eds.), *Economic Interdependence and International Conflict* (Michigan 2003); Dale C. Copeland, 'Economic Interdependence, Trade expectations and the Onset of War'. Paper prepared for the conference on *Economics and Security*, Hebrew University, 25-26 April 2006.

⁶ Martin, Mayer and Thoenig, 'Make Trade not War?', 893.

neighbouring country without resorting to violence. If two countries are mutually dependent, and there is free trade between them, waging war would not achieve anything. Trade alone is not enough, there has to be free trade. Free trade promotes peace 'by removing an important foundation of domestic privilege – protective barriers to trade – that enhances the domestic power of societal groups likely to support war, reduces the capacity of free-trading interests to limit aggression in foreign policy, and creates a mechanism by which the state can build supportive coalitions for war [...] Free trade reduces military conflict in the international system by undermining the domestic political power of interests that benefit from conflict and by limiting the state's ability to enact commercial policies to build domestic coalitional support for its war machine'.⁷ Free trade was exactly what was missing in Nazi Germany, just as any form of political influence by the citizens. Protectionism limited essential trade.

To (neo) Realists, however, interdependence theories are hardly an issue. (Neo) Realists are predominantly concerned with the state, its politics and how states can best survive in a hostile world. They even believe that economic interdependence can lead to conflict: 'Realists emphasize the conflictual aspects of international transactions, whereas Liberals [clearly] emphasize the beneficial aspects. From this starting point, Realists come to the conclusion that interdependence either increases the likelihood of war or is not related to war initiation'.⁸ According to (neo) Realists, interdependence will eventually lead to dependence, thus creating an imbalance between two countries, and not a symmetrical interdependence. This could lead to a feeling of insecurity about the flow of raw materials, which would increase the chance of military conflict. K. Barbieri, a prominent (neo) Realist author, introduces the idea of 'trade share', the share of the trade between two states in the total trade of each state with its trading partners. By doing so, Barbieri tries to analyse the relative importance of trade for a state and to assess the relative importance of any given relationship to others.⁹ On that basis, she states that 'in most instances, trade fails to deter conflict. Instead, extensive economic interdependence increased the likelihood that dyads engage in military dispute'.¹⁰

This idea can be traced back to Albert O. Hirschman's 1945-thesis, in which he analysed the intensity of trade between Germany and its eastern European trading partners in the Interbellum. He pointed out that Germany was often the largest trading partner of the smaller European countries and he generalised this into a theory of monopoly power in international

⁷ P. J. McDonald, 'Peace through Trade or Free Trade?', *The Journal of Conflict Resolution* 48, No. 4 (August 2004) 547-572, there 549 and 568-569.

⁸ McMillan, 'Interdependence and conflict', 40.

⁹ See for example: K. Barbieri, 'Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?', *Journal of Peace Research* 33, No. 1 (1996) 29-49.

¹⁰ Ibid., 36 and 42.

trade. According to Hirschman, the weighted average of Germany's share in the total exports of other countries, was simply the share it occupied through its imports of the exports of all other countries lumped together.¹¹ The small economies in eastern Europe were so dependent on Germany, that from 1933 onwards they increasingly had to comply with Nazi Germany's economic wishes.¹² In the late 1930s, 59 per cent of the goods exported from Bulgaria and 50 per cent of the goods export from Yugoslavia went to Germany, whereas 52 per cent of the goods imported into Bulgaria came from Germany. In the total of German import and export, however, this merely amounted to 1.5 and 1.1 per cent. In effect this meant that Germany could easily refuse to buy products from eastern European countries, creating disasters for its smaller partners.¹³ Bulgaria could not shift its trade from Germany to other countries, but Germany could easily replace Bulgaria as a market and source of supplies.¹⁴ This, in fact, brought the countries of eastern Europe into the economic realm of the Third Reich.

The economic relations between the Netherlands and Germany, however, were different. Although Germany was more important to the Netherlands than vice versa, Dutch exports to Germany were approximately 25 per cent of its total exports but that still amounted to around 15 per cent of total German imports. Furthermore, the Netherlands supplied Germany with indispensable products including, most importantly, transportation via the Rhine and port services. Rotterdam was the main harbour for the largest German industrial area. The Netherlands thus played a vital role in Germany's food supply. Furthermore, during the interwar period, the Netherlands held a leading position in the inland navigation on the internal German waterways, especially on the Lower Rhine, and Dutch banking financed a large section of German industry.¹⁵ Germany needed Dutch products.

The biggest problem with interdependence theories is how to measure the presumed economic interwovenness. There is evidence to prove numerous reciprocal economic contacts but as there are no figures for services split into individual countries, these are hard to prove. Kees van Paridon and Hein Klemann used the correlation of the growth figures of Dutch and

¹¹ A.O. Hirschman, *National power and the structure of foreign trade* (Berkely 1945) 89.

¹² H.A.M. Klemann, *Nederland 1938-1948. Economie en samenleving in jaren van oorlog en bezetting* (Amsterdam 2002) 34.

¹³ Hirschman, *National power and the structure of foreign trade*, Chapter 1 and 87-90. Later on, Hirschman reflected on his own thesis and stated that he had overlooked one thing: small countries can feel threatened by having a big economic partner next to them all the time, but to the latter, the small country is just one of many. A.O. Hirschman, 'Beyond asymmetry: critical notes on myself as a young man and on some other old friends', *International Organization*, Vol. 32, No. 1 (1978) 45-50. However, the economic importance of the Netherlands to Germany was such that Berlin could not afford to ignore the trade relations with the country. Hirschman's thesis has been criticized by A.O. Ritschl in his article 'Nazi economic imperialism and the exploitation of the small: evidence from Germany's secret foreign exchange balances, 1938-1490', *Economic History Review* 54, No. 2 (2001) 324-345.

¹⁴ Hirschman, *National power and the structure of foreign trade*, 30-31.

¹⁵ J. Euwe, 'Amsterdam als Finanzzentrum für Deutschland', in H.A.M. Klemann and F. Wielenga (eds.), *Deutschland und die Niederlande. Wirtschaftsbeziehungen im 19. und 20. Jahrhundert* (Münster 2009) 153-172, specifically 159 and 170.

German GDP.¹⁶ Their research produced evidence of the intensity of the economic ties between the two countries, yet this is little hard proof. Furthermore, at any moment one has to prove that there are civilians who state that there are economic interests at stake and that these have to be safeguarded. However, these were not present in Nazi Germany. During the periods of the *Kaiserreich*, Weimar Germany and the Federal Republic of Germany, the lobby of West German industrialists in favour of free economic contacts with the Netherlands held considerable influence, but their opinion hardly mattered during Hitler's reign and especially not when Hermann Göring controlled the Nazi economy.¹⁷ After the defeat of the Third Reich in May 1945, the British and American occupation authorities followed the same line. They approached Germany from a political point of view, and initially had little interest in economic matters. Their goal was to keep the German population alive at a minimum, limited cost and the recovery of the German economy was, in those first post-war years, not their main priority. Only in 1948, when British and US interests changed and policy shifted towards the creation of an independent West German state, renewed economic interdependency could be expected, as now economic interests became increasingly important and tentative steps were taken to renew economic ties between the Netherlands and Germany. From that moment, the Netherlands and West Germany once again began to regard each other's economic interests, in spite of all that had happened during World War II and the German occupation of the Netherlands.

The interdependence theory is, therefore, a useful tool when analysing Dutch-German relations in the period 1945-1957. One could, of course, argue that this pre-war economic interwovenness did not deter Nazi Germany from invading and occupying the Netherlands in May 1940, but this was done by a regime that did not heed economic agents or any other citizens, and believed in the primacy of politics. The Netherlands, however, remained important to Germany. A document from the Rotterdam Chamber of Commerce stated in 1945 that preparation for war and rearmament in Germany had led to an increase in the movement of goods through the port of Rotterdam and that it had reached an all-time high of 42.3 million tons in 1938.¹⁸ As the *Reichsmark* had been inconvertible since before 1931, this dependence on the Netherlands could be seen as one reason to occupy it. Protectionary measures and monetary problems compounded the problems and it appears that the only way for Germany to obtain products from the Netherlands unhindered was to go and get them themselves. In order to

¹⁶ H.A.M. Klemann and C.W.A.M. van Paridon, *In voor en tegenspoed... Verleden, heden en toekomst van de Nederlands-Duitse economische betrekkingen* (The Hague 2008) passim.

¹⁷ R. Overly, *War and economy in the Third Reich* (Oxford 1995) 116 and further; Klemann, *Waarom bestaat Nederland eigenlijk nog?*, 53-54 and 96-99.

¹⁸ National Archives (NA), The Hague, Kamer van Koophandel en Fabrieken voor Rotterdam: Secretariaat, 1922-1969, access code 3.17.17.04, inventory number 1617; Commissie Bestudeering Belangen van Rotterdam bij annexatie: 'Nota inzake de belangen der haven van Rotterdam bij annexatie van Duitsch gebied', 1945.

incorporate the Netherlands into its economic sphere once more, Germany occupied it in World War II.¹⁹ After the Nazi's rise to power in 1933, their autarchic policy was to make the Third Reich self-supporting. It was no longer desirable to keep the Netherlands neutral for economic reasons, as had been the case in World War I, when the German Chief of Staff Von Moltke had stated 'the Netherlands must remain the wind-pipe to allow us to breath'.²⁰ After the end of war in Europe, it was out of the question that Germany might try to push the Netherlands into a role of dependence, let alone annex it as it had done in 1940-1945.

This thesis tests whether the interdependence theory is useful for analysing and understanding Dutch-German relations in the period 1945-1957. The (neo) Realistic vision is not applicable here as it is mainly concerned with (power) politics and military conflict. It regards the state as a mechanism that maintains itself by forming alliances. Neo-realists believe that nation states always have a primary interest in defending their own interests. Interdependence and globalisation remain secondary and economic processes cannot be seen isolated from political developments, and that these are predominantly determined by sovereign nation states.²¹

It is true that there was considerable economic and political tension between the Netherlands and Germany after the war, but this has never irreparably damaged the relationship. The interdependence between the countries was simply too intense. Both countries became members of politico-economic blocks like NATO, the European Union and other European organisations and Dutch-German trade has flourished while the political tension has been kept in check. Both countries surrendered some of their sovereignty to these supranational organisations, and the economically recovered Germany has become a main power in Europe with a leading position in the European Union.

Intense economic relations inevitably have political consequences. However, as Klemann observed: 'Of course, anyone who writes about Dutch-German relations states that the economic contacts were of great importance. How important usually remains unclear'.²² In this study, the economic relations between the Netherlands and Germany and their political repercussions will be investigated for a vital period in the Dutch-German political and economic relations: the first twelve years after World War II.

¹⁹ Klemann, *Waarom bestaat Nederland eigenlijk nog?*, 55 and 57.

²⁰ 'Es [the Netherlands, M.L.] muß unsere Luftröhre bleiben, damit wir atmen können'. Quoted by Paul Moeyes, *Buiten schot. Nederland tijdens de Eerste Wereldoorlog, 1914-1918* (Amsterdam 2001) 81.

²¹ For more details about the neo-liberal and neo-realist points of view, see for example respectively T. Dunne and B.C. Schmidt, 'Realism', and T. Dunne, 'Liberalism', both in J. Bayliss & Steve Smith, *The Globalization of World Politics. An introduction to international relations* (Oxford 2001) 141-161 and 162-181.

²² Klemann, *Waarom bestaat Nederland eigenlijk nog?*, 9.

In May 1945, when the Third Reich was finally defeated, it was clear to many that the former enemy would have to play an important role in the economic recovery of the Continent. In the Netherlands, as elsewhere in Europe, Germany was hated after the end of the war. An official of the Dutch government in exile in London even suggested one per cent of all German males aged between 18-55 should be shot as punishment for the crimes committed.²³ In spite of this, the majority of the Dutch government recognised the importance of re-establishing economic contacts with the German hinterland. This was more important for the Netherlands than for many other countries, for without a wealthy Germany, Dutch economic recovery would be impossible.

When hostilities in Europe ceased, the former occupied countries were faced with an almost insurmountable number of problems; damage to the infrastructure was enormous; inflation ran rampant in most nations; cities were in ruins, millions of forced labourers were returning home and were joined by the same number of refugees adrift throughout the continent. But perhaps the most important was that trade in Europe had come to an almost complete standstill. In addition to all these, Germany, which, since the late nineteenth century had been the dominant economic power in Europe, no longer existed as an independent, sovereign nation but had been split up and occupied by the victorious Allies. These enormous problems all slowed down the resurgence of the European economy.

Although Dutch industry was largely intact, the Dutch were confronted with a number of serious problems, the most important being the fact Germany, since the late nineteenth century their main trading partner, was no longer capable of doing business with them. Many politicians and businessmen in the Netherlands realised that their former enemy was of utmost importance to their economic recovery.

As the Netherlands had been on the frontline for nearly nine months during 1944-1945 and the occupier took all wheels, damage to the infrastructure was extensive. When occupied, most means of transport had been confiscated or requisitioned, e.g. 54 per cent of the rolling stock of the railroads, 84 per cent of the locomotives and 98 per cent of goods wagons.²⁴ The destruction of the port of Rotterdam and, to a lesser extent, the port of Amsterdam, was an additional blow to the Dutch economy as the transport sector had been extremely important in the pre-war period. There was extensive damage to railway material, and trucks and barges had

²³ NA, The Hague, archief van het Ministerie van Buitenlandse Zaken (BuZa), Londens Archief en daarmee samenhangende archieven, (1936-) 1940-1945 (-1958), access code, 2.05.80, inventory number 6213; 'Memorandum W. Chr. Posthumus Meyes', 1 June 1942.

²⁴ Politisches Archiv des Auswärtiges Amtes B 11, Bandnummer 269, Microfiche 269-1; 'Overview by K. Du Mont of losses suffered by the Netherlands in the Second World War, based on calculations of the Royal Institute for War Documentation (RIOD, the present-day NIOD)', 2 July 1952.

been either lost, were in a bad state of repair or had been confiscated by the Germans.²⁵ The fact that the natural hinterland of the port of Rotterdam, Germany, was in ruins had grave consequences for the economic recovery of both the port and the Netherlands. Therefore, the repair of wartime damage and the rebuilding of the economy were the highest priorities for the new government.

In May 1945, Germany was divided into four, almost watertight, occupation zones. These were faced with numerous internal problems such as food shortages, mined agricultural areas, ruined cities and millions of refugees and prisoners of war. To make matters worse, the allied occupation authorities followed an almost autarchic policy. Trade with and between the zones was practically impossible. The government in The Hague had to do business with the allied occupation authorities and, as a consequence, Dutch trade opportunities with Germany were not determined in Bonn or The Hague, but in Washington and London.

After the formation of the German Federal Republic in May 1949 and the start of the recovery of economic relations between Germany and the Netherlands in September that year, the Netherlands became a staunch supporter of European and western integration. The Netherlands advocated that West Germany become a fully-fledged partner in the European integration. Dutch politicians obviously wanted the German Federal Republic to become an ally of the west in the Cold War. Not only should West Germany be integrated in western cooperation, but it should become a strong part of it, so that in time, it could play a part in western European defence against the threat of the Soviet Union.²⁶ If Germany could be encapsulated, and as a consequence, be dependent on a western alliance, Bonn would be prevented from attempting to strive for renewed European dominance: 'A West-German integration in the western bloc made it possible to continue German reconstruction without risk; while at the same time, Europe could profit from the West German economic and financial potential'.²⁷ On 25 March 1957, six European countries signed treaties in Rome to establish the European Economic Community (EEC) and Euratom. It was a major step on the path towards European integration. It recently came to light that the delegates placed their signatures under 180 pages of blank paper. The text of the treaty did reach the printer, but missed the deadline.²⁸ This somewhat curious ceremony marks the end of this study.

²⁵ Klemann, *Nederland 1938-1948*, 378-379 and 574-575.

²⁶ F. Wielenga, *Van vijand tot bondgenoot. Nederland en Duitsland na 1945* (Amsterdam 1999) 41.

²⁷ *Ibid.*, 41-42.

²⁸ Article in the Dutch newspaper *Trouw*, 23 March 2007.

1.2 Dutch-German relations 1945-1957: historiography

The German Federal Republic is relatively unknown to most Dutch people, not just to the general public but to politicians as well. One could almost say that the Dutch live with their backs turned towards their large eastern neighbour. Although anti-German feeling has diminished over the last decades, it has been replaced by indifference. It would not be difficult for the average Dutch person to name the US Secretary of State, but it would be quite a different story for them to name her German counterpart.²⁹ This is quite remarkable, as the Netherlands' prosperity and trade are, to a large extent, dependent on their economic relations with Germany. The Dutch economy has even been dubbed 'satellite of the German economy'.³⁰

The body of literature published about Dutch-German political and economic relations is extensive. These relations have been studied intensively, especially in comparison to the relations between the Netherlands and Great Britain or the United States, or, to another neighbouring country, Belgium.³¹ According to the Dutch historian Friso Wielenga, a satisfying body of research has become available about Dutch-German relations in the nineteenth and twentieth centuries. A considerable amount has been written about this subject in the last two decades.³²

Closer study of some of these major publications about the Dutch-German political and economic relations however, reveals that many of these were written in the light of tensions in the bilateral relations.³³ The same tone is evident in a report written by the *Wetenschappelijke Raad voor het Regeringsbeleid* – the Scientific Council for Government Policy – in 1982.³⁴ These publications allude to the presence of a fear that Germany might invade the Netherlands again or that it might pose a threat to peace in Europe. In the 1940s and 1950s, however, authors were

²⁹ M. Lak, 'Noodzakelijke inblikjes in de recente Duitse geschiedenis', *Internationale Spectator* 64, No. 6 (June 2010) 356-358, there 356. The Wetenschappelijke Raad voor het Regeringsbeleid (WRR) recently published a report in which it stated that more attention should be paid to Germany. WRR, *Aan het buitenland gehecht. Over verankering en strategie van Nederlands buitenlandbeleid* (Amsterdam 2010) 90.

³⁰ NRC Handelsblad, 24 January 2011.

³¹ H. Krabbendam, C.A. van Minnen and G. Scott-Smith recently published an elaborate study on Dutch-American relations; *Four Centuries of Dutch-American Relations 1609-2009* (Middelburg 2009).

³² Review article Wielenga about the book by R. Loos, *Deutschland zwischen 'Schwämmertum' und 'Realpolitik'. Die Sicht der niederländischen Kulturzeitschrift De Gids auf die politische Kultur des Nachbarn Preußen-Deutschland 1837-1914*, *Bijdragen en Mededelingen Betreffende de Geschiedenis der Nederlanden* 124, No. 2 (2010) 288-290, there 288.

³³ F. Wielenga, *West-Duitsland: partner uit noodzaak. Nederland en de Bondsrepubliek* (Utrecht 1989). Other examples include: M. Brands and P. Dankert, *In de schaduw van Duitsland. Een discussie* (Baarn 1979); M. Krop (ed.), *Burengerucht. Opstellen over Duitsland* (Deventer 1979); H.J.G. Beunders and H.H. Selier, *Argwaan en Profijt: Nederland en Duitsland 1945-1981* (Amsterdam 1983); Y.C.M.T. van Rooy, *Is Duitsland (ons) de baas?: een onderzoek naar de relatie tussen Nederland en West-Duitsland door een studiegroep van de Europese beweging* (afd. Den Haag) (The Hague 1980); F. Boterman, *Duitsland als Nederlands probleem: de Nederlands-Duitse betrekkingen tussen openheid en eigenheid* (Amsterdam 1999).

³⁴ Wetenschappelijke Raad voor het Regeringsbeleid, *Onder invloed van Duitsland. Een onderzoek naar gevoeligheid en kwetsbaarheid in de betrekkingen tussen Nederland en de Bondsrepubliek* (The Hague 1982).

much more nuanced, and wrote primarily about the economic importance of Germany to the Netherlands.³⁵

The historiography about Dutch-German relations, extensive as it might be, especially when it comes to the first post-war decade, is limited in a number of ways.³⁶ To begin with, it lacks survey and above all, it is often sketchy. Dutch-German relations appear to have been studied almost exclusively from a political point of view. Most of these works contain analyses of the Dutch demand for annexation of parts of Germany, restitution of stolen goods, reparation payments, the expulsion of Germans from the Netherlands and the confiscation or liquidation of German property in the Netherlands.³⁷ The majority of them cover a broad perspective in which the Dutch-German relations are analysed sideways and are not studied profoundly.³⁸

The historiography on the post-war Dutch-German relations can be divided into four main categories. The first covers German literature on the Netherlands and how West Germany perceived its small neighbour to the west. The most important author in this field is the German historian Horst Lademacher, who wrote a number of studies on Dutch-German relations in the nineteenth and twentieth centuries.³⁹ These deal primarily with the development of democracy in post-war Germany, youth policy in both countries and the social organisation of both the Netherlands and Germany.

The second category in the historiography of Dutch-German relations covers diplomatic relations between the two countries. The Dutch historians Melchior D. Bogaarts and F.

³⁵ H. Gelissen, *Bijdrage tot de Wederopbouw der Nederlands-Duitse betrekkingen* (The Hague 1950); J. Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen na de Tweede Wereldoorlog* (Leiden 1954).

³⁶ Wielenga, *Van vijand tot bondgenoot*, 15.

³⁷ L. de Jong, *Het Koninkrijk der Nederlanden in de Tweede Wereldoorlog, Deel 12* (The Hague 1988), H.A. Schaper, "Wij willen zelfs niet Mönchen-Gladbach!". De annexatiekwesie 1945-1949', *Internationale Spectator* 39 (1985) 261-272; J.P. Barth, 'De liquidatie van het Duitse vermogen in Nederland', *De Economist* 95, No. 1 (December 1947) 605-626; R. Rowaan, 'Two Neighbouring Countries and a Football Pitch. The Federal Republic of Germany and The Netherlands after the Second World War', *Dutch Crossing. A Journal of Low Countries Studies*, 24, No. 1 (2000) 133-144. Also: F.J.M. Duynstee and J. Bosmans, *Parlementaire geschiedenis van Nederland na 1945. Deel I: het kabinet-Schermerhorn-Drees. 24 juni 1945 – 3 juli 1946* (Amsterdam 1977); M.D. Bogaarts, *Parlementaire geschiedenis van Nederland na 1945. De periode van het kabinet-Beel. 3 juli 1946 – 7 augustus 1948. Band A* (The Hague 1989); P.F. Maas (ed.), *Parlementaire geschiedenis van Nederland na 1945. Deel 3: het kabinet-Drees-Van Schaik 1948-1951. Band A: liberalisatie en sociale ordening* (Nijmegen 1991); P.F. Maas and J.M.M.J. Clerx (eds.), *Parlementaire geschiedenis van Nederland na 1945. Deel 3: het kabinet-Drees-Van Schaik 1948-1951. Band C: Koude Oorlog, dekolonisatie en integratie* (Nijmegen 1996).

³⁸ S.I.P. van Campen, *The Quest for security. Some aspects of Netherlands foreign policy 1945-1950* (The Hague 1958); Hellema, 'Factor Duitsland in de Nederlandse buitenlandse politiek', in: F. Wielenga, *De Duitse buur. Visies uit Nederland, België en Denemarken 1945-1995* (The Hague 1996) 88-99; D. Hellema, *Neutraliteit & Vrijhandel. De geschiedenis van de Nederlandse buitenlandse betrekkingen* (Utrecht 2001); A.E. Kersten, 'Nederland en de buitenlandse politiek na 1945', in: *Algemene Geschiedenis der Nederlanden. Deel 15: Nieuwste Tijd* (Haarlem 1982) 382-400. See also: F.G. Moquette, *Van BEP tot BEB. De aanpassing van de bestuurlijke structuren aan de ontwikkeling van de buitenlandse economische betrekkingen in Nederland sinds 1795* (Leiden 1993). See also: J.F.E. Bläsing, J. Bosmans, H. Lademacher and W. Woyke (eds.), *Die Niederlande und Deutschland. Nachbarn in Europa* (Hannover 1992).

³⁹ H. Lademacher, *Zwei ungleiche Nachbarn. Wege und Wandlungen der deutsch-niederländischen Beziehungen im 19. und 20. Jahrhundert* (Darmstadt 1990); H. Lademacher, *Tradition und Neugestaltung: zu Fragen des Wiederaufbaus in Deutschland und den Niederlanden in der frühen Nachkriegszeit* (Regensburg 1991); H. Lademacher, *Niederland & Duitsland: opmerkingen over een moeilijke relatie* (Nijmegen 1995).

Wielenga, and their German colleague Lademacher have produced pioneering work in this field⁴⁰ Wielenga's work is especially noteworthy and is indispensable when writing about Dutch-German relations in the immediate post-war period. His thesis, *West-Duitsland: partner uit noodzaak – West Germany: partner out of necessity*, was written in 1989. It was pioneering at the time, but needs revision, especially on the issue of economic relations between the two neighbours.⁴¹ Wielenga's book, *Van vijand tot bondgenoot – From enemy to ally*, published in 1999, is an elaboration on his earlier thesis, and covers Dutch-German relations from 1945 to the turn of the century. Here too the economic component is limited and the focus is primarily on the political relations between the two countries.⁴² In short, Wielenga's main contribution to this field was a political history of Dutch-German relations. The same is true for Lademacher who also wrote elaborately on this subject. Although his work is not without great merit, his analysis of the bilateral economic ties between the Netherlands and (West-) Germany is weak.⁴³ Lademacher's diplomatic histories are more of a comparison between the two countries than a systematic description of the relations between the two.

The third category comprises works outlining the way the Dutch see Germany. The majority of these works are written in the light of a perceived threat from Germany, dislike for the German Federal Republic and emotional issues like the annexation of German territory by the Netherlands. Since World War II and the German occupation of the Netherlands between 1940-1945, Dutch-German relations have attracted considerable (academic) attention and have given rise to much emotional debate and frustration. This usually has its roots in reactions to events that took place in World War II, the extradition of German war criminals,⁴⁴ or sometimes to trivial matters like a lost World Cup Final and Dutch-German soccer matches in general.⁴⁵ The events of 1940-1945 are a main factor in this and have deeply influenced post-war relations

⁴⁰ M.D. Bogaarts, 'Weg met de Moffen'. Een studie naar de uitwijzing van Duitse ongewenste vreemdelingen uit Nederland na 1945', *Politieke opstellen* 1 (1980) 1-18; M.D. Bogaarts, 'Land in zicht? Een schets van de ontwikkelingen rondom de Nederlandse plannen tot verwerving van Duits grondgebied en van het tijdelijk beheer over Duitse economische hulpbronnen 1944-1963', *Politieke opstellen* 3 (1982) 1-19; M.D. Bogaarts, 'Nederland aan de wieg van de Duitse Bondsrepubliek. De Londense Zeslandenconferentie van 1948 en de onwetendheid van de Staten-Generaal', *Politieke opstellen* 5 (1984-1985) 1-21; M.D. Bogaarts, 'Ressentimenten en realiteitszin in Nederland 1945-1950', in: Wielenga, *De Duitse buur*, 6-41; Wielenga, *West-Duitsland: partner uit noodzaak*; Wielenga, *Van vijand tot bondgenoot*.

⁴¹ Wielenga, *West-Duitsland: partner uit noodzaak*.

⁴² Wielenga, *Van vijand tot bondgenoot*.

⁴³ H. Lademacher, 'Die wirtschaftlichen Beziehungen zwischen Deutschland und den Niederlanden in den dreißiger und vierziger Jahren des 20. Jahrhunderts', in J. C. Heß and H. Schissler (eds.), *Nachbarn zwischen Nähe und Distanz. Deutschland und die Niederlande* (Frankfurt 1988) 52-66.

⁴⁴ H. Piersma, *De drie van Breda. Duitse oorlogsmisdadigers in Nederlandse gevangenschap, 1945-1989* (Amsterdam 2005); T. Mink, *De drie van Breda, ervaringen van een gevangenisbewaarder* (Alkmaar 2006).

⁴⁵ See for example A. Kok, 1974. *Wij waren de besten* (Amsterdam 2004) and C. Biermann, M. van Nieuwkerk and H. Spaan (eds.), *Hard Gras 39: Zij waren beter / Der Rauch vieler Jahre. Deutsch-Holländische Wahrheiten über das WM-Finale 1974* (2004); Rowaan, 'Two neighbouring countries and a football pitch', 133-144; R. Wijckmans, 'Wollt Ihr den totalen Fußball?'. David tegen Goliath op het voetbalveld', in P. Rösger and J. Baruch (eds.), *Zimmer Frei. Nederland-Duitsland na 1945* (Zwolle/Amsterdam 2001) 74-77; A. Kok, 1988. *Wij hielden van Oranje* (Amsterdam 2009).

between the two countries. Therefore, to describe Dutch-German relations as complicated is an understatement.⁴⁶ In these studies, little, if anything, is written about economic affairs.

Finally, there is a very limited amount of literature on the economic relations between the two countries after 1945. Hardly any recent analysis has been done on this. The British historian William Mallinson published a study on Dutch post-war foreign policy that pays attention to the Dutch-German economic relations, but Mallinson hardly goes into much depth. His main focus is on Dutch security policy in the early post-war years.⁴⁷ It is striking to note that although most publications on Dutch-German relations emphasize that the Netherlands' eastern neighbour is of prime importance for the Dutch economy, and that the economic ties between the two economies are intense, they contain little detailed discussion on the economic relations between the two countries. Even Wielenga, who has written extensively on Dutch-German relations, pays limited attention to the economic ties between the two countries, even stating: 'However important the economic relations may be until this very day, the analysis stops once the recovery of these relations can be considered to be complete'.⁴⁸

Dutch publications on the economic history of the Netherlands in the twentieth century seldom contain analyses of Dutch-German economic relations.⁴⁹ The economic relations between the two countries, and how mutually important these were, were always treated in a stepmotherly fashion.⁵⁰ The latest publication on German-Dutch economic relations in the immediate post-1945 period is the thesis by the Dutch economist Jozias Wemelsfelder dated 1954.⁵¹ It is a pioneering work on the recovery of Dutch-German trade relations after World War II. In it, he is highly critical of the policy of the Allied occupation authorities in Germany, who in his view, unnecessarily slowed down Dutch and German economic recovery. Wemelsfelder's book was the first on this subject. A number of his comments still stand. Given the circumstances and the limited availability of sources, he produced an excellent book. However, Wemelsfelder paid little attention to (international) political developments and had no access to archives that are now open.

No comprehensive overview of the Dutch-German economic relations has been published since Wemelsfelder's thesis appeared in 1954. A number of later publications have

⁴⁶ K. van Wieringh, *Altijd op de loer. Het beeld van Duitsland in de Nederlandse karikatuur 1871-2005* (Cologne 2005) 4.

⁴⁷ W. Mallinson, *From Neutrality to Commitment. Dutch Foreign Policy, NATO and European Integration* (London/New York 2010). See for example my review about this book: 'Nederland had Duitsland nodig', *Internationale Spectator* 65, No. 1 (January 2011) 49-50.

⁴⁸ Wielenga, *Van vijand tot bondgenoot*, 16.

⁴⁹ J. de Vries, *De Nederlandse economie tijdens de 20^{ste} eeuw* (Antwerpen/Utrecht); J.L. van Zanden, *Een klein land in de twintigste eeuw. Economische geschiedenis van Nederland 1914-1995* (Utrecht 1997); K.E. Sluyterman, *Dutch enterprise in the Twentieth Century. Business strategies in a small open economy* (Abingdon 2005).

⁵⁰ Lak, "Eine Angelegenheit von fundamentaler Bedeutung", 47.

⁵¹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*.

focused on certain aspects of Dutch-German economic relations, these include issues such as the liberalisation of international trade, Dutch economic development and the role of the government, the post-war Dutch money purge, and the European economic recovery and its international consequences from a Dutch perspective.⁵² Although these studies deal with Dutch-German economic relations, the content is often superficial and without proper analysis. Most researchers concentrate on the political relations between the Netherlands and Germany, and often ignore or fail to analyse the extent of the Dutch-German economic ties. Economic research, however, tends to ignore the interaction between economics and political developments, although Lademacher's 1983-article, in which he points to the duality in Dutch policy towards Germany in the first five post-war years, tries to analyse this problem.⁵³ Dutch historiography contains few studies devoted to the interaction between the political and economic relations between the Netherlands and Germany after 1945. The Dutch historians Frits Boterman and Klemann, and the economist Van Paridon, recently published some interesting observations on this field but paid little attention to the 1945-1957 period in their analysis.⁵⁴ Finally, Dutch historiography tends to be rather 'Holland-centric'; it regards things from the Dutch point of view and largely neglects the German side of the story. Wielenga forms an exception to this.⁵⁵

The same trend is visible in the way post-war German economic historiography describes and analyses the German-Dutch political and economic relations. There is little German research into West German policy towards the Netherlands nor to the bilateral relations between the two

⁵² J.M.M.J. Clerx, *Nederland en de liberalisatie van het handels- en betalingsverkeer (1945-1958)* (Groningen 1986); J.T.J.M. van der Linden, *Economische ontwikkeling en de rol van de overheid. Nederland 1945-1955* (Amsterdam 1985); H. de Liagre Böhl, J. Nekkers and L. Slot (eds.), *Nederland industrialiseert! Politieke en ideologische strijd rondom het naoorlogse industrialisatiebeleid 1945-1955* (Nijmegen 1981); J. Barendregt, *The Dutch Money Purge. The monetary consequences of German occupation and their redress after liberation, 1940-1952* (Amsterdam 1993); R.T. Griffiths, *Economic reconstruction in the Netherlands and its international consequences, May 1945-March 1951* (Florence 1984); R.T. Griffiths, *The Netherlands and the integration of Europe 1945-1957* (Amsterdam 1990).

⁵³ C.W.A.M. van Paridon, *De handelsbetrekkingen tussen Nederland en Duitsland* (The Hague 1982); C.W.A.M. van Paridon, *De handelsrelatie van Nederland met de Bondsrepubliek Duitsland: belangrijk maar niet uitzonderlijk* (The Hague 1982); L. Delsen and E. de Jong (eds.), *The German and Dutch economies. Who follows whom?* (Heidelberg 1998); Boterman, *Duitsland als Nederlands probleem*; W.H. Salzmann, *Herstel, wederopbouw en Europese samenwerking. D.P. Spierenburg en de buitenlandse economische betrekkingen van Nederland 1945-1952* (The Hague 1999); H. Lademacher, 'Die Niederlande und Deutschland 1945-1949: Wirtschaftsfragen und territoriale Korrekturen', in W. Ehbrecht and H. Schilling (eds.), *Niederlande und Nordwestdeutschland. Studien zur Regional- und Stadtgeschichte Nordwestkontinentaleuropas im Mittelalter und in der Neuzeit* (Cologne/Vienna 1983) 456-511.

⁵⁴ Boterman, *Duitsland als Nederlands probleem*; Klemann, *Waarom bestaat Nederland eigenlijk nog?*; H.A.M. Klemann and C.W.A.M. van Paridon, *In voor- en tegenspoed... Verleden, heden en toekomst van de Nederlands-Duitse economische betrekkingen* (The Hague 2008). The author of the present thesis recently published some impulses to the interaction between the economic and political relations between the Netherlands and Germany, which can form the starting point for further research, of which the present study is the first attempt. M. Lak, 'Stunde Null. Zonder Duitsland geen Nederlands herstel', *De Academische Boekengids* 65 (November 2007) 13-15; Lak, "Eine Angelegenheit von fundamentaler Bedeutung".

⁵⁵ Wielenga, *West-Duitsland: partner uit noodzaak*.

countries, except for the work by Wielenga.⁵⁶ On the odd occasion that the Netherlands is mentioned, it is usually in relation to the *Poldermodel* or to the astonishing economic growth the country experienced from the early 1950s until the oil crisis of 1973. Publications on the post-war economic history of Germany usually cover the years of the Allied occupation, the development of West Germany, the *Wirtschaftswunder*, and comparisons between the *Bundesrepublik* and the German Democratic Republic (GDR).⁵⁷ Even Abelshauser, one of the most prominent German economic historians, only mentions the Netherlands three times in his latest, extensive publication.⁵⁸ How Bonn regarded its relations with its small, but economically important western neighbour, remains vague.

To sum up, there is obviously a gap in Dutch and German historiography covering the Dutch-German economic relations in the post-war period.⁵⁹ Historians agree that economic contact with Germany was particularly important to the Netherlands. Most studies stop, however, with this, in itself, correct observation. There are few concrete quantitative and qualitative statistical figures on the extent of the Dutch services supplied to Germany or to the importance of Germany for the Netherlands and vice versa. There is no coherent work on the interaction between the political and economic relations between the Netherlands and Germany. For the last century and a half, there has been intensive economic contact between the two countries, but political relations have been tense on more than one occasion. In spite of this, there has been very little research in which the nature and extent of economic relations have been compared systematically with political contacts.⁶⁰ This study aims to rectify this omission, at least for the period between 1945-1957.

1.3 Central research question and subquestions

This study centres on the issue of how political and economic relations between the Netherlands and Germany developed in the years between 1945-1957 and how these influenced each other. As a consequence, the central research question will be: 'How did German-Dutch economic

⁵⁶ Wielenga, *West-Duitsland: partner uit noodzaak*, 8.

⁵⁷ C. Kleßmann, *Die doppelte Staatsgründung. Deutsche Geschichte 1945-1955* (Bonn 1991); R. Spree (ed.), *Geschichte der deutschen Wirtschaft im 20. Jahrhundert* (München 2001); W. Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945* (Bonn 2004); M. von Prollius, *Deutsche Wirtschaftsgeschichte nach 1945* (Göttingen 2006); K. Jarausch, *Die Umkehr. Deutsche Wandlungen 1945-1955* (Bonn 2004); H.A. Winkler, *Der lange Weg nach Westen II. Deutsche Geschichte 1933-1990* (Bonn 2004); C. Kleßmann en P. Lautzas (red.), *Teilung und Integration. Die doppelte deutsche Nachkriegsgeschichte* (Bonn 2005); P. Zolling, *Deutsche Geschichte von 1871 bis zur Gegenwart* (Bonn 2005); R. Bessel, *Germany 1945: From War to Peace* (London/New York 2009); C.L. Glossner, *The Making of the German Post-War Economy: Political Communication and Public Reception of the Social Market Economy after World War II* (London/New York 2010).

⁵⁸ Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 290, 358 and 374.

⁵⁹ Unlike the United States, Germany, Great Britain and France, where the first post-war years have been the focus of many books, although these primarily focused on the advent of the Cold War. According to Abelshauser, German history after 1945 is above all *economic* history. Abelshauser, *Deutsche Wirtschaftsgeschichte*, 11.

⁶⁰ Klemann, *Waarom bestaat Nederland eigenlijk nog?*, 11.

relations develop during the period between 1945-1957, and what consequences did these relations have for the bilateral political relations?' By beginning with economic relations, it is indicated that it is expected that the economic ties have been a vital factor in determining the post-war bilateral Dutch-German relations. It is to be investigated whether these can be labelled *the* determining factor, or whether Dutch-German post-war ties were formed through a combination of economic, political and international developments.

A broad central research question must lead to a number of subquestions. One of these is how Dutch economic relations with its large eastern neighbour recovered and what obstacles this encountered between 1945 and 1949. With Germany in ruins and a public opinion that was fiercely anti-German, how could The Hague politicians raise the question of restoring economic ties with their former enemy without committing political suicide? Why was the Dutch policy towards Germany so ambivalent, and when did this come to an end? When and why did the Dutch government realise that integrating Germany into a western alliance and the European economic community would not only ease the tension between East and West, but also present a solution for the fact that although Germany was of vital economic interest, it was also considered a potential political and military threat? Another issue was the question of why The Hague became a fierce proponent of European integration and of including the German Federal Republic in it. Which factors gave rise to this Dutch attitude, and which had the upper hand? Was it the importance of strong economic ties with Germany or the new political constellation created by the Cold War?

When analysing the bilateral economic ties between the Netherlands and Germany, a number of questions come to mind. First of all, how intertwined were the German and Dutch economies? Or, more precisely, what was the total extent of Dutch-German trade, reciprocal investments and financial contacts, compared to the German and Dutch economies as a whole? How important were the trade relations between the two countries before World War II and how did these change in the post-war period? The uniqueness of the Dutch-German economic relations is to be analysed. What is so particular about them? Were they totally different from those of other German neighbours like Denmark and the Scandinavian countries? The Dutch economic relations with Germany will be compared to those with other important trading partners. This comparison will enable us to judge whether, and to what extent, Dutch-German economic relations differed from those of other small German neighbour states, and analyse the uniqueness of Dutch-German economic ties. Then the question can be answered whether the Netherlands was economically dependent on Germany or whether this small German neighbour was so important to the German economy that the Bonn was prepared to give them preferential

treatment. If so, could it be possible that the Netherlands was in a stronger political position than one would have expected, given the size of its population or geographical extent?⁶¹

Secondly, the development of the financial relations between the two countries will be analysed. The most important issue here is that of *Foreign Direct Investments* (FDI's). In the period between the wars, especially in the 1920s, Dutch multinationals and other companies invested heavily in Germany. After World War II, it was difficult for the Dutch government to recover these possessions. This is an important issue, as it can shed light on the intensity of the German-Dutch economic relations.

Thirdly, it will be investigated which factors drove the two economies towards each other. Was it the western and European umbrella that offered security? Or are there other explanations, like the loss of contact with other areas in eastern and central Europe? Could it have been due to the independence of the Dutch East Indies in December 1949? It seems hardly surprising that the German Federal Republic turned to the Netherlands for most of its agricultural imports like fruit and vegetables and finished products like bacon, after it lost its vast agricultural areas in Eastern Germany. One can also wonder whether it is only logical that The Hague concentrated on its economic relations with Germany after losing its large colony in Asia, which had been an important source of foreign currency, especially dollars.

Fourthly, what were the consequences for the position of Rotterdam as transit port that after 1945 coal, the most important pre-war raw material of the industrial area of the Ruhr, never got as important again as before World War II? How did Rotterdam cope with this change and how did it become the largest oil harbour in Europe? What was the role of West Germany in this development?

Fifthly, it will be analysed how Dutch and German business saw the economic ties between their countries. One would expect, considering the presumably huge mutual investments, that they were strong supporters of the recovery of the Dutch-German trade relations. If so, how did they make sure their interests were looked after?

Finally, the question is asked how the political relations between the two countries developed. Which stance did the West German government assume towards the Netherlands and vice versa? Were they friendly towards each other or did the Germans hardly pay attention to the position of the Netherlands, and how did this attitude towards each other correspond with the close economic ties? What was the influence of international developments on the German *and* Dutch positions?

⁶¹ Klemann, *Waarom bestaat Nederland eigenlijk nog?*, 9.

1.4 Composition of the study

Historians have been labelled ‘sculptors of the shapeless time’ as they are occupied with ‘the art of dividing history in pieces’.⁶² This study adopts a thematic approach, as it has numerous advantages over a chronological one. It makes it possible to analyse different developments, causes, events and consequences, and brings cohesion into the text. Of course, within the different themes a certain chronology will be necessary.

This study is divided into seven chapters, of which this forms the first. Chapter 2 presents an analysis of the problems in Dutch-German relations that resulted from World War II. As such, it provides an overview of the Dutch-German political and economic relations between 1945 and 1949. It analyses the economic situation in the liberated Netherlands, in occupied Germany as well as the Allied occupation policy in the former Third Reich as this had a profound influence on The Hague’s attempts to reinstate Dutch-German economic ties in the period immediately after the war. This, however, was only one part of Dutch policy towards its former occupier. The Netherlands also wanted Germany to atone for the crimes it committed during World War II and demanded the annexation of parts of Germany, restitution of stolen goods and reparation payments. Dutch policy was thus ambivalent in character, and it became difficult to formulate a clear policy. The Allies refused to comply with Dutch demands and also to the swift recovery of trade relations between the Netherlands and Germany. It was only in 1948, when the Americans and British decided to establish an independent West German state that was capable of taking care of itself economically, that the Dutch request for the recovery of trade relations stood a little more chance.

Chapter 3 explores and analyses the Dutch-German financial relations in the period between 1945-1957. Chapters 4 and 5 respectively investigate trade relations and the role of Rotterdam, Rhine shipping and the Ruhr area in Dutch-German relations. All these chapters start with a short sketch of the pre-war situation to give a framework for the post-war developments.

One of the main questions to be addressed is what caused the impressive growth of the Dutch economy as of 1949. Traditionally, the Marshall Aid has been seen as the main reason for this upsurge. However, it should be asked what role the opening of the German market for Dutch products played. Other important issues in chapter 3 are the financial ties between the two countries. It investigates how the Dutch government looked after Dutch investments in Germany and what role big business played in this. Here, as well as in chapter 2, the Allied policy in Germany provides the main focus, as it deeply influenced Dutch-German economic relations and had disastrous consequences for years. At the same time, it was one of the Allies, The United

⁶² H. Righart, *De eindeloze jaren zestig. Geschiedenis van een generatieconflict* (Amsterdam 1995) 12.

States, which finally provided the essential breakthrough by lifting the bottleneck in Dutch-German bilateral trade relations: the impossibility to trade with one another.

In chapter 5 special attention is given to the transit of goods from and to Germany's most important industrial areas, especially the Ruhr, in which the river Rhine and the port of Rotterdam played vital roles. The part played by the Dutch in Rhine shipping is analysed as well as the political tension caused by the fact that Allied policy initially prohibited Dutch shipping on the internal German waterways. This policy was continued by Bonn after the Federal Republic of Germany was founded in May 1949. In 1956, however, Bonn suddenly changed its policy and until now there is no explanation for this sudden change.

Chapter 6 delves into the bilateral Dutch-German political relations. Did the economic importance of Germany make The Hague more sympathetic to its former enemy? Or was it the other way round? According to Wielenga, the policy issued from Bonn can hardly be called responsive towards The Hague in the period between 1949-1955. There are indications, however, that the Federal German government took account of Dutch feelings of hatred, revanchism and moral superiority. This chapter aims to answer the question what the consequences of economic interdependence for the political relations between the Netherlands and Germany were at this period. Was there any continuity in The Hague's policy towards Germany after the formation of the *Bundesrepublik*?

Finally, chapter 7 sums up the main conclusions of the thesis.

Chapter 2 Dutch-German relations 1945-1949: a troublesome era

2.1 Introduction

After World War II and the end of the German occupation, the Dutch were, for the first time in their history, almost ‘unanimously anti-German’.¹ On 8 May 1945, what had, until a few days previously, been a clandestine communist newspaper, *De Waarheid* – *The Truth* – heralded the shaving of the heads of Dutch girls that had fraternised with German soldiers, the so-called ‘Jerry chicks’ or ‘Moffenmeiden’² as a dignified and joyful end to the first day of liberation. Another resistance paper, the left-wing protestant *Vrij Nederland* – *Free Netherlands* – proposed to abolish the teaching of German in secondary schools as a protest against the events of 1940-1945, and to protect the Dutch population from ‘mental contamination’.³ Consequently, the first post-war Dutch cabinets were faced with an extreme anti-German public opinion.⁴ Although this attitude was understandable, given the hardships of five years of German occupation, many people, in particular, politicians and businessmen, realised that the Netherlands could only recover from wartime damage if economic relations with Germany, the country that, as was the opinion, had looted their possessions, starved the people and murdered an important minority, were restored as soon as possible. Although Dutch politicians and businessmen were absolutely correct about the importance of Germany to Dutch economic recovery, and restoring economic ties between the two countries was vital for the Netherlands, in May 1945 it would have been political suicide to say this out loud. Given the fiercely anti-German feeling that dominated Dutch public opinion that was undoubtedly shared by most politicians and businessmen, it would have been out of the question for anyone to even suggest it.

This anti-German attitude was not the only obstacle to the restoration of economic relations between the two countries. For at least three years after the end of World War II, the various Dutch cabinets were unable to decide on a clear policy on how to treat their one time enemy. The international situation remained unclear for a long time too, as the victorious Allies were also unable to agree on their policy towards Germany. Although extensive plans were drawn up for deindustrialisation, denazification and decartelisation, the British and Americans, were

¹ J.L. Heldring, ‘Duitsland voor Nederlanders: “geen land”’, in M. Krop (ed.), *Burengerucht: opstellen over Duitsland* (Deventer 1978) 373-384, there 377.

² M. Diederichs, *Wie geschooren wordt moet stil zitten. De omgang van Nederlandse meisjes met Duitse militairen* (Amsterdam 2006).

³ M.G. Emeis, ‘Handen uit te wijde mouwen’, in F. Manning, P.W. Klein, P.R.A. van Iddekinge, A.H. Paape and R.L. Schuursma (eds.), *Onze jaren 45-70. 25 jaar wereldgeschiedenis, deel 3* (Amsterdam 1970-1975) 67-70, there 67.

⁴ M. Lak, ‘“Eine Angelegenheit von fundamentaler Bedeutung”. Die Wechselwirkung zwischen der ökonomischen und politische Beziehungen zwischen den Niederlanden und Deutschland, 1945-1949’, in H.A.M. Klemann and F. Wielenga (eds.), *Deutschland und die Niederlande. Wirtschaftsbeziehungen im 19. und 20. Jahrhundert* (Münster 2009) 45-85, there 49.

reluctant to implement policies in their occupation zones that would ruin the country and its economy.⁵ On the contrary, Whitehall and Washington set out on a path towards German economic reconstruction. The Russians, however, advocated a harsher policy towards the former Third Reich. The enormous loss of human life in the Soviet Union and the extent of the damage caused by the *Wehrmacht* between 1941 and 1945, had given rise to strong feelings for revenge. The damage to the Soviet Union was extensive. Approximately 25 million Soviet soldiers and civilians had been killed, the German army had destroyed over 1700 cities and towns and more than 70,000 villages. The Germans had demolished 31,000 industrial enterprises, 1,100 coal pits, 65,000 kilometres of railway track, 15,800 locomotives, 428,000 goods wagons, half of all the railway bridges and 3,000 oil wells. They stole and slaughtered 17 million head of cattle, 20 million pigs, 27 million sheep and goats and 7 million horses.⁶

The Netherlands had to formulate a coherent policy towards an occupied Germany that would, one day, play an increasingly important role in the developing Cold War. This chapter gives a framework from which to study the overall political and economic relations between the two countries by analysing the development and changes in Dutch policy vis-à-vis its former occupier in the 1945-1949 period. It explores problems in the Netherlands that resulted from World War II and the Allied occupation of Germany. It starts with wartime views on the post-war treatment of Germany by the Dutch government in exile in London, by businessmen who had escaped from the Netherlands to the British capital and articles in the illegal press in the occupied Netherlands. Next, the chapter moves to the economic situation in the Netherlands and occupied Germany in May 1945 as seen from the literature. Much of the focus will be on the Allied occupation of Germany, especially that of the British and Americans, as it profoundly influenced Dutch policy towards Germany. Thirdly, the issue will be raised of the demands for annexation, compensation and restitution by the Dutch government and how these were thwarted by the necessity to restore German-Dutch trade relations as soon as possible. Fourthly, this chapter studies the influence Marshall Aid had on Dutch German relations. Finally, it analyses the decisive shift in The Hague policy towards Germany in 1948.

⁵ See for example K.H. Jarausch, *After Hitler. Recivilizing Germans, 1945-1995* (Oxford 2006), especially chapters 1-3; M. Lak, 'Na de overwinning. De Amerikanen, Britten en Russen in Duitsland na WO II', *De Academische Boekengids* 69 (July 2008) 3-5, there 4.

⁶ M.P. Leffler, 'The Cold War: What Do "We Now Know"?', *American Historical Review* 104, No. 2 (1999) 501-524, there 513; R. Overly, *Russia's War* (London 2007) 297-289; A. Nove, *An Economic History of the USSR 1917-1991* (London 1992) 292.

2.2 Dutch wartime views of Germany

‘What is this Germany that we are facing? Is it a nation of benevolent mugs, who let themselves be carried away and abused by Hitler, at other times by a Wilhelm, but at the core are so “gemütlich”, active and decent? Or is it a country of pure criminals who, at given times, against common knowledge, set the world on fire? Is it a conglomerate of dangerous lunatics, who periodically run amok under symptoms of megalomania and claustrophobia? In short, how should we imagine the psychological and physical phenomenon “Germany”?’⁷ This is how W. Chr. Posthumus Meyes, reserve lieutenant colonel of the Dutch Bureau of Military Authority – *Bureau Militair Gezag* started a lecture for the Dutch community in exile in London on 26 October 1942. In this lecture he addressed the issue of what attitude the Netherlands should take to Germany after the end of World War II. Posthumus Meyes was a member of the Dutch Reconstruction Committee – *Studiegroep voor Reconstructieproblemen* – that was established in July 1941 by the Dutch Unilever-president, Paul Rijkens, to assist the Dutch government in exile in London in developing plans for the post-war Netherlands.⁸ To Posthumus Meyes the answer to his rhetorical question was crystal clear: the German danger was to be eradicated, once and for all, after the war. A few months earlier, in June 1942, he had stated that one way to do this would be to execute ‘1% of all German males aged between 18 to 55’.⁹ On 1 February 1943 – a day before the surrender of the remnants of the German Sixth Army in Stalingrad – Posthumus Meyes suggested that Germany’s industrial areas be taken away from them.¹⁰

Posthumus Meyes’ opinions should be seen in light of the fact that Germany had invaded the Netherlands on 10 May 1940, and had consequently occupied the country. But did the Dutch community in London share his views? Some members of the Reconstruction Committee also held strong opinions on the treatment of post-war Germany. Some even suggested forbidding German tourists to visit the Netherlands and obliging Germans staying in the country to report to the police ‘on a daily basis and deny them access to seaside resorts and other holiday spots’.¹¹ Most members of the Reconstruction Committee however, took a lenient position towards Germany although suggesting that the Netherlands reorientate to the West i.e. Great Britain and

⁷ National Archives (hereafter NA), Den Haag, archief van het Ministerie van Buitenlandse Zaken (BuZa), Londens Archief en daarmee samenhangende archieven, (1936-) 1940-1945 (-1958), access code 2.05.80, inventory number 2660; ‘Lezing W. Chr. Posthumus Meyes’, 26 October 1942.

⁸ The Dutch Reconstruction Committee was split into 24 working committees. It remained active until the end of 1944 and produced an impressive number of reports. Source: http://www.inghist.nl/Onderzoek/Projecten/Socialezekerheid/instellingen_en_personen/show_lond/Studiegroep_Reconstructieproblemen (6 July 2009). Also: B. Wubs, *International Business and National War Interests. Unilever between Reich and Empire, 1939-1945* (Abingdon 2008) 137-141.

⁹ NA, BuZa, Londens Archief, 2.05.80, inv. nr. 6213; ‘Memorandum W. Chr. Posthumus Meyes’, 1 June 1942.

¹⁰ Netherlands Institute for War Documentation (hereafter NIOD), Amsterdam, Reconstruction Committee, access code 233, inventory number 1g; ‘Note W. Chr. Posthumus Meyes’, 1 February 1943.

¹¹ NIOD, Reconstruction Committee, access code 233, inv. nr. 2a; ‘Touristenverkeer en grensverkeer’, 20 November 1942.

focus less on Germany.¹² According to Rijkens, 'it must no longer be the case that we endeavour to export to England the things that we cannot sell in Germany'.¹³ They felt that the Netherlands should not be bound too tightly economically to Germany. At the same time though, they felt that the reparation payments that were to be put on Germany 'are not only in nature and scale, but also with regard to the time in which these payments should be done, limited'.¹⁴ They realised that excluding Germany from newly formed economic groups after the war 'would inevitably lead to an unnatural and, to the Netherlands disadvantageous, decline in trade'.¹⁵ Opinions within the Reconstruction Committee differed as to the future of Germany after the war. Some thought that Germany should not be included in the North-Atlantic group of states that was being discussed at the time. Others believed that the Netherlands' large neighbour would be more easily held in check in a group in which it was in the minority. Above all, however, most realised that Germany was the natural hinterland of the Netherlands and, as such, was one of its main trading partners and excluding it from an economic group would inevitably lead to an 'unnatural, and to the Netherlands disadvantageous, decrease of trade'.¹⁶

Friction between the Reconstruction Committee and the Dutch government in exile ran rampant. At first, the Dutch government was not happy with Rijkens' initiative and forbade its officials from taking part in the activities organised by the Committee.¹⁷ The government in exile later reversed this decision. The fact that Prince Bernhard, the husband of the Crown Princess, agreed to chair the Committee, probably played a significant role in this change of heart.¹⁸ Some ministers continued to regard the activities of the Reconstruction Committee as an interference with their policy. J.W. Albarda and J. van den Tempel, the social-democratic Ministers of Transport and Public Works and Social Services and Employment, described the Reconstruction Committee as a 'bunch of capitalist liberals' who were not qualified to express the feelings of the Dutch people.¹⁹ The Reconstruction Committee and the Dutch government in exile, however,

¹² NIOD, Reconstruction Committee, access code 233, inv. nr. 1b; 'Notes of the meeting presided by Prince Bernhard', 1 April 1941.

¹³ As cited in Wubs, *International Business and National War Interests*, 138.

¹⁴ NA, Ministeries AOK en AZ, Kabinet van de Minister-President, access code 2.03.01, inventory number 3088; rapport Studiegroep voor Reconstructieproblemen, Commissie Ie ('Reparatie-vraagstuk'), 23 March 1944. In this subcommittee amongst others De Beus, Beyen, Posthumus Meyes, A.A. van Rhijn and Rijkens were present.

¹⁵ Quotations from: NA, BuZa, Londens Archief, 2.05.80, inv. nr. 6213; Studiecommissie voor de na-oorlogsche politieke grenzen en groepsvorming: 'Samenvatting van het besprokene op de 6^e vergadering', 16 december 1941.

¹⁶ NA, BuZa, Londens Archief, 2.05.80, inv. nr. 6213; Studiecommissie voor de na-oorlogsche politieke grenzen en groepsvorming: 'Samenvatting van het besprokene op de 6^e vergadering', 16 December 1941.

¹⁷ C. van Renselaar, *Partij in de marge. Oorlog, goud en de Nederlandsche Bank* (Amsterdam 2005) 108.

¹⁸ Ibid., 108. Also: NIOD, access code 233, inv. nr. 1b; 'Notulen van bijeenkomsten van een aantal leden van de Studiegroep voor Reconstructieproblemen en anderen, onder leiding van Prins Bernhard', april 1941 – februari 1942.

¹⁹ A.E. Kersten and E. Th. Mos, *Londense dagboeken van Jbr. ir. O.C.A. van Lith de Jende, januari 1940 – mei 1945. Bd. 1: Januari 1940 – december 1942* (The Hague 2001) 499.

agreed on certain aspects of the post-war treatment of Germany, i.e. they felt that Germany should not be treated more harshly than necessary as it was badly needed in the future.

The Ministry of Foreign Affairs (of the government in exile) regularly published reports on the question of which position the Netherlands should take towards Germany after the war. One of these was written by the diplomat J.G. de Beus shortly before the Japanese attack on Pearl Harbor in December 1941. De Beus was a member of Rijkens' Committee and, during a part of 1942, was head of the governmental Bureau of Post-War Issues – *Bureau Na-Oorlogse Vraagstukken*.²⁰ His tone was strikingly moderate. He advocated that Germany should not be punished too heavily: 'An iron fist policy towards a population of 65 million that possesses the energy and organizational skills of the Germans seems very dangerous indeed. Sooner or later the situation will erupt and we will have another European war'.²¹ As head of the Bureau of Post-War Issues, De Beus was primarily concerned with the treatment of Germany after the war. In February 1942, he pleaded for political and economic integration of post-war Germany in Europe.²² He also addressed this issue in a book that he wrote under the pseudonym Boisot in 1941. Although he suggested that the Dutch people wanted an end to the strong orientation of the Dutch economy on Germany and could agree with that, he noted that, in the long run, the Netherlands could not afford to lose sight of the importance of the German hinterland.²³

These quotes are characteristic of the views of leading figures in Dutch politics, at least until the beginning of 1944. In 1943-1944, the future social-democratic Prime-Minister Willem Drees, who was in hiding in the Netherlands because the occupier wanted to arrest him, noted that the Netherlands was, because of its geographical location, 'destined to be the link between Germany and overseas traffic'. Moreover, he stated, the country had to maintain intensive import and export relations with Germany. It was in the interest of Europe and especially the Netherlands that Germany was allowed to recover.²⁴ The same opinions were heard within the *Politiek Convent* – Political Covenant – the illegal platform of the six largest pre-war political parties that met on a more or less regular basis during the war.²⁵ The Dutch prime minister in

²⁰ A. Kersten, *Buitenlandse Zaken in ballingschap. Groei en verandering van een ministerie* (Alphen aan den Rijn 1981) 48-49.

²¹ NA, BuZa, Londens Archief, 2.05.80, inv. nr. 2660; 'De behandeling van Duitschland na den oorlog'. See also: <http://www.inghist.nl/Onderzoek/Projecten/BWN/lemmata/bwn4/beus> (7 July 2009).

²² NIOD, access code 454, inventory number 101: Nederlandsche Studie Groep; J.G. de Beus, 'Enkele vraagstukken van de na-oorlogse staten organisatie', 11 augustus 1941; Van Renselaar, *Partij in de marge*, 111. For more details about J.G. de Beus and his views on post-war Germany see M. Lak, "'Onze welvaart staat en valt met die van Duitschland'". Opvattingen over naoorlogs Duitsland bij de Nederlandse regering in Londen en de illegale pers tijdens de Tweede Wereldoorlog', *Tijdschrift voor Geschiedenis* 123, No. 3 (2010) 401-413, there 403.

²³ Boisot (pseudonym J.G. de Beus), *De wedergeboorte van het Koninkrijk* (London 1942/3) 117.

²⁴ H. Daalder and J.H. Gaemers (eds.), *W. Drees. Op de kentering. Toekomstbeschouwingen uit bezettingstijd* (Amsterdam 1996) 77.

²⁵ L. de Jong, *Het Koninkrijk der Nederlanden in de Tweede Wereldoorlog, deel 9, eerste helft: Londen* (The Hague/Amsterdam 1995) 632. It concerned representatives of the Rooms-Katholieke Staatspartij (RKSP), the Anti-Revolutionaire Partij

exile, P.S. Gerbrandy (Calvinist People's Party, ARP), was able to send two questions to this committee in the occupied Netherlands. He wanted to know the Political Covenant's opinion on the post-war treatment of Germany and what its views on the future of Europe were. The answers to these questions were extremely lenient. The authors stated that the war had shown 'the coercive necessity of an organized cooperation between peoples on a legal basis. In a situation like this, both out of sober self-interest as well as a higher political insight in the development of international relations, it is necessary to give a place and a task to a Germany purified from national-socialism and Prussian militarism'.²⁶ More importantly, 'its geographical position, economic structure and position as colonial power, places the Netherlands in close contact with the Anglo-Saxon world as well as the German hinterland'.²⁷

The moderate views towards a post-war Germany in the occupied Netherlands may seem striking, but are totally understandable. Germany had been the Netherlands' most important trading partner since the late nineteenth century. After World War II, H.M. Hirschfeld, who, as secretary-general, had played an important role in the economic life of the occupied Netherlands,²⁸ estimated that Germany had supplied 25 per cent of Dutch imports between 1930 and 1938.²⁹ Although this was a significant amount, it was a small share compared to the amount in the 1920s or the pre-1914 period. In 1938, Germany exported goods to the Netherlands worth 459 million *Reichsmark*, making the Netherlands the most important country for German exports. Great Britain ranked second with RM 371 million, and France was third with RM 229 million.³⁰ The Netherlands not only imported a large amount from Germany, it was also an important export market for them. Before World War II over 30 per cent of goods exported from the Netherlands went to Germany³¹; these were mostly agricultural products.³² Above all, The

(ARP), the Christelijk-Historische Unie (CHU), the Liberale Staatspartij, de Vrijzinnig-Democratische Bond and the Sociaal-Democratische Arbeiderspartij (SDAP).

²⁶ *Enquêtecommissie Regeringsbeleid 1940-1945. Verslag houdende de uitkomsten van het onderzoek. Deel 5C. Ministers- en kabinetscrises, voorbereiding terugkeer. Bijlagen* (The Hague 1950) 282-283. Bijlage 97. Nota van het Politiek Convent aan de Regering te Londen over de opvattingen in Nederland (Transferred by G.E. van Walsum at his interrogation of 26 July 1950). In Dutch the questions posed read as follows: 'Hoe meent men, dat Duitsland behandeld zou moeten worden na den oorlog?' and 'Hoe denkt men over de toekomstige structuur van Europa?'.

²⁷ Ibid.

²⁸ See for example M. Fennema and J. Rhijnsburger, *Dr. H.M. Hirschfeld. Man van het grote geld* (Amsterdam 2007); H.A.M. Klemann, *Nederland 1938-1948. Economie en samenleving in jaren van oorlog en bezetting* (Amsterdam 2002) chapter 14.

²⁹ Archive Ministry for Foreign Affairs (hereafter BuZa), 912.230. Map 563. Duitsland West. Nederlandse verlangens inzake geallieerde politiek in Duitsland; Nota Hirschfeld Deel I.

³⁰ NA, Inventaris van het Centraal Archief van het Ministerie van Economische Zaken (1906-) 1944-1965 (-1975), access code 2.06.078, inventory number. 1812; 'De structuur van den Duitschen uitvoer in 1938', December 1945.

³¹ G.W. Groeneveld, 'De economische en financiële betrekkingen tussen Nederland en Duitsland', *Maandschrift Economie. Tijdschrift voor algemeen economische, bedrijfseconomische en sociale vraagstukken* 12 (1947-48) 449-469, there 450.

³² H. Lademacher, 'Die wirtschaftlichen Beziehungen zwischen Deutschland und den Niederlanden in den dreißiger und vierziger Jahren des 20. Jahrhunderts', in Jürgen C. Heß and H. Schissler (eds.), *Nachbarn zwischen Nähe und Distanz. Deutschland und die Niederlande* (Frankfurt am Main 1988), 52-66, there 53. For that matter, Dutch exports of agricultural products to Germany as a consequence of the autarkic policy of Nazi Germany dropped from 31.2

Netherlands supplied Germany with essential services, and had invested heavily in the country. Rotterdam and the Rhine were the most important connection to and from Germany. The German hinterland, with its heavily industrialised Ruhr area was essential to Rotterdam. Transit amounted 75 per cent of the total turnover in the port of Rotterdam³³ and over 80 per cent of this was to and from Germany. This consisted of mainly ore and cereals. Downstream, coal was transported in enormous quantities.³⁴ It is therefore not surprising that rapid growth of the harbour of Rotterdam the nineteenth century coincided with the industrialisation of the Ruhr area. The German market would be extremely important for the economic revival of the Netherlands after the war, and this knowledge influenced opinions on the way the enemy should be treated after the war.³⁵

The Dutch government in exile recognised the economic importance of Germany and that the Dutch economy would not be able to recover without a healthy Germany. Trade relations with Germany would be vital. Of course, the Nazi regime had to be destroyed, war criminals had to be brought to justice and Germany would have to pay compensation, but excessive reparation and annexation was out of the question. The members of the Political Covenant recognised that the harsh conditions imposed on Germany at the Treaty of Versailles in 1919³⁶ were one of the causes of national-socialist aggression.³⁷

The Dutch government in London agreed that with the exception of its war industry, Germany's basic industrial capacity should not be too heavily affected.³⁸ Of course, it was self-evident that Germany should never again be allowed to pose a threat to peace, but economic interests were equally important. The demolition of heavy German industry would only hamper Dutch industrial recovery. Germany should, therefore, be allowed to participate in the post-war European reconstruction. In addition to matters of security, Germany's position as an economic

percent in 1934 via 24.2 in 1935 to only 19.4 percent in 1936. See H.A.M. Klemann, *Tussen Reich en Empire. De economische betrekkingen van Nederland met zijn belangrijkste handelspartners: Duitsland, Groot-Brittannië en België en de Nederlandse handelspolitiek, 1929-1936* (Amsterdam 1990) 193; Also: H.A.M. Klemann, 'Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: economische integratie en politieke consequenties 1860-2000', in H.A.M. Klemann and C. van Paridon, *In voor en tegenspoed... Verleden, heden en toekomst van de Nederlands-Duitse economische betrekkingen* (The Hague 2008) 13-43, there 36.

³³ F. de Goey, *Ruimte voor industrie. Rotterdam en de vestiging van industrie in de haven 1945-1975* (Rotterdam 1990) 124-125. Also: F. de Goey and H. van Driel, 'Rotterdam und das Hinterland (1920-1995)', in Klemann and Wielenga, *Deutschland und die Niederlande*, 127-151, there 141.

³⁴ Klemann, *Tussen Reich en Empire*, 265.

³⁵ F. Wielenga, 'Streep onder het verleden? Den Haag, Bonn en de "Generalbereinigung" van 1960/63', in F. Wielenga (ed.), *De Duitse buur. Visies uit Nederland, België en Denemarken 1945-1995* (The Hague 1996) 42-69, there 42.

³⁶ See for example: D. Hellema, *Neutraliteit & Vrijhandel. De geschiedenis van de Nederlandse buitenlandse betrekkingen* (Utrecht 2001) 125-127.

³⁷ *Enquêtecommissie Regeringsbeleid 1940-1945. Verslag houdende de uitkomsten van het onderzoek. Deel 5C. Ministers- en kabinetscrises, voorbereiding terugkeer. Bijlagen* (The Hague 1950) 282-283.

³⁸ F. Wielenga, *West-Duitsland: partner uit noodzaak. Nederland en de Bondsrepubliek 1949-1955* (Utrecht 1989) 225. See also Lak, "Onze welvaart staat en valt met die van Duitsland".

partner was the most important consideration in deciding Dutch policy towards post war Germany.³⁹

These ideas were reflected in De Beus' report that we mentioned earlier. In it he stated: 'After all, the solutions [i.e. punishment of Germany, M.L.] that we have in mind are all economically disadvantageous [underlined in original, M.L.] to our country. Unfortunately, it is a undeniable fact that we are located at the mouth of the Rhine, and that Germany is one of our natural trading partners, so that an important part of our prosperity stands or falls with that of Germany'.⁴⁰ Even the hardliner, Posthumus Meyes, despite all his heavy rhetoric, was forced to face this fact and showed some realism. He recognised that Germany's potential for war should be destroyed, but he also acknowledged the fact that an eventual peace treaty should not impose too stringent obligations as these could endanger Germany's ability to import goods. Germany would have to import raw materials and foodstuffs if it were ever to reach and maintain a certain level of prosperity, and limiting these could lead to serious poverty. Here, he obviously had the interests of Dutch agriculture at heart: 'We must endeavour to keep German export at a high level'. With these observations, Posthumus Meyes touched on the core of the economic importance of Germany to the Netherlands. He continued: 'If one wants to cut or trim certain branches of industry to reduce Germany's industrial war potential, they will have to make sure they do not hit the industry working for the export too heavily' [underlined in original, M.L.].⁴¹

The Minister for Foreign Affairs, E.N. van Kleffens, initially shared the moderate views of the Dutch government. The Finance Minister J. van den Broek was alone in advocating a stern policy towards Germany, but his pleas for the annexation of parts of Germany as compensation for damage suffered during the war and protection against the German menace, received little support.⁴² Van Kleffens opposed this and other radical measures like the destruction of German industry that were seriously considered by the major Allied powers. Appalling suggestions like the sterilisation of all Germans or the extermination of the German race were delusional and were totally disregarded.⁴³

In this, Van Kleffens distanced himself from Posthumus Meyes. Although Posthumus Meyes had retracted his earlier idea of mass-executions and sterilisation that he had expressed in his lecture in October 1942, he still felt it would be possible to influence Germany's demographic future. He felt there would be nothing wrong with imprisoning the whole German army, what

³⁹ S.I.P. van Campen, *The Quest for security. Some aspects of Netherlands foreign policy, 1945-1950* (The Hague 1958) 27.

⁴⁰ NA, BuZa, Londens Archief, 2.05.80, inv. nr. 2660; 'De behandeling van Duitschland na den oorlog'.

⁴¹ NA, BuZa, Londens Archief, 2.05.80, inv. nr. 2660; 'Lezing W. Chr. Posthumus Meyes', 26 October 1942.

⁴² M.D. Bogaarts, 'Ressentimenten en realiteitszin in Nederland 1945-1950', in Wielenga, *De Duitse buur*, 6-41, there 18.

⁴³ NA, archief van E.N. van Kleffens over de jaren 1919-1983, access code 2.05.86, inventory number 288.

was left of the SA, SS and Gestapo between the end of hostilities and the conclusion of a peace treaty. In this way, ‘millions of potent men’ would be kept outside Germany and it would be possible to ‘influence the number of births there positively’.⁴⁴

Van Kleffens and other leading figures in London found these ideas disgusting. Van Kleffens did not consider severely punishing Germany to be of prime importance, on the contrary, control through integration was. The majority of the Dutch in exile in London agreed with him and considered adopting a cautious policy towards their large eastern neighbour. According to historian Albert Kersten, they thought the best way forward would be to carefully fit Germany’s economic potential into a larger European or global context: ‘The main motive for this approach was to exclude the possibility for renewed German aggression, while at the same time implicitly recognizing the connection between the German economy and that of its surrounding countries’.⁴⁵ Van Kleffens did not wish to see Germany humiliated like it had been after the First World War, ‘but, on the contrary, be allowed to retake its place in Europe’.⁴⁶ Radical plans like those of the American Minister of Finance, Henry Morgenthau, to transform Germany into an agrarian nation to end German aggression once and for all, were not received enthusiastically by the Dutch government in exile. Agrarization of Germany would pose a threat to the Dutch agricultural sector – of vital importance to Dutch exports – while the Rhine traffic and port activity in Rotterdam would be severely hit by such a policy.⁴⁷

Van Kleffens developed plans for the treatment of post-war Germany at an early stage in World War II. The Netherlands did not wish to align itself with the view of the British government which, at that time, wanted to destroy Germany totally,⁴⁸ as the Dutch were too dependent on their large neighbour.⁴⁹ In April 1943, Van Kleffens proposed the establishment of an international organ to control German imports and the production of three products – iron, steel and nitrogen. He hoped, in this way, to prevent renewed aggression, as all three products were indispensable to modern warfare.⁵⁰ Although he discussed his plan with leading figures in

⁴⁴ NA, BuZa, Londens Archief, 2.05.80, inv. nr. 2660; ‘Lezing W. Chr. Posthumus Meyes’, 26 October 1942.

⁴⁵ A.E. Kersten, ‘Nederlandse opvattingen over Europese economische samenwerking na de Tweede Wereldoorlog, 1940-1945’, *Jaarboek Ministerie van Buitenlandse Zaken 1986-1987* (The Hague 1987) 154-166, there 165.

⁴⁶ B. Zeeman, ‘Jurist of diplomaat? Eelco Nicolaas van Kleffens’, in D. Hellema, B. Zeeman en B. van der Zwan (eds.), *De Nederlandse ministers van Buitenlandse Zaken in de twintigste eeuw. Vijfde jaarboek van de geschiedenis van de Nederlandse buitenlandse politiek in de twintigste eeuw* (The Hague 1999) 139-151, there 147.

⁴⁷ Wielenga, *West-Duitsland: partner uit noodzaak* 226. Also H. Lademacher, ‘Die Niederlande und Deutschland 1945-1949: Wirtschaftsfragen und territoriale Korrekturen’, in W. Ehbrecht and H. Schilling, *Niederlande und Nordwestdeutschland. Studien zur Regional- und Stadtgeschichte Nordwestkontinentaleuropas im Mittelalter und in der Neuzeit* (Cologne/Vienna 1983) 456-511, there 464-465.

⁴⁸ P.W. Klein, ‘Nederland op tijgerjacht. De Nederlandse regering in ballingschap’, in A.H. Paape (ed.), *Bericht van de Tweede Wereldoorlog, deel 8* (Amsterdam 1970/1975) 1229-1232, there 1232. Also: A. Ingenbleek, *Die britische Gewerkschaftspolitik in der britischen Besatzungszone 1945-1949* (Essen 2010) 41.

⁴⁹ Klein, ‘Nederland op tijgerjacht’, 1232.

⁵⁰ NA, Van Kleffens, 2.05.86, inv. nr. 288.

England and the United States and with De Gaulle, leader of the Free French in London, his proposal fell largely on deaf ears.⁵¹

In March 1943, the Dutch government in London held three meetings about Germany's future, all of them chaired by Van Kleffens. Once again, he proved he was an advocate of moderate policy. He thought dividing Germany up would be a bad idea, and dismissed such proposals as 'wishful thinking'.⁵² He also rejected plans to place the Ruhr area under the control of the United Nations. In his view, this would cause 'so deep a wound to German pride, that a second Hitler might be able to profit from it politically'.⁵³ Van Kleffens did not have high expectations for the mooted plan to re-educate the German people. 'The dangerous character of this people', he stated, 'is a consequence of a century-long development, which cannot be changed by any education whatsoever in the near future'.⁵⁴ It was an opinion held by most of the Dutch in London.⁵⁵

After Van Kleffens' introduction, several ministers, with the exception of J.R.M. van Angeren (Catholic, Minister of Justice), O.C.A. van Lith de Jeude (Liberal, Minister of War) and G. Bolkestein (Liberal, Minister of Education, Arts and Science), expressed their opinions. Van den Broek (Liberal, without party) advocated the depopulation of the Ruhr area and dividing it and the Rhineland between the Netherlands and Belgium. He received little support for this strange plan. The Minister of Colonies, H. van Mook (without party) and the Minister of the Navy, J.T. Furstner (without party, conservative), found the plan vaguely acceptable, but it was fiercely contested by the other members of the cabinet, including the Prime Minister, Gerbrandy (ARP, Calvinist). After the meeting, Van Kleffens justifiably concluded that the policy he had so far pursued towards Germany was shared by the majority of the Dutch government in London,

⁵¹ Van Kleffens consulted the US Secretary of State Cordell Hull, his deputy Secretary Sumner Wells and Harry Hopkins, who played an important role in Lend-Lease policy and was Roosevelt's advisor at the conferences of Cairo, Teheran, Casablanca and Yalta. NA, Van Kleffens, 2.05.86, inv. nr. 288; W.F.L. Graaf van Bylandt, 'Nederland tussen de bondgenoten', in J.J. Bolhuis, C.D.J. Brandt, H.M. van Randwijk en B.C. Slotemaker (eds.), *Onderdrukking en verzet. Nederland in oorlogstijd IV* (Amsterdam/Arnhem s.a.) 415-428, there 428; Zeeman, 'Jurist of diplomaat? Eelco Nicolaas van Kleffens', 147; A.E. Kersten, 'Mr. E.N. van Kleffens, minister van Buitenlandse Zaken 1939-1946', in B. van der Zwan, A. Kersten en T. van Zeeland (eds.), *Het Londens Archief. Het Ministerie van Buitenlandse Zaken tijdens de Tweede Wereldoorlog* (Amersfoort/Moerkapelle 2003) 29-35, there 32-33; <http://www.inghist.nl/Onderzoek/Projecten/BWN/lemmata/bwn3/kleffens>. (13 November 2008).

⁵² NA, Van Kleffens, 2.05.86, inv. nr. 247; 'Brief Van Kleffens aan de Nederlandse ambassade in Washington', 16 October 1943.

⁵³ As quoted by De Jong, *Het Koninkrijk deel 9, eerste helft: Londen*, 638.

⁵⁴ Ibid., same page.

⁵⁵ Posthumus Meyes 'Re-education of the German people at short notice is an impossibility. Perhaps there would be hope of some improvement after a number of generations of disciplinary punishment. But we would have to be prepared to be wardens and lunatic nurses'. NA, BuZa, Londens, Archief, 2.05.80, inv. nr. 2660; Lecture W. Chr. Posthumus Meyes, 26 October 1942.

with the exception of the question of annexations. In his diary he noted: 'As far as the cabinet is concerned, my hands are free to continue in the direction I have followed up to this moment'.⁵⁶

Van Kleffens' point of view was shared by the largest of the illegal papers in the occupied Netherlands, i.e. the left-wing protestant *Vrij Nederland*, the Calvinist *Trouw – Loyalty* –, the social-democratic *Het Parool – The Parole* –, the communist *De Waarheid* and the conservative-liberal *Je Maintiendrai*.⁵⁷ One theme appears dominant in the articles in these papers on Germany's future, with the exception of the communist *De Waarheid*; viz. although the Germans were despised, it was considered extremely important that Germany retake its position in Europe as soon as possible and because of that, the country should not be punished too harshly. Economic considerations and the importance of Germany for a Dutch recovery played a fundamental role in this point of view. If the illegal press wrote about this issue during the first years of the occupation, their comments were usually in line with Van Kleffens.

At the end of 1942, *Het Parool* rejected the opinions of those 'who long for the day that a crushed Germany can be chopped to pieces and ripped apart'. Instead, the paper reflected a cool realism: the future of Germany had to be looked at from a European perspective. Therefore, a new super body needed to be formed in Europe, one which had the power to enforce its will on national states: 'A higher organ is needed to organize the peace' and Germany should be part of that body.⁵⁸ *Vrij Nederland* shared this view, but considered the economic reorganisation of Europe to be of prime importance.⁵⁹ *Het Parool* wrote that there should be a period of transition in which 'serious changes' should be enforced, like a reform of the state apparatus and of education in Germany. Above all, however, all policy which was directed at keeping Germany economically small, let alone chopping it to pieces, was totally unacceptable.⁶⁰ According to *Trouw*, Germany had to be punished for the crimes it had committed in the war, but the peace conditions should allow the German people to retake their place alongside other people.⁶¹

Very little was written in the illegal Dutch press about annexation with or without the expulsion of the German population or the division of what was left of the country into small states, and when there was, it was rejected.⁶² *Trouw* declared itself explicitly against such plans and

⁵⁶ As quoted by De Jong, *Het Koninkrijk deel 9, eerste helft: Londen*, 639.

⁵⁷ The circulation of these papers are estimated at: *Vrij Nederland* 100-130.000, *Het Parool* 10-20.000, *Trouw* 8.000-45.000, *De Waarheid* 7.000-100.000 and *Je Maintiendrai* 7.000-40.000. Numbers taken from C. van der Heijden, *Grijs verleden. Nederland en de Tweede Wereldoorlog* (Amsterdam 2001) 290.

⁵⁸ *Het Parool*, 'Over den komenden vrede', 12 December 1942; J.A. van Kampen, 'Naar een groter Nederland; gedachten over annexatie van Duits grondgebied tijdens en na de Tweede Wereldoorlog' (unpublished thesis, z.p. 1975) 3.

⁵⁹ *Vrij Nederland*, 5 July 1943.

⁶⁰ *Het Parool*, 'Wat moet er met Duitsland gebeuren?', 28 May 1943.

⁶¹ *Trouw*, 30 July 1943; *Trouw*, 'Het probleem "Duitsland"', mid-December 1943.

⁶² H.A. Schaper, '"Wij willen zelfs niet Mönchen-Gladbach!": De annexatiekwesie 1945-1949', *Internationale Spectator* 39 (1985) 261-272, there 261.

Het Parool only considered them acceptable if no other form of reparation payments were possible. This was followed by a passage which was characteristic of the point of view held by the illegal press and the Dutch government in London: ‘The Netherlands has no interest in a poverty stricken, emaciated Germany. On the contrary, our harbours, our transit trade, our horticulture – they can only flourish if they have a Germany in the east with sufficient purchasing power’.⁶³ *Je Maintiendrai* also considered ‘a European hinterland with purchasing power a factor of the highest importance for the survival of our people’.⁶⁴

In the course of the war and the German occupation of the Netherlands, Van Kleffens’ attitude changed as a consequence of the ever-deteriorating conditions in the occupied Netherlands and the flooding of land by the Germans. These floodings – and especially the Hungerwinter in the west of the country during the September 1944 – May 1945 period – made a deep impression on Van Kleffens and the other members of the Dutch government in exile. It stiffened their views towards Germany.⁶⁵ At the end of 1943 Van Kleffens received information that the Germans, in preparation for an expected Allied invasion, intended to evacuate extensive areas in the Netherlands in order to flood the land more easily.⁶⁶ In his memoirs, Van Kleffens states that at that moment he felt he had to do something to prevent this and decided to threaten the Germans with possible future annexations.⁶⁷ This can most likely be regarded as boosting as the Germans would not have paid any attention to him. Moreover, Van Kleffens had, until then, only considered the *possibility* of annexation, and did not want actual annexation. He wrote to the Dutch ambassador in London, E.F.M.J. Michiels van Verduynen, informing him that the Dutch government had no plans for annexation, unless the Germans flooded large parts of the country.⁶⁸

In March 1944, Van Kleffens was informed that the *Wehrmacht* had indeed flooded large parts of the provinces of North and South-Holland, Utrecht, North-Brabant and Zeeland. Over 200.000 hectares, or 8,5 per cent of the cultivated soil of 1939 was flooded.⁶⁹ Half of these areas were completely covered with salt water, in some cases for long periods of time. The

⁶³ *Trouw*, April 1943; *Het Parool*, ‘Annexatie’, 15 October 1945.

⁶⁴ *Je Maintiendrai*, Brochure ‘Grondslagen van onze buitenlandse politiek’, Summer of 1944.

⁶⁵ Lak, ‘Onze welvaart staat en valt met die van Duitsland’, 409-411. For a description of the Hungerwinter: G. Trienekens, *Voedsel en honger in oorlogstijd 1940-1945. Misleiding, mythe en werkelijkheid* (Utrecht/Antwerp 1995) 73-101 and H.A.M. Klemann, *Nederland 1938-1948. Economie en samenleving in jaren van oorlog en bezetting* (Amsterdam 2002) 463-468.

⁶⁶ E.N. van Kleffens, *Belevissen II 1940-1958* (Alphen aan den Rijn 1983) 117.

⁶⁷ *Ibid.*, same page.

⁶⁸ Van Kampen, ‘Naar een groter Nederland’, 6.

⁶⁹ Van der Heijden mentions a number of 10 per cents, F. Messing 8.5 per cents; Van der Heijden, *Grijs verleden*, 330, F. Messing, ‘Het economische leven in Nederland 1945-1980’, in *Algemene Geschiedenis der Nederlanden, deel 15: Nieuwste Tijd* (Haarlem 1982) 159-201, there 170.

consequences were devastating. Parts of Zeeland remained unproductive until 1953, as all the orchards had been destroyed.⁷⁰

In a letter to J. Loudon, the Dutch ambassador to Washington, Van Kleffens wrote ‘we have to make clear to the world what an unprecedented disaster is being wreaked upon us by a ruthless enemy. They are threatening to destroy centuries of work’.⁷¹ At the end of the month Van Kleffens and Michiels van Verduynen discussed whether it would be justified to annex German territory ‘when the Germans, by cruelly causing floods, destroy a substantial part of our country’.⁷² In April he also asked G.J. van Sas, Colonel of the General Staff of the Dutch Army, to write a memorandum on what he considered should be done after the war from a military point of view, in order to ‘pull out Germany’s teeth once and for all’.⁷³

In 1944, Van Kleffens deemed it prudent to make public the fact that the Netherlands intended to seek annexation of German land after the war, if only to prevent further atrocities. He published an article in the leading American journal *Foreign Affairs* in May 1944. In it, he stated that the Netherlands would demand payment for damages from Germany in goods.⁷⁴ But if Germany ‘wantonly destroys so much of Holland’s soil that her 9,000,000 people are unable to live on the land which remains, it may be found necessary to grant her an equivalent portion of German territory or at any rate the usufruct from it. If Germany’s course of destruction in Holland goes to such lengths that the Dutch people need additional land in order to live, some suitable form of compensation (if territory, then *minus* Germans!) must be found’.⁷⁵ The question of annexation therefore depended on the damage done.⁷⁶ According to Van Kleffens it was up to the Germans ‘whether she [the Netherlands, M.L.] will ultimately be compelled to press for its adoption [...] The Germans will have to pay, perhaps, with their own territory for the ruined land’.⁷⁷

The Dutch Reconstruction Committee also studied which territorial measures could be taken against Germany. In its report published in September 1944, the Committee objected to a division of Germany into three or four artificial states, a plan proposed by a group of Dutch

⁷⁰ Klemann, *Nederland 1938-1948*, 201-202.

⁷¹ As quoted by the De Jong, *Het Koninkrijk deel 9, eerste helft: Londen*, 639.

⁷² Ibid., same page.

⁷³ NA, BuZa, Londen Archief, 2.05.80, inv. nr. 2610; G.J. Sas, ‘Memorandum betreffende de militaire maatregelen van internationalen aard, welken, ter bevestiging van den vrede, met betrekking tot Duitschland na den wapenstilstand dienen te worden genomen’, 31 August 1944.

⁷⁴ E.N. van Kleffens, ‘If the Nazis Flood Holland’, *Foreign Affairs* 22 (May 1944) 543-551, there 550.

⁷⁵ Van Kleffens, ‘If the Nazis’, 550.

⁷⁶ Van Kampen, ‘Naar een groter Nederland’, 6.

⁷⁷ Van Kleffens, ‘If the Nazis Flood Holland’, 550 en 551.

people in New York.⁷⁸ They felt that the Dutch government should be cautious when putting demands on the table, but if the extent and nature of the German destruction or other damage inflicted by them gave direct 'reasons for annexation, such an initiative should come'. Germany should be broken up into a federation of old states in their historic extent, 'provided that Prussia would not be the main part and the capital was outside Prussia'.⁷⁹ The report gave voice to advocates as well as opponents of annexations, but as a whole, the Commission advocated annexation as a means of compensation.

General Staff Officer Van Sas indicated that he shared this opinion in his memorandum published on 2 September 1944. He indicated that stern treatment was the only way to end the German threat. He did not intend to 'exterminate, sterilize or deport the German population to the interior of Africa, as has been proposed by extremists'. What he had in mind was a complete demilitarization of Germany, and an occupation of ten to fifteen years. The German 'spirit of aggression, this "Satan's spirit" has to be destroyed'.⁸⁰

Van Kleffens took these opinions with him to a Cabinet meeting in October 1944, at which they discussed reports from the Dutch resistance outlining the vast devastation in the Netherlands.⁸¹ The destruction of the harbours of Rotterdam and Amsterdam and the appalling circumstances in the starving western parts of the country made a deep impression on the Dutch community in London and increased feelings of hatred towards Germany. Van Kleffens' hardened attitude was supported by the majority of the Dutch cabinet. In late October 1944, the Dutch government informed the Allies that they were considering annexing German land after the war⁸² as compensation for damages inflicted on them by the Germans.⁸³ It is interesting to note that the document did not speak out in favour of annexation⁸⁴ as a definitive policy towards Germany would have been premature given the fact that the Netherlands was still occupied.⁸⁵ In

⁷⁸ F.A. Ries, T. Elink Schuurman, F. Guépin, H.F. van Walsum, N.A.C. Slotemaker de Bruïne, *How to end the German menace* (New York 1944). See also D.F. Lach, 'What They Would Do about Germany', *The Journal of Modern History* 17, No. 3 (September 1945) 227-243, there 230-231.

⁷⁹ Quotes taken from: NA, The Hague, Inventaris van het archief van het Ministerie van Handel, Nijverheid en Landbouw en aanverwante ministeries te Londen, 1940-1946 (1950), access code 2.06.078, inventory number 211; Rapport Studiegroep voor Reconstructieproblemen (Commissie IIG), 'Territoriale maatregelen ten opzichte van Duitsland', September 1944.

⁸⁰ Quotes from: NA, BuZa, Londens Archief, 2.05.80, inv. nr. 2610; 'Memorandum Van Sas', 31 August 1944. The Dutch originals are as follows: 'Met "radicale middelen" bedoelt ondergetekende niet [underline as in document, M.L.]: uitroeien, sterilizeeren of deportatie van de Duitse bevolking naar de binnenlanden van Afrika, als wel door enkele extremen is voorgesteld', 'Satansgeest' and 'agressiegeest'.

⁸¹ H.J. Neuman, *Impasse te Londen: Nederlands veiligheidsbeleid 1940/1945* (Utrecht/Antwerp 1990) 237-238.

⁸² Bogaarts, 'Ressentimenten en realiteitszin' 118.

⁸³ De Jong, *Het Koninkrijk, deel 9, eerste helft: Londen*, 639.

⁸⁴ Ibid., same page.

⁸⁵ Van Kampen, 'Naar een groter Nederland', 8.

fact, it only discussed the *possibility* of annexation. In a broadcast for Radio Orange – *Radio Oranje* – Van Kleffens stated ‘that the government does not demand attachment of German soil’.⁸⁶

Feelings and attitudes held by the Dutch in exile in London changed dramatically during the course of the war. Economic interests temporarily disappeared into the background during the Hungerwinter of 1944-1945. Just after the war, the emphasis would be on revenge and satisfaction. This was expressed by a desire for compensation, for the return of stolen goods and, indeed, annexations. Given the events of World War II and the fact that the (economic) situation seemed disastrous at that time, this was understandable. For the moment, the thoughts of most Dutch politicians were elsewhere: as the country appeared to be in ruins, they focused first of all on the recovery and rebuilding of the Netherlands.

2.3 The Netherlands in May 1945

When the guns in Europe fell silent after the unconditional surrender of Nazi Germany on 8 May 1945, the Netherlands mourned approximately 230.000 to 330.000 dead, on a population of just 10 million.⁸⁷ The western part of the country and parts of the southern provinces of Limburg and Brabant that had been in the frontline for months, had been hit very hard towards the end of the war. In July 1945, two months after the liberation, Posthumus Meyes, who had been a zealot during the war when it came to the post-war treatment of Germany, and who was the newly appointed General Commissioner of Dutch Economic Interests in Germany, stated that an important additional goal of the Germans during the last year of the war had been ‘to reduce the Netherlands to a second-rate nation that would be dependent on Germany for years to come’.⁸⁸ Although there was no proof of this, many in the post-war Netherlands shared Posthumus Meyes’ view. Another Dutch official reported in the *New York Times* that if he had to describe Holland as it was at the moment, he would say that it was empty: ‘There is almost nothing left’.⁸⁹ Damage seemed enormous and the task of rebuilding hopeless.

The image of the Netherlands as a completely ruined country looted empty by the Germans has been dominant for years in Dutch historiography. In 1947, Emile van Konijnenberg, an official of the Directorate General of Dutch Economic Interests in Germany,

⁸⁶ NIOD, Archief 557, nr. 10; Tekst van regeringsverklaring van 19 oktober 1944, voorgelezen voor Radio Oranje, met commentaar van E.N. van Kleffens.

⁸⁷ According to Van der Heijden 230.000, *Grijs verleden*, 305. Recently, however, the Dutch historian R. Futselaar estimated the total number of Dutch deaths to be over 100.000 more, the majority of them young children. R. Futselaar, *Lard, Live and Longevity. The Standard of Living in Occupied Denmark and the Netherlands, 1940-1945* (Amsterdam 2008) passim.

⁸⁸ NA, The Hague, Plaatsingslijst van het Archief van Sectie IV (Restitutieën Reparatiezaken) van de Nederlandse Militaire Missie bij de Geallieerde Bestuursraad in Duitsland te Bonn, 1945-1954, access code 2.05.24, inventory number 32; Report ‘The desperate economic situation in the Netherlands’, 17 July 1945.

⁸⁹ As cited by H.A.M. Klemann, ‘Did the German Occupation (1940-1945) Ruin Dutch Industry?’, *Contemporary European History* 17, No. 4 (2008) 457-481, there 458.

wrote a thesis in which he portrayed the Netherlands as a poverty stricken nation. According to contemporary estimates, damage to the infrastructure and pre-war production equipment amounted to 7.7 billion guilders, roughly double the gross national product.⁹⁰ The loss of labour productivity was estimated at 4.25 billion, and the decrease of gold stocks and investments in foreign countries at another 2.8 billion guilders. When added to looted properties and limited industrial production after the liberation, Konijnenberg estimated that wartime damage to the Netherlands totalled 26 billion guilders, an immense sum if compared to an estimated national property of 28.7 billion guilders in 1938, the last pre-war year.⁹¹ According to a government document of late 1945, the Netherlands had been a victim of gangsters, 'not only bound by ropes but also gagged'.⁹²

The economy in the western part of the country was, indeed, at a standstill in May 1945, but this was mainly due to a lack of raw materials and fuel. The people were in a desperate state after months of hunger. Konijnenberg and his officials, however, strongly exaggerated the extent of the damage, probably because they failed to take into account the fact that the south of the Netherlands had been liberated in September 1944 and production was in full swing there. Nevertheless, Dutch historians have used these figures without questioning them until recently. A recent study stated that the industrial installations of Philips, Shell, Unilever and AKU – the so-called 'Big Four' – had been completely dismantled. The complete plate rolling mill and factory buildings of Hoogovens and all the installations at the refinery of Royal Dutch Shell in Rotterdam had disappeared.⁹³

In recent years, however, the data produced by Konijnenberg and others have been dramatically adjusted downwards. A recent study has shown that looting was in fact quite limited and that the number of industrial machines and installations carried away by the Germans was negligible.⁹⁴ The Germans did indeed take a lot from the Netherlands, but it was mostly the output of production – 50 per cent as of 1943 – not the means of production. The Dutch economy actually did rather well during the occupation; it even boomed during the first two years of the war and experienced an economic upsurge not seen since the late 1920s.⁹⁵ For the

⁹⁰ L.J.A. Trip, *De Duitse bezetting van Nederland en de financiële ontwikkeling van het land gedurende de jaren der bezetting* (The Hague 1946).

⁹¹ E. van Konijnenberg, *Roof, restitutie, reparatie* (The Hague 1947); The same numbers are used by J. de Vries, *De Nederlandse economie tijdens de twintigste eeuw* (Antwerp/Utrecht 1973) 87-88.

⁹² *Een half jaar vrijheid – 180 dagen opbouw na 1800 dagen afbraak. Samengesteld door de Sectie Voorlichting M.G. en den Regeringsvoorlichtingsdienst* (Amsterdam 1945) 30.

⁹³ K. Schuyt and E. Taverne, *Nederlandse cultuur in Europese context. 1950: Welvaart in zwart-wit* (The Hague 2000) 37.

⁹⁴ Klemann, 'Did the German Occupation (1940-1945) Ruin Dutch Industry?', 457-481; Klemann, *Nederland 1938-1948*.

⁹⁵ Klemann, *Nederland 1938-1948*, 569.

Netherlands as a whole, ‘the picture of general destruction is wide off the mark’.⁹⁶ In 1945, gross domestic product stood at 86 per cent of the level of 1938 and not at 52 per cent, as the Governmental Statistical Office (CBS) had written just after the war. The total equipment and machines at thirty factories were lost but when compared to an estimated number of 8500 machines before the war, this is negligible. In fact, Dutch industrial capacity was larger in 1945 than before World War II.⁹⁷ The Germans removed hardly any industrial installations. During the Hungerwinter, the transport capacity to do so lacked. Moreover, during the war, companies received German orders and invested to cope with them. Although the situation in the west of the country was terrible in the last few months of the war and approximately 20.000 people died of starvation, even here industry and agriculture remained largely intact. The image of the Netherlands as an empty plundered country is caused by the fact that information on destruction and confiscations was meticulously collected whereas investments were ignored.⁹⁸

Nevertheless, the newly liberated Netherlands was faced with numerous serious problems.⁹⁹ As the country had been on the frontline for nearly nine months and the occupier had taken all wheels, damage to the infrastructure was extensive. As a result of the fighting during the last year of the war, only three of the 26 major railway bridges remained intact; 524 traffic bridges had been destroyed, and only nine of the 59 most important bridges were saved from destruction.¹⁰⁰

In addition to this, damage to the harbours of Amsterdam and Rotterdam was extensive. In Rotterdam – ‘the pre-war workhorse of the economy’ – an average 42 per cent of the total quay length had been destroyed.¹⁰¹ 85 per cent of the quays for bulk goods, once so important for transit to the German hinterland, had been blown up.¹⁰² Before World War II, 80 per cent of the transit goods that passed through Rotterdam were destined for or came from the German market.¹⁰³ This formed three-quarters of the total turnover of the harbour.¹⁰⁴ The destruction of the port of Rotterdam, and especially the fact that its natural hinterland was in ruins, had grave consequences for recovery. Moreover, the destruction of Rotterdam – and to a lesser extent

⁹⁶ Klemann, ‘Did the Occupation Ruin Dutch Industry?’, 480.

⁹⁷ Ibid., same page.

⁹⁸ Klemann, *Nederland 1938-1948*, 284.

⁹⁹ See for example M. Lak, ‘Stunde Null. Zonder Duitsland geen Nederlands herstel’, *De Academische Boekengids* 65 (November 2007) 13-15.

¹⁰⁰ Van der Heijden, *Grijs verleden*, 330. For an excellent overview of the fighting in the Netherlands see C. Klep and B. Schoenmaker (eds.), *De bevrijding van Nederland 1944-1945. Oorlog op de flank* (The Hague 1995).

¹⁰¹ P. van de Laar, *Stad van formaat. Geschiedenis van Rotterdam in de negentiende en twintigste eeuw* (Zwolle 2000) 464.

¹⁰² J.U. Brolsma, *Havens, kranen, dokken en veren. De Gemeentelijke Handelsinrichtingen en het Havenbedrijf der gemeente Rotterdam, 1882-22006* (Utrecht 2007) 206.

¹⁰³ NA, The Hague, Kamer van Koophandel en Fabrieken voor Rotterdam: Secretariaat, 1922-1969, access code 3.17.17.04, inventory number 2179; ‘Aide Memoire president Rotterdam Chamber of Commerce’, 19 August 1949.

¹⁰⁴ F.W. Morgan, ‘Rotterdam and Waterway Approaches to the Rhine’, *Economic Geography* 24, No. 1 (January 1948) 1-18, there 3.

Amsterdam – was a blow to the Netherlands, as transport, which had played such an important role in the pre-war Dutch economy, was the only sector that had been seriously damaged during the war. Railway materials, cars and barges had been either lost, were in a state of bad repair or had been confiscated.¹⁰⁵ About half of the Dutch Rhine fleet had been destroyed or confiscated by the Germans.¹⁰⁶ Before World War II it had been as large as the Belgian, French and Swiss fleets combined. In addition to this, there was the damage done by the large-scale German floods of 1944.

After the liberation, The Hague was faced with an enormous budgetary deficit and numerous monetary problems. As in other countries, one of the conditions the Germans had imposed as part of the surrender to the Third Reich in 1940, was recognition of German occupation currency. Fearing the effects of mixed circulation, the Dutch monetary authorities, i.e. the Ministry of Finance and the Netherlands Bank, agreed to provide the German troops stationed in the Netherlands with Dutch money.¹⁰⁷ In May 1945, the Dutch government had to deal with a situation in which there was an enormous discrepancy between the lack of goods and a surplus of money. The abundance of money put inflationary pressure on prices,¹⁰⁸ as the amount of money in circulation – both giro and cash – had increased exorbitantly to more than four times the pre-war figure, whereas the supply of goods had fallen by more than half during the occupation. Because the Netherlands had been obliged to pay German occupation costs that amounted to 13.4 and 8.1 billion guilders and had accepted 4.5 billion guilders worth of worthless German banknotes,¹⁰⁹ the first post-war Dutch government was faced with debts twice the size of the national income.¹¹⁰ National debt had risen from 4.0 to 13 billion guilders.¹¹¹ In May 1945, when the Third Reich surrendered, the Netherlands as well as other European countries experienced excess liquidity due to a combination of national debt, balance of payment surpluses with Germany paid by monetary inflation, and a decline in production. The high ratio of money supply was further increased by the serious budget deficit the Netherlands faced, especially in the first two years after the war. This was caused by the stagnation of income because of a low national income and the failure to collect taxes in the chaotic year 1945. On the other hand, public expenses soared because of reconstruction and the war in Indonesia.¹¹²

¹⁰⁵ Klemann, *Nederland 1938-1948*, 378-379 and 574-575.

¹⁰⁶ G. Pfeiffer, *Strukturwandlungen und Nachkriegsprobleme der Wirtschaft der Niederlande* (Kiel 1950) 25.

¹⁰⁷ Barendregt and Visser, 'Towards a new maturity', 152-153.

¹⁰⁸ J. Barendregt, *The Dutch Money Purge. The monetary consequences of German occupation and their redress after the liberation, 1940-1952* (Amsterdam 1993) 287.

¹⁰⁹ Klemann, *Nederland 1938-1948*, 101 and 102, there table 4.1.

¹¹⁰ Ibid., 102 and 187.

¹¹¹ P.W. Klein, 'Wegen naar economisch herstel 1945-1950', *Bijdragen en Mededelingen Betreffende de Geschiedenis der Nederlanden* 96, No. 2 (1981) 260-276, there 269.

¹¹² Barendregt and Visser, 'Towards a new maturity', 157.

Reconstruction of the economy and the Dutch infrastructure was one of the main spearheads of the first post-war cabinet of Schermerhorn-Drees.¹¹³ To many in the Dutch government it was clear that Germany would have to play a very prominent role in this process. The loss of the Dutch East Indies only augmented the importance of Germany as an economic partner.¹¹⁴ The Dutch government realised that the Netherlands was dependent on trade with Germany for quick economic recovery, but it faced anti-German opinions full of resentment and hate. In this situation, it seemed impossible for the government to explain that it wished to restore relations with the former enemy so shortly after the war. This was made somewhat easier by the fact that the majority of the Dutch population recognised the importance of good economic relations with its large neighbour shortly after the end of the occupation. An inquiry from early February 1947 showed that 77 per cent of the Dutch believed that trade with Germany should restart.¹¹⁵

2.4 Germany in May 1945

In the late spring and early summer of 1945, however, this was as yet out of the question. Germany no longer existed as a sovereign nation. It was occupied by France, Great Britain, the United States and Soviet Russia and was split into four closed occupation zones, each with enormous internal problems. Poverty was extreme. The victorious Allies resorted to an almost autarkic policy in their respective occupation zones much to the disgust of surrounding countries, like the Netherlands, Belgium and Luxembourg. Trade with and between the occupation zones was all but impossible. Although the situation in the Netherlands was dire, it was far worse in Germany. Intense allied bombing campaigns and non-stop fighting in the last year of the war had decimated the country. Much of Germany's urban area resembled a bleak moonscape of craters and fractured buildings. Between 55 and 60 per cent of all dwellings were destroyed in all major cities of the Reich.¹¹⁶ Berlin, which had endured 363 air raids since November 1943, had lost 50 per cent of its total housing; 200.000 apartments had been destroyed in the last days of the war as the Red army fought desperately to take the German capital.¹¹⁷ In Dortmund, 70 per cent of all dwellings had been destroyed.¹¹⁸ By 1947, at least 3.4 million German evacuees had not

¹¹³ J.L. van Zanden, *Een klein land in de 20e eeuw. Economische geschiedenis van Nederland 1914-1995* (Utrecht 1997) 170.

¹¹⁴ J.T.J.M. van der Linden, *Economische ontwikkeling en de rol van de overheid. Nederland 1945-1955* (Amsterdam 1985) 64.

¹¹⁵ Nederlands Instituut voor de Publieke Opinie (NIPO), press release number 82, 5 February 1947. Even the Dutch who were most negative about Germany, (66 per cents) favoured renewal of Dutch-German economic relations. See Wielenga, *West-Duitsland: partner uit noodzaak*, 225.

¹¹⁶ R. Overly, *The Penguin Historical Atlas of the Third Reich* (London 1996) 106; J. Friedrich, *Der Brand: Deutschland im Bombenkrieg 1940-1945* (Munich 2002); S. Burgdorff and C. Habbe (eds.), *Als Feuer vom Himmel fiel. Der Bombenkrieg in Deutschland* (Bonn 2004).

¹¹⁷ P. Steege, *Black Market, Cold War. Everyday Life in Berlin, 1946-1949* (Cambridge 2009) 21 and 25. For a detailed account of the fighting for Berlin: A. Beevor, *Berlin – The Downfall 1945* (London 2002) and P. Antill, *Berlin 1945. End of the Thousand Year Reich* (Oxford 2005).

¹¹⁸ W. Först, *Geschichte Nordrhein-Westfalens. Band 1: 1945-1949* (Cologne/Berlin 1970) 27.

returned to their cities, mainly because there was no housing available. Authorities in Aachen stated that in late 1945, 55 per cent of the 1939 population was trying to live in just 23 per cent of the housing that had existed before the war.¹¹⁹ According to the German historian Christoph Kleßmann, the greatest hindrance to a swift German recovery was the destruction of the transport and traffic system.¹²⁰ Michael von Prollius states that, apart from the division of German economic space, the lack of capacity to transport goods and the destruction of the infrastructure were the strongest obstacles to the recovery of the economy.¹²¹ Added to this was the monetary and financial chaos in the former Reich. The *Reichsmark* had lost its value. One of the most valued forms of currency was American cigarettes. Germans had to pay for imported products in dollars, which from an American point of view made sense. After all, the *Reichsmark* was worthless.

Allied bombing had, however, not seriously damaged German industry. Abelshauser has shown that: 'In May 1945, the gross value of industrial fixed capital had not been substantially hit. When compared to 1936, the gross value of fixed capital of industry had in fact grown by about 20 per cent'.¹²² Despite all the war damage, a substantial amount of the means of production remained intact in the heart of the German industry, the Ruhr area.¹²³ During the war, a large part of this industry had been moved from urban to less threatened areas, which had saved it from destruction. Above all, large-scale investments during the war ensured that German industry was technically modern.¹²⁴ In short, there was no *Stunde Null* – Point Zero – after the downfall of the Third Reich.¹²⁵ Allied bombing had, however, totally destroyed the German infrastructure. Between November 1944 and January 1945, the British and Americans dropped 102.796 tons of bombs on transport targets, mainly railway marshalling yards. On 11 November 1944, Albert Speer was informed that the Ruhr was effectively sealed off from the rest of the Reich.¹²⁶ The relapse of German industrial production after the surrender of the Third Reich was a consequence of a shortage of raw materials, most notably coal, and the fact that during the Third

¹¹⁹ J.S. Torrie, 'For their own good'. *Civilian Evacuations in Germany and France, 1939-1945* (New York/Oxford 2010) 168.

¹²⁰ C. Kleßmann, *Die doppelte Staatsgründung. Deutsche Geschichte 1945-1955* (Bonn 1991) 45.

¹²¹ M. von Prollius, *Deutsche Wirtschaftsgeschichte nach 1945* (Göttingen 2006) 21.

¹²² Abelshauser, *Deutsche Wirtschaftsgeschichte*, 69 and 71; Also Von Prollius, *Deutsche Wirtschaftsgeschichte nach 1945*, 22.

¹²³ H. Pietsch, 'Militärregierung und kommunale Politik in den ersten Nachkriegsjahren – das Beispiel der Ruhrgebietsstädte (1945-1948)', in J.P. Barbian and L. Heid (eds.), *Zwischen Gestern und Morgen. Kriegsende und Wiederaufbau im Ruhrgebiet* (Münster 1995) 44-73, there 45.

¹²⁴ See for example C. Buchheim, 'Introduction: German Industry in the Nazi Period', in C. Buchheim (ed.), *German Industry in the Nazi Period* (Stuttgart 2008) 11-26, there 20, table 1; W. Vogel and C. Weisz, *Akten zur Vorgeschichte der Bundesrepublik Deutschland 1945-1949. Band 1: September 1945 – Dezember 1946* (Munich/Vienna 1976) 22.

¹²⁵ H.A. Winkler, *Der lange Weg nach Westen II. Deutsche Geschichte 1933-1990* (Bonn 2004) 121; Also: J.P. Barbian, "'Zwischen Gestern und Morgen". Zur Einführung in einen Tagungsband über eine widersprüchliche Zeitepoche', in Barbian and Heid, *Zwischen Gestern und Morgen*, 9- 29, there 11.

¹²⁶ A. Tooz, *The Wages of Destruction. The Making and Breaking of the Nazi Economy* (New York 2006) 650-651.

Reich industry had focused totally on arms production and was unable to produce normal products.

As the infrastructure in Germany had been totally destroyed and the country had been divided into isolated occupation zones, it was extremely difficult to deliver the little agricultural produce available to the hungry nation. The fact that Germany had lost a most of its agricultural land in the east only aggravated the matter further. The four occupied zones each contained roughly the same number of people as in pre-war Germany, but were only able to provide their population with an average consumption roughly equivalent to 60 per cent of the pre-war level. The occupied zones could produce little more than half of their requirements. Agrarian production in the four occupied zones of Germany during the crop year 1945-1946 was estimated at 70 per cent of the 1934-1938 average. In the American occupation zone, crops declined by about 40 per cent, while the number of people to be fed increased by 30 per cent during the crop year 1946-1947.¹²⁷ The food situation in Germany was dire and even deteriorated in the first post-war years. In 1945, official rations were at 1000 calories a day in the cities and a few hundred more in the countryside, although in the American zone they were a mere 860 calories a day.¹²⁸ In 1939-1940, Germans had consumed on average 2453 calories a day, but in 1945 this dropped to 1412.¹²⁹ Lucius D. Clay, commander of the American occupation zone, noted that daily rations in Berlin contained a mere 800 calories¹³⁰ and that the average weight of the male population in his zone was around 51 kilograms.¹³¹ Until 1948, food rations were lower than during the war, which undermined normal society.

Official food supply was painfully insufficient, and many were forced to resort to barter trade. Labourers often only attended the factories three days a week and spent the rest of the time trying to exchange their pay for food and other necessities. In the British occupation zone in April 1947, a pound of butter cost 230 Marks, roughly the same as a labourer's monthly wage and 300 grams of bread could cost anything between 25 to 100 Marks.¹³² Money, however, had lost its value and American cigarettes were the going currency. One cigarette could cost between five and fifteen *Reichsmark*. Barter was the main form of payment on the back market where jewellery,

¹²⁷ H. Price and C.E. Schorske, *The Problem of Germany* (New York 1947) 12 and 15.

¹²⁸ T. Judt, *Postwar. A History of Europe Since 1945* (London 2007) 21.

¹²⁹ Overy, *The Penguin Historical Atlas of the Third Reich*, 113.

¹³⁰ L.D. Clay, *Decision in Germany* (London 1950) 31.

¹³¹ D. Berg-Schlosser, 'Die Konstituierung des Wirtschaftssystems', in J. Becker, T. Stammen and P. Waldmann (eds.), *Vorgeschichte der Bundesrepublik Deutschland. Zwischen Kapitulation und Grundgesetz* (Munich 1979) 95.

¹³² W. Benz and J. Faulenbach, *Deutschland 1945-1949. Besatzungszeit und Staatengründung* (Bonn 2002) 15-16; Kleßmann, *Die doppelte Staatsgründung*, 49.

leather, watches, tapestry, silver, antiques and china were traded for food.¹³³ In general, conditions of daily life in the post-war period were much worse than during the war years.¹³⁴

The consequences of low food production were aggravated by the fact that Germany had lost so much land after the war. It had been forced to cede about a quarter of its territory (mainly to Poland) but it was precisely that quarter that had provided 80 per cent of the German food supply before 1944.¹³⁵ By 1946-1947, these areas were only able to provide around 35 per cent of the food the population needed. The large influx of refugees adrift throughout the country only accelerated the problem¹³⁶ especially in present day North Rhine-Westphalia with the Ruhr area.¹³⁷ The 1945 potato harvest produced less than 30 per cent of the 1935-1939 average consumption.¹³⁸

Ideas of turning Germany into an agricultural country were unrealistic; there was just not enough land. Moreover, the agricultural areas in the western zones of occupation were strewn with land mines. Although Germany had lost its main agricultural areas, it still had to feed the same number of people as before the war. In the last months of the war, seven million Germans had fled the eastern part of the country ahead of the advancing vengeful Red army and a further three million ethnic Germans from Poland, Czechoslovakia and other parts of eastern Europe joined them after the capitulation.¹³⁹ By April 1947, the population in the British and American zones of occupation had grown by 18 and 23 per cent respectively when compared to 1939.¹⁴⁰ In the British zone there were an additional three million prisoners of war.¹⁴¹ The infrastructure had been destroyed and the people were too weak to be productive. Industry was at a standstill as there was no coal and there was little or no trade. Help had to come from somewhere. As contemporaries noted, two countries were particularly well positioned to be able to do this,

¹³³ M. Uhl, *Die Teilung Deutschlands. Niederlage, Ost-West-Spaltung und Wiederaufbau 1945-1949* (Berlin 2009) 39.

¹³⁴ Steege, *Black Market, Cold War*, 39.

¹³⁵ W. Werner, *Akten zur Vorgeschichte der Bundesrepublik Deutschland 1945-1949. Band 2: Januar-Juni 1947* (Munich 1979) 16.

¹³⁶ Faulenbach and Benz, *Deutschland 1945-1949*, 13.

¹³⁷ The province of Northrhine Westphalia was established on 23 August 1946. R. Steiniger, *Ein neues Land an Rhein und Ruhr. Die Ruhrfrage 1945/46 und die Entstehung Nordrhein-Westfalens* (Cologne 1990) 21.

¹³⁸ A. Grünbacher, *Reconstruction and Cold War in Germany. The Kreditanstalt für Wiederaufbau (1948-1961)* (Aldershot/Burlington 2004) 110.

¹³⁹ R. Hart and S. Hart, *The Second World War (6). Northwest Europe 1944-1945* (Oxford 2002) 88. Also: S. Aust and S. Burgdorff (eds.), *Die Flucht. Über die Vertreibung der Deutschen aus dem Osten* (Bonn 2003). Kleßmann mentions a figure of 4.5 million. Kleßmann, *Die doppelte Staatsgründung*, 40. See also: M. Frank, *Expelling the Germans. British Opinion and Post-1945 Population Transfer in Context* (Oxford 2008).

¹⁴⁰ In the Russian zone this was 16 percent. The French zone hardly experienced population growth. Numbers in: W. Benz, *Geschichte des Dritten Reiches* (Munich 2000) 277.

¹⁴¹ R.W. Carden, 'Before Bizonia: Britain's Economic Dilemma in Germany, 1945-1946', *Journal of Contemporary History* 14, No. 3 (1979) 535-555, there 539. At the end of the war, around eight million German soldiers were taken captive, when added those captured before May 1945 eleven million, 7.6 million of whom fell in the hands of the Western Allies. See: G. MacDonough, *After the Reich. The Brutal History of the Allied Occupation* (New York 2007) 392.

Denmark and the Netherlands.¹⁴² The Danes would have been able to export meat and butter to Germany, and complained that the low level of economic activity in Germany reduced their standard of living, as they could not sell or buy from Germany. The same applied to the Netherlands. If the foreign exchange problems of Germany were solved, trade might be resumed between the 'the commercial vegetable gardens of the Netherlands and the industrial regions of the Ruhr'.¹⁴³ The Allied occupation policy, however, would prevent this for years to come. Moreover, the Netherlands and Denmark could not supply raw calories. The Netherlands' first priority was to feed its own population, and that was difficult enough. It did not have enough foreign currency to be able to import from abroad. Only when the Netherlands received foreign currency via Marshall Aid it was able to begin producing at a higher level and increase import and export. But Allied occupation policy would prevent this from happening for years.

The four occupying powers all had a veto in their own zones. This made the creation of central German institutions all but impossible, and only deepened the gulf between the various zones.¹⁴⁴ The division of the country had shattered the economic unity of pre-war Germany and the Allies demanded payment in dollars for exports, which were in short supply in the Netherlands.¹⁴⁵ A number of historians, both German as well as Dutch, have stated that Allied trade policy was not based on economic considerations.¹⁴⁶ On the contrary, according to the Dutch economist Jozias Wemelsfelder, the general trend seemed to be to try 'to keep Germany small and broken'.¹⁴⁷ In fact, the Allies were primarily concerned with their own interests and not with those of Germany, the Germans or its surrounding countries.

Because the Allies were unable to reach agreement on the creation of joint German economic institutions, the occupation authorities only paid attention to matters relevant to their own zones. According to the Potsdam Agreement, the responsibility for the implementation of the treaty would be in the hands of the Allied Control Council (ACC), the supreme authority in occupied Germany. It should govern Germany as a united country and treat it as an economic unit.¹⁴⁸ In practice, it soon turned out to be incapable of functioning adequately.¹⁴⁹ Decisions had to be carried unanimously¹⁵⁰ but any proposal could be blocked by one of the commanders of the

¹⁴² Price and Schorske, *The Problem of Germany*, 19.

¹⁴³ Ibid., same page.

¹⁴⁴ Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 66.

¹⁴⁵ Hellema, *Neutraliteit & Vrijhandel*, 127.

¹⁴⁶ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 3-4; Kleßmann, *Die doppelte Staatsgründung*, 46; Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 87.

¹⁴⁷ J. Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen na de Tweede Wereldoorlog* (Leiden 1954) 4.

¹⁴⁸ J.C. van Hook, *Rebuilding Germany. The Creation of the Social Market Economy, 1945-1957* (Cambridge 2004) 19 and 39.

¹⁴⁹ Benz, *Geschichte des Dritten Reiches*, 267.

¹⁵⁰ Benz and Faulenbach, *Deutschland 1945*, 7.

zones of occupation. As the AAC seemed unable to agree on the future of Germany,¹⁵¹ especially on sensitive issues like reparations,¹⁵² the AAC proved incapable of implementing any major decisions.¹⁵³ The AAC represented the highest authority in Germany, but decisions and their implementation were in the hands of the commanders in the occupation zones. They interpreted any decisions and regulations according to their own insight. In fact, this was implicit in the Potsdam Agreement, where it stated that, in principle, each military governor was the highest authority in all zonal affairs.¹⁵⁴ So, the principle that the German population should be treated equally in all zones and that the German economy should be treated as a unit,¹⁵⁵ had been seriously undermined from the start.¹⁵⁶ The Allies reserved the right to act as they deemed necessary in their own zones.¹⁵⁷ Central German institutes were not formed, and the occupation zones became areas with their own economic systems. Trade between the zones was complicated and this only worsened the poor economic situation in Germany. Countries like the Netherlands who tried to trade with Germany¹⁵⁸, were faced with the negative consequences of this confusing policy. The fact that the zone commanders had the right to act as they deemed necessary in their own zone paved the way for alienation between the British and the Americans on one side, and the Russians on the other. Whitehall and Washington were soon faced with massive occupation costs, mainly as a consequence of huge migration from Eastern Germany. A normal export orientated economy could not prosper under these circumstances.¹⁵⁹ The economic chaos in Germany was probably the biggest stumbling block on the road towards German recovery. The *Reichsmark* had lost its value, and was of no use in international transactions. Germans could not buy anything with their money. This situation had existed since 1931 when the *Reichsmark* had become inconvertible and remained until the *Währungsreform* – Currency Reform – of April

¹⁵¹ Van Hook, *Rebuilding Germany*, 41.

¹⁵² M. Lak, "Een zaak van primordiale betekenis". De economische en politieke betrekkingen tussen Nederland en Duitsland, 1945-1949'. Unpublished Masterthesis University Utrecht (2005) 34.

¹⁵³ Benz, *Geschichte des Dritten Reiches*, 267 and G. Mai, 'Deutschlandpolitische Entscheidungen im Alliierten Kontrollrat 1945-1948', in W. Loth (ed.), *Die Deutsche Frage in der Nachkriegszeit* (Berlin 1994) 29-66; Faulenbach and Benz, *Deutschland 1945-1949*, 6-9.

¹⁵⁴ H.P. Schwarz, *Vom Reich zur Bundesrepublik. Deutschland im Widerstreit der außenpolitischen Konzeptionen in den Jahren der Besatzungsherrschaft 1945-1949* (Stuttgart 1980) 108.

¹⁵⁵ W. Benz, *Von der Besatzungsherrschaft zur Bundesrepublik. Stationen einer Staatsgründung 1946-1949* (Frankfurt am Main 1984) 35.

¹⁵⁶ Kleßmann, *Die doppelte Staatsgründung*, 32.

¹⁵⁷ Schwarz, *Vom Reich zur Bundesrepublik*, 107-108.

¹⁵⁸ NA, The Hague, Archief van de Ambassade in de Bondsrepubliek Duitsland te Bonn, 1945-1954 en de Nederlandse Militaire Missie bij de Geallieerde Bestuursraad Berlijn, 1945-1955, access code 2.05.55, inventory number 511; Minister of Foreign Affairs Stikker, 'Nota over de stand van zaken met betrekking tot het Duitse vraagstuk', 19 July 1949.

¹⁵⁹ Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 87.

1948.¹⁶⁰ To sum up: Germany was written off by many as a hopeless case;¹⁶¹ indeed, little was left of what had once been the Netherlands' most important trading partner.

2.5 Dutch demands

Although Germany was in a perilous state, the Netherlands felt it was justified in making a number of demands on the country. In early 1947, the Dutch government sent a memorandum to the Big Four stating 'The principal requirement that the Netherlands has with regard to the German problem is that adequate guarantees are put into place to ensure peace and security, and that a foundation is created for the recovery of the economy and prosperity of Germany, as this is essential to European and world prosperity'.¹⁶² Apart from the question of security, the position of Germany as an economic partner was most important for Dutch policy towards Germany.¹⁶³ There was a discrepancy between the economic and security interests; in short, there was a German gap.¹⁶⁴ This was not an exclusively Dutch phenomenon. Other German neighbours like Scandinavia, Belgium and France were experiencing the same problems, but their economies were traditionally less dependent on Germany.¹⁶⁵ Ambiguous feelings towards Germany and the problems these caused, dominated The Hague's policy in the first years after the occupation.

In May 1945, the focus of the Dutch policy to Germany was on revenge and retribution. This is understandable given the horrors of the last months of the war and the devastating floods the Germans caused. This policy was expressed in demands for compensation, for restitution of stolen goods and a possible annexation of parts of Germany. Initially, the Dutch government had hoped to receive compensation through a peace treaty that would contribute to economic reconstruction. With this goal in mind, The Hague sent a memorandum to the governments of France, Great Britain, the United States and Soviet Russia in early August 1945. It soon became

¹⁶⁰ See for example: M. Dickhaus, *Die Bundesbank im westeuropäischen Wiederaufbau. Die internationale Währungs politik der Bundesrepublik Deutschland 1948-1958* (Munich 1996); C.-L. Holtfrerich, 'Die Deutsche Bank vom Zweiten Weltkrieg über die Besatzungsherrschaft zur Rekonstruktion 1945-1957', in L. Gall, G.D. Feldman, H. James, C.-L. Holtfrerich, H.E. Büschen (eds.), *Die Deutsche Bank 1870-1995* (Munich 1995) 409-587.

¹⁶¹ H.C. Wolf, 'Post-war Germany in the European context: domestic and external determinants of growth', in B. Eichengreen (ed.), *Europe's post-war recovery* (Cambridge 2006) 323-352, there 323.

¹⁶² BuZa, Code 9: 1945-1954. Map 556 (912.230) Duitsland West. Conferentie van de Plv. Ministers van Buitenlandse Zaken (deputies) der Grote Vier te Londen inzake Duitsland + Nederlands standpunt. Deel I 1946-1947; 'Memorandum of the Netherlands on Allied Policy with regard to Germany', 14 January 1947.

¹⁶³ S.I.P. van Campen, *The Quest for security. Some aspects of Netherlands foreign policy 1945-1950* (The Hague 1958) 27.

¹⁶⁴ H.A. Schaper, 'Het Nederlandse veiligheidsbeleid 1945-1950', *Bijdragen en Mededelingen Betreffende de Geschiedenis der Nederlanden* 96, No. 2 (1981) 277-299, there 289.

¹⁶⁵ See for example: K.C. Lammers, 'Introduction: The Nordic Countries and the German Question after 1945', *Contemporary European History* 15 (2006) 443-452 and *ibid.*, 'Living Next Door to Germany: Denmark and the German Problem', *Contemporary European History* 15 (2006) 453-472; A.M. LeCloannec, 'France, Germany, and the New Europe', in D. Verheyen and C. Søe, *The Germans and Their Neighbors* (Oxford 1993) 13-34; J. Fitzmaurice, 'Belgium and Germany: An Enigmatic Relationship', in Verheyen and Søe, *The Germans and Their Neighbors*, 83-104.

apparent, however, that these demands would be hard to realise, as The Hague had little influence with the Allies. In the end, the Netherlands received very little compensation.¹⁶⁶

Few of the goods stolen from the Netherlands were returned and restitution for what had taken place during the war was never really feasible. In October 1944, with the Treaty of Versailles in mind, *Het Parool* pointed out that it would be practically impossible to obtain large-scale compensation because then the German people 'will have to pinch and scrape for at least three generations'.¹⁶⁷ A document from the Ministry for Foreign Affairs entitled 'The Dutch policy towards Germany from an economic point of view',¹⁶⁸ stated that the provision of compensation was, by definition, nothing more than an attempt to recover as much of what had been lost as possible. In itself, compensation would not contribute to a solution for the German or the closely related European problem. It had no significance 'for the recovery of our mutilated economy', and 'will never cover more than a tiny fraction of the damage inflicted'.¹⁶⁹ In addition to this, it was not clear exactly what and how much the Germans had taken. Moreover, many of the demands for the return of goods were totally unrealistic. The lists not only contained ships, machines, railway material, gold and diamonds but also items like dogs, bicycles, Persian carpets, empty wooden buckets, dictionaries, a Philips record player and radio, laundry, plates, dishes, tools and a model ship.¹⁷⁰ On 21 July 1949, G. van Bockel, head of the Section Restitution of the Dutch Military Mission in Bonn remarked: 'It really is beneath the dignity of the Dutch authority to ask the British to re-open the case for restitution for the theft of a bicycle, which after all these years, has probably turned into a piece of "old rust"'.¹⁷¹ Only seven days after the liberation of the Netherlands, Hirschfeld stated that 'The situation looks very bleak for us indeed, for Germany will not, in any man's lifetime, be able to refund a fraction of the war damage suffered by the Allies'.¹⁷² But this was of secondary importance, for Germany was simply unable to pay.

Nevertheless, in October 1945, the Dutch government sent a document titled 'Memorandum of the Netherlands Government containing the claims of the Netherlands for

¹⁶⁶ Hellema, *Neutraliteit & Vrijhandel*, 126-127.

¹⁶⁷ *Het Parool*, 31 October 1944.

¹⁶⁸ BuZa, Ord. 912.230, Map 557. Duitsland West. Conferentie van de Plv. Ministers van Buitenlandse Zaken (deputies) der Grote Vier te Londen inzake Duitsland + Nederlands standpunt. Deel II 1947; 'De Nederlandse politiek t.a.v. Deutschland uit een economisch gezichtspunt'.

¹⁶⁹ BuZa, Ord. 912.13 / buitenlandse betrekkingen (bilateral) Nederland-Bondsrepubliek Duitsland / grenscorrecties / hervatting economische betrekkingen met Duitsland 1946-1947. Inventarisnummer: code 9 / 1945-1954 / 01899.

¹⁷⁰ Examples found in NA, The Hague, Plaatsingslijst van het Archief van Sectie IV (Restitutie Reparatiezaken) van de Nederlandse Militaire Missie bij de Geallieerde Bestuursraad in Duitsland te Bonn 1945-1954, access code 2.05.24, inv. nrs. 5 and 36; Nordrhein-Westfälisches Hauptstaatsarchiv Düsseldorf (HStAD), NW 99 Wirtschaftsministerium Nordrhein-Westfalen, NW 99-82.

¹⁷¹ NA, Min. van Buitenl. Zak. Ned. Mil. Mis. bij de Geallieerde Bestuursraad in Duitsland, 2.05.24, inv. nr. 5.

¹⁷² NA, The Hague, Collectie 259 G.W.M. Huysmans, 1945-1948, access code 2.21.090, inv. nr. 19; 'Note Hirschfeld "Eenige voorloopige opmerkingen over schadeloosstellingen, welke men van Nederlandsche zijde van Deutschland moet eischen', 17 May 1945.

compensation from Germany' to the great powers in preparation for a conference on reparation that was to be held in Paris on 9 November but continued until 21 December 1945. In total, eighteen countries presented claims to the western occupation authorities. The Netherlands claimed 25 billion guilders. In spite of its name, it was not the task of the conference to determine the total extent of reparation Germany had to pay; that was to be left to the Allied Control Council although definitive decisions and the implementation of these lay with the commanders in the respective zones of occupation.¹⁷³

With the ACC unable to reach joint agreements, it is hardly surprising, given the huge differences of opinion, that the chances of the Netherlands getting compensation were small. In the end, the Paris conference of late 1945 accepted the recommendation that Germany would return all identifiable goods without limitation. This turned out to be an unfortunate construction as identification of stolen goods was virtually impossible.¹⁷⁴ Nevertheless, an agreement to this effect was signed in Paris on 14 January 1946. The countries present included the United States, Great Britain, the Netherlands, Denmark, Belgium, Luxembourg and Yugoslavia. Together they represented over 80 per cent of the assigned reparation quota. The Dutch government was disappointed that no overall agreement had been reached. The Hague had no chance to influence the contents of the treaty as it had been drawn up by the United States and Great Britain and participants were able to either accept or refuse it.¹⁷⁵

On 9 February 1946, The Dutch Minister of Finance, P. Liefstinck, informed Parliament about the results of the Paris conference. He was anything but positive about the feasibility of the Dutch demands and warned against expectations being too high. According to the minister, the total compensation would only be some billions, and that this would be insufficient to provide a powerful stimulus to the Dutch economy. With hindsight, even Liefstinck's estimates were too high. The *Commissariaat-Generaal voor de Nederlandse Economische Belangen in Duitsland* – Commissionary-General for Dutch Economic Interests in Germany – that was installed in April 1945 achieved some success in 1946. In a confidential letter of late November 1946, L.F. Otto, Commissioner-General of the Committee, wrote that the total value of goods restituted amounted to almost 120 million guilders, 42 million of which was railway equipment.¹⁷⁶ When the Commissionary-General ceased its activities in July 1949, 200 million guilders of goods and the

¹⁷³ Schwarz, *Vom Reich zur Bundesrepublik*, 108; Also G. Mai, 'The United States in the Allied Control Council. From Dualism to Temporary Division', in D. Junker (ed.), *The United States and Germany in the Era of the Cold War, 1945-1990. A Handbook. Volume I: 1945-1968* (Cambridge/Washington 2004) 50-56, there 50.

¹⁷⁴ F.J.M. Duynstee and J. Bosmans, *Parlementaire geschiedenis van Nederland na 1945. Deel I: het kabinet-Schermerhorn-Drees. 24 juni 1945-3 juli 1946* (Assen/Amsterdam 1977) 696-699.

¹⁷⁵ Van Campen, *The Quest for security*, 28-29.

¹⁷⁶ NA, Min. Van Buitenl. Zak. Ned. Mil. Mis. bij de Geallieerde Bestuursraad in Duitsland, 2.05.24, inv. nr. 32; 'Letter L.F. Otto', 20 November 1946.

same amount of gold had been returned to the Netherlands. The total amount of goods looted by the Germans, money excluded, was estimated at 4500 million guilders (around 1685 million dollars, when one dollar equals 2.67 guilders as it did in 1957).¹⁷⁷ When all the figures are added together they are dwarfed into insignificance by the 25 billion guilder claim handed in by the Dutch government. In short, little was made of compensation and reparation, but this was not due to lack of clarity or feasibility of the Dutch demands but by the fact that Germany was broke and the Allies were not prepared to demolish German industry completely. This was in line with a view that The Hague had voiced earlier on, when it admitted to being hesitant about Allied plans to demolish Germany to realise compensation. In October 1945, the Netherlands objected to plans to dismantle German factories. The demolition of German industry, which the Allies were considering, could only hit the Netherlands.¹⁷⁸ At the beginning of 1947, W.F. Lichtenauer, General-Secretary of the Rotterdam Chamber of Commerce stated: 'Compensation of war damage is important of course, but one has constantly to keep in mind that all one takes from the Germans will hinder their economic recovery. German economic recovery is in our best interests. Our first priority should be the recovery of Germany and to make sure that this is carried out in such a way that it will further our own recovery and not threaten it'.¹⁷⁹ The Dutch Ministry of Agriculture stated that 'Germany is vital to us as a trading partner, especially with regard to agriculture'.¹⁸⁰ On numerous occasions shortly after the war, the Netherlands had informed the Allies of the importance of re-establishing Dutch-German trade relations as a stimulus for the Dutch economy.¹⁸¹ However, as anti-German feeling was rife, and politicians were justifiably hesitant, the Dutch government could not, as yet, openly state this and, as a consequence, its policy remained unclear.

2.6 Annexation of Germany territory

In the period immediately after the war, one issue dominated the debate on Germany in The Hague and in public opinion: annexation. During the war, the underground press had been rather reserved on this issue,¹⁸² although *Trouw* had written about a rise of victory psychosis.¹⁸³ H.M. van Randwijk, one of the founders of *Vrij Nederland* and post-war editor-in-chief, later wrote that the

¹⁷⁷ Van Campen, *The Quest for security*, 214.

¹⁷⁸ NA, Ministerraad, 1823-1988, nummer toegang 2.02.05.02, inventarisnummer 570; Raad voor Economische Aangelegenheden, 'Verslag van de vergadering gehouden op Maandag, 22 October 1945'.

¹⁷⁹ NA, 3.17.17.04 KvK Rotterdam, inv. nr. 1270; 'Rede W.F. Lichtenauer, Algemeen Secretaris van de Kamer van Koophandel en Fabrieken voor Zuid Holland, 25 januari 1947, uitgesproken aan de Economische Hogeschool in Rotterdam'.

¹⁸⁰ HStAD, NW 397-199 Staatskanzlei; Discussion 'Zum Wirtschaftverhältnis Deutschland-Holland', 1948.

¹⁸¹ Wielenga, *West-Duitsland: partner uit noodzaak*, 226.

¹⁸² *Vrij Nederland*, 'Inundatie en schadeloosstelling. Hoe de Nederlanders in Londen er over denken', 28 May 1944; *Vrij Nederland*, 'Naar een groter Nederland?', August 1944, 10; Van Kampen, 'Naar een groter Nederland' 5.

¹⁸³ *Trouw*, late August 1944.

illegal press had been reticent about the future of Germany: 'Extravagant night or daydreams hardly existed. Post-war Germany never took the shape of a Hieronymus Bosch painting'.¹⁸⁴

Although Van Kleffens had suggested the *possibility* of annexing parts of Germany during the war, the issue only gained momentum after the liberation, when the government decided that it would let it be dependent on public opinion. Van Kleffens authorised the establishment of the *Nederlandsch Comité voor Gebiedsuitbreiding* – Dutch Committee for Territorial Enlargement – under the guidance of the wartime minister of Finance Van den Broek who had been an advocate of annexation during the war years.¹⁸⁵ According to C.P. Romme, leader of the Catholic Party (KVP), the future of the Netherlands was dependent on safeguarding the Dutch East Indies and on annexation, which would be necessary to provide farmers with land. His attitude was understandable as the Catholic south of the Netherlands had huge problems as the farms were small and barely profitable and the population was relatively large and increasing.¹⁸⁶ Consequently, the illegal Catholic newspaper *Christofoor* was a fierce advocate of annexation. According to them, the German population should be expelled and only those living in the border areas would be allowed to stay, as people on both sides of the border spoke the same dialect and there were often cultural bonds and family ties.¹⁸⁷ *Christofoor's* attitude is understandable. It was a newspaper from Brabant where the issue of the future of small-sized farmers, who made up a significant part of the Catholic population, was of great interest. According to the opinions expressed by this newspaper, annexation was necessary to provide land for the farmers.¹⁸⁸

The issue of annexation caused a lot of upheaval and gave rise to lively debate. The people had had to bottle up their feelings during the occupation and were now able to express them in the many brochures and pamphlets that flooded the country until the beginning of 1946. About 80 per cent appeared to be strongly in favour of annexation. The Dutch government, however, was divided.¹⁸⁹ Van Kleffens strongly favoured it while Drees fiercely opposed it. By September 1945, however, Van Kleffens felt that the Dutch claim for reparations could no longer wait. The Ministry of Foreign Affairs urged speed as it was felt that claims would be easier

¹⁸⁴ H.M. van Randwijk, 'Van gevaarlijke vijand tot gevaarlijke vriend. Duitsland als onvoltooid verleden tijd', in B. Bakker, D.H. Couvé and J. Kassies (eds.), *Visioen en Werkelijkheid. De illegale pers over de toekomst der samenleving* (The Hague 1963) 74-97, there 75 and 77.

¹⁸⁵ H.A. Schaper, '“Wij willen zelfs niet Mönchen-Gladbach!”'. De annexatiekwesie 1945-1949', *Internationale Spectator* 39 (1985) 261-272, there 262.

¹⁸⁶ M.D. Bogaarts, *Parlementaire geschiedenis van Nederland na 1945. Deel II: De periode van het kabinet-Beel. 3 juli 1946 – 7 augustus 1948, Band A* (The Hague 1989) 470.

¹⁸⁷ *Christofoor*, July and December 1944.

¹⁸⁸ M. Lak, '“Onze welvaart staat en valt met die van Duitsland”', 412. Also: Bogaarts, *Het kabinet-Beel*, 470.

¹⁸⁹ As was Dutch public opinion. An inquiry in March 1948 showed that in the middle of 1946, 41 per cent of those questioned favoured annexation whereas 31 per cent opposed it. By early 1948, these figures were 39 and 37 per cent, with more than a quarter of those questioned not having an opinion. Source: NIPO, press release number 182, 3 March 1948.

to realise if sent to the Allies as soon as possible.¹⁹⁰ Van Kleffens presented a plan to the Council of Ministers, in which he proposed to demand 10.000 square kilometres of German land – a stretch of around 40 kilometres along the border.¹⁹¹ This was approximately a third of the total Dutch surface at that time and was inhabited by more than one million Germans.

There would have been many disadvantages to this annexation. Firstly there was the issue of what to do with the local population, and there was the added problem that the area in question had been extensively damaged during the war.¹⁹² Huge sums of money would be needed to reconstruct the land and these were desperately needed for the Dutch recovery. Economic objections weighed most heavily. It was felt that the Dutch would neither qualitatively nor quantitatively gain anything financially or economically from this annexation. The economic weekly *Economisch-Statistische Berichten* (*ESB*) stated that the Dutch state revenues would not increase, national debt would not decrease, the necessity for new investments and thus foreign debt would be augmented and the agricultural products they wished to obtain from the areas that were to be annexed, would require foreign currency which the Netherlands did not have.¹⁹³ This would also hamper the recovery of a country with which the Netherlands had strong economic ties.¹⁹⁴

The same opinion was held on the other side of the border. On 1 September 1947, the *Vereniging van de Industrie en Handelskamers van het Land Nordrhein-Westfalen* – German Union of Industry and Chambers of Commerce of the State of North Rhine-Westphalia – published a brochure stating that the benefits of territorial expansion to the Dutch would be in no proportion to the damage that would be done to German industry in North Rhine-Westphalia.¹⁹⁵ In November 1946, the government of North Rhine-Westphalia indicated that ‘annexations have never been a good basis for friendly relations between neighbouring people’.¹⁹⁶ In a letter labelled ‘top secret’, it appears that Liefstinck suggested that ‘one might be prepared to accept actual economic proposals from Northrhine Westphalia in exchange for a decision to abandon the

¹⁹⁰ Schaper, “‘Wij willen zelfs niet Mönchen-Gladbach’”, 261-262. Also: H. Lademacher, ‘Die Niederlande und Deutschland 1945-1949. Wirtschaftsfragen und territoriale Korrekturen’, in W. Ehbrecht and H. Schilling, *Niederlande und Nordwestdeutschland. Studien zur Regional- und Stadtgeschichte Nordwestkontinentaleuropas im Mittelalter und in der Neuzeit* (Cologne/Vienna 1983) 456-511, there 478-498, M. Bogaarts, ‘Land in zicht? Een schets van de ontwikkelingen rondom de Nederlandse plannen tot verwerving van Duits grondgebied en van het tijdelijk beheer over Duitse economische hulpbronnen 1944-1963’, *Politieke opstellen* 3 (1983) 1-19.

¹⁹¹ Schaper, “‘Wij willen zelfs niet Mönchen-Gladbach’”, 264.

¹⁹² Bogaarts, ‘Ressentimenten en realiteitszin’, 18.

¹⁹³ ‘Herstelplan en herstelbetalingen’, *Economisch-Statistische Berichten* (*ESB*), 28 January 1948, 64-67.

¹⁹⁴ ‘De Nederlandsche eisen’, *ESB*, 20 November 1946, 767-769.

¹⁹⁵ HStAD, NW 397-202 Staatskanzlei; Brochure *Vereniging van de Industrie en Handelskamers van het Land Nordrhein-Westfalen*, ‘De Nederlandsche Gebiedseisen’, 1 September 1947.

¹⁹⁶ M.A. Kanter, *Die Kabinettsprotokolle der Landesregierung von Nordrhein-Westfalen 1946 bis 1950 (Ernennungsperiode und erste Wahlperiode). Teil 1: Einleitung, Dokumente 1-207* (Siegburg 1992) 182.

demands for border corrections'.¹⁹⁷ This would have been quite a remarkable proposal from the Dutch Finance Minister because the Netherlands had absolutely nothing to say about policy towards Germany, it was all in the hands of Allied powers. The Dutch cabinet did, nevertheless, let it be known that it would be prepared to give up claims on annexation as a means of bargaining. So desperate was the need for sound economic relations with Germany.

In addition to the importance of German recovery, international developments also played a key role in the failure of the annexation plans.¹⁹⁸ At the request of the Dutch government, a commission chaired by the president of the Social-Democratic Party, J.J. Vorrink, researched the feasibility of the border correction. As early as 1946 it pointed out that the economic chaos resulting from annexation would be unacceptable to the Allies and disadvantageous to the Netherlands. The Dutch ambassador to Paris, the former Governor-General of the Dutch East Indies, A.L. Tjarda van Starkenborgh Stachouwer, also believed that annexation would contribute to the downfall of the German economy and that the Netherlands should allow West Germany to recover and integrate into western Europe.¹⁹⁹ Tjarda's remarks deeply impressed the new Prime-Minister L.J.M. Beel and his Minister of Foreign Affairs, C.G.W.H. van Boetzelaer, who too was a pronounced opponent of any annexation. The Beel cabinet subsequently adopted Vorrink's recommendations and further scaled down the annexation demands.

Beel and other members of the cabinet were also influenced by a speech by the American Secretary of State, James F. Byrnes, in Stuttgart on 6 September 1946, in which he stated that the United States would not agree to any territorial transfers except the Saar question. The seasoned diplomat Van Boetzelaer correctly noted the growing discord between the Russians and Americans over Germany's future. He indicated that this division might lead to an independent western Germany with which the Netherlands should be good neighbours. He therefore advocated the revision of any annexation plans, while maintaining economic claims, such as control over a number of German coal and potassium mines for a period of fifty years.²⁰⁰ The territorial claims were therefore reduced to about 1750 square kilometres. The Dutch government detailed these claims in a memorandum to the Allies in 1946.²⁰¹

¹⁹⁷ HStAD, NW 397-199 Staatskanzlei; 'Letter H. Kroll, Sonderreferat der Ministerpräsident des Landes Nordrhein-Westfalen', 22 December 1947.

¹⁹⁸ Hellema, *Neutraliteit & Vrijhandel*, 128-129; Schaper, "'Wij willen zelfs niet Mönchen-Gladbach!'" 265-269; Bogaarts, 'Ressentimenten en realiteitszin', 20-21; Bogaarts, *Het kabinet-Beel*, 468 and 489-490.

¹⁹⁹ Schaper, "'Wij willen zelfs niet Mönchen-Gladbach!'", 265.

²⁰⁰ M. D. Bogaarts, 'Aanpassing aan de feiten. Carel Godfried Willem Hendrik van Boetzelaer van Oosterhout', in D. Hellema, B. Zeeman and B. van der Zwan (eds.), *De Nederlandse ministers van Buitenlandse Zaken in de twintigste eeuw* (The Hague 1999) 165-179, there 175.

²⁰¹ HStAD, NW 397-197 Staatskanzlei; 'Memorandum', 5 December 1946.

The British and Americans were not content with these reduced claims. Whitehall estimated that the annual coal production of the territory to be annexed by the Netherlands would be one million tons and the cost of exploiting them 9.5 million. This would be a substantial burden to the British occupation zone for whom the costs had already turned into a millstone around Whitehall's neck. Moreover, the Dutch memorandum had not only detailed the border corrections and mine concessions. The Hague had also asked for a normalisation of the trade streams and to enlist Dutch harbours in the transit of goods to Germany, free enfoldment of internal shipping to and within Germany and a more supple approach towards the stagnated Dutch export to Germany, all through the international monetary system.²⁰² According to the British, the Dutch wanted to milk the cow and butcher her.

Like London, Washington rejected the Dutch annexation demands, especially where these would become a burden on the West German economy. After the conference of the ministers of Foreign Affairs of the United States, Great Britain, France and Soviet-Russia in Moscow in March-April 1947, the Americans felt that the economy of the western zones should not be further weakened. It was becoming increasingly clear to the United States that it was in America's best interest to rebuild Western Germany and stimulate European recovery. It became obvious that Washington was going to refuse to meet the Dutch claims at a conference in London attended by representatives of France, Great Britain, the United States and the Benelux-countries in February 1948. This meeting ended all Dutch illusions. The Americans did not only refuse to study the Dutch economic demands, they also refused to accept the combination of economic and territorial claims. The Netherlands was, however, allotted 69 square kilometres of German land inhabited by 9200 Germans. The government of the *Land* North Rhine-Westphalia and the German press totally rejected this idea but it remained binding. On 29 October 1948, the commander of the British occupation zone, B.H. Robertson assured representatives of the various *Länder* that the Netherlands had withdrawn any further claims to its territory.²⁰³

Shortly after the war it became increasingly clear that Dutch policy towards Germany had little chance of success if it focused on punishment and reparation. Nevertheless, The Hague paid lip service to annexations, although it was very hesitant about agreeing to plans to demolish German industry. This would not only make reparation difficult, but would weaken Germany economically to such an extent that recovery of economic relations would be out of the question. It was clear to the Dutch government and even the majority of the Dutch population that the

²⁰² HStAD, NW 397-197 Staatskanzlei; 'Memorandum', 5 December 1946.

²⁰³ C. Weisz, H-D. Kreikamp en B. Steger, *Akten zur Vorgeschichte der Bundesrepublik Deutschland 1945-1949. Band 4: Januar-Dezember 1948* (Munich 1983) 910.

economic recovery of Germany was indispensable for their own recovery. Dutch exports would profit, imports of machines would once again be possible and the position of Dutch harbours would recover.²⁰⁴

Moreover, developments in international relations forced The Hague to moderate its claims. As the relations between east and west deteriorated, London and Washington focused more and more on rebuilding an economically strong West Germany integrated into Europe. As early as late 1946, Whitehall and Washington were determined not to allow anything to weaken the economy of their occupation zones, as these would form the nucleus of a future West German state. That the recovery of Germany was necessary for a European recovery had been clear for a long time, but once United States policy was directed towards West German recovery, Dutch demands for reparation or border corrections were firmly dismissed. The Allied policy greatly influenced the punitive side of the Dutch policy towards Germany, but it also hindered a rapid recovery of Dutch-German economic relations. After the conference of Paris in July 1948, The Hague was left with one goal only: a rapid recovery of economic relations with Germany.

2.7 Dutch-German economic relations intersected

Whereas shortly after the liberation relations with Germany had been mainly focused on reparation and annexation and had caused much agitation, to most Dutch politicians and businessmen one thing was crystal clear: at the basis of the relations with Germany were the economic ties and the necessity to restore these as soon as possible. In November 1947, a report by the Ministry of Foreign Affairs stated: 'When the war was won, our main goal was to prevent any new German aggression in the future [...] But this has already taken second place. It is inevitable that we help put Germany on its feet again if we do not want to go down with it'.²⁰⁵

Even two memorandums sent by the Dutch government to the Allies in November 1946 and January 1947, pleaded for the recovery of Germany.²⁰⁶ In December 1946, Hirschfeld, who had become Government Commissioner of German affairs, wrote a memo in which he left no doubt about the necessity to strive for German economic recovery.²⁰⁷ He would repeat his plea three years later: 'Without fertile economic traffic with Germany, a reasonable welfare for the

²⁰⁴ P.F. Maas (ed.), *Parlementaire geschiedenis van Nederland na 1945, Deel 3. Het kabinet-Drees-Van Schaik 1948-1951. Band A: Liberalisatie en sociale ordening*. (Nijmegen 1991) 376.

²⁰⁵ BuZa, Map 565 (912.230) Duitsland West. Geallieerden en Nederlandse politiek t.a.v. Duitsland; Rapportage Ir. L.F. Otto 1948; L.F. Otto, Commissaris-Generaal voor de Nederlandse Economische Belangen in Duitsland, 'Enkele aantekeningen betreffende de huidige situatie in Duitsland', November 1947.

²⁰⁶ J. C. Heß and F. Wielenga, 'Gibt es noch Ressentiments...? Das niederländische Deutschlandbild seit 1945' in Heß and Schissler (eds.), *Nachbarn zwischen Nähe und Distanz*, 13-28, there 18.

²⁰⁷ BuZa, 912.13 / buitenlandse betrekkingen (bilateraal) Nederland – Bondsrepubliek Duitsland / grenscorrecties / rapport Hirschfeld over de economische vraagstukken van Duitsland en de vredesonderhandelingen / 1946-12-07; 1946-1947. Inventarisnummer: code 9 / 1945-1954 / 0901; 'Rapport Hirschfeld 'De economische vraagstukken van Duitsland en de vredesonderhandelingen'', 7 December 1946.

Netherlands is unthinkable. Therefore, it is right that we strive for the recovery of economic relations with them'.²⁰⁸ With this, Hirschfeld put forward a vision that was broadly shared by the various post-war Dutch cabinets. At the state opening of parliament on 20 September 1949, Queen Juliana stated: 'It is necessary to involve Germany, although for the time being only West Germany, in the western European community, provided it does not threaten European security. A more extensive development of economic traffic between the Netherlands and Germany is in the interest of both countries and, at the same time, of a healthy European economy'.²⁰⁹ The same opinion was reflected in Dutch business circles. In September 1946, a report of a Committee of the *Commissie der Nederlandsche Maatschappij voor Nijverheid en Handel* – Dutch Company for Industry and Trade – stated: 'Rapid recovery of trade relations with Germany is an urgent necessity for the recovery of Dutch welfare'.²¹⁰ That this recovery was deemed important is reflected in the foundation of the *Trustmaatschappij voor de handel van Nederland met het Buitenland NV* – Trust Company for Dutch International Trade – in 1946. Its members were from the fields of industry, agriculture, trade and finance. It aimed to further Dutch trade and to be 'the pioneer in the recovery of Dutch-German trade relations'.²¹¹

The Trust Company, the Dutch business community and the government soon realised that the road to the normalisation of economic relations with Germany was paved with obstacles. The transportation of goods and services between the Netherlands and its big neighbour had come to a standstill. Before World War II, the majority of goods passing through the harbour of Rotterdam were destined for or came from the German market.²¹² The Netherlands' large neighbour to the east was its most important supplier of coal, potassium, brown coal, fertilizers, chemicals, iron, steel, machinery and other industrial products.²¹³ Assets from services and investments in Germany compensated the negative balance in goods traffic but, after 1931, monetary problems and the autarkic policy of the Nazi's had disturbed the system. Economic recovery could only begin when imports and exports were resumed.

²⁰⁸ BuZa, 912.230, Map 563. Nota Hirschfeld Betreffende de geallieerde en de Nederlandse politiek t.a.v. West-Duitsland, 28 april 1949; Duitsland West. Nederlandse verlangens inzake geallieerde politiek in Duitsland; nota Hirschfeld Deel I; 'Nota Hirschfeld betreffende de geallieerde en de Nederlandse politiek ten aanzien van West-Duitsland', 28 April 1949.

²⁰⁹ J. Blokker, *'Leden van de Staten-Generaal'. Nederland onder Juliana: de troonredes met commentaar van Jan Blokker* (Bussum 1981) 17.

²¹⁰ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 1.

²¹¹ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 1; 'Concept plaatsvervangend directeur van de Centrale Dienst In –en Uitvoer, H. Meijer, aan de verschillende Rijksbureaus over de verhouding tussen de Trustmaatschappij en de Rijksbureaus', 24 March 1947. See also: M. Lak, 'The Trust Company and its efforts to reconstruct the bilateral Dutch-German trade, 1945-1949'. Paper presented at the 12th annual congress of the *European Business History Association*, Bergen, Norway, 22 August 2008.

²¹² <http://www.cpb.nl/nl/pub/cpbreeksen/bijzonder/16/bijz16.pfd>. (26 January 2007).

²¹³ For example: Groeneveld, 'De economische en financiële betrekkingen tussen Nederland en Duitsland', 451-452, en Bogaarts, 'Ressentimenten en realiteitszin', 27.

As yet, however, the Dutch government lacked the means to do so. Dutch exports did not meet post-war requirements, as these consisted mainly of luxury agricultural products like butter, eggs, cheese, bacon and vegetables. In 1938, agriculture and the food processing industry accounted for 47.3 per cent of Dutch export.²¹⁴ In 1945, there was little demand for these products. International demand concentrated on the recovery of wartime damage and the construction of new production capacity. Raw materials and capital goods were in great demand, but these were underrepresented in Dutch export, as were basic foodstuffs.²¹⁵ Moreover, the Dutch supply of monetary gold and foreign currencies was almost exhausted due to the enormous growth of the internal demand and wartime losses. In addition to this, revenue from the export of goods and services, foreign investments and export from the Dutch East Indies had decreased sharply.²¹⁶ At the same time import needs had an abnormal character as a result of large expenditures for the recovery of war damage, resupplying the country and building military forces in Indonesia. To top it all, prices on world markets soared.²¹⁷

While this situation persisted, the Dutch current account showed a large deficit and Dutch import was dependent on foreign credit.²¹⁸ Added to this was the fact that multilateral payments had not yet started. According to Barry Eichengreen 'Europe's trade resembled a spaghetti bowl of more than two hundred bilateral arrangements,'²¹⁹ which the Netherlands was forced to resort to.²²⁰ At the end of 1945, the Dutch government had bilateral agreements with Belgium, Great Britain, Switzerland, Czechoslovakia, Norway and Sweden, and in 1946 with Denmark, France, Portugal, Finland, Italy, Austria, Spain and Yugoslavia. The Netherlands only had an active position with Denmark. From all other countries more goods were imported than exported.²²¹ In short: 'The Dutch position was weak in foreign hard currency, [and] even weaker in goods that were in demand and could be exported to other countries.'²²²

²¹⁴ CBS, *Jaarcijfers van Nederland 1939* (The Hague 1940) 278-279; own calculations.

²¹⁵ Barendregt, *The Dutch Money Purge*, 73. See also: M. Lak, 'The Netherlands in Ruins? Post-war economic problems in the Netherlands as a result of the German occupation, 1945-1949'. Paper presented at the conference of the German Historical Institute, 'The Short- and Long-Term Economic Effects of German Exploitation of Occupied Countries during WW II', Washington DC, United States of America, 19 June 2009.

²¹⁶ Van Zanden, *Een klein land*, 174; Salzmann, *Herstel, wederopbouw en Europese samenwerking*, 11.

²¹⁷ Van der Linden, *Economische ontwikkeling en de rol van de overheid*, 76-77.

²¹⁸ Salzmann, *Herstel, wederopbouw en Europese samenwerking*, 11 and J.M.M.J. Clerx, *Nederland en de liberalisatie van het handels- en betalingsverkeer, 1945-1958* (Groningen 1986) 1.

²¹⁹ B. Eichengreen, *The European Economy Since 1945. Coordinated Capitalism and Beyond* (Princeton 2007) 73.

²²⁰ Van der Linden, *Economische ontwikkeling en de rol van de overheid*, 77.

²²¹ It was not all one-way traffic. Although the Netherlands had few essential export products, its negotiation position was often strengthened by the specific needs of the trading partner in question. Spain and Portugal needed breeding stock and Switzerland Czechoslovakia lacked shipping space for transport via the Rhine. Salzmann, *Herstel, wederopbouw en Europese samenwerking*, 30.

²²² Brochure: 'Tien jaar buitenlandse economische betrekkingen', by S.T.J. Teppema. Source: NA, The Hague, archief van het Directoraat-Generaal voor de Buitenlandse Economische Betrekkingen van het Ministerie van Economische Zaken, (EZ), 1945-1965, access code 2.06.107.01, inventory number 10.

After World War II, Dutch exports were extremely low and the Netherlands had to limit its imports. Dutch exports decreased stronger than imports, with all its main trading partners, especially Germany, Great Britain and the United States (Table 2.1). Dutch imports remained under the 1938-level for years and only passed this level in 1950. Most importantly, import from Germany decreased dramatically in the first five post-war years, whereas import from Belgium, France, and Great Britain decreased far less. Import from the United States, however, increased strongly. As most of the goods that were imported came from the United States, this further aggravated Netherlands' shortage of dollars. As can be seen in table 2.1, the problem to the Netherlands was Germany. Increase in imports from the United States partly covered the decrease from Germany, but, as Washington demanded dollars for its goods, it was not a tenable solution. The other main Dutch trading partners were no alternative either.

It was therefore vital that Dutch-German trade relations recovered as soon as possible. The Minister of Economic Affairs, G.W.M. Huysmans wrote to the *Rijksbureau voor Handel en Nijverheid* – State Bureau for Trade and Industry – stating: ‘You are undoubtedly aware of the importance the government attaches to resumption of trade with Germany. The economic future of our country is dependent on the speed at which this happens’.²²³ Huysman’s observation was understandable: the collapse of trade with Germany was at the centre of Dutch trade problems in the first post-war years. Table 2.1 shows that not only did exports decline to 19, respectively 43, per cent of the relatively low level of 1938 in 1946 and 1947, but that the German share in export dropped to a negligible level. Import remained slightly better and reached levels of 46 and 78 per cent of the levels of 1938, which in itself, was one of the main causes of the payment problems. Here as well, the German share declined dramatically. The German economy was at its lowest level ever, and the Dutch were feeling the pain (Table 2.1).

With the defeat of Nazi Germany, the Netherlands had lost both its main supplier and its main customer market. Who could the Netherlands sell its agricultural products to while Germany was too poor to buy them?²²⁴ Here lay the crux of the problem: the Netherlands was specialized in the export of agricultural products to surrounding, prosperous countries, mainly Germany. Germany, however, was no longer able to buy anything, and the only alternative market, Great Britain, could obtain products like cheese, bacon, eggs and butter from its

²²³ NA, The Hague, Collectie Dr. H.M. Hirschfeld als Lid van de Raad van Gedelegeerden van de “Trustmaatschappij (...)”, 1947-1949, access code 2.05.48.03, inventory number 2; ‘Brief Minister van Economische Zaken G.W.M. Huysmans aan het Rijksbureau voor Handel en Nijverheid’, 28 April 1947.

²²⁴ Lademacher, ‘Die wirtschaftlichen Beziehungen zwischen Deutschland und den Niederlanden in den dreißiger und vierziger Jahren des 20. Jahrhunderts’, 61.

Dominions, while it produced vegetables itself.²²⁵ A memorandum from the Dutch government in January 1947 stated that ‘the export of agricultural products to Germany will always be one of the most important sources of trade for a country like the Netherlands’.²²⁶

Another obstacle in the recovery of economic relations with Germany was the policy enforced by the Allied occupation authorities. Although the Potsdam Agreement had stated that Germany should be treated as an economic unity, the four occupation zones developed into almost closed areas, with whom it was practically impossible to make trade agreements.²²⁷ In his 1954 thesis, the Dutch economist Jozias Wemelsfelder strongly criticized the Allies for doing as they pleased to serve their own best interests in their zones. He indicated that the form of organisation chosen could not have been more irrational.²²⁸ Allied policy obstructed the recovery of trade relations between the Netherlands and the western zones until deep into 1949.²²⁹ The German historian Christoph Kleßmann agreed that the Allied policy had ‘fatal economic consequences’.²³⁰ German entrepreneurs in the western occupation zones were not allowed to trade for themselves or contact foreign or extra-zonal suppliers or customers. All international contact was via occupation authorities; German businessmen could not even telephone foreigners.²³¹ Consequently, one cannot speak of any normal, regular German trade until 1948. For three years after the war, German purchase of goods and services and sale to foreign countries were the domain of the occupation forces, i.e. British and American army officers.²³² The reason for this was that London and Washington had to feed Germany, which yielded little, but cost vast amounts of money. The occupation authorities hoped to limit the cost of occupation for their countries by preventing Germany from spending hard currency on less necessary products and services or to sell useful products for accounts that could not be used for the products Germany needed. They hoped to do this by regulating the external trade of their occupation zones. As Germany no longer had a convertible currency, the Americans and British invested over 700 million dollar a year to supply their occupation zones.²³³

After the collapse of the Third Reich, the trade links to and from all German companies were fundamentally ruptured and foreign trade came to a standstill. In September 1945, the Allied

²²⁵ Klemann, *Tussen Reich en Empire*, 119-129, 146-153, 228-243; H.A.M. Klemann, ‘Political Development and International Trade: The Netherlands 1929-1941’, in M. Müller and T. Myllyntaus (eds.), *Pathbreakers: Small European Countries Responding to Globalisation and Deglobalisation* (Berlin/New York 2007) 297-321, there 300-304 and 310-314.

²²⁶ BuZa, Code 9: 1945-1954. Map 556 (912.230) Duitsland West. Conferentie van de Plv. Ministers van Buitenlandse Zaken (deputies) der Grote Vier te Londen inzake Duitsland + Nederlands standpunt. Deel I 1946-1947; ‘Memorandum of the Netherlands Government on Allied Policy with regard to Germany’, 14 January 1947.

²²⁷ Lak, ‘Stunde Null’, 15.

²²⁸ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 2.

²²⁹ F. Wielenga, *Nederland in de twintigste eeuw* (Amsterdam 2009) 215.

²³⁰ Kleßmann, *Die doppelte Staatsgründung*, 46.

²³¹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 3.

²³² Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 86.

²³³ Uhl, *Die Teilung Deutschlands*, 38.

Control Council formally prohibited any activity by German consular and trade representatives abroad. This gave the military government a monopoly on foreign trade.²³⁴ The historian Richard Bessel correctly states that in 1945, as its borders became ‘insurmountable barriers to trade, Germany largely disappeared from the world trading centre’,²³⁵ which had dire consequences for Europe as a whole and for the Netherlands in particular. The collapse of the German economy made the occupiers responsible for the supply of basic necessities to the German population. In practice this meant that British and American taxpayers paid for it. Their problem was how to explain to the taxpayers at home that they had won the war and now had to feed the Germans.²³⁶ Understandably this led to protest in Great Britain. The Conservative Member of the House of Commons, Harry Crookshank, was quoted as saying: ‘This is the most quitoxic act in history: we defeat a country and then call on our own taxpayers to grant 80 or 100 Million Pounds a year to put them on their feet again’.²³⁷ Gradually, the central focus of British and American policy was directed towards getting rid of this financial burden. They therefore demanded that customers of German goods pay in dollars or sterling that they could use to buy food on the world market. Imports were to be kept as low as possible, as the costs of occupation would otherwise become too high.²³⁸ The *Joint Export-Import Agency* (JEIA) was created to determine the extent and composition of imports and exports for Bizonia²³⁹ (the economic merger of the British and American zones of occupation as of 1 January 1947) and laid down rules that were so complicated that they actually hindered smooth trade.²⁴⁰ For example, these were the instructions for the export of solid fuels, e.g. coal, by barges to the Netherlands: ‘One set of the documents listed above, will be lodged by JEIA, Branch Office Essen, with the nominated German Bank against copy of cable advice to the nominated Dutch Bank, stating that appropriate documents have been received and found in order and that transfer to the Special Dollar Account Military Governments for Germany (US/UK) with the Nederlandsche Bank, Amsterdam, Holland, should be made forthwith. The nominated Dutch Bank will be instructed to inform the Bank Deutscher Länder, Frankfurt and the Joint Export-Import Agency, Branch Office Essen, by

²³⁴ R. Bessel, *Germany 1945. From War to Peace* (London 2009) 370-371.

²³⁵ Ibid., 371.

²³⁶ During the war, there had been intense debates in Great Britain about the question if it should supply the enemy with food. See: J.E. Farquaharson, ‘Hilfe für den Feind. Die britische Debatte um Nahrungsmittellieferungen an Deutschland 1944/45’, *Vierteljahrshefte für Zeitgeschichte* 37, No. 2 (1989) 253-278.

²³⁷ As quoted in J.E. Farquaharson, ‘The British Occupation of Germany 1945-6: A Badly Managed Disaster Area?’, *German History* 11, No. 3 (1993) 316-338, there 324-326. Also: Schwarz, *Vom Reich zur Bundesrepublik*, 167.

²³⁸ M. Lak, ‘Stunde Null’, 15.

²³⁹ Agreement between the Governments of the United Kingdom and the United States on the Economic Fusion of their Respective Zones, December 2, 1946. Source: http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=2840. (20 July 2009).

²⁴⁰ NA, Inventaris van het archief van het Rijkskolenbureau, access code 2.06.056, inv. nr. 259; ‘Joint Export-Import Agency Essen Branch Office, instructions Payment of Solid Fuel Exports from the Combined Area of Germany’, 27 November 1948.

cable, that the requisite transfer has been effected. Three copies of the documents will be addressed to the office nominated by the buyer as at present (in respect of rail borne deliveries, the original railway certificate will accompany the documents deposited with the German Agent or Bank)'. An undated Dutch government document of around 1947 spoke of Colbertism carried on to the extreme and claimed that perhaps this doctrine of exporting as much as possible and importing as little as possible had never before 'been applied so consistently and with such disastrous consequences, both to the country itself as to the surrounding states'.²⁴¹ When the Trust Company was established in October 1946, Minister of Economics Huysmans spoke of 'a Chinese wall along our eastern border'.²⁴²

The most isolated zone was the British. It was economically the most important to the Netherlands as it included almost all of what is now North Rhine-Westphalia, including the Ruhr area. Whitehall was faced with a huge problem, as this was the most densely populated and industrialized zone. Population pressure increased with the enormous influx of refugees from eastern Europe and the zone was unable to feed itself. This meant that the British exchequer had to use pounds to buy food for Germany, while Great Britain itself was practically bankrupt, especially after US Lend-Lease aid ceased. This zone bordered on the Netherlands and the Ruhr industry was located there. The British controlled 87 per cent of German coal production, 72 per cent of the iron production and the same percentage of the production of crude steel.²⁴³ As the labourers were weak and not well fed, production was all but reduced to a standstill, although coal was scarce and was badly needed throughout Europe. Most of the Allied officials in Germany were military men, not economists and there was limited economic reasoning in their policy. It would have made sense to import more food to feed the labourers, especially the miners, which would have increased production, which could then have been exported. This, in turn, would have been good for the European recovery. Moreover, the increased production could have been sold on the international market at good prices, which would have saved the British and American treasuries a lot of money.

The Hoover committee that visited Germany in 1947 stated that the British autarkic policy was even worse than that of Hjalmar Schacht, Hitler's Minister of Economic Affairs in the 1930s, but London had only one goal and that was to limit the occupation costs for Britain. This

²⁴¹ BuZa, 'De Nederlandsche politiek ten aanzien van Duitsland uit een economisch gezichtspunt' (z.j.). Ord. 912.13. Buitenlandse betrekkingen (bilateraal) Nederland-Bondsrepubliek Duitsland / grenscorrecties / hervatting economische betrekkingen met Duitsland 1946-1947. Inventory number: code 9 / 1945-1954 / 01899.

²⁴² NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 4. Also: Brochure J. Teppema, *Tien jaar buitenlandse economische betrekkingen*: 'Het dollargordijn was moeilijker te doorbreken dan het toen eind 1947 reeds neergaande ijzeren gordijn'; NA, archief van het Directoraat-Generaal voor de Buitenlandse Economische Betrekkingen van het Ministerie van Economische Zaken, (EZ), 1945-1965, access code 2.06.107.01, inventory number 10.

²⁴³ Kleßmann, *Die doppelte Staatsgründung*, 70.

meant preventing payment in pounds for the import of goods and services from the Netherlands. Exports were only allowed if they yielded dollars. British policy thus resulted in low productivity and made it practically impossible to export, whereas the Netherlands desperately needed German goods, especially coal, and was eager to export to Germany.²⁴⁴ Germany was at a standstill and Dutch industry and agriculture, which mainly used German machines,²⁴⁵ could not obtain spare parts, which only compounded difficulties.²⁴⁶

Another trade barrier was formed by the Allied manipulation of export prices. There was no uniform rate of exchange for the *Reichsmark* and a separate rate was calculated for every transaction. According to Wemelsfelder, Allied trade policy was not based on any economic considerations. On the contrary, most Allied measures had a negative character and were directed at 'keeping Germany small'.²⁴⁷ Abelshauser agrees: 'A meaningful export economy could not prosper under these conditions'.²⁴⁸ While the Allies disagreed about a joint recovery programme and the German economy was in a slump, the Netherlands was without its main export market and could only recover to a limited level. Germany's share in Dutch goods exports decreased sharply from 15 per cent in 1938 (in itself low), to 3 per cent in 1947 (Table 2.1). Imports from Germany dropped dramatically as well, from 21 per cent of total imports in 1938 to less than 3 per cent in 1947.²⁴⁹

Moreover, the loss of Germany as an industrial nation made the Netherlands dependent on the United States and its dollars.²⁵⁰ After a visit to the United States, Hirschfeld stated: 'The \$-argument immediately surfaces. But in the end, the Americans will have to acknowledge that it is impossible for Germany's neighbours to import from Germany against dollars, when export to Germany from the countries concerned is prohibited'.²⁵¹ The Netherlands was allowed to export to Germany, but Washington and London saw its butter, cheese and other dairy products as luxury goods which should not be paid for in dollars, but in useless *Reichsmarks* of which the Netherlands still had billions from the occupation period.²⁵² For products that were desperately needed by Germany, such as grain and ores (so-called *essentials*) the Allies allowed payment in dollars. As the Netherlands needed essential goods from Germany, especially coal, and had to pay

²⁴⁴ Bogaarts, *Het kabinet-Beel*, 588.

²⁴⁵ NA, Archief van M.P.L. Steenberghe, access code 2.21.276, inv. nr. 58; 'Duitsland', 1946; Bundesarchiv Koblenz (BArch.), Bestand B 102/2702, Heft 2; 'Letter Abteilung V (Aussenwirtschaft) Verwaltung für Wirtschaft to the Arbeitsgemeinschaft Werkzeug-Industrie, "Dollarklausel im Export"', 14 July 1949.

²⁴⁶ H. de Liagre Böhl, J. Nekkers en L. Slot (eds.), *Nederland industrialiseert! Politieke en ideologische strijd rondom het naoorlogse industriebeleid 1945-1955* (Nijmegen 1981) 132.

²⁴⁷ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 3-4.

²⁴⁸ Abelshauser, *Deutsche Wirtschaftsgeschichte*, 87.

²⁴⁹ Van Zanden, *Een klein land*, 177.

²⁵⁰ Lak, 'The Netherlands in ruins?', 14.

²⁵¹ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 3.

²⁵² Klemann, *Nederland 1938-1948*, 331.

for them in dollars, but exported non-essentials that were paid for in RM, trade ground to a standstill. The Netherlands did not earn dollars and was dependent on foreign credit to finance its imports for which it applied to Switzerland.²⁵³ At the end of 1946, The Hague even had to scale down its recovery programme as a result of a shortage of dollars. As the Netherlands was unable to export, the deficit on the current account sharply increased. The Dutch were forced to resort to a number of emergency measures, like the forced sale of foreign financial assets and short-term loans in the United States. Like other European countries, the country was highly dependent on the United States, the new economic superpower.²⁵⁴ More than half of the deficit on the Dutch balance of trade was related to trade with the dollar zone, i.e. the United States and its occupation zone in Germany.²⁵⁵

The Netherlands made little progress in recovering economic relations with Germany during 1946. The volume of trade between the two countries remained unsatisfactory and to the great irritation of the government and business, the Allies still took no account of Dutch interests in exports of agricultural products. Moreover, Dutch seaports were discriminated against as the Allies resorted to an autarkic policy in this field as well. Before the war, over two thirds of goods shipped and supplied in Dutch ports were in transit. Therein lay the weakness of the Dutch harbours, especially Rotterdam. They, more than others, depended on transit traffic. Rotterdam's position with regard to the German hinterland was already severely weakened by 1940 and deteriorated strongly during the war years. This was only aggravated after 1945, much to the annoyance of the Dutch business community: 'Rotterdam has to live off shipping. Our Allies are, at present, carrying the burden of the occupation of Germany. To compensate for this, they simply take our traffic away, to which we are entitled from time immemorial, without asking themselves, what is the Netherlands to live off.'²⁵⁶

London and Washington only agreed to bilateral trade in which transactions cancelled each other when it came to export goods that Germany could not export to other countries. Harbour services, as counter transactions for coal were not accepted. Coal – which made up a large percentage of pre-war goods transferred in Rotterdam²⁵⁷ – could be sold everywhere, and Hamburg excellently served this purpose. The fact that transport over Hamburg was more

²⁵³ Salzmann, *Herstel, wederopbouw en Europese samenwerking* 11; Clerx, *Nederland en de liberalisatie van het handels- en betalingsverkeer*, 1; W.H. Weenink, *Bankier van de wereld. Bouwer van Europa. Johan Willem Beyen 1897-1976* (Amsterdam/Rotterdam 2005) 258-260.

²⁵⁴ De Vries, *De Nederlandse economie*, 89.

²⁵⁵ Van Zanden, *Een klein land*, 174.

²⁵⁶ NL-HaNa, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 1270; 'Letter A. Welling, one of the leading members of the Netherlands Overseas Trust Company of World War I, to Lichtenauer', 22 January 1947.

²⁵⁷ Z.W. Sneller, *Geschiedenis van den steenkoolhandel van Rotterdam* (Groningen 1946) 273 and 276. Also: Website 'Rotterdam-Antwerp 1880-2000. Database on cargo flows in the port of Rotterdam; <http://oldwww.fhk.eur.nl/ws/eu/sheets.html>, sheet 7: Throughput (all sea-borne cargo) 1919-1995. (12 February 2009).

expensive was unimportant as long as this was paid in RM and not in dollars. The use of the Dutch North Sea ports, that would cost hard currency, was avoided.

Nevertheless, the Americans did offer the Dutch government one glimmer of hope. On 3 May 1946, supplies of reparation goods from the US zone of occupation to the Soviet Union were stopped and in early September, the British were, in principle, willing to merge their zone economically with the American. Shortly afterwards, in a speech in Stuttgart, the US Secretary of State Byrnes announced an American policy shift towards Germany. The Hague was optimistic, as American-British economic cooperation might have a positive effect on trade relations between Germany and other European countries. Moreover, the occupation authorities let it be known that their policy was directed towards raising the standard of living and increasing production in the two zones. This would lower pressure on the British and American taxpayers. This merger agreement was enforced at the end of 1946 and indicated that obstacles to German trade would be removed as soon as possible.²⁵⁸ This intention must have thrilled the Dutch government, which eagerly greeted the merger, as it might be the first move towards an economic unity of Germany.²⁵⁹ By the end of 1946, expectations ran high.

2.8 The Memorandum of 14 January 1947

The Hague's euphoria was expressed in the memorandum to the Allies on 14 January 1947. It is striking to note that the Dutch government at this point still had not determined a clear point of view towards Germany, although it saw this question as the most important in Dutch foreign policy.²⁶⁰ In an explanatory memorandum, the Dutch Minister of Foreign Affairs, C.W.M. van Boetzelaer, stated that he agreed with parliament that Germany was the most important political problem, but he refused to go into any detail about the principles of Dutch policy towards that country.²⁶¹

The memorandum of early 1947 reflected ideas found in earlier reports by A. Th. Lamping, head of the economic department at the Dutch embassy in London. Moreover, it also contained elements seen in a note written by Liefstinck in December 1946 in which he commented on the political and financial-economic aspects of the German question. Lamping stated that a divided Germany held few advantages for the Netherlands. Once the country had been divided, the western occupation authorities would focus all their attention on Germany and the interests of smaller, less industrialized European countries would suffer. A conflict about Germany would be detrimental to all Europe. Lamping therefore favoured striving for German

²⁵⁸ OMGUS, Civil Administration Division, Lucius D. Clay: 'The Evolution of Bizonal Organization', March 1948.

²⁵⁹ Lademacher, 'Die wirtschaftlichen Beziehungen zwischen Deutschland und den Niederlanden', 63.

²⁶⁰ Bogaarts, 'Ressentimenten en realiteitszin', 31.

²⁶¹ Bogaarts, *Het kabinet-Beel*, 525.

unity, which would also further peace.²⁶² This memorandum, however, was characterised by a number of internal contradictions and ambiguities.²⁶³ It pressed for compensation for war damage by means of border corrections, economic concessions, and reparation payments from current production on the one hand, and on the other hand it advocated integrating Germany in a European economic system. The text also requested a number of guarantees for the recovery of Dutch economic life and of improved welfare in Germany. The Dutch government demanded that it, and a number of other small European countries, be involved in the Allied policy to safeguard export considerations. The Dutch believed that the Germans should be increasingly responsible for their own livelihood and especially with regard to food. The Netherlands' government pleaded for free trade of agricultural products on the German market and the abolition of previous occupation policy. The Rotterdam Chamber of Commerce shared this view: 'Dutch agriculture, no doubt, is best served with prosperous industry in the Ruhr area'.²⁶⁴

In January 1947, the Allies invited a Dutch delegation to explain The Hague's ideas to the deputy ministers of Foreign Affairs of the Big Four. The delegation emphasized the necessity for economic concessions and a relaxation of trade traffic with Germany. At the same time it defended its demand for border corrections with technical arguments, proving again, the ambivalent character of Dutch policy.²⁶⁵ The biggest problem, however, was that decisions were, in fact, not taken in The Hague, Berlin or Bonn, but in London, Washington and the American headquarters in Germany. There, they were, as yet, not responsive towards Dutch demands.

2.9 Did Marshall Aid save the Netherlands?

Dutch balance of payment problems continued until well into 1947. Other European countries faced similar difficulties. Like the Netherlands, they were unable to export enough to earn foreign assets, especially dollars, in sufficient quantity for them to be able to obtain the raw materials and capital goods they required.²⁶⁶ In 1947, Dutch gold and asset reserves amounted to 694 million

²⁶² The passage of the report of Lamping is based on: Bogaarts, *Het kabinet-Beel*, 530. Also: BuZa, Rapport Hirschfeld 'De economische vraagstukken van Duitsland en de vredesonderhandelingen'. Ord. 912.13 / buitenlandse betrekkingen (bilateraal) Nederland-Bondsrepubliek Duitsland / grenscorrecties / rapport Hirschfeld over de economische vraagstukken van Duitsland en de vredesonderhandelingen / 1946-12-07 1946-1947. Inventarisnummer: code 9 / 1945-1954 / 01901. According to Hirschfeld, it was in the interest of the Netherlands that Germany remained an economic unity, or should become one.

²⁶³ BuZa, Code 9: 1945-1954. Map 556 (912.230) Duitsland West. Conferentie van de Plv. Minister van Buitenlandse Zaken (deputies) der Grote Vier te Londen inzake Duitsland + Nederlands standpunt. Deel I 1946-1947; 'Memorandum of the Netherlands Government on Allied Policy with regard to Germany', 14 January 1947.

²⁶⁴ NL-HaNa, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 1617; 'Rapport inzake gebiedsuitbreiding, samengesteld door de annexatie-commissie van de Stichting voor den Landbouw', 1946.

²⁶⁵ Hellema, *Neutraliteit & Vrijhandel*, 129-130.

²⁶⁶ J.J. Woltjer, *Recent verleden. Nederland in de twintigste eeuw* (Amsterdam 1992) 325.

guilders, yet a year later to only 576 million.²⁶⁷ In 1948, stocks of foreign assets, i.e. predominantly dollars were insufficient to further reactivate Dutch economic life.²⁶⁸ Liquid Dutch dollar assets were a mere 15 million guilders. As a consequence of the loss of the triangular trade between the Netherlands, the Dutch East Indies and the United States, an important pre-war source of dollars for the Netherlands had dried up.²⁶⁹ The low dollar balance threatened Dutch economic reconstruction. Therefore, it must have delighted the Dutch government that on 5 June 1947, the new US Secretary of State, George C. Marshall, announced that the American government was prepared to cooperate in a *European Recovery Program*. By 1948, this Marshall Aid provided the Netherlands with some room to manoeuvre.²⁷⁰ In total, the Netherlands received 1.127 million dollars from this programme,²⁷¹ around 3.5 billion guilders.²⁷²

The relevant question here should be whether this Marshall Aid actually set the Netherlands on its feet again. This depends on how one judges it, by quantitative figures or by political results. According to the Dutch historian Jan Woltjer, Marshall Aid worked as a blood transfusion to the wounded, and was truly a gift from heaven.²⁷³ Other historians however, most notably Pierre van der Eng, have stated that the financial advantages of Marshall Aid should not be overestimated. The Netherlands had to free the same amount in national currency on behalf of reconstruction, the so-called counterpart funds, because the United States made dollars available but did not grant them.²⁷⁴ Under the provisions of the Marshall Plan, counterpart funds were created through the sale of goods sent by the American government without requiring payment in dollars. They were deposited in Special Accounts and could only be used with the consent of the Economic Cooperation Administration (ECA) officials. In this way the Americans had the power to block or authorise releases from these accounts.²⁷⁵ In the Netherlands, a Dutch firm could buy dollars that were made available in the framework of Marshall Aid. The guilders with which these were bought ended up in counterpart funds with which projects in the

²⁶⁷ De Vries, *De Nederlandse economie*, 89. According to the *Centraal Bureau voor Statistiek* (CBS), the Dutch central bureau for statistics, the gold supplies of the Nederlandsche Bank decreased from 699 to 439 million between 1946 and 1948. Source: CBS, *Zeventig jaren statistiek in tijdscheven, 1899-1969* (The Hague 1970) 111.

²⁶⁸ M.M.G. Fase, 'De Marshall-hulp opnieuw beschouwd', *ESB* 82 (1997) 424-428, there 427.

²⁶⁹ NA, Centraal Archief van het Ministerie van Economische Zaken, 1944-1965, access code 2.06.087, inventory number 477; 'Rede betreffende de exportbevordering naar de dollargebieden, uit te spreken door de Minister van Economische Zaken Van den Brink ter gelegenheid van een bijeenkomst met vertegenwoordigers van het bedrijfsleven', 6 September 1949; Also: 'Aantekening. De Nederlandse deviezenpositie', *ESB*, 14 May 1947, 394-395.

²⁷⁰ Barendregt and Visser, 'Towards a new maturity', 156.

²⁷¹ P. van der Eng, *De Marshall-hulp. Een perspectief voor Nederland 1947-1953* (Houten 1987) 80. Fase gives a slightly higher number of 1.134,6 million dollars. Fase, 'De Marshall-hulp opnieuw beschouwd', 426.

²⁷² Fase, 'De Marshall-hulp opnieuw beschouwd', 426.

²⁷³ Woltjer, *Recent verleden*, 326; M. van Rossem, 'Herstel en vernieuwing, 1945-1952', in M. van Rossem, E. Jonker en L. Kooijmans (eds.), *Een tevreden natie. Nederland van 1945 tot nu* (Baarn 1993) 10-40, there 31.

²⁷⁴ Van der Eng, *De Marshallhulp*, 196.

²⁷⁵ C. Esposito, 'Influencing aid recipients: Marshall Plan lessons for contemporary aid donors', in B. Eichengreen (ed.), *Europe's post-war recovery* (Cambridge 2006) 68-90, there 77.

Netherlands could be carried out. Another important US demand was the end to bilateral trade relations and the reintroduction of multilateral monetary relations. The Hague had no objections to that whatsoever: it was a proponent of multilateral trade and had always seen bilateral agreements as emergency measures.

In his study about the significance of Marshall Aid, Van der Eng argues that the accepted image of the quantitatively positive economic effects of the aid programme is somewhat exaggerated. He calculates that without Marshall Aid, Dutch economic recovery would have been delayed by about three years.²⁷⁶ Yet he forgets that this aid was not merely about money but about hard currency with which goods could be bought all over the world. Moreover, the Marshall Plan was not aimed primarily at the Netherlands, but at France. With this aid, the US was able to buy off French opposition to the economic, political and military German recovery. France, highly dependent on American loans, could be pressurised.²⁷⁷

Without doubt, Marshall Aid played a significant role in the recovery of the Dutch economy. Its true importance was that it altered the perspective for the future. The Marshall Plan stimulated a liberalisation of economic policy all over Europe and introduced the Netherlands to a course focused on industrialisation and export, as well as industrial investments. Marshall Aid also brought about a change in Dutch foreign policy. The Hague sided with the American multilateral integration policy that included the prospect of integrating West Germany into the western bloc. The futile Dutch attempts to solve monetary and trade problems on its own ended with the decision to follow United States policy.²⁷⁸

Moreover, the United States' aid helped the Netherlands, and also Germany, to overcome the problem of a lack of foreign assets. The number of dollars did not even have to be very high, as long as the supply of dollars solved the problems of the Dutch balance of payments. Dutch economic reconstruction and the increase of industrial production demanded recovery of the supplies of raw materials, and a renewal of the industrial park. These could only be paid for in dollars. If there had been no dollars, modernisation and economic growth would have been impossible, and Dutch export would have remained low. With the dollars supplied by Marshall Aid, the Netherlands was able to finance the import of raw materials, foodstuffs and investment goods essential for their economic recovery. In 1948, industrial production stood at 113 per cent of 1938.²⁷⁹ Between 1948 and 1950, 12 per cent of the goods imported into the Netherlands were

²⁷⁶ Van der Eng, *De Marshallhulp*, 24-29. Also B. van Ark, J. de Haan and H.J. de Jong, 'Characteristics of economic growth in the Netherlands during the postwar period', in N. Crafts and G. Toniolo, *Economic growth in Europe since 1945* (Cambridge 1996) 290-328, there 303.

²⁷⁷ Kleßmann, *Die doppelte Staatsgründung*, 105.

²⁷⁸ Hellema, *Neutraliteit & Vrijhandel*, 149.

²⁷⁹ Klemann, 'Did the German Occupation (1940-1945) Ruin Dutch Industry?', 464, table 1.

financed with Marshall Aid. The most important of these were raw materials, iron, steel, oil and chemical products.²⁸⁰ The economic weekly *Economisch-Statistische Berichten* stated that the importance of the Marshall Aid was primarily ‘that our country has been allowed to proceed with its recovery on the same footing as before April 1948’.²⁸¹ Marshall Plan funds eased foreign exchange bottlenecks, provided dollars and allowed growth to continue.²⁸² On top of that, it put West Germany back on its feet financially. Finally, Marshall Aid made international economic cooperation possible. The plan formulated trade policy rules that would facilitate the international rehabilitation of the future Federal Republic of Germany and bring West Germany back onto the world market. It paved the way for the establishment of a West German state and allowed the western zones to control their own resources. Marshall Aid made the integration of the Federal Republic acceptable to other European countries, as the integration of West Germany was one of the preconditions for one to obtain Marshall Aid.²⁸³

2.10 A decisive policy shift

During the first post-war years, Dutch policy towards Germany showed a marked ambivalence. On the one hand, the Netherlands sought to punish Germany by annexation and reparation, but on the other, The Hague continuously demanded that the Allies restore normal trade relations with Germany as soon as possible. Even as late as 1947, when the division between the former Allies – and with it the partition of Europe – had become clear, the Netherlands held on to idea of the economic unity of Germany. But slowly the emphasis shifted towards the recovery of economic relations, while reparation and annexation quietly moved into the background.

Dutch ambiguity towards Germany appears to have ended in 1948. The failure of the London conference had huge consequences for the international context in which the Netherlands had to formulate its policy. From February to June 1948, delegations from the United States, Great Britain, France and the Benelux countries met at the Six Power Conference in London to discuss the future of Germany.²⁸⁴ The meetings signalled the end of the joint Allied occupation of the former Third Reich. The split between East and West was final. As the partition of Germany was deemed unavoidable, the western Allies decided it would be best to establish a West German state whose economy was to be restored at the shortest possible notice.

²⁸⁰ H. de Haan, ‘De invloed van het Marshall-plan op de Nederlandse economie’, in R.T. Griffiths, P.A. Schregardus, G.J. Telkamp and L.W.M. Timmermans (eds.), *Van strohalm tot strategie. Het Marshallplan in perspectief* (Assen 1997) 114-122, there 119.

²⁸¹ ‘Aantekening. Het eerste verslag van de Nederlandse regering betreffende de werking van het E.R.P.’, *ESB*, 33 (1948) 1035-1036, there 1036.

²⁸² M. Mazower, *Dark Continent: Europe's Twentieth Century* (London 1998) 299.

²⁸³ Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 135 and 141-142.

²⁸⁴ Information taken from: Hellema, *Neutraliteit & Vrijhandel*, 130-131; Van Campen, *The Quest for security*, 90-91 and 101; Bogaarts, ‘Ressentimenten en realiteitszin’, 29-30.

This was good news for the Benelux countries, and the Netherlands in particular, as it offered the prospect of the recovery of economic relations with the western occupation zones that they so badly needed. The Six Power Conference forced The Hague to bring cohesion into its policy towards Germany. As the United States decided to integrate West Germany in the Western block, the Netherlands happily followed.

The radical shift in Dutch policy was reflected in the Germany-note of 1949²⁸⁵ drafted by Hirschfeld and his deputy M. Kohnstamm, although some historians claim it was entirely devised and written by Kohnstamm.²⁸⁶ According to this document, from that moment on, a multilateral solution was to be sought for the German question focusing on integration of the western zones in Atlantic cooperation and European integration. The note made quite clear that if Germany were allowed to be lost as a production area and consumers' market, Europe and the Netherlands would be faced with an unsolvable problem. The Dutch historian, Friso Wielenga stated that the document continued the ideas of the Dutch memorandum sent to the Allies in 1947.²⁸⁷ These had been ambiguous, however. Now The Hague clearly chose for economic relations with Germany. The Netherlands was dependent on the export of agricultural goods and as it had proven impossible to find compensating markets, it was vital to recover export to Germany, as this would be the only way to earn assets to import raw materials and machinery. In 1947, German reconstruction had been called a condition for European recovery. Now, Hirschfeld and Kohnstamm clearly stated that a powerful resurgence of the West German economy was indispensable. The document recognised that the situation in Germany, as well as in Europe, had changed radically.²⁸⁸ The authors took the Cold War and the establishment of the *Bundesrepublik* as a given fact. To them, and to a large part of the Dutch government, the necessity of an economically strong West Germany was an accepted fact. A powerful German recovery was important as it would compensate for the consequences of the partition of the former Reich and for the collapse of trade with eastern Europe. According to Wielenga, Hirschfeld and Kohnstamm did not state it explicitly, but exactly the loss of economic contacts with eastern Europe offered possibilities in realising the goal of making West German reconstruction serviceable to countries in western Europe.²⁸⁹ It presented numerous opportunities for the export of agricultural products, as West Germany was cut off from its large pre-war food suppliers. In 1946, Dutch agriculture desperately needed Germany as an export market because that year,

²⁸⁵ Bogaarts, 'Ressentimenten en realiteitszin', 31.

²⁸⁶ A.G. Harryvan and J. van der Harst, *Max Kohnstamm. Leven en werk van een Europeaan* (Utrecht 2008) 115; Also: M. Fennema and J. Rhijnsburger, *Dr. Hans Max Hirschfeld. Man van het grote geld* (Amsterdam 2007) 232.

²⁸⁷ Wielenga, *West-Duitsland: partner uit noodzaak*, 231-232.

²⁸⁸ Ibid., 232.

²⁸⁹ Wielenga, *West-Duitsland: partner uit noodzaak*, 232.

‘Germany only imported 12 per cent of Dutch agricultural exports [...], whereas in the time when Germany had most intensely followed an autarkic policy, i.e. 1938, 17 per cent of Dutch agricultural exports found their way to Germany’ and then the Reich paid extremely high prices.²⁹⁰ Finally, the note indicated that West German economic reconstruction was so important as a low standard of living and low wages in Germany, would give other western European countries competitive disadvantage.

The new Dutch Liberal Minister of Foreign Affairs, D.U. Stikker (1948-1952), shared Hirschfeld and Kohnstamm’s views. The pragmatic businessman, Stikker was convinced it was necessary to have strong relations with the Federal Republic as the recovery of Dutch-German economic ties would yield more than any form of reparation.²⁹¹ In a letter dated 19 July 1949, Stikker stated that it was ‘of primordial importance’ to include Germany in the western European economy.²⁹² Not everyone agreed. Some ambassadors, among whom Van Kleffens and Michiels van Verduynen, strongly opposed the idea.²⁹³ The most violent criticism though, came from J.M. de Booy, president of the Dutch Military Mission with the Allies in Bonn. Although he did not totally reject the idea of a German economic recovery, he felt that Dutch policy should not ignore the importance of military security. On 4 March 1949, he wrote in his diary that Kohnstamm’s note contained too few suggestions on how to make the Netherlands strong against Germany. According to De Booy, Kohnstamm tried to justify trade relations ‘instead of pointing out the necessary evil of the circumstance that force the former enemies of Germany to now become friends with them’.²⁹⁴

Hirschfeld’s part of the note, which dealt mainly with economic relations with Germany,²⁹⁵ was not received with much enthusiasm by De Booy either. De Booy saw the document as incomplete and therefore dangerous. In a letter to Stikker, he stated that Dutch policy towards Germany should be aimed at making the Netherlands as strong as possible against a country that had, until recently, been an enemy. It was a country ‘that history has shown to be a very dangerous neighbour, in which the people show very little change of their mentality’. Dutch policy towards Germany in the near future should work ‘on the recovery of correct relations and reconstruction of economic ties, while remaining persistently watchful for any attempt the

²⁹⁰ HStAD, NW 397-198; *Allgemeiner Europäischer Pressedienst*, ‘Holland und das deutsche Problem’, 21 November 1947.

²⁹¹ P.F. Maas and J.M.M.J. Clerx (eds.), *Parlementaire geschiedenis van Nederland na 1945, Deel 3. Het kabinet Drees-Van Schaik 1948-1951. Band C: Koude Oorlog, dekoloniatie en integratie* (Nijmegen 1996) 107.

²⁹² Handelingen der Staten-Generaal (HTK), Bijlagen 1948-1949. Nota stand van zaken met betrekking tot het Duitse vraagstuk 13061. Also: NA, Ambassade en Militaire Missie Duitsland, 2.05.55, inv. nr. 511; ‘Nota over de stand van zaken met betrekking tot het Duitse vraagstuk’, 19 July 1949.

²⁹³ Harryvan and Van der Harst, *Max Kohnstamm* 116.

²⁹⁴ Quotations De Booy taken from: NA, The Hague, Collectie 229 J.M. de Booy, 1944-1950, access code 2.21.311, inventory number 4.

²⁹⁵ Wielenga, *West-Duitsland: partner uit noodzaak*, 234-235.

country might make to dominate economically'. According to De Booy, the Dutch position *vis-à-vis* Germany had to be as strong as possible. The Netherlands should strive for the least possible economic dependence on Germany. In his opinion, the correct goal of Dutch policy should be to develop the Benelux into a strong economic power and strengthen the position of England. In addition to this, they should strive to build up economic contact with Russian satellites behind the Iron Curtain, in order to make Germany less important to the Dutch economy.²⁹⁶

Wielenga is correct when he states that De Booy lacked a sense of reality. The counter-note from the Ministry of Foreign Affairs in June 1949 stated that the growing fear for the Soviet Union and attempts to limit the red danger should not weaken watchfulness towards Germany. Kohnstamm dismissed this as 'ridiculous'.²⁹⁷ Both this note and De Booy mistook the importance of Germany. The Netherlands could not break with its most important economic partner. De Booy's arguments failed to recognise the importance of Rotterdam as the natural harbour for the Ruhr area and the German hinterland. Secondly, his pleas for other consumer markets made little sense. Of course, strengthening the Benelux might be fruitful in political terms, but the large deficit on the balance of payment with Belgium would not be balanced by it. England, although of considerable importance for agricultural exports, could not take Germany's place, and as a consequence of the developing Cold War, tight relations with eastern European countries were out of the question.²⁹⁸ As a result, De Booy's arguments had little impact on anyone. Although some within the Ministry of Foreign Affairs and some members of the cabinet opposed a strong revival of the German economy out of security considerations, one thing was indisputable: it was necessary for the Netherlands to reinstate economic ties with Germany.

2.11 Conclusions

Already during the war, anyone who had a say in the matter realised that German recovery was inevitable after the capitulation of the Third Reich. The last months of World War II had been so disastrous for the Netherlands, however, that many could not resist the call for revenge.

Germany had to bleed. In The Hague, those in authority soon realised that little would come from punishing Germany, and that economic recovery should have priority. However, public opinion was dominated by feelings of hate and calls for retribution. The Hague was therefore wary of shifting policy and concentrating on recovering economic relations with Germany.

The reconstruction of Germany and normalising economic ties with the country was one of the most important goals of the various post-war Dutch cabinets during the period 1945-1949.

²⁹⁶ NL-HaNA, Booy, de, 2.21.311, inv. nr. 4.

²⁹⁷ Wielenga, *Van vijand tot bondgenoot*, 42; Harryvan and Van der Harst, *Max Kohnstamm*, 117.

²⁹⁸ Wielenga, *West-Duitsland: partner uit noodzaak*, 234.

The punitive side of Dutch policy towards the former aggressor, expressed in demands for reparation and annexation, stirred intense emotions in politics and public opinion, but in practice, economic interest in the relations with Germany was dominant. Although The Hague paid a lot of attention to its quest for justice and retribution, it appears to have been little more than lip service. After studying the numerous memorandums, archives and government reports, the conclusion should be that Dutch politicians and Dutch business wanted trade relations with Germany restored as soon as possible as this was vital to its own recovery. Excessive reparations and annexations would have threatened this endeavour and soon disappeared into the background. Official Dutch policy, however, remained ambiguous. On the one hand it appeared to favour retribution but on the other it recognised the necessity for the economic recovery of Germany. The Dutch were convinced they needed to trade with their previous enemy, but in their hearts they did not want to. Only when the process of European integration and the international situation became clear, did the Netherlands definitely embrace an economic solution.

For a long time after the end of World War II, however, it was almost impossible to trade with occupied Germany. The country had been split into four occupation zones after the capitulation of the Third Reich. Trade with and between these zones was all but impossible. The country was in ruins, both morally and physically, and was forced to resort to barter trade. Although its industry was largely intact, the German infrastructure had been totally destroyed in the last year of the war and the financial chaos and irrational policy of the occupiers finished the economy off. This in turn slowed down Dutch economic recovery. This understandably worried Dutch politicians and businessmen, but their pleas to the Allies for a quick recovery of the Dutch-German trade relations were heard but put aside.

International developments played a decisive role in Dutch policy towards Germany but it remained unclear how these would develop until 1947. So The Hague's policy remained indecisive and ambiguous, although emphasis was predominantly on the recovery of trade relations. The international situation became clear in 1948, after the Six Power Conference, when the United States and Great Britain expressed their intention to restore West Germany economically and politically. The Hague agreed to this plan enthusiastically and decided to shift its policy although this was at the expense of demands for retribution and annexation. As The Hague definitively turned towards a western solution for the German question the recovery of trade relations between the two countries became possible. It was just that, which had been the all dominating element in post-war policy towards Germany.

Chapter 3 Financial problems, 1945-1957

3.1 Introduction

According to P.J. van den Burg writing in the economic weekly *Economisch-Statistische Berichten* in early 1949, 'Pressure on Allied and German authorities to allow the transfer of capital revenues from Germany must certainly not be subordinated to the attempts to enlarge exports to Germany, however much the increase of export would lead to a decrease of the European dollar deficit'.¹ This observation is understandable. During the first ten years after World War I, Dutch companies, banks and private persons had invested heavily in Germany in general and particularly in the industry of the Ruhr. From 1931, when the *Reichsmark* became inconvertible, Dutch owners lost control of their properties and investments in the Reich. The occupation of the Netherlands in May 1940 only aggravated this. Therefore, when Nazi Germany surrendered in May 1945, one of the principle goals of both the Dutch government and the business sector was to regain control over these capital interests. The Hague realised that without the revenues from capital investments, Dutch recovery would be seriously delayed if not endangered. Given that prior to World War II, total Dutch capital invested in Germany amounted to 1669 million *Reichsmark* and the four large Dutch multinationals AKU (now AkzoNobel), Royal Dutch Shell, Philips and Unilever – so-called the Big Four – had invested more than a billion *Reichsmark* in Germany, this fear was not wide of the mark.² Moreover, the Netherlands had invested 230 million *Reichsmark* in coal mining and steel and iron industries. If control over these possessions were not regained after the end of World War II, many feared this would threaten the Dutch recovery. After the defeat of the Third Reich, the Netherlands therefore had three financial claims on their former enemy: the financial investments of the 1920s, Foreign Direct Investments (mainly by of the Big Four), and a Dutch claim on the return of the illegal German occupation costs, which amounted to approximately 15-18 billion guilders.³

When Nazi Germany was defeated, The Hague was unable to gain control of its investments for years, largely as a consequence of the Allied occupation policy. Nevertheless, it fought fiercely to defend its capital interests in Germany. One thing was certain for Dutch investors in Germany: if it turned out to be impossible to keep West Germany within the

¹ P.J. van den Burg, 'Transfer van kapitaalopbrengsten uit Duitsland en de betekenis daarvan voor het Europese dollardeficit', *ESB*, 18 May 1949, 394-396, there 396.

² NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948; BuZa, 912.230, Map 563; 'Nota Hirschfeld Betreffende de geallieerde en de Nederlandse politiek t.a.v. West-Duitsland', 28 april 1949; Duitsland West. Nederlandse verlangens inzake geallieerde politiek in Duitsland; nota Hirschfeld Deel I.

³ H.A.M. Klemann, *Nederland 1938-1948. Economie en samenleving in jaren van oorlog en bezetting* (Amsterdam 2002) 101-102 and 152-153.

financial-economical and political circle of western Europe, 'Dutch capital investments in Germany would soon be economically and most likely politically as good as dead'.⁴ In fact, this had already been the case since the German financial crisis of 1931, when Germany was forced to introduce currency control and lifted the convertibility of the *Reichsmark*, burdening financial contacts with the Netherlands' main trading partner with monetary problems.⁵

The extent of pre-war Dutch investments in Germany is unclear. The same is true for post-1945 Foreign Direct Investments and the recovery of financial contacts, as little has been written about Dutch capital investments in Germany in the early post-1945 period.⁶ The only figures are from the Dutch economist Johan Bloemers, who, in his 1951-study of the financial relations between the Netherlands and Germany states that before the outbreak of World War II, Dutch FDI's in Germany amounted to one and a half billion guilders, but it is unclear where he got his information from.⁷ The other way round, i.e. German investments in the Netherlands, are unclear as well, as they were confiscated as enemy property in 1945.

In this chapter the Dutch investments in Germany will be studied. The amount of Dutch investment in Germany can give insight into the intensity of the contact and the extent of the bilateral economic relations between the two countries. This chapter starts with a short sketch of Dutch investments in Germany prior to World War II, which introduces a framework from which to study post-war monetary developments. Then, the question will be raised of how Dutch investments in Germany were protected. Allied policy will, here again, be a central focus, as this profoundly influenced both the Dutch and the German economy. What consequences did German monetary problems have for the Netherlands and the financial claims made by the Netherlands, and how were these problems solved? Finally, the importance of the 1948 German currency reform to the Netherlands will be addressed.

⁴ J.H.F. Bloemers, *De financiële verhouding tussen Nederland en Duitsland mede in verband met de Nederlandse beleggingen in Duitsland* (Amsterdam 1951) 5.

⁵ H.A.M. Klemann, 'Wirtschaftliche Verflechtung im Schatten zweier Kriege', in H.A.M. Klemann and F. Wielenga (eds.), *Deutschland und die Niederlande. Wirtschaftsbeziehungen im 19. und 20. Jahrhundert* (Münster 2009) 19-44, there 38.

⁶ Wetenschappelijke Raad voor het Regeringsbeleid, *Onder invloed van Duitsland. Een onderzoek naar gevoeligheid en kwetsbaarheid in de betrekkingen tussen Nederland en de Bondsrepubliek* (The Hague 1982); C.W.A.M. van Paridon, *De handelsbetrekkingen tussen Nederland en de Bondsrepubliek Duitsland* (The Hague 1982); J.F.E. Bläsing, 'Der Einfluss niederländischer und belgischer Unternehmen auf die deutsche Wirtschaft', in H. Pohl and W. Treue (eds.), *Der Einfluß ausländischer Unternehmen auf die deutsche Wirtschaft vom Spätmittelalter bis zur Gegenwart* (Stuttgart 1992) 65-80; H.A.M. Klemann, *Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: economische integratie en politieke consequenties 1860-2000* (Rotterdam 2006) 60.

⁷ Bloemers, *De financiële verhouding tussen Nederland en Duitsland*, 10.

3.2 Dutch investments in Germany before and during World War II

The rapid growth of industry in the Ruhr area in the nineteenth century had a resounding effect on industrialisation in the Netherlands.⁸ Dutch capital investment in Germany has its origins in the period of extensive German industrial growth, more specifically that of the Ruhr area that started in the 1860s. This growth required huge capital investment and the Netherlands, prosperous and orientated to international trade, was both in a position and prepared to offer capital.⁹

Dutch capital had been exported to Germany since before 1914 and was especially important during the interwar period. Large Dutch investments in Germany after 1918 were the result of the fact that the Weimar Republic needed foreign capital. The Netherlands had been able to save vast amounts during World War I, and was only too keen to invest them in Germany.¹⁰ In June 1919, the *Nederlandsche Spaarbankbond* – The Netherlands Savings Bank – stated that the Dutch savings banks were in a state of unprecedented prosperity; and the profit had never been that high. In June 1919, the savings banks owed their stakeholders 105 million guilders, almost 21 million guilders more than a year earlier. In July 1920, this had increased to 130 million guilders.¹¹ Established relations between Dutch and German companies continued and new ties were created.¹² Creating relations with German industry was a logical option for the fledgling Dutch industry branch. Especially in the 1920s, Dutch investment in Germany increased strongly, and participation in German industrial enterprises became more numerous.¹³ The Dutch steel concern Hoogovens had a considerable share in the German steel industry as early as 1920, and by 1926 it had a financial interest in the *Vereinigte Stahlwerke* that amounted to 20.4 million guilders, or 4.45 per cent of the total capital of the German steel giant.¹⁴

⁸ Klemann, *Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: economische integratie en politieke consequenties 1860-2000* (Rotterdam 2006) 17, 33-34 and 64-65; J.L. van Zanden and A. van Riel, *Nederland 1780-1914: staat, instituties en economische ontwikkeling* (Amsterdam 2000) 218.

⁹ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹⁰ J. Euwe, 'Amsterdam als Finanzzentrum für Deutschland, 1914-1931', in Klemann and Wielenga (eds.), *Deutschland und die Niederlande*, 153-172, there 156-159; H.A.M. Klemann, 'Ontwikkeling door isolement. De Nederlandse economie 1914-1918', in M. Kraaijestein and P. Schulten (eds.), *Wankel evenwicht. Neutraal Nederland en de Eerste Wereldoorlog* (Soesterberg 2007) 271-309, there 287-288 and 303; K. Sluyterman, *Kerende kansen. Het Nederlandse bedrijfsleven in de twintigste eeuw* (Amsterdam 2003) 107 and 116.

¹¹ Archive Nederlandsche Spaarbankbond, 1906-2000, access code 2.18.29, inventory number 14; 'Verslag Algemene Ledenvergadering 20 en 21 juni 1919', 20 juni 1919; Archive Nederlandsche Spaarbankbond, 1906-2000, 2.18.29, inv. nr. 15; 'Verslag Algemene Ledenvergadering 2 juli 1920'. The author wishes to thank J. Euwe for supplying these figures.

¹² NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹³ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹⁴ Bläsing, 'Der Einfluß niederländischer und belgischer Unternehmen', 76-77. Also: Nl-HaNa, Huysmans, 2.21.090, inv. nr. 19; Nota Hirschfeld, 'Eenige voorlopige opmerkingen over schadeloosstellingen, welke men van Nederlandsche zijde van Duitsland moet eischen', 17 May 1945; Sluyterman, *Kerende kansen*, 153; Nl-HaNa, Econ.

Furthermore, the strong economic growth in the Netherlands between 1923 and 1929 automatically led to expansion in foreign countries, either via exports or FDI's. The historian Keetie Sluyterman estimates that the Dutch share in the worldwide stock of Foreign Direct Investments increased from 6 per cent in 1914 to 10 per cent in 1938.¹⁵ Although most of the Dutch FDI's were invested in the Dutch East Indies and the United States, a considerable part went to Germany as well.

In the aftermath of World War I, as after 1945, the recovery of German economic activity was of prime importance to Dutch industry as certain business sectors were dependent on their ties with Germany. To many Dutch enterprises, investment in Germany was an economic necessity.¹⁶ In 1920 the Netherlands gave German industry a revolving credit of 140 million guilders, the *Tredefina*-credit (*Treubandverwaltung für das deutsch-niederländische Finanzabkommen*), to allow German industry to finance its import of raw materials.¹⁷ The Dutch state and large business were not the only ones to invest heavily in Germany, numerous private investors and small and middle sized firms did that too. For example, in the 1930s, the Rotterdam-based *Nederlandse Stoombootrederij* had interests in the shipping companies of the *Firma Rheinverkehr* in Koblenz, Mannheim and Cologne of respectively 15.000, 37.500 and 15.000 guilders.¹⁸

In the 1920s, Dutch capital investment soared due to the German hyperinflation, which allowed the Netherlands to buy real estate, houses and firms at very low prices. From 1917 to the third quarter of 1923, the real purchasing power of the Dutch guilder in Germany increased from 100 to over 1800 (1917 = 100).¹⁹ A final factor in the Dutch investment urge is found in the German financial crisis of 1931 and Nazi policy after 1933. Germany had an inconvertible currency, which made bilateral payments difficult and had a negative influence on the economic contacts between the two countries. No new Dutch investments were made after 1931, but profits were reinvested, as transfer of capital or capital revenues from Germany to foreign countries was impossible and Dutch investment to the value of over one billion guilders was

Belangen Duitsland, 2.06.068, inv. nr. 152. See also: J. de Vries, *Hoogovens IJmuiden 1918-1968. Ontstaan en groei van een basisindustrie* (IJmuiden 1968) 363.

¹⁵ Sluyterman, *Kerende kansen*, 121.

¹⁶ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹⁷ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 2. 'Memorandum Tredefina-credit Dr. Keuter', July 1947. The Tredefina-credit was revolving, which was partly repaid by the supply of coals and at the end of the year all was nicely equalised, and Germany could once again use the credit, so the impact has been larger than 140 million guilders.

¹⁸ NA, Tweede Afdeling, Archief van het Commissariaat-Generaal voor de Nederlandse Economische Belangen in Duitsland 1945-1949, access code 2.06.068, inventory number 150.

¹⁹ H.A.M. Klemann, 'German Dutch Monetary Relations, 1871-1939', graph 7. Paper presented at 'The Second Transnational Rhine Conference: The Coal-based Rhine Economy. Development of an Industrial Region from Basel to Rotterdam, 1850-1950', Frankfurt am Main, 25-27 November 2010.

blocked.²⁰ After 1930, German currency restrictions stimulated the development of Dutch businesses in Germany. It forced many Dutch firms with subsidiaries in Germany to finance or establish production related firms or to reinvest profits in the Third Reich,²¹ as capital transfers to abroad were simply forbidden.²² It led to a considerable growth of Dutch companies within Germany. However, some companies found ways to transfer portions of profits from the country. Unilever, for example, was allowed to place orders for ships with German shipyards and to settle part of the account with frozen marks owned by its German subsidiaries, and part with imported raw materials like palm or whale oil. Thus, the shipbuilding business was not only a means of getting profits and dividends out of Germany, it was also a way to get raw materials in.²³ Royal Dutch Shell did more or less the same. It arranged credits in foreign currencies for its subsidiary *Rhenania-Ossag* by having it order capital goods for other oil companies. Between 1935 and 1939 Anglo-Saxon Oil had seven large tank ships built in German shipyards. At least three of those were built as compensation for oil imported by *Rhenania-Ossag*.²⁴

Dutch investments could be saved by creating branch industries in a similar sector in Germany. The proceeds from these could, however, in most cases not be transferred out of the country, and therefore had to be re-invested, either in the industry or company itself, or in some other way, for example in land or real estate.²⁵ After World War II, Hirschfeld estimated total pre-war Dutch capital investment in Germany had been 1669 million *Reichsmark*, or 669 million dollars.²⁶ In 1949, Minister of Foreign Affairs, Stikker estimated it at one billion guilders, about 1335 million RM or about 500 million US dollars.²⁷ A large part of Dutch investments in Germany consisted of participations in German firms. It was an indication of the close ties between capital interests and economic relations. A report titled *X Report on stated capital of Enterprises under Administration*, written in July 1945 by the US Group CC and Control Commission for Germany, stated that the 816 enterprises under their control had a capital of 3.227.820.253 marks, of which 882.199.953 marks (27.3 per cent) was American, 877.634.750

²⁰ F.G. Moquette, *Van BEP tot BEB. De aanpassing van de bestuurlijke structuren aan de ontwikkeling van de buitenlandse economische betrekkingen in Nederland sinds 1795* (Leiden 1993) 263.

²¹ B. Wubs, *International Business and National War Interests. Unilever between Reich and Empire* (Abingdon 2008) 36-37 and 48; Klemann, *Nederland 1938-1948. Economie en samenleving in jaren van oorlog en bezetting* (Amsterdam 2002) 469; Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 84.

²² Wubs, *International Business and National War Interests*, 4.

²³ *Ibid.*, 48-49 and 58.

²⁴ J. Jonker and J.L. van Zanden, *Geschiedenis van Koninklijke Shell, deel 1: Van nieuwkomer tot marktleider, 1890-1939* (Amsterdam 2007) 465-466.

²⁵ NA, 3.17.17.04 KvK Rotterdam, inv. nr. 1282; 'Note Directorate-General of Foreign Economic Relations on behalf of Heldring, to Lichtenauer', 31 May 1946.

²⁶ BuZa, 912.230, Map 563; 'Nota Hirschfeld Betreffende de geallieerde en de Nederlandse politiek t.a.v. West-Duitsland', 28 april 1949; Duitsland West. Nederlandse verlangens inzake geallieerde politiek in Duitsland; nota Hirschfeld Deel I.

²⁷ NA, Ambassade en Militaire Missie Duitsland, 2.05.55, inv. nr. 511; 'Nota over de stand van zaken met betrekking tot het Duitse vraagstuk', 19 July 1949.

marks (27.3 per cent) British and 399.793.200 marks (12.4 per cent) Dutch.²⁸ Royal Dutch Shell had an interest of 120 million guilders in its German subsidiary *Rhenania-Ossag* and a share of 40 per cent in *Thyssensche Gas und Wasserwerke*. Thyssen itself had invested a considerable amount in the port of Rotterdam and its transshipment installations. Unilever held an interest of 100 million guilders in the *Margarine Union Ver. Oel und Fettwerke A.G.*,²⁹ whereas the *Bank voor Handel en Scheepvaart* (in fact owned by Thyssen) in Rotterdam had an interest of 40 per cent in the *Thyssensche Gas und Wasserwerke*.³⁰ AKU almost completely owned the *Vereinte Glansstoff-Fabriken A.G. Wuppertal El and Kunstseiden A.G.*³¹ At the same time, the *Deutsche Bank* purchased the majority of AKU shares during the occupation of the Netherlands and 75 per cent of the shares of the *Norddeutschen Lederwerke AG*, which, before 1940, had been in Dutch possession.³² Finally, *C&A Brenninkmeyer*, a Dutch company, owned by an originally German family, had in total invested over 26 million guilders in Germany.³³ AKU, Royal Dutch Shell, the Steenkolen Handelsvereniging (SHV), Steel factory Koninklijke Hoogovens, and Philips Electronics all had large subsidiaries in Germany. Before the war, Unilever's investments in Germany alone amounted to almost 80 per cent of the investments of all American FDI's.³⁴ Table 3.1 gives an overview of the 1938 Dutch capital interests in Germany, categorised by the sort of investment. Dutch interests – Unilever, Shell, chemical firm AKU (AkzoNobel) Philips Electronics, mining and steel and iron interests excluded – were predominantly in the chemical industry (31 firms), foodstuffs industry (30), textile industry (40), shipping (59), and trade enterprises (186).³⁵

²⁸ Bundesarchiv Koblenz (BArch.), B 129 Verwaltung für innere Restitutionen, B 129/76: Reichskommissar für die Behandlung feindlichen Vermögens-, Organisation und Tätigkeit; Final Report on Target P. 109 on US Group CC and Control Commission for Germany (British element); 13 July 1945.

²⁹ NI-HaNa, Econ. Belangen Duitsland, 2.06.068, inv. nr. 151.

³⁰ NI-HaNa, Econ. Belangen Duitsland, 2.06.068, inv. nr. 152.

³¹ NI-HaNa, Econ. Belangen Duitsland, 2.06.068, inv. nr. 151.

³² H. James, 'Die Deutsche Bank und die Diktatur 1933-1945', in Gall, Feldman, James, Holtfrerich and Büschgen, *Die Deutsche Bank*, 315-408, there 378.

³³ NI-HaNa, Econ. Belangen Duitsland, 2.06.068, inv. nr. 151.

³⁴ B. Wubs, 'Niederländische Multinationals in Deutschland: Das Beispiel Unilever, 1890-1960', in Klemann and Wielenga, *Deutschland und die Niederlande*, 173-186, there 174.

³⁵ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

Table 3.1 *Overview of Dutch capital interests in Germany by sort of investment, 1938.*

Category	Reichsmark (millions)	Dollars (millions)
A. Participations in enterprises	1130	453
B. Fixed goods/real estates	239	96
C. Stocks not falling in category A	300	120
D. Claims not embodied in stocks	p.m.	p.m.
Total	1169	669

Source: NA, *Financieel Attaché New York en Washington*, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

The total value of Dutch investment in German coal mining and steel and iron industries amounted to about 230 million *Reichsmark*, approximately 132 million dollars.³⁶ In short, it appears that during the interwar years, Germany especially profited from Dutch capital exports, followed by the Dutch East Indies and the USA.³⁷ Revenues from Dutch capital exports partly compensated for debit balance in goods traded with Germany. Before the war, the Dutch held about 900 million *Reichsmark* – about 515 million dollars – of German stocks, participations excluded.³⁸ As a 1949 Dutch memorandum to the State Department stated: 'These important investments have steadily accumulated in the course of many years and by no means bear the character of speculative capital. They originated from the intense economic intercourse between the Netherlands and Germany, whilst they in turn formed the basis for the development of further economic relations'.³⁹

When Nazi Germany surrendered unconditionally, the exact extent of Dutch capital invested in Germany was unclear but the loss must have been extensive due to the total disruption of the German economy. It was estimated that only about a third of the pre-war Dutch owned German stocks remained.⁴⁰ This loss was often a direct consequence of the German financial policy in the occupied Netherlands. The German occupier took goods and services, and then sought ways to finance these in the Netherlands. This policy was known as occupation costs. Other unpaid purchases were settled through bilateral clearing where unbalanced accounts were paid for from credits from the Dutch treasury. After 1941, the *Reichsmark* was made convertible and the Dutch central bank was ordered to print guilders to

³⁶ NA, *Financieel Attaché New York en Washington*, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

³⁷ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 83.

³⁸ NA, *Financieel Attaché New York en Washington*, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

³⁹ Bundesarchiv (BArch.) Koblenz, Bestand Z 45 F, OMGUS, FIN/17/18; 'Memorandum on the Netherlands-German Economic Relations', 11 October 1949.

⁴⁰ NA, *Financieel Attaché New York en Washington*, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

exchange all the RM notes it was offered.⁴¹ In short, the financial damage to the Netherlands was mirrored by real damage in the form of the goods and services removed. During the occupation, almost all Dutch individuals and firms were paid for their supplies to Germany in Dutch guilders. The Germans, however, took these guilders from the Dutch treasury or resorted to the Netherlands Bank, where they traded worthless German banknotes for Dutch guilders. Thus they did not confiscate anything from Dutch individuals and firms, but from the country as a whole. In total, the Germans withdrew 13.359 million guilders from the Netherlands.⁴² From this, they paid for the recovery of German bonds. After the war, The Hague thus had a financial claim on Germany, but it is striking that little was done about this, although the loss of capital in Germany 'weighed as heavy as the loss of an economically important part of our country'.⁴³ On 7 May 1945, 99 per cent of Dutch foreign assets consisted of German treasury bonds, which was caused by the way the occupier had paid for its de facto confiscations.⁴⁴

3.3 The Allies and their policy

One of the first things the Allies tried to do after the war was to break the cartels that had existed in the pre-war German industry. But this was practically impossible to do as the Allies had different views on how to implement it.⁴⁵ The Americans and the Soviets were convinced that monopoly capital and big business were behind Hitler, National Socialism and the war. Their answer was to break the cartels by splitting up German firms, and thus in the cutting up of Dutch participations.⁴⁶ Clause 12 of the Potsdam Agreement of July 1945 read: 'At the earliest practicable date, the German economy shall be decentralized for the purpose of eliminating present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements'.⁴⁷ Decartelisation did not mean deindustrialisation in a Morgenthau-sense, but the liquidation of concentrations of economic power. This was to be achieved by splitting up large enterprises into a number of smaller, independent companies, without fundamentally restructuring ownership relations.⁴⁸ Apart from

⁴¹ Klemann, *Nederland 1938-1948*, 143 and 144.

⁴² Ibid., 186.

⁴³ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 86.

⁴⁴ C. van Renselaar, *Partij in de marge. Oorlog, goud en de Nederlandsche Bank* (Amsterdam 2005) 123.

⁴⁵ M. Köchling, 'Die Demontagepolitik im Spannungsfeld von alliierter Anspruch und deutscher Wirklichkeit', in J.P. Barbian and L. Heid (eds.), *Zwischen Gestern und Morgen. Kriegsende und Wiederaufbau im Ruhrgebiet* (Essen 1995) 172-184, there 173.

⁴⁶ M. Lak, 'Wat te doen met de Duitsers? Britse en Amerikaanse plannen voor denazificatie en economisch herstel', *De Academische Boekengids* 77 (November 2009) 24-28, there 24.

⁴⁷ Source: http://potsdamer-konferenz.de/dokumente/protokoll_en.php. (18 July 2010).

⁴⁸ H-D. Kreikamp, 'Die Entflechtung der I.G. Farbenindustrie A.G. und die Gründung der Nachfolgesellschaften', *Vierteljahrshefte für Zeitgeschichte* 25, No. 2 (1977) 220-251, there 220.

Democratic Americans, with their anti-trust history and proclaimed anti-trust approach,⁴⁹ the Soviets tried to transform the basic structure of the German economy by breaking up large companies like *I.G. Farben* and *Vereinigte Stahlwerke*.

The inter-Allied Commission for the Decentralisation of the German Economy, established a month after the Potsdam Conference, found it difficult to define exactly 'what represents excessive concentration of power and unfair advantage, that is, what generally should be allowed and what should be prohibited'.⁵⁰ The Allies had very different opinions on the treatment of German industry.⁵¹ To start with, the French wanted security. Although it was not invited to any of the major conferences about Germany's future including Potsdam,⁵² Paris advocated a policy aimed at containing and limiting German industry and keeping it in a permanent state of weakness.⁵³ The Russians strove for nationalisation. They intended to dismantle German companies and remove as much industrial machinery and capital goods as possible to compensate for the enormous damage done to their own industry.⁵⁴ The British followed a somewhat dualistic policy in their occupation zone. Germany's war potential was to be eliminated by destruction, but Whitehall also hoped to be able to obtain certain machines from Germany to further British economic recovery. At the same time, London did not oppose a peaceful German economic reconstruction. On the contrary, a wealthy Germany would be less war prone and would be a good consumer market for British products.⁵⁵ There was an obvious reason for this. Britain was practically bankrupt and had to import food from the United States: 'It had nothing to spare for Germany from its own domestic resources [...] Morgenthau-style de-industrialisation, began rapidly to fade in the light of the terrific burden that a helpless Germany represented for a Britain that was itself economically prostrate'.⁵⁶ In short, in their occupation zone, the British promoted a constructive approach to German industry.⁵⁷

The Americans, however, advocated a harsh policy when it came to deconcentration of industry. They held German big business accountable for its cooperation with Hitler, although

⁴⁹ S.J. Wiesen, *West German Industry & the Challenge of the Nazi Past, 1945-1955* (Chapel Hill/London 2001) 43.

⁵⁰ As quoted by K.H. Jarausch, *After Hitler. Recivilizing Germans, 1945-1995* (Oxford 2006) 77.

⁵¹ Wubs, *International Business and National War Interests*, 172.

⁵² G. Kiersch, 'Die Französische Deutschlandpolitik 1945-1949', in C. Scharf and H.J. Schröder, *Politische und Ökonomische Stabilisierung Westdeutschlands 1945-1949. Fünf Beiträge zur Deutschlandpolitik der westlichen Alliierten* (Wiesbaden 1977) 61-76, there 61.

⁵³ Wubs, *International Business and National War Interests*, 172.

⁵⁴ J. Becker, 'Die Deutsche Frage in der internationalen Politik 1941-1949. Grundzüge und Hauptprobleme ihrer Entwicklung', in J. Becker, T. Stammen and P. Waldmann (eds.), *Vorgeschichte der Bundesrepublik Deutschland. Zwischen Kapitulation und Grundgesetz* (Munich 1979) 9-59, there 20.

⁵⁵ J. Farquharson, 'A Game of Cat and Mouse? Dismantling for Reparations in the British Zone of Germany 1947-1950', in *German History* 15, No. 3 (1997) 333-357, there 334.

⁵⁶ F. Taylor, *Exorcising Hitler. The Occupation and Denazification of Germany* (New York 2011) 204.

⁵⁷ Wubs, *International Business and National War Interests*, 172.

opinions differed strongly on post-war industrial policy in Germany.⁵⁸ The most radical plan was Morgenthau's of 1944, which envisioned a major deindustrialisation of the Ruhr and flooding the coal mines.⁵⁹ Most US bankers and industrialists held quite different views however, and advocated Germany's industrial recovery.⁶⁰ During the war, Harry Hopkins, Roosevelt's chief diplomatic adviser, strongly opposed the destruction of the Ruhr area. As it was the main European supplier of coal, iron and machines for ten European nations and the best customer for seven others, disrupting this pattern would be sheer folly: 'I cannot see as realistic the suggestion that such an area in the present economic condition of the world can be turned into a non-productive ghost territory'.⁶¹

In the immediate post-war period, radicals had the upper hand in US decision-making, resulting in the splitting up of companies like *IG Farben*. This firm had indeed been pro-Nazi, had built a huge factory complex near Auschwitz and had produced the Zyklon B poison gas that was used in the gas chambers of Auschwitz and Treblinka.⁶² It now was split up into the *Bayer*, *Höchst*, *Agfa* and *BASF*-companies.⁶³ Likewise, the highly interwoven coal and steel industries were cut up into twenty-three independent steel producers and dozens of collieries.⁶⁴ Banks were targeted as well. The three largest banks were transformed into separate companies, although most, like the *Dresdner Bank*, partially recombined later.⁶⁵ *Siemens & Halschke*, *Bosch*, *Vereinigte Glanzstoffwerke* and *Degussa* were on the list to be broken up as well.⁶⁶ This all reflected the US anti-trust policy. As S.J. Wiesen has stated, to the Americans who campaigned against a strong industrial rebirth, the German economy was 'made up of a tangle of cartels, price-fixing agreements, and monopolistic combinations. It was the greatest violation of the free market [...] According to the Americans, only by smashing the large conglomerations of economic power and controlling trusts and monopolies, Germany would become ripe for a more decentralised and peaceful economy, recast according to the U.S. model'.⁶⁷

This US anti-trust policy manifested itself in the Joint Chiefs of Staff policy directive 1067 of April 1945. One of its goals was 'to prohibit all cartels and other private business arrangements

⁵⁸ Wiesen, *West German Industry & the Challenge of the Nazi Past*, 43; Also C. Eisenberg, *Drawing the line. The American decision to divide Germany, 1944-1949* (Cambridge 1996) 139.

⁵⁹ Wubs, *International Business and National War Interests*, 172.

⁶⁰ Ibid., same page.

⁶¹ As quoted by Eisenberg, *Drawing the line*, 40.

⁶² Taylor, *Exorcising Hitler*, 245. Also P. Hayes, *Industry and Ideology – I.G. Farben in the Nazi Era* (Cambridge 1987) 347-364 and L. Rees, *Auschwitz: The Nazis and the 'Final Solution'* (London 2005) 62.

⁶³ See for example R.G. Stokes, *Divide & Prosper. The Heirs of I.G. Farben Under Allied Authority 1945-1951* (Huddersfield 2009).

⁶⁴ Jarausch, *After Hitler*, 77.

⁶⁵ R. Ahrens, *Die Dresdner Bank 1945-1957. Konsequenzen und Kontinuitäten nach dem Ende des NS-Regimes* (Munich 2007) 453.

⁶⁶ J.C. van Hook, *Rebuilding Germany. The Creation of the Social Market Economy, 1945-1957* (Cambridge 2004) 271.

⁶⁷ Wiesen, *West German Industry & the Challenge of the Nazi Past*, 43.

and cartel-like organisations'.⁶⁸ JCS 1067 provided for rigid control on political life and a strong reduction and control of the German economy. Steps towards economic recovery or to strengthen the German economy were forbidden.⁶⁹ German industry should be dismantled. The directive 'foresaw a period of punitive deprivation for the German people as not merely inevitable, but just'.⁷⁰

In practice, however, many Americans, especially those working in the military occupation authorities in Germany, resented JCS 1067. With approval of his boss, an employee of Clay referred to the directive as the work of 'economic idiots'.⁷¹ The directive showed little insight in what was happening at that time. Although on paper, Great Britain and the United States sided with the USSR and France in advocating a rigid approach towards Germany, in practice it soon turned out to be otherwise. According to the Americans in the occupation zone, hundreds of thousands of Germans would starve to death if the country were forbidden to export to acquire revenues. The more practical officials considered the main priority towards Germany should be the rapid restoration of its capacity to pay and feed itself.⁷² With Clay leading the way, they felt that Washington failed to recognise the seriousness of the situation, and insisted upon making amendments to JCS 1067. As the State Department did not think it opportune to publicly discuss the economic treatment of Germany so soon after the war, Clay was practically given a free hand. He was even allowed to have synthetics, magnesium, aluminium and oil produced, an opportunity he took eagerly. The JCS 1067 directive provided room to manoeuvre and the local military authorities in Germany were rather free in their interpretation of it.⁷³ In fact, American occupation policy was constructive from day one, although JCS 1067 was only withdrawn officially in July 1947. The 1946 Stuttgart-speech by US Secretary of State, James Byrnes, was nothing but the public confirmation of Clay's policy.⁷⁴ Chemical industry, for example, was seen as an engine for economic growth that contributed to an enhanced standard of living. Thus, it 'could be instrumental in helping one of the sides – i.e. East or West in the developing Cold War – prevail'.⁷⁵ Moreover, curbing war potential and constraining future

⁶⁸ As quoted by Wubs, *International Business and National War Interests*, 172.

⁶⁹ C. Kleßmann, *Die doppelte Staatsgründung. Deutsche Geschichte 1945-1955* (Bonn 1991) 22-23.

⁷⁰ Taylor, *Exorcising Hitler*, 253.

⁷¹ Kleßmann, *Die doppelte Staatsgründung*, 100.

⁷² Taylor, *Exorcising Hitler*, 118-119.

⁷³ R. Ahrens, 'Von der "Säuberung" zum Generalpardon: Die Entnazifizierung der westdeutschen Wirtschaft', *Jahrbuch für Wirtschaftsgeschichte – Europäische Wirtschaftseliten nach dem Zweiten Weltkrieg* (2010) 25-45, there 29.

⁷⁴ Lak, 'Na de overwinning. De Amerikanen, Britten en Russen in Duitsland na WO II', 4.

⁷⁵ R. Stokes, *Opting for Oil. The Political Economy of Technological Change in the West German Chemical Industry, 1945-1961* (Cambridge 2006) 67.

German industrial competition contradicted 'the desire to limit costs and length of the occupation'.⁷⁶

Nevertheless, a great many German firms were dismantled as a consequence of the Allied policy. This often cut up foreign investment in these firms as well, especially in the mining, steel and iron industries.⁷⁷ In 1945, 55 per cent of all coal mining was technically, economically, or by ownership, combined with the iron industry: 'Technically through the exchange of fuels and energy, economically through the harmonization of investments and of profits and losses, organically through the combination of mines and iron factories into integrated business concerns'.⁷⁸ The Allies aimed to break up these conglomerates, as many were convinced the Ruhr industry was not only guilty of having supported the rise of National Socialism, 'but also of having provided the basis for German war production and for nearly six years of warfare'.⁷⁹ In December 1945, seventy-six senior executives from major Ruhr conglomerates were arrested, among them the directors of *Thyssen*, *Hoesch* and the *Vereinigte Stahlwerke*. Most of the senior management of *Krupp* had been rounded up in September 1945.⁸⁰ Deconcentration of the Ruhr industry and especially of its coal mining industry did, however, not only affect Germany, but also the neighbouring countries. Because of Germany's central position in Europe, geographically as well as economically, the Allied policy had consequences for all of Europe, not in the least to the small and middle-sized economies in the west and north-west.⁸¹ They depended on supplies of German coal and industrial products. Therefore, deconcentration always had an international dimension; this and decartelisation were not just problems for the German economic structure, but had European implications.⁸²

3.4 Consequences of the Allied policy to the Netherlands

In the immediate post-war years, the various Dutch cabinets strove to safeguard Dutch interests in Germany and protect Dutch firms inside Germany from paying special taxes. Dutch possessions and investments were to be prevented from being seen as enemy property.⁸³ With the position of Dutch firms and the financial position of the country as a whole in mind, The Hague tried to protect the huge investments that had been made in Germany before the war. It focused

⁷⁶ Stokes, *Opting for Oil*, 46 and 47.

⁷⁷ Harryvan and Van der Harst, *Max Kohnstamm*, 119.

⁷⁸ A. Diegmann, 'American Deconcentration Policy in the Ruhr Coal Industry', in J.M. Diefendorf, A. Frohn and H.J. Rupieper (eds.), *American Policy and the Reconstruction of West Germany, 1945-1955* (Cambridge 2004) 197-215, there 197.

⁷⁹ Diegmann, 'American Deconcentration Policy in the Ruhr Coal Industry', 198.

⁸⁰ Taylor, *Exorcising Hitler*, 307-308.

⁸¹ H.A.M. Klemann, 'Point zero. The economic problems of Western Europe in 1945'. Paper presented to the ESF-Conference Post-war economic reconstruction, Utrecht, The Netherlands 3-4 September 2004, 1-7, there 1-2.

⁸² Diegmann, 'American Deconcentration Policy in the Ruhr Coal Industry', 198.

⁸³ A. Kersten, *Luns. Een politieke biografie* (Amsterdam 2010) 70.

its activities on the interests of the four big Dutch multinationals. It played down its claim on the illegal occupation costs extracted by Germany during World War II as well as individual investments. There was some logic to this, because many European countries had financial claims on Germany, so the chance of the Netherlands achieving anything substantial in this field, was small. Moreover, Dutch financial investments were spread out over many small companies, which would have made it difficult to retrieve these. The Dutch government does, however, seem to have been strongly influenced by the lobby of Philips, Royal Dutch Shell, AKU and Unilever. Their sphere of influence had already been substantial during the war. Dutch ministers who had fled from the Netherlands in the wake of the German invasion of May 1940 had to establish new ministries in London. The only Dutch organisations that had a large number of schooled officials outside German-occupied territory, were the four large Dutch multinationals. They put them at the disposal of the Dutch government in exile in London. In other words, the Dutch government offices in the British capital were manned by Unilever and Royal Dutch Shell employees.

During the war, the Dutch Reconstruction Committee in London had advocated a policy of safeguarding the interests of the large multinationals. As early as September 1942, J.B. Aug. Kessler, chairman of Royal Dutch Shell, wrote that it would seem a good idea to add a regulation to an eventual peace treaty to guarantee that economic measures taken by the Germans against Dutch possessions in the Third Reich and countries allocated to it were to be undone as soon as possible. He wanted the Dutch owners of firms to be allowed to have control over their enterprises in Germany or countries that had been allied to the Third Reich during World War II as soon as possible.⁸⁴ As capital revenues would indeed drop from a 1948 figure of 271 million guilders to a mere 130 million in 1950, Kessler's recommendation was understandable.⁸⁵ High representatives of the big four Dutch multinationals, especially Unilever and Royal Dutch Shell, were in the top echelons of all advisory committees of the Dutch government during World War II. The reports of the Dutch Reconstruction Committee were even published by *The Netherland Publishing Co.*, established with Unilever, Shell and Philips capital.⁸⁶

Little more than a week after the liberation, Hirschfeld wrote a note in which he discussed Dutch capital interests in Germany. In his view, these were to be protected, for he feared that Dutch companies in Germany, like German companies, would be confiscated as enemy property. Hirschfeld also wrote that the large interests of Unilever – whose pre-war FDI's

⁸⁴ NIOD, access code 233, inv. nr. 2a; 'Brief J.B. Aug. Kessler aan de secretaries van het Werk-Comité van de Studiegroep voor Reconstructieproblemen', 2 September 1942.

⁸⁵ CBS, *Tweehonderd jaar statistiek in tijdreeksen 1800-1999* (Voorburg/Herleen 2001) 52.

⁸⁶ J. Paulussen and I. Blanken, *Samenwerking tussen Nederlandsche industrieën met groote internationale belangen. 70 jaar Contactcommissie (1934-2004)* (Zaltbommel 2004) 35.

amounted to approximately 417 million *Reichsmark* in Greater Germany, Austria and the Czech part of Czechoslovakia⁸⁷ – Philips, AKU and Royal Dutch Shell as well as their shares in companies that could be seen as subsidiaries, were to be safeguarded. Arrangements had to be made to ensure that the Dutch influence on these firms remained intact. Dutch property invested in Germany had to be safeguarded ‘in all respects and warrant strong Dutch influence’.⁸⁸

The same opinion could be heard in the boardrooms of Unilever, Philips, AKU and Royal Dutch Shell. Their first priority seems to have been recovery of the ties with their possessions in Germany, and seek returns on their invested capital. The ABUP, a lobby club of the AKU, de Bataafsche Petroleum Maatschappij (Shell), Unilever and Philips which had been established in 1934, convened in secret meetings. At the first of these, on 31 October 1946, the most urgent issues discussed were the trade relations with Germany, the American decartelisation proposal in Germany and the nationalisations in various countries. In September 1947, the ABUP decided to set up a sub-committee to focus completely on Dutch industrial interests in Germany.⁸⁹ The ABUP had investments all over Germany and especially the Ruhr area. These were not in classic Ruhr industries such as mining, chemicals and weapon production. Unilever had predominantly invested in the oil and fats industry and foodstuffs, Philips in electronics, Royal Dutch Shell in oil, petrol and petrol stations, and AKU in artificial silks.

After the war, it was impossible to look after any of these interests in any part of Germany. According to Posthumus Meyes, who had become General Commissioner of Dutch Economic Interests in Germany, they had not yet received permission to do so anywhere in Germany by October 1945. Only when permission were granted would it be possible to gain control of factories. Posthumus Meyes had enough expert officers and people available for this purpose. They had worked in Germany for some time, and had proper knowledge of the country and firms, so they would be able to formulate proper claims where necessary in Germany and against the German government with a view to damage sustained and goods confiscated during and after the war.⁹⁰ In the words of Posthumus Meyes, ‘in view of their being Allied property, unfair and strong oppositions has been encountered by Dutch enterprises in Germany from the side of the Nazi authorities’. He felt that this was ‘the moment to review the situation and the

⁸⁷ B. Wubs, *Unilever between Reich and Empire 1939-1945. International business and national war interests* (Rotterdam 2006) 50.

⁸⁸ NI-HaNa, Huysmans, 2.21.090, inv. nr. 19; Nota Hirschfeld, ‘Eenige voorlopige opmerkingen over schadeloosstellingen, welke men van Nederlandsche zijde van Duitschland moet eischen’, 17 May 1945.

⁸⁹ Wubs, *International Business and National War Interests*, 169.

⁹⁰ NA, Ambassade en Militaire Missie Duitsland, 2.05.55, inv. nr. 508; Posthumus Meyes, Commissaris-Generaal voor de Netherlands Economic Reparation, ‘Report No. 2’, ‘Immediate return of Netherlands Properties from Germany and Urgent Economic Necessity’, 31 October 1945

Allied assets in Germany should be extended or at least re-established on the basis of pre-Nazi days'.⁹¹ That being said, the Netherlands and Dutch business achieved very little for the moment.

When it appeared that the Allies intended to distribute what they considered were the consequences of the war evenly over the subjects of Allied powers, the Dutch Minister of Finance, P. Liefstinck, reacted annoyed to say the least. To his colleague of Foreign Affairs C.G.W.H. van Boetzelaer, he wrote that the Netherlands, with its extensive investments in Germany, would be hit hard by this policy. In a letter marked urgent, Liefstinck admitted he intended to tackle the British and American governments on this issue and try to arrange an exception for Allied properties in Germany, especially those dating from the pre-war, and even the pre-Nazi period.⁹² For the time being, however, the Allies would have none of it.

After the defeat of the Third Reich, the occupation authorities not only gained control of the German economy,⁹³ but the Allied High Commission also took control of all financial matters. This included foreign investments.⁹⁴ Consequently, all Dutch possessions were blocked under Military Government Laws 52 and 53 and subjected to control of military authorities. Article I of Law 52 stated that all property within the occupied territory owned or controlled directly or indirectly in whole or in part by German institutions or governments, nationals or residents of nations other than Germany which had been at war with Germany since September 1939, and governments nationals or residents of territories which have been occupied since that date by such nation or by Germany, was declared to be subject to seizure of possession or title, direction management, supervision or otherwise being taken into control by military government.⁹⁵

Law 52 was put in effect in the western zones of occupation immediately after the Allies took control of Germany. Its goal was to control all possessions of the former Reich, the Nazi party and its members, illegal associations, former staff officers and members of the SS. In practice this meant that possessions of both enemies and allies were put under control. This was intended to break existing property relations for the former and protect and safeguard the latter.⁹⁶ Although intended to protect friendly interests, the Allied policy soon turned out to be

⁹¹ NA, Ambassade en Militaire Missie Duitsland, 2.05.55, inv. nr. 508; Posthumus Meyes, Commissaris-Generaal voor de Netherlands Economic Reparation, 'Report No. 2', 'Immediate return of Netherlands Properties from Germany and Urgent Economic Necessity', 31 October 1945

⁹² NA, archief Directie Buitenlands Betalingsverkeer (Algemeen Beheer der Generale Thesaurie), 1941-1954, access code 2.08.50, inventory number 37; 'Brief minister van Financiën Liefstinck aan minister van Buitenlandse Zaken Van Boetzelaer', 10 March 1947.

⁹³ Wielenga, *West-Duitsland: partner uit noodzaak*, 260.

⁹⁴ W. Ehrlicher, 'Deutsche Finanzpolitik seit 1945', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* 81 (1994) 1-32, there 2. It was estimated almost 80 per cents of Dutch investments in Germany were found in the western occupation zones. Source: NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

⁹⁵ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 90.

⁹⁶ *Ibid.*, 91.

disadvantageous to the Netherlands. The law was drawn up to strictly limit all movement of capital. Moreover, bank accounts were blocked, and investment to enlarge enterprises was forbidden. The same was true for investments outside the company or from foreign countries. Transactions necessary for normal business were the only ones allowed.⁹⁷ The general ban on Allied subjects disposing of their property in Germany was, in fact, a form of discrimination. German citizens enjoyed full freedom in this respect, while Dutch citizens were not allowed to buy or sell capital possession without currency permits, even if the money went via a German bank account.⁹⁸ All cash transactions were blocked which meant that assets could not be reinvested. The Dutch government hoped 'that the existing discrimination between Netherlands' and German assets will be removed'.⁹⁹

The Allied policy with regard to foreign investments also had its consequences on Marshall Aid and the German currency reform of 1948. To The Hague, this was paradoxical: 'The Netherlands Government did not know of any reasons which might justify the continuation of this discrimination, which has already done such great damage to the Netherlands interests, in particular in connection with the monetary reform'.¹⁰⁰ Allied properties were indeed hit harder by the monetary reform than their German counterparts. Some Germans had been able to invest their money, although it should be noted that financial chaos in the former Reich prior to the 1948 currency reform had been so extensive that many Germans had had to resort to barter trade.¹⁰¹ Legal investment opportunities were all but absent. Insofar as German traders and entrepreneurs tried to convert their liquid assets into goods, they did so illegally.¹⁰²

In The Hague, the Allied policy caused a lot of irritation. Hirschfeld, for example, wrote that the Dutch government was extremely disappointed that the Dutch investors still had no free access to their property. He pointed to Dutch investments in the German mining, iron and steel industry, which were indeed large. For example, the *N.V. Import and Export Maatschappij Oranje Nassau* owned 42.3 per cent of the shares of the Lintfort-based coal mine *Friederich-Heinrich*. Hirschfeld noted that despite repeated pressure to take control of these possessions in 1948, they were still not in Dutch hands, even though 'the Allies could take the view that they could expect

⁹⁷ Wielenga, *West-Duitsland: partner uit noodzaak*, 260.

⁹⁸ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

⁹⁹ Bundesarchiv (BArch.) Koblenz, Bestand Z 45 F, OMGUS, FIN/17/18; 'Memorandum on the Netherlands-German Economic Relations', 11 October 1949; NA, 2.08.50, inv. nr. 36; 'Note Directeur van het Buitenlands Betalingsverkeer van het Ministerie van Financiën', 27 May 1949.

¹⁰⁰ Bundesarchiv (BArch.) Koblenz, Bestand Z 45 F, OMGUS, FIN/17/18; 'Memorandum on the Netherlands-German Economic Relations', 11 October 1949.

¹⁰¹ Benz and Faulenbach, *Deutschland 1945-1949*, 15.

¹⁰² Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 94.

more cooperation from a company under Dutch guidance than from a German one'.¹⁰³

Moreover, The Hague was disappointed that Dutch enterprises in Germany or firms of which the majority of stock was in Dutch hands, could not use their *Reichsmarks* freely in the same way as German enterprises could. In effect, 'Dutch interests were subordinated to German interests'.¹⁰⁴ To Dutch politicians and to the Dutch captains of industry, it was clear that normal economic contacts would be impossible without a proper settlement of the monetary issues.

In spite of this, The Hague recognised that it would benefit from Marshall Aid and a German currency reform. In the light of the traditional close economic relations with Germany, this reform was, as Lief tinck wrote to Van Boetzelaer, of great importance to the Netherlands 'as it has to be seen as an absolute pre-condition for the necessary recovery of Germany',¹⁰⁵ especially as the currency reform coincided with economic reforms towards a more market orientated economy.¹⁰⁶ It might have a positive influence in Dutch-German monetary relations. In another letter, dated 5 August 1948, the Minister of Finance urgently requested Van Boetzelaer do something about the fact that Dutch owners had to maintain large balances in German banks as a consequence of the ban on the transfer or reinvestment of foreign balances. In his opinion, a future *Lastenausgleich* – Settlement of Debts – i.e. division of damage resulting from the war over German companies in Germany, was unfair as this damage had been caused by a war waged by the Third Reich.¹⁰⁷

In October 1948, two months after Lief tinck's request to Van Boetzelaer, talks were held in Paris by a 'working committee' aimed at having the various governments draw up general recommendations for the issue of non-German capital possessions.¹⁰⁸ Actually, this was the first official occasion where the Netherlands could defend its claims publicly. Until then, little, if anything, had been achieved. Unfortunately, here again, the Allies appeared unconcerned about Dutch interests.¹⁰⁹ Some Dutch businessmen even accused The Hague of having done 'disappointingly little to safeguard our German capital possessions and control of our property

¹⁰³ NL-HaNa, Huysmans, 2.21.090, inv. nr. 207; Note Hirschfeld to Minister of Foreign Affairs Van Boetzelaer, 'Nota van de Amerikaanse en Engelse Ambassade met betrekking tot uitvoer van voedingsmiddelen, in het bijzonder vis, naar Duitsland', 17 June 1947.

¹⁰⁴ NL-HaNa, Huysmans, 2.21.090, inv. nr. 207; Note Hirschfeld to Minister of Foreign Affairs Van Boetzelaer, 'Nota van de Amerikaanse en Engelse Ambassade met betrekking tot uitvoer van voedingsmiddelen, in het bijzonder vis, naar Duitsland', 17 June 1947.

¹⁰⁵ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 37; 'Brief minister van Financiën Lief tinck aan minister van Buitenlandse Zaken Van Boetzelaer', 10 March 1947.

¹⁰⁶ J. Stark, 'Von der Hyperinflation in Deutschland zur einheitlichen europäischen Währung. Bedingungen und Elemente einer stabilitätsorientierten Währungsverfassung', in *Beiträge zur hessischen Wirtschaftsgeschichte 4. 60 Jahre Währungsreform. Fünf Beiträge* (Darmstadt 2008) 51-67, there 57.

¹⁰⁷ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 37; Brief Lief tinck aan Van Boetzelaer, 'Duitsche geldsanering', 5 August 1948.

¹⁰⁸ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 99.

¹⁰⁹ Bloemers, *De financiële verhouding tussen Nederland en Duitsland*, 10.

has been ridiculous from the start'.¹¹⁰ As Dutch owners were often denied access to Germany, they were dependent on The Hague for defending their possessions. The only way to enter Germany at the time was through the Dutch army, i.e. becoming an army officer. Dutch entrepreneurs and Dutch owners of property in Germany were seldom admitted to Germany to safeguard their interests. Business correspondence was significantly limited as well.¹¹¹

At conferences in London in late 1947 and early 1948, the Netherlands tried to discuss Dutch capital interests with Great Britain and the United States, but this met with reluctance, especially from the Americans. On 8 June 1948, the Dutch General-Major W. Huender and the former Dutch Economics Minister M.P.L. Steenberghe discussed the subject with the Governor of the British zone of occupation, Commander-in-Chief C. Weir, and with R.D. Murphy, the US ambassador in Germany. Huender and Steenberghe asked for an exemption for Allied interests in the event of a currency reform and capital levies. The US and British delegates were unimpressed. They stated that the Allied companies had been established in Germany voluntarily and that they would have to undergo the ups and downs of the German economy. Huender pointed out that it had been impossible to transfer *Reichsmark* to the Netherlands since the 1930s and that it was therefore impossible to speak of voluntary establishment.¹¹² This argument fell on deaf ears, as did pleas to Lucius Clay, the commander of the American zone of occupation, two days later. He stated that he followed the official position of the US government and that no preference could be given to foreign interests above German ones.¹¹³

So, at the Paris Conference, the Dutch delegation had to be content with the statement that: 'The Conference recommends [...] the principle of non-discrimination against foreign interests in Germany be reaffirmed and that each Government should promptly study the problem of safeguarding foreign interests in order that there may be subsequently established as close to September 1st, 1948, an intergovernmental group to review the question and make recommendations to their Governments' may be established as closely as possible to September 1st, 1948, an intergouvernemental group to review the question and make recommendations to

¹¹⁰ Bloemers, *De financiële verhouding tussen Nederland en Duitsland*, 10.

¹¹¹ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 1.

¹¹² NA, Financieel Attaché te New York en Washington, 2.08.75, inv. nr. 3365; 'Gedeelten inzake munthervorming genomen uit de besprekingen die o.m. over dit onderwerp zijn gehouden door: generaal-majoor W. Huender en M.P.L. Steenberghe met C.E. Steel, President van de Governmental Sub-Commission, General Brian H. Robertson, Brits Militair Gouverneur en Commander-in-Chief, Cecil Weir, President van de Economic Sub-Commission (E.C.O.S.C.) en R.D. Murphy, Ambassadeur der Verenigde Staten en Politiek adviseur voor Duitsland', 9 June 1948.

¹¹³ NA, Financieel Attaché te New York en Washington, 2.08.75, inv. nr. 3365; 'Gedeelten inzake munthervorming genomen uit de besprekingen die o.m. over dit onderwerp zijn gehouden door: Generaal-Majoor W. Huender en M.P.L. Steenberghe met Generaal L.D. Clay, Commander-in-Chief en Military Governor (U.S.) en P. Hawkins, Property Control Omgus', 10 June 1948.

their Governments'.¹¹⁴ On the basis of this recommendation the intergovernmental group started negotiations in Paris on 25 October 1948. The recommendations of these were to be submitted to their governments.¹¹⁵ Dutch businessmen pressed the Dutch government to fight to enable them to regain legal ownership of their possessions.¹¹⁶

The Dutch delegation consisted of Kohnstamm, C. Heyning of the Commissary-General of Dutch Economic Interests in Germany and representatives of Dutch businesses. They frequently consulted M.P.L. Steenberghe, General Secretary of the ABUP at the time and president of the Commission of Dutch Industrial Interests in Germany, and F.E.C. Everts, vice-president of that institute. In fact, Kohnstamm represented the diplomatic part of the Dutch delegation, whereas Steenberghe led the delegation of Dutch business interests. The Paris talks on capital interests and the value of stocks were made even more complicated by the fact that many German companies had been split up, which often led to a division of foreign investments.¹¹⁷

In all, 29 recommendations were drawn up in Paris. These aimed at reimbursing those who had suffered financially from the Nazi's, returning control over possessions in Germany and the transfer of capital revenues.¹¹⁸ With regard to the intended German currency reform, it had previously been decided that Allied creditors either had to accept payment for their claims at a rate of 1:10, or reserve their rights for a better deal later on. The second option, however, would only be effective after the final peace treaty with Germany had been signed. Dutch cabinets repeatedly opposed this arrangement¹¹⁹ and seemed to achieve some success as the group now advised creditors to accept payments at the 1:10 rate and 'not [underlined in original, M.L.] to consider giving up claims on additional payments in the future'.¹²⁰

The American delegation took the point of view that compensation for damage suffered could only be claimed after the peace treaty with Germany was concluded. Kohnstamm pointed out that little could be expected from the claims for compensations, as not all claims against

¹¹⁴ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

¹¹⁵ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 99.

¹¹⁶ Harryvan and Van der Harst, *Max Kohnstamm*, 118.

¹¹⁷ See for example Harryvan and Van der Harst, *Max Kohnstamm*, 118-119.

¹¹⁸ Wielenga, *West-Duitsland: partner uit noodzaak*, 261.

¹¹⁹ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note Lieftrinck, 'Nota inzake Nederlandse kapitaalbelangen in Duitsland', 22 November 1948.

¹²⁰ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

Germany would be treated. The Dutch delegation, therefore, constantly endeavoured to get as much as it could at the time.¹²¹

Kohnstamm felt that major successes had been obtained at the Paris Conference. According to the internal Allied working committee, Allied investments in mining, steel and iron factories were not to fall victim to the Allied policy. To the Netherlands, with its large investments, especially in the Ruhr area, this was an important recommendation. In addition to this, the group advised on the internal German *Lastenausgleich* – Settlement of Debts – which was being prepared at the time. Although by late 1948, it was by no means clear which provisions this law would contain, its general outline was clear. The purpose of the *Lastenausgleich* was to acquire the means to provide for the needs that were the result of war and currency reform by way of capital taxation,¹²² and an equalisation of war losses and burdens for people of Germany.¹²³ In this way, people and firms that had been hit hard by the war could be given much-needed assistance. From the start, however, the Netherlands – and with it Dutch business and the Dutch delegation in Paris – fiercely insisted that Dutch interests were to be exempted from taxations under this law, as the war was a German matter. Dutch capital properties should not have to contribute to burdens caused by the war waged by Germany.¹²⁴ According to The Hague and the ABUP, these taxes were to be paid exclusively by German enterprises.¹²⁵

After a hard battle, Kohnstamm noted that the American delegation was won over with strong British support, insofar as it dealt with Allied persons, legal entities in Allied law or about German legal entities that were completely in Allied hands. If this recommendation were accepted, Dutch subsidiaries in Germany and other firms in Germany that were completely in Dutch hands, would be exempt from this taxation. According to Kohnstamm, this was one of the most important results of the Paris meeting.¹²⁶

Another recommendation that was of interest to the Netherlands was that the group stated that the occupation authorities should not execute their deconcentration and reorganisation plans in the Ruhr industry without comprehensively consulting Allied beneficiaries

¹²¹ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

¹²² NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

¹²³ C.L. Glossner, *The Making of the German Post-War Economy. Political Communication and Public Reception of the Social Market Economy after World War II* (London/New York 2010) 139.

¹²⁴ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹²⁵ Harryvan and Van der Harst, *Max Kohnstamm*, 119.

¹²⁶ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'M. Kohnstamm, 'Verslag van de conferentie gehouden over de geallieerde kapitaalbelangen in West-Duitsland, gehouden te Parijs, 25 October – 10 November 1948'.

and their governments. In a letter to the Minister of Foreign Affairs, Stikker and the Council for Economic Affairs – *Raad voor Economische Aangelegenheden* (REA), Hirschfeld wrote that he completely agreed with the contents of Kohnstamm's report, and advised the Dutch government to accept the Paris recommendations. Hirschfeld stated that they had obtained results which had been held impossible half a year earlier. In his view, the Dutch working committee had successfully fulfilled its monumental task. Moreover, his personal friend Steenberghe told him privately that representatives of Dutch business were pleased with the recommendations.¹²⁷ Hirschfeld and Steenberghe were close friends and called each other by their first names, which was quite unusual at the time. Steenberghe spoke at Hirschfeld's funeral in 1961, which was remarkable as Steenberghe was a conservative Catholic and was not supposed to attend a non-Catholic religious service.¹²⁸ The close ties between these two men ensured that the lines between official circles in The Hague and Dutch business were kept short. Here probably lies an explanation for the fact that the Dutch government put its money on regaining the interests of the four large Dutch multinationals.

The question relevant here is, whether Allied investments in firms to be decartelised, were to be treated equally to German firms, or if they should be given preferential treatment.¹²⁹ In an attempt to safeguard Dutch interests, The Hague favoured the last option. Decartelisation would, so it thought, inevitably lead to a replacement of German interests and this would mean severe discrimination from a national and economic point of view: 'It is completely unacceptable that Dutch properties could be taken away in order to reorganise German industry, whereas German aggression had already led to such enormous losses'.¹³⁰ In a memorandum to the US State Department in October 1949, the Dutch defended the idea that although they recognised that certain modifications in the Netherlands' interests would be necessary for the reorganisation of the Ruhr industry, they felt they should receive equivalent shares in Ruhr coal mines or iron and steel industries in exchange and that 'a reduction of the Netherlands' overall-share in the Ruhr industry as a result of the reorganisation should be avoided'.¹³¹

¹²⁷ NA, archieven van de ministeries voor Algemeene Oorlogvoering van het Koninkrijk (AOK) en van Algemene Zaken (AZ), Kabinet van de Minister-President (KMP) (1924) 1942-1979 (1989), access code 2.03.01, inventory number 3085; Letter Hirschfeld to Minister of Foreign Affairs Stikker and REA, 16 November 1948.

¹²⁸ M. Fennema and J. Rhijsburger, *Dr. Hans Max Hirschfeld. Man van het grote geld* (Amsterdam 2007) 285, 312 and 327.

¹²⁹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 97.

¹³⁰ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'De Nederlandse kapitaalbelangen in Duitsland', 23 August 1948.

¹³¹ Bundesarchiv (BArch.) Koblenz, Bestand Z 45 F, OMGUS, FIN/17/18; 'Memorandum on the Netherlands-German Economic Relations', 11 October 1949.

Although The Hague agreed to the principles of the intended deconcentration of large enterprises, it was self-evident that damage to Dutch investments was to be avoided.¹³² It was pointed out that the Netherlands wished to be consulted about any decartelisation measures that would have consequences for Dutch interests before any definitive decisions were made. For example, the Dutch resented the fact that the Allies had not conferred with the Netherlands about *IG Farben*, despite the considerable amount of Dutch stocks in the company. They also wanted to leave open a possibility for international arbitration that could judge Dutch claims resulting from decartelisation measures.¹³³ As yet, the British and Americans would have none of it. As a consequence, recovering Dutch property rights in Germany remained a major policy goal of the various post-war cabinets. It was important that the Paris recommendations were implemented as soon as possible.¹³⁴ In a note dated 28 April 1949, Hirschfeld – with some justification – stated that Dutch capital interests were ‘seriously threatened’.¹³⁵

A month later, foreigners who had invested capital in Germany could still not transfer revenues and some European countries were forced to limit their imports from Germany and increase their exports to the former Reich. Some of these countries, the Netherlands in particular, could not do without German products, especially not without machinery, spare parts and coal. Imports of these could not be allowed to drop below a certain minimum. As export to Germany was still largely hindered by the Allies, dollar payments were the order of the day. This made Germany a creditor to almost all European countries, the Netherlands included.¹³⁶ This pattern of trade was not in accordance with the historically grown European economic structure and was artificially kept intact by the Allies. According to *Economisch-Statistische Berichten*, resuming transfer from capital revenues from Germany would decrease the European dollar deficit and therefore ‘should be allowed as soon as possible’.¹³⁷

Dutch diplomats, as well as representatives of Dutch business, endeavoured to convince the Allies that it was of the utmost importance to allow capital revenue to be transferred from Germany. The newly formed Federal Republic of Germany, established on 23 May 1949, was not responsive on this point either. This was hardly surprising, as German possessions in the Netherlands had been seized as enemy property. Some Dutch businessmen had already questioned this measure in June 1947. They asked themselves whether it was in the interest of the

¹³² Wielenga, *West-Duitsland: partner uit noodzaak*, 261.

¹³³ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; ‘De Nederlandse kapitaalbelangen in Duitsland’, 23 August 1948.

¹³⁴ Wielenga, *West-Duitsland: partner uit noodzaak*, 261.

¹³⁵ BuZa, 912.230, Map 563. Duitsland West. Nederlandse verlangens inzake geallieerde politiek in Duitsland; nota Hirschfeld Deel I; ‘Nota betreffende de geallieerde en Nederlandse politiek t.a.v. West-Duitsland’, 28 April 1949.

¹³⁶ Van der Burg, ‘Transfer van kapitaalopbrengsten uit Duitsland’, 394.

¹³⁷ Ibid., 395.

Netherlands to fully exclude the possibility of restoring contacts. Specific products had, after all, been supplied by these German companies and were indispensable for the Netherlands.¹³⁸

Moreover, the Dutch representatives were often without tact and the plans for the annexation of German soil stirred up bad feelings,¹³⁹ especially in North Rhine-Westphalia. Karl Arnold, prime-minister of this *Land*, even stated that ‘it should be made clear to the Dutch, that trustworthy economic relations are only possible, if the road of negotiations and not the road of violence and one-sided implementation is taken’.¹⁴⁰ Added to this was the fact that to West Germany, the Netherlands was just one of many countries with whom relations were to be normalised. There was a difference here between high and low politics. When it came to low politics, the Netherlands was Germany’s most important partner. But when it came to high politics, Bonn’s small western neighbour was only a little partner. Bonn’s priority lay with its relations with the occupying powers, including France, and to regaining its independence.¹⁴¹ The Dutch government had a better eye for this than the ABUP, which thought its interests should be better looked after. Dutch business thought its interests were the only important matter in the Dutch-German relations. But international politics in fact played an important role as well.

The Hague and Dutch businesses worked together to further Dutch (industrial) interests, although cooperation did not always go smoothly.¹⁴² The ABUP thought the Dutch government did too little to defend its interests and decided to take matters in its own hands. In an attempt to further their interests in Germany, Royal Dutch Shell, Unilever, Philips, AKU (ABUP) joined to form the Steenberghe Commission – *Commissie voor Nederlandse Industriële Belangen*. The ABUP and the Steenberghe Commission were not the same. The ABUP had been founded prior to World War II. The Steenberghe Commission was established after the war, had more members and focused completely on Dutch industrial interests in Germany. Steenberghe took the chair, with the mediation and assistance of his friend Hirschfeld.¹⁴³ The four large Dutch multinationals repeatedly asked the Dutch government, which was already fully concentrated on safeguarding their interests, to do even more.¹⁴⁴ The Foreign Office, the Ministry of Economic Affairs and the Ministry of Finance gave their consent.¹⁴⁵ F.H. Fentener van Vlissingen of the SHV took it one step further, and pleaded for the government to establish a separate organ for German affairs, a

¹³⁸ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 2; ‘Notes of the Meeting of Delegates of the ‘Trust Company’, 6 June 1947.

¹³⁹ Bloemers, *De financiële verhouding tussen Nederland en Duitsland*, 10.

¹⁴⁰ HStAD, NW 53-114, Staatskanzlei; Aktennotiz, 30 May 1949.

¹⁴¹ F. Wielenga, ‘Der Weg zur neuen Nachbarschaft nach 1945’, in J.F.E. Bläsing, J. Bosmans, H. Lademacher and W. Woyke (eds.), *Die Niederlande und Deutschland. Nachbarn in Europa* (Hannover 1992) 124-142, there 130.

¹⁴² Bloemers, *De financiële verhouding tussen Nederland en Duitsland*, 10.

¹⁴³ Fennema and Rhijnsburger, *Dr. Hans Max Hirschfeld*, 209.

¹⁴⁴ *Ibid.*, 208.

¹⁴⁵ Information taken from Wubs, *International Business and National War Interests*, 169.

sort of Ministry for Hinterland Territories as existed for the Dutch Colonies. Van Vlissingen was supported by the major banks, which wanted to restore the pre-war economic mutual dependency between Germany and the Netherlands. The government rejected the proposal. According to the Dutch historians Fennema and Van Rhijnsburger, it is unclear why.¹⁴⁶ The reason, however, seems obvious. The Ministry of Foreign Affairs wanted to prevent there being different departments that focused on different tasks. The Foreign Ministry should have a coordinating function. It could not accept economic interests in Germany being placed outside its department. As far as economics was concerned, the Dutch position towards Germany was not very strong, but Bonn needed the Netherlands politically. In coordinating all this, the Foreign Ministry played a major role, and it did not want to give it up.

Although Dutch requests were repeatedly brought to the attention of the occupation authorities, neither the government nor business achieved any breakthrough after the summer of 1949.¹⁴⁷ After a meeting with J. McCloy, Clay's successor as commander of the American zone of occupation, Everts, vice-president of the Steenberghe Commission, stated that 'one can only hope that continuous battering on the same anvil will, in the end, lead to a better understanding of the difficulties that Allied industries in Germany face'.¹⁴⁸ It seems the German delegates were prepared to arrange the issue of capital revenues, but were blocked by the Allies. During negotiations in Frankfurt between the Netherlands and the Federal Republic from 24 January to 2 February 1950, the Dutch and German delegations designed a 'very satisfactory' formula for the transfer of capital revenues, which stated that the transfer of these revenues should be started as soon as possible, although it was impossible for the moment as Allied observers forbade the Germans to issue this or any similar declarations.¹⁴⁹ Bonn did not seem that eager to allow Dutch companies to transfer profits from the country, and this is somewhat understandable. The Dutch on their part were not at all responsive when it came to the treatment of the confiscated German properties in the Netherlands.¹⁵⁰ Consequently, a sort of tit-for-tat situation developed.

It would take until 1952 before the issue of capital revenues came under discussion in a larger international framework. Negotiations were held about these sensitive issues and the international consequences of the *Lastenausgleich* in London from February until August 1952. . An important role in the discussion about the financial liquidation of the consequences of World

¹⁴⁶ Taken from Fennema and Rhijnsburger, *Dr. Hans Max Hirschfeld*, 208-209.

¹⁴⁷ Wielenga, *West-Duitsland: partner uit noodzaak*, 261.

¹⁴⁸ As quoted by Wielenga, *West-Duitsland: partner uit noodzaak*, 261-262.

¹⁴⁹ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note Plv. Directeur-Generaal van het Buitenlands Betalings Verkeer M. Boomstra, 'Terzake van onderhandelingen met Duitsland', to Minister of Finance Liefstinck, 8 February 1950.

¹⁵⁰ PA AA B 60 Bd. 120; Letter K. Du Mont to Auswärtiges Amt, 'Deutsch-niederländische Finanzbeziehungen', 11 April 1951.

War II inside Germany was played by ‘demands for a *Lastenausgleich* between those, who had lost everything and those who came out of the war unharmed or had made profits’.¹⁵¹ Everyone who had suffered from the war, either in property or financially, was to be compensated. Those who qualified received on average six thousand Marks.¹⁵² The *Lastenausgleich* had been a hotly debated issue since the formation of the Federal Republic, which is hardly surprising since huge economic interests were at stake.¹⁵³ Although it was an internal German affair, it had international consequences. The London Debt Conference was the first time direct compensations for all the victims of the Nazi regime were discussed.¹⁵⁴

In London the Big Three drew up recommendations about ending the state of war and a change in the occupation statute.¹⁵⁵ This agreement would not be disadvantageous to the young West German state as it could demonstrate its creditworthiness towards eventual new capital suppliers. On a political level, Bonn wanted to create goodwill. It was not only about repayments of capital revenues, but in general would mark the recovery of trust in German creditworthiness.¹⁵⁶ On the other hand, the extent of the debt obligations should be as low as possible in the interests of internal welfare.¹⁵⁷

The *Bundestag* finally took a definite decision on 14 August 1952. A 50 per cent levy on all properties in Germany was to be paid in thirty annual periods.¹⁵⁸ An important element in the discussions about the *Lastenausgleich* had been the extent to which enterprises with foreign capital would be exempt from these taxes.¹⁵⁹ This was a matter of great importance to The Hague and other countries with financial interests in the Federal Republic. Steenberghe and Kohnstamm had been adamant that foreign firms in Germany should be exempt from these special levies, which they felt should apply exclusively to German firms.¹⁶⁰ At the London Debt Conference, the Dutch delegation was primarily concerned with regaining its claim on possessions in Germany and did not want the *Lastenausgleich* to be applied to these investments.

The Netherlands pressed for this position via its political lobby and the Steenberghe Committee. The path to an agreement, however, was strewn with obstacles. In accordance with

¹⁵¹ J. Faulenbach, *Deutschland in den fünfziger Jahren* (Bonn 2003) 23.

¹⁵² F. Boterman, *Moderne geschiedenis van Duitsland 1800 – heden* (Amsterdam 2005) 415-416.

¹⁵³ Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 331-335.

¹⁵⁴ P. van der Auweraert, ‘Dwangarbeid onder het Nationaal-Socialisme: de lange weg naar materieel herstel’, in E. Brems and Pieter Vanden Heede (eds.), *Bedrijven en mensenrechten. Verantwoordelijkheid en aansprakelijkheid* (Gent 2003) 185-208, there 193.

¹⁵⁵ Wielenga, *West-Duitsland: partner uit noodzaak*, 262.

¹⁵⁶ *Ibid.*, same page.

¹⁵⁷ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 110.

¹⁵⁸ Wielenga, *West-Duitsland: partner uit noodzaak*, 263. See also: Kleßmann, *Die doppelte Staatsgründung*, 190.

¹⁵⁹ Wielenga, *West-Duitsland: partner uit noodzaak*, 263.

¹⁶⁰ Harryvan and Van der Harst, *Max Kohnstamm*, 119.

general US policy, the United States advocated limiting the burden of claims on Germany.¹⁶¹ In spite of this, the Big Three reached an accord in the *Generalvertrag* – General Treaty – of May 1952. They announced the establishment of the Federal Higher Authority on Foreign Interest that could, in certain cases, grant compensation on the same basis as was done to German citizens, while awaiting the final peace treaty.¹⁶² This settlement was particularly welcome to the Netherlands. Despite strong German resistance, the General Treaty determined that companies, of which 85 per cent or more of their shares were in Allied hands would be exempted from these taxes for six years. This would lighten the burden by 20 per cent but still meant that they would have to pay 80 per cent of the tax. The Hague had fought so hard to defend the interests of Dutch business that it appeared happy with this small concession, given the lack of cooperation they had received from the Allies. The Ministry of Foreign Affairs concluded that the case had been settled in a satisfying matter.¹⁶³ It would take until 1960, however, until a definitive arrangement was reached.

Wielenga correctly concluded that the 1952 General Treaty had safeguarded *Dutch* capital interests in a satisfactory manner. The Ministry of Foreign Affairs stated that all Dutch endeavors had finally paid off, and that the results largely corresponded with Dutch requirements and interests. The Ministry of Finance and the Steenberghe Committee agreed. That does not mean that the General Treaty ended all problems surrounding Dutch financial interests in Germany.

One of these unsolved questions was the issue of the transfer of capital revenues. The General Treaty transferred authority in this field to the Federal German Government, and Bonn would only slowly liberalise it in O.E.E.C.-connection, which oversaw the further liberalisation of intra-European trade. The London Debt Treaty, signed on 27 February 1953, guaranteed a transfer and discharge arrangement, but Dutch creditors would only profit from this as late as 1958.¹⁶⁴ The main reason for this was that the Netherlands refused to sign the treaty at the last moment, as new problems emerged with regard to *Auslandbonds* – Foreign Bonds, which, in the 1920s, had been issued outside Germany in other currencies than the German mark, and which, during the occupation of the Netherlands, were purchased with worthless *Reichsmark* and carried to Germany. Furthermore it included prewar obligations, especially Dawes and Young loans, that had been bought in the Netherlands during the war with *Reichsmark*, sold to the Netherlands Bank – *De Nederlandsche Bank* – and subsequently exchanged for guilders.¹⁶⁵ The Netherlands demanded that these bonds, with a total value of approximately 200 million guilders, be returned.

¹⁶¹ Wielenga, *West-Duitsland: partner uit noodzaak*, 263

¹⁶² The following is based, unless stated otherwise, on Wielenga, *West-Duitsland: partner uit noodzaak*, 263-264.

¹⁶³ *Jaarboek van het Ministerie van Buitenlandse Zaken 1951/1952* (The Hague 1952) 88.

¹⁶⁴ This paragraph is based on, if stated otherwise, Wielenga, *West-Duitsland: partner uit noodzaak*, 265 and 444-445.

¹⁶⁵ NA, 2.08.75, inv. nr. 3335.

As Bonn was unwilling to acknowledge the claim, The Hague refused to sign the London Debt Treaty. A Dutch signature would have meant that the Federal German government would be able to use the treaty to postpone all negotiations about Foreign Bonds to a future peace conference. The Hague saw a refusal to sign as a way to put pressure on West Germany to start negotiations about Foreign Bonds, but Bonn would only discuss the matter within an international setting.¹⁶⁶ The Dutch parliament was disappointed that the Germans failed to react positively to their demand.¹⁶⁷ The West German ambassador to the Netherlands, Hans Mühlenfeld, was the only one to see the negative consequences Bonn's stance could have. He feared it would have serious negative effects on the unstable Dutch-German political relations.¹⁶⁸ As no agreement could be reached, the 200 million-guilder claim became a long term matter. A definitive completion of this issue would only be reached with the Dutch-German *Ausgleichsvertrag* in 1960.¹⁶⁹

3.5 Conclusions

Although Germany was bankrupt and had even been unable to transfer money to foreign countries before World War II, the Netherlands put down strong financial claims against the country after the end of the Third Reich. The Hague tried desperately to defend all Dutch business and capital interests in Germany but, under the influence of the strong lobby of the four large Dutch multinationals, it was forced to focus on the claims of the big companies. Ties between AKU, Royal Dutch Shell, Unilever and Philips and the Dutch government had been strong during World War II as Unilever and Royal Dutch Shell provided the officials for the Dutch government in exile. The fact that the prominent politician of the Catholic party Steenberghe, who became spokesman of these interests, and Hirschfeld were close friends, will only have strengthened these relations. The Hague undertook very little with regard to the claim on the partially illegal German occupation costs. It appeared that Big Business pulled the strings.

As a consequence of Allied policy, Dutch firms and citizens were unable to assert control over their investments for years. In 1945, the Allies not only controlled the Germany economy, but they also controlled Allied property. Military Government Laws blocked all Dutch interests in Germany. The transfer and movement of capital was forbidden, bank accounts were frozen and investments to enlarge companies were prohibited. With this, Allied policy, especially that of the British and Americans, struck both friend and foe. It had grave consequences for the

¹⁶⁶ BArch. Koblenz, B 126/7585, Band 2; 'Memorandum Federal German government', January 1956.

¹⁶⁷ BArch. Koblenz, B 126/7585, Band 1; 'Opening speech Rinnooy Kan, president of the Dutch delegation in the negotiations about the Auslandsbonds', 18 January 1955.

¹⁶⁸ BArch. Koblenz, B 126/7585, Band 1; 'Letter Mühlenfeld to the West German Ministry of Foreign Affairs', 16 February 1955.

¹⁶⁹ See Wielenga, 'Streep onder het verleden?', 42-69.

Netherlands as it was estimated that 80 per cent of Dutch possessions in Germany were in the western zones of occupation.

The Netherlands was unable to defend its claims and protect Dutch capital interests publicly until October 1948, when, at a conference in Paris, a number of committees drew up recommendations on the financial rehabilitation of former occupied countries. The Dutch delegation succeeded in gaining some concessions. The most important of these was the recommendation that foreign subsidiaries in Germany and other firms that were completely in foreign hands were to be exempt from the *Lastenausgleich*, a capital tax to provide for the needs caused by the war and currency reform. From the start, The Hague – and with it Dutch business and the Dutch delegation in Paris – had demanded that Dutch interests be exempt from this tax. Their objection was based on the opinion that Dutch capital properties should not have to contribute to the burden caused by the war waged by Germany. The Netherlands had some success in this. The General Treaty of May 1952 determined that companies, of which 85 per cent or more of the shares were in Allied hands, would be exempted from these taxes for six years. This eased the burden by some 20 per cent although they still had to pay 80 per cent, which was a large amount. Although success was limited, and relatively little was achieved, the Netherlands appeared happy with what they got, given the lack of cooperation they had received from their Allies.

Chapter 4 Dutch-German trade relations, 1945-1957

4.1 Introduction

In September 1946, a Committee of the *Commissie der Nederlandsche Maatschappij voor Nijverheid en Handel* – Dutch Society for Industry and Trade – an organisation of businessmen, sent out a circular to investigate the wishes of Dutch business on the problems in the Dutch-German trade. The large number of answers received were unanimous in their opinion: a rapid restoration of the Dutch-German trade relations was vital for Dutch prosperity.¹ Given the economic importance of Germany to the Netherlands, the weak economic state of the country and the huge interests of Dutch business in Germany, this opinion should come as no surprise. However, just as with the financial relations and Dutch investments in Germany, The Hague had a hard time recovering pre-war trade relations with its eastern neighbour. Again, the Allied occupation policy played a dominating role, although the fragmentation of Dutch departments and institutions dealing with foreign trade were a hindrance as well. Most important, however, was the economic fall-out of Germany. Without Germany to buy its products, the open economy of the Low Countries was moribund.² The consequences of the existing bilateral European trade pattern were felt clearly, especially in the Netherlands.³

This chapter analyses Dutch-German trade relations in the 1945-1957 period. It starts with a short outline of the pre-war situation to give a background to post-war developments. Then, the Dutch attempts to restore trade relations with Germany will be analysed and it will be explained why it took so long before Dutch-German trade relations were normalised. Furthermore, this chapter offers an analysis of what caused the impressive growth of the Dutch economy from late 1949 onwards. Finally, the activities of the Trust Company, established in joint cooperation by the Dutch government and Dutch business to further Dutch foreign trade, especially with Germany, are discussed. Although some Dutch historians have claimed its results and influence were limited⁴, the activities of the Trust Company are a prime example of how the Dutch government and business did everything in their power to restore trade relations with Germany as soon as possible.

¹ National Archives, The Hague, Collectie Dr. H.M. Hirschfeld als Lid van de Raad van Gedelegeerden van de "Trustmaatschappij (...)", 1947-1949, access code 2.05.48.03, inventory number 1; 'Verslag van de Commissie der Nederlandsche Maatschappij voor Nijverheid en Handel voor de bestudeering der economische betrekkingen tusschen Nederland en Duitschland', date unclear, probably end of 1946.

² T. Judt, *Postwar. A History of Europe since 1945* (London 2007) 98.

³ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 5; 'Letter Minister of Finance Liefstinck to Minister of Foreign Affairs Van Boetzelaer', 24 October 1947.

⁴ M. Fennema and J. Rhijnsburger, *Dr. Hans Max Hirschfeld. Man van het grote geld* (Amsterdam 2007) 157.

4.2 Dutch-German trade relations until 1945

After Hitler came to power on 30 January 1933, and especially from 1936 on with the adoption of the Four Year Plan, Germany was set on a path towards autarky. Nazi economic policy was a combination of state control and private enterprise 'within a framework of increasing state control of the whole economy through regulation and political interference'.⁵ In the early 1930s, Germany's financial position had deteriorated to such an extent, that in 1931, the government saw no other option than to lift the convertibility of the *Reichsmark*. During the 1931 financial crisis, *Reichspräsident* Paul von Hindenburg froze all German foreign debt and forced the Germans to sell all foreign currency and monetary gold they owned or had obtained from international transactions to the Central Bank at a fixed, low rate.⁶ Exchanging *Reichsmark* into foreign currency was not possible and the German currency could no longer be used in international payments.⁷ The inconvertibility of the *Reichsmark* led to a sort of autarky. Germany had an overvalued currency that it kept artificially high, which resulted in a low export and high import tendency. This was suppressed because of the lack of hard currency. When Great Britain devaluated its pound, the German *Reichsmark* became ever more overvalued. This meant that subsidies had to keep German exports going. However, the impressive German economic recovery from 1932/1933 led to an increase in the need for more raw materials, the price of which had risen considerably since the early 1930s. This meant that official gold and foreign exchange reserves of the *Reichsbank* were rapidly depleted and by the summer of 1934 they had reached a point of less than 100 million RM.⁸ By the beginning of 1938 this was only 76 million RM.⁹

As a result of this, the President of Hitler's *Reichsbank*, and the *Reich* Minister of Economic Affairs, Hjalmar Schacht, who was regarded as the 'economic *Führer* in the first Hitler government'¹⁰, presented his *Neue Plan* – New Plan – which created *Überwachungsstellen* – Supervisory Boards – for each category of products. From then on, relevant authorities had to approve every single import into Germany.¹¹ The regime controlled whether these imports were worth the hard currency.

⁵ G. Bel, 'Against the mainstream: Nazi privatization in 1930s Germany', *The Economic History Review* 63, No. 1 (February 2010) 34-55, there 35.

⁶ H.A.M. Klemann, *Tussen Reich en Empire. De economische betrekkingen van Nederland met zijn belangrijkste handelspartners, Duitsland, Groot-Brittannië en België en de Nederlandse handelspolitiek, 1929-1936* (Amsterdam 1990) 30.

⁷ H.A.M. Klemann, *Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: Economische integratie en politieke consequenties 1860-2000* (Rotterdam 2006) 54.

⁸ C. Buchheim, 'Introduction: German Industry in the Nazi Period', in C. Buchheim (ed.), *German Industry in the Nazi Period* (Stuttgart 2008) 11-26, there 12-13.

⁹ M. Ebi, 'The Overvaluation of the Reichsmark: Effects on Manufactured Exports and German Foreign Trade Policy', in Buchheim, *German Industry in the Nazi Period*, 27-38, there 38.

¹⁰ Bel, 'Nazi privatization', 49.

¹¹ Buchheim, 'Introduction', 13.

Schacht's measures had little effect on German exports that were imported to the Netherlands. In 1937 these stood at only 70 per cent of the 1929-figure.¹² The Netherlands imported a lot from Germany, but little that it could not obtain elsewhere. The dire monetary situation in the Third Reich forced Berlin to sharply decrease its imports. In 1936, however, the continuation of autarky became a political choice. This led to a conflict between Hitler and Göring on one side, and Schacht on the other.¹³ In 1936, Schacht proposed devaluing the *Reichsmark*, reopening the German market and putting a stop to inflationary financing. The Ruhr industrialists and other German entrepreneurs wanted to rejoin the world market, at that moment the regime thought that economic recovery, consolidation was realised. The time had come to mobilise the economy for political aims, *in casu* war.¹⁴ For that, autarky was essential. Schacht and the Ruhr industrialists were primarily concerned with the economy, but for the Nazis it was just an instrument. This led to a clash between Schacht, representing the industrialists who favoured normal economic development, and Hermann Göring representing those who wanted political power and had no interest in an open market.

Table 4.1 German total imports and exports and trade with the Netherlands, 1929-1938 (In 1913 prices)

	German international trade					Trade with Netherlands				
	GNP	Imports	Exports	Import	Exports	Imports	Exports	Imports	Exports	
	Million Marks (market prices)			In percent of GDP		Million Marks (market prices)		In percent of all foreign trade		
1929	51054	9968	9273	20	18	520	932	5	10	
1930	46393	8883	8792	19	19	479	881	5	10	
1931	40030	7491	7986	19	20	428	795	6	10	
1932	38588	6987	5508	18	14	409	607	6	11	
1933	45302	6869	5171	15	11	379	651	6	13	
1934	51111	7237	4620	14	9	429	534	6	12	
1935	57337	6612	4903	12	9	312	471	5	10	
1936	63102	6352	5487	10	9	255	456	4	8	
1937	69732	7439	6349	11	9	294	503	4	8	
1938	76495	7955	5386	10	7	304	471	4	9	

Sources: *Statistisches Jahrbuch für das Deutsche Reich* (Berlin 1930) 234; *Statistisches Jahrbuch für das Deutsche Reich* (Berlin 1931) 214; *Statistisches Jahrbuch für das Deutsche Reich* (Berlin 1932) 212; *Statistisches Jahrbuch für das Deutsche Reich* (Berlin 1934) 228; *Statistisches Jahrbuch für das Deutsche Reich* (Berlin 1937) 265; *Statistisches Jahrbuch für das Deutsche Reich* (Berlin 1939) 294; A. Ritschl and M. Spoerer, 'Das Bruttosozialprodukt in Deutschland nach den amtlichen Volkseinkommens- und Sozialproduktsstatistiken 1901-1995', *Jahrbuch für Wirtschaftsgeschichte* 2 (1997) 53-54; own calculations.

¹² Buchheim, 'Introduction', 12

¹³ R. Overly, *War and Economy in the Third Reich* (Oxford 1995) 57, 95-96.

¹⁴ *Ibid.*, 95.

Table 4.2 Dutch total imports and exports and trade with Germany, 1929-1939 (In 1929 prices; goods and services only)

	Netherlands			Trade with Germany					
	Imports Million guilders	Exports	GDP	Imports Percent of GDP	Exports	Imports Million guilders	Exports	Imports In per cents of all trade	Exports
1929	3240	2775	6482	50	43	842	451	26	16
1930	3081	2553	6411	48	40	847	396	27	16
1931	2927	2354	6116	48	38	843	338	29	14
1932	2517	1965	6061	42	32	678	306	27	16
1933	2653	1895	6085	44	31	751	302	28	16
1934	2545	1991	6018	42	33	633	350	25	18
1935	2461	2083	6181	40	34	519	268	21	13
1936	2510	2152	6514	39	33	490	229	20	11
1937	2716	2563	6886	39	37	497	273	18	11
1938	2691	2437	6665	40	37	490	246	18	10
1939	2823	2325	7179	39	32	508	212	18	9

Sources: CBS, *Macro-economische ontwikkelingen, 1921-1939 en 1969-1985. Een vergelijking op basis van herziene gegevens voor het interbellum* (The Hague 1987); CBS, *Zeventig jaar statistiek in tijdreeksen, 1899-1969* (The Hague 1970); own calculations.

The conflict between Schacht and Göring had a negative influence on the Reich's trade statistics and export to many countries, including the Netherlands seriously tumbled. As is clear from Table 4.1, total German imports and exports dropped considerably between 1929 and 1938. In 1934 and 1935, total exports stood at almost half the 1938-figure. Imports did somewhat better. Imports and exports in percentage of German GDP (at market prices) also decreased. At the end of the 1930s, the percentage of exports had dropped by more than 50 per cent. All this had serious repercussions for the Netherlands. German import and export to the Netherlands decreased rapidly; export was hit hardest, reaching just half of the 1929-figure (471 instead of 932 million marks). However, the Dutch percentage of total German trade remained at roughly the same level. As Table 4.2 shows, the problems in Germany and the autarkic policy of the Nazis were felt by Dutch trade. From 1931 onwards, Dutch import from Germany slumped until 1938. Exports fared even worse, and had almost halved in 1938. Dutch imports from Germany as a percentage of the total Dutch trade slumped from 26 per cent in 1929, to 18 per cent in 1939, the lowest figure since the 1920s. The same was true for exports that dropped from 16 to 9 per cent in the years between 1929 and 1939, with the sharpest drop from 1935 to 1939.¹⁵

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

¹⁵ Klemann, *Tussen Reich en Empire*, 229, 232 and 234.

thus offers the possibility to settle payments without international transactions. This only works, however, when trade is kept in balance, so the largest trade flow has to be limited.¹⁶

When the Depression was at its most severe, hard currency was extremely limited. As demand was relatively low, it hardly influenced German imports.¹⁷ But it became a serious problem from 1933 onwards when the Nazis, who had only recently come to power, started stimulating the economy and foreign invoices were no longer paid. This was not because German customers could not or would not pay, it was just that the *Reichsmark* could no longer be transferred into hard currency. Many German trading partners therefore introduced bilateral clearing with the Reich or otherwise demanded guarantees that the currency Germany earned from the goods it exported to that country was used to pay for its imports.¹⁸

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

¹⁶ Klemann, *Tussen Reich en Empire*, 95; H.A.M. Klemann, 'Wirtschaftliche Verflechtung im Schatten zweier Kriege 1914-1940', in H.A.M. Klemann and F. Wielenga (eds.), *Deutschland und die Niederlande. Wirtschaftsbeziehungen im 19. und 20. Jahrhundert* (Münster 2009) 19-44, there 39.

¹⁷ Klemann, *Tussen Reich en Empire*, 99 and 215.

¹⁸ *Ibid.*, 217.

trade and reached a high level of autarky. Bilateral clearing kept trade going while the Nazi regime was interested. Businessmen and consumers, however, lost their grip on trade flows.¹⁹

This policy had serious repercussions for the Netherlands. Although trade via clearing continued, albeit on a much reduced scale, Dutch exports to Germany had dropped to less than 50 per cent of the 1929-figure by 1936.²⁰ With the German market becoming more and more closed and total German imports decreasing by 68 per cent between 1928 and 1934, the Netherlands turned to Great Britain as its main export market in the 1930s.²¹ In 1936, Great Britain accounted for 22 per cent of the Dutch export market, whereas the Reich only accounted for 16 per cent. Although Germany recovered spectacularly from the Depression, its imports remained limited to 22 per cent. The Dutch trade, harbours and transit traffic suffered heavily on this account. The devaluation of the guilder in 1936 was not enough to stimulate full economic recovery. This was largely a consequence of the monetary policy of the Nazis.²²

According to the Dutch historian Klemann, the depression in the Netherlands was largely brought about by the German one. However, when Germany recovered, Dutch recovery remained limited because the German upsurge was largely confined to the internal market. It was only on 15 May 1940, the day the Dutch capitulated to the German *Wehrmacht*, that the German market – of such importance to the Dutch economy – reopened. For the first two years of the occupation, this would have remarkable positive effects on Dutch production.²³ Research has shown that the Dutch economy actually did rather well during the occupation. It boomed during the first two years of the war, when it experienced an economic revival that had not been seen since the late 1920s.²⁴ Export to Germany, in the form of ordered deliveries, did exceptionally well, but it ground to a halt in 1945, as there was simply no Germany to trade with anymore. The Netherlands had to do business with the Allied occupation authorities.

4.3 Post-war reorientation of Dutch trade?

In April 1941, the Dutch Studygroup for Reconstruction Problems in London deliberated the economic future of the Netherlands and the issue of which country to focus on after World War II. Many of those present, among them Prince Bernhard, J.W. Beyen (Unilever), the future liberal

¹⁹ This paragraph is based H.A.M. Klemann with Sergei Kudryashov, *Occupied Economies. An Economic History of Nazi-Occupied Europe, 1939-1945* (forthcoming).

²⁰ H.A.M. Klemann, *Nederland 1938-1948. Economie en samenleving in jaren van oorlog en bezetting* (Amsterdam 2002) 39.

²¹ *Ibid.*, 36.

²² *Ibid.*, 39-40.

²³ *Ibid.*, 41.

²⁴ Klemann, *Nederland 1938-1948*, 569; H.A.M. Klemann, 'Did the German Occupation (1940-1945) Ruin Dutch Industry?', *Contemporary European History* 17, No. 4 (2008) 457-481; Also: M. Lak, 'The Netherlands in ruins? Post-war economic problems as a result of the German occupation, 1945-1949'. Paper presented at the conference *The Short- and Long-Term Economic Effects of German Exploitation of Occupied Countries during WWII*, at the German Historical Institute, Washington DC, United States of America, 18-20 June 2009.

War Minister O.C.A. Van Lith de Jeude, Paul Rijkens (Unilever), J.M. de Booy (Royal Dutch Shell), Posthumus Meyes and Royal Dutch Shell President, J.B. Aug. Kessler, felt that the Netherlands should shift its main focus of trade from Germany to Great Britain and its Dominions.²⁵ Unilever and Royal Dutch Shell were both Anglo-Dutch firms with their headquarters in London and were therefore more focused on Britain. They had a many more employees in foreign countries than Philips and AKU, which had their main offices in the occupied Netherlands. The fact that they were Anglo-Dutch multinationals influenced Unilever and Royal Dutch Shell's plans for the future.

Rijkens, for example, thought that trade relations with Germany had not been satisfactory since 1914, while Britain had become much more important. He concluded that, as after World War I, German purchasing power had fallen too low, and the Netherlands should have changed its course in the late 1910s: 'The simplest products had already become luxuries for Germany'. As it was obvious – at least, according to Rijkens – that this would become even worse after World War II, he considered it appropriate to 'concentrate even less on Germany'.

Others thought that as Dutch export to Great Britain had been considerably higher than export to Germany during the 1930s 'there was no reason to think of Germany in the first place'. Kessler felt that a continued cooperation with the British Empire was 'a necessity of life' and De Booy thought that the Netherlands should focus on the West. Moreover, they felt they should act swiftly, as, once liberated, the Netherlands would return to old traditions, trade habits would regain strength and Dutch trade would 'once again turn to Germany'.²⁶ Beyen agreed. Prince Bernhard, however, felt there was little danger of this, as any move to reinstate ties with Germany would be suppressed by anti-German feelings.²⁷

The Dutch government in exile did not share these opinions. It was in favour of recovering Dutch-German trade relations as soon possible. At a meeting of the Council of Economic Affairs in late October 1945, where Anglo-Dutch multinationals were less strong, the government stated that from 'an economic point of view, it would be a great disadvantage to the Netherlands to loose Germany as its hinterland'.²⁸

²⁵ Netherlands Institute for War Documentation (NIOD), Amsterdam, Reconstruction Committee, access code 233, inventory number 1b; 'Notulen van een bijeenkomst onder leiding van Prins Bernhard', 1 April 1941.

²⁶ Information and quotes taken from NIOD, Amsterdam, Reconstruction Committee, access code 233, inventory number 1b; 'Notulen van een bijeenkomst onder leiding van Prins Bernhard', 1 April 1941. See further: B. Wubs, *International Business and National War Interests. Unilever between Reich and Empire* (Abington 2008) 137-138.

²⁷ NIOD, Amsterdam, Reconstruction Committee, access code 233, inventory number 1b; 'Notulen van een bijeenkomst onder leiding van Prins Bernhard', 1 April 1941; NIOD, Amsterdam, Reconstruction Committee, access code 233, inventory number 1b; 'Samenvattend verslag van een aantal besprekingen, gehouden onder leiding van Z.K.H. Prins Bernhard der Nederlanden, Onderwerp: De toekomstige financieele en economische politiek van Nederland', 30 April 1941.

²⁸ NA, 'The Hague, Ministerraad, 1823-1988, access code toegang 2.02.05.02, inventory number 570; Council of Economic Affairs, 'Verslag van de vergadering gehouden op Maandag, 22 October 1945', 22 October 1945.

That was exactly what happened in May 1945. With the collapse of Hitler's 'Thousand Year Reich', the Netherlands lost its main trading partner. Trade with Germany was all but impossible, and remained almost nonexistent until 1948, apart from compulsory exports of coal, timber, scrap and a limited amount of industrial products.²⁹ Immediately after the German collapse, the Allied authorities in the western zones ordered the closure of most large-scale industries and, by September 1945, there were only a few sawmills and mines left open to cover the needs of the US Army.³⁰

Allied occupation regulations made trade with Germany difficult. The Joint Export-Import Agency (JEIA) was responsible for all foreign trade and monetary transactions.³¹ Not only did the American authorities forbid German traders to have direct contact with foreigners, but the Netherlands had to pay for their much needed German coal in dollars, while it received inconvertible RM for its own exports.³² According to the economic weekly *Economisch-Statistische Berichten*, the Allies hindered trade with Germany so that they could collect as many dollars as possible.³³ The loss of Germany as an industrial nation and a supplier of industrial goods made the Dutch dependent on the United States and its dollars. As industry in Germany was at a standstill, Dutch industry and agriculture, which mainly used German machines, could not obtain spare parts. In a letter to the Commerce Branch Control Commission for Germany in the British zone of occupation, the Dutch sewing machine company *A. Lewenstein*, wrote that it needed spare parts and needles for the many thousands of machines it had sold in the Netherlands, both for household and industrial purposes, and 'many machines can not be used as there are no spare parts to repair them'.³⁴ It was a reflection of a more general problem that obstructed production in large parts of Dutch industry.

4.4 The Ruhr area at a standstill

The core of the German economic problem lay in the fact that the industrial area of the Ruhr was at a standstill. Although industrial damage from Allied bombing was limited, production was low because the Ruhr was isolated from the rest of Germany and Europe. This was because the Allied bombing campaign had inflicted extensive damage on the German infrastructure. In the

²⁹ B. Eichengreen, *The European Economy since 1945. Coordinated Capitalism and Beyond* (Princeton 2007) 60.

³⁰ H. Berger and A. Ritschl, 'Germany and the political economy of the Marshall Plan, 1947-1952: a re-revisionist view', in B. Eichengreen (ed.), *Europe's post-war recovery* (New York 2006) 199-245, there 210.

³¹ C.L. Glossner, *The Making of the German Post-War Economy. Political Communication and Public Reception of the Social Market Economy after World War II* (London/New York 2010) 16.

³² Klemann, *Nederland 1938-1948*, 330-331.

³³ J.M.E.M.A. Zonnenberg, 'Handel met Duitschland', *ESB*, 11 December 1946, 829-831.

³⁴ Bundesarchiv (BArch) Koblenz, Bestand Z8/1684; 'Letter N.V. Amsterdamsche Naaimachineshandel A. Lewenstein, to Commerce Branch Control Commission for Germany, Main Headquarter Boar, Minden', 6 January 1947.

last year of the war, Allied planes bombed German roads, bridges and rails with impunity and roamed the skies by the thousands. Ninety per cent of the country's rail network was either blocked by wrecked rolling stock or rendered impassible by bomb damage to the tracks.³⁵ Consequently, the transport of vital raw materials was impossible for a long time.³⁶ It even meant, that the Ruhr could not be supplied with food and clothing.³⁷

The problems in infrastructure had an immense and acute impact on the economy of occupied Germany. The occupation powers had seized most available means of transport and capacity dropped to a minimum. For example, by 1947, the number of serviceable locomotives in the Bizone had dropped from almost 9000 in 1936 to 6.821 which is just 76 per cent, whereas the percentage of serviceable persons wagons was only 59 per cent of the 1936-figure. Moreover, there were fewer foreign ships on the Rhine and these were not admitted into internal German waterways. This had serious consequences for the export of Ruhr coal: 'The relatively limited production quantities could not be transported to the designated places, and caused an increase in coal that was not used. This created a 'the grotesque situation where, on the one hand industries that were of vital interest had to limit or even terminate their production because of lack of coal, whereas on the other piles of unused coal were growing'.³⁸ Very little coal was being moved from the mines, mainly as a result of the lack of transport facilities.³⁹ In 1945, only 33 thousand tons of coal was produced by Ruhr mining,⁴⁰ which is the same amount as in 1889, and around a quarter of the 1939-figure. In 1945, the production of cokes only reached 15 per cent of the pre-war level and it would take until 1951 before it reached the level of 1944.⁴¹

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

³⁵ Eichengreen, *The European Economy Since 1945*, 54-55.

³⁶ S. Reichardt and M. Zierenberg, *Damals nach dem Krieg. Eine Geschichte Deutschlands 1945 bis 1949* (Munich 2009) 71.

³⁷ A. Schlieper, *150 Jahre Ruhrgebiet. Ein Kapitel deutscher Wirtschaftsgeschichte* (Düsseldorf 1986) 149.

³⁸ Quote and information in this paragraph taken from: K. Wiesendanger, *Die Ruhrkohle in der Westeuropäischen Kohlenwirtschaft 1945-1949* (Lörrach 1952) 17-18.

³⁹ M. Roseman, *Recasting the Ruhr, 1945-1958. Manpower, Economic Recovery and Labour Relations* (New York/Oxford 1992) 23.

⁴⁰ Karl-Peter Ellerbrock, *150 Jahre IHK. Geschichte und Geschichten – Die Industrie- und Handelskammer im mittleren Ruhrgebiet zu Bochum 1856-2006* (Bochum 2006) 26.

⁴¹ Schlieper, *150 Jahre Ruhrgebiet*, 150.

coal production in the Ruhr area and the low export of coal as a consequence, caused an energy crisis in the whole European economy.⁴²

West Germany was not the only country dependent on Ruhr coal, many other parts of Europe were as well.⁴³ Before the war, the Ruhr – the industrial heart of Europe, but also the weapon blacksmith of the Reich – had supplied coal to a major part of Europe.⁴⁴ In 1947, the International Chamber of Commerce stated that the division of scarcely available resources in Europe was not easy. It warned, however, that it would be counterproductive to kill the goose that laid the golden eggs i.e. the Ruhr area and its coal production. It deemed it more import to increase German coal production and export coal and other goods as soon as possible. Only then would it be possible to achieve a balanced and healthy European economic recovery.⁴⁵

After the collapse of the Third Reich, it became fundamentally important to reactivate mining in the Ruhr and to breathe new life into its industry. The economic recovery of Europe depended on it.⁴⁶ The Continent could simply not do without it, especially not the Netherlands. In spite of all that had happened in the war, nothing could erase the fact that Germany was indispensable for the Netherlands' long-term recovery.⁴⁷ For this reason, in October 1945 the Dutch Council of Economic Affairs stated that demolition of German industry would not be in the best interests of the Netherlands, as it would hit the country's means of existence.⁴⁸ Kohnstamm, in his memorandum of April 1949, saw a strong German economic recovery as a means of strengthening western Europe, provided this would go hand in hand with the economic integration of the community of states.⁴⁹ In another memorandum, sent to the commander of the American occupation zone in Germany in 1949, Kohnstamm wrote that 'the Netherlands-German relations are a good starting point in working towards the economic integration of Germany and Europe'.⁵⁰ In May 1945, however, this was out of the question. The Third Reich had been broken up into four Allied occupation zones between which trade was all but impossible. This made German economic recovery impossible at that time. During 1945 and the

⁴² 'De internationale economische- gevolgen van den toestand in Duitschland', Rapport van een Comité, ingesteld door den President van de Internationale Kamer van Koophandel in uitgebracht aan den Uitvoerenden Raad der kamer op 2 April 1947. Source: *De Economist* 95, No. 1 (December 1947) 237-278, there 237-238.

⁴³ W. Abelshauser, *Der Ruhrkohlenbergbau seit 1945* (Munich 1984) 7.

⁴⁴ U. Rombeck-Jaschinski, *Nordrhein-Westfalen, die Ruhr und Europa. Föderalismus und Europapolitik 1945-1955* (Essen 1990) 11.

⁴⁵ 'De internationale economische- gevolgen van den toestand in Duitschland', 246.

⁴⁶ C. Kleßmann, *Die doppelte Staatsgründung*, 110.

⁴⁷ R.T. Griffiths, *Economic reconstruction policy in the Netherlands and its international consequences, May 1945-March 1951* (San Domenico 1984) 33.

⁴⁸ NA, The Hague, Ministerraad, 1823-1988, access code 2.02.05.02, inventory number 570; Council for Economic Affairs, 'Verslag van de vergadering gehouden op Maandag, 22 October 1945', 22 October 1945.

⁴⁹ J.C. Hess and F. Wielenga, 'Die Niederlande und die Wiedervereinigung Deutschlands. Ein Beitrag zur Debatte um die „Verpassten Gelegenheiten“ im Jahr 1952', *Vierteljahresheft für Zeitgeschichte* 35, No. 3 (1987) 349-384, there 352.

⁵⁰ As cited in A.G. Harryvan and J. van der Harst, *Max Kohnstamm. Leven en werk van een Europeaan* (Utrecht 2008) 122.

early part of 1946, there was no exchange of goods between sections of Germany beyond the necessity of providing the population with certain minimal needs.⁵¹

Germany had once supplied the capital goods that were now essential for the recovery and growth of its neighbours, especially the Netherlands.⁵² While Germany was down, Europe's economic recovery would fail. The problem was that this only became clear to the British and Americans much later. The policy of the Allies, and especially the Americans, had serious repercussions for Europe's recovery. This policy only changed as the Cold War developed and the Marshall Plan was introduced.⁵³ In the winter of 1946-1947, German industrial production was estimated at 30 per cent of the pre-war level, with the exception of black market production. In the Bizone in 1947, legal industrial production reached 50 per cent of the 1936-figure at the most.⁵⁴ Of course, figures for black market production are not included in official data. It was therefore impossible for European countries to obtain the coal and machines they needed from Germany. Whereas before World War II these countries had been able to export services and goods to Germany and import capital goods, they were now forced either not to import them or to import them from the United States, who had absolutely no interest in importing the products these countries offered.⁵⁵

4.5 Dutch-German trade

Allied policy in the period just after the war prevented the Netherlands from restarting trade with Germany. According to the British, goods and services imported from the Netherlands were not to be paid for in pounds and exports were only allowed if they yielded dollars. In October 1947, H.C.J.H. Gelissen, president of the Dutch Chamber of Commerce for Germany, stated that there were walls 'which were impossible to cross with even the tallest vaulting pole'.⁵⁶ Others correctly assessed that the zonal division of Germany would influence Dutch-German economic relations negatively.⁵⁷

It was obvious that Dutch-German trade was at an absolute low. In 1938, the Netherlands imported goods from Germany to a value of 301 million guilders. In 1946 and 1947, this was a mere 17 and 25 million inflated guilders respectively. The picture was equally gloomy

⁵¹ K. Holbik and H. Myers, *Postwar trade in divided Germany: The Internal and International Issues* (Baltimore 1964) 15.

⁵² Berger and Ritschl, 'Germany and the political economy of the Marshall plan', 214-216.

⁵³ M. Lak, 'Na de overwinning. De Amerikanen, Britten en Russen in Duitsland na WO II', *De Academische Boekengids* 69 (July 2008) 3-5, there 5

⁵⁴ Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 108, table 7.

⁵⁵ H. Riemens, *De financiële ontwikkeling van Nederland* (Amsterdam 1949) 188.

⁵⁶ H. Gelissen, *Bijdrage tot de Wederopbouw der Nederlands-Duitse betrekkingen/ Beitrag zum Wiederaufbau der Deutsch-Niederländischen Beziehungen* (Maastricht 1950) 24.

⁵⁷ Wemelsfelder, 'De invloed van de zone-indeling in Duitsland op de Nederlandse economie', 337; Th. M. Metz, *Fünfzig Jahre Niederländische Handelskammer für Deutschland 1905-1955* (The Hague 1950) 165 and 167-168.

for the exports. Two years before the outbreak of World War II, the Netherlands exported to Germany for a value of 154 million guilders. In the first two full post-war years – 1946 and 1947 – this was only 13 and 14 million guilders.⁵⁸ As a result, only 37 per cent of the total Dutch imports was covered by exports, compared to the 1938-figure of 74 per cent. This pre-war level would only be reached again in 1951.⁵⁹

Table 4.3 *Dutch total trade in million guilders (1938 prices), Dutch international trade as a percentage of GDP and trade with Germany, 1938 and 1946-1957.*

Totals	Imports	Exports	Change in % with previous year		Dutch international trade as a percentage of GDP		Trade with Germany in percents of Dutch international trade	
			Imports	Exports	Total imports	Total exports	Imports from Germany	Exports to Germany
1938	1460	1079			27	20	21	15
1946	670	229	-54	-79	21	8	3	6
1947	1109	515	66	125	33	14	2	3
1948	1241	741	11	44	33	18	5	6
1949	1333	1082	7	46	32	23	7	11
1950	1763	1463	32	36	42	29	12	21
1951	1741	1669	-1	14	46	35	12	14
1952	1556	1851	-11	11	38	36	14	14
1953	1805	2045	16	10	38	35	16	14
1954	2235	2293	24	11	41	35	17	16
1955	2508	2553	12	11	41	35	18	17
1956	2831	2646	13	4	44	34	18	18
1957	2949	2789	4	5	45	34	19	19

Sources: CBS, *Zeventig jaar statistiek in tijdreeksen, 1899-1969* (The Hague 1970); CBS, *Tweehonderd jaar statistiek in tijdreeksen, 1800-1999* (Voorburg/Heerlen 2001); own calculations.

⁵⁸ Sources: CBS, *Zeventig jaar statistiek in tijdreeksen, 1899-1969* (The Hague 1970) and M. Lak, "Eine Angelegenheit von fundamentaler Bedeutung". Die Wechselwirkung der ökonomischen und politischen Beziehungen zwischen den Niederlanden und Deutschland, 1945-1949', in Klemann and Wielenga, *Deutschland und die Niederlande. Wirtschaftsbeziehungen im 19. und 20. Jahrhundert* 45-85, there 59, table 1.

⁵⁹ CBS, *Tweehonderd jaar statistiek in tijdreeksen 1800-1999* (Voorburg/Heerlen 2001) 49.

Table 4.4 *German total imports and exports and trade with the Netherlands, 1938 and 1950-1957*

	Germany					Trade with Netherlands			
	Imports Million Marks (nominal)	Exports Million Marks (nominal)	GDPmp (real, base=1913)	Import In per cents of GNP	Exports In per cents of GNP	Imports Million Marks (nominal)	Exports Million Marks (nominal)	Imports In per cents of all trade	Exports In per cents of all trade
1938	5449	5257	77443	6	5	208	460	4	9
1950	11374	8362	46834	12	9	1246	1164	11	14
1951	14726	14577	51440	13	13	1022	1456	7	10
1952	16203	16909	56178	13	14	1170	1345	7	8
1953	16010	18526	61133	12	14	1251	1657	8	9
1954	19337	22035	65813	13	15	1526	2059	8	9
1955	24472	25717	73723	15	16	1770	2422	7	9
1956	27819	30780	79334	16	17	2002	2876	7	9
1957	31544	35872	84027	16	19	2258	3246	7	9

Sources: *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1952* (Wiesbaden 1952) 235, 256-257; *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1954* (Wiesbaden 1954) 279, 308-309; *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1958* (Wiesbaden 1958) 268-269; A. Ritschl and M. Spoerer, 'Das Bruttosozialprodukt in Deutschland nach den amtlichen Volkseinkommens- und Sozialproduktsstatistiken 1901-1995', *Jahrbuch für Wirtschaftsgeschichte* 2 (1997) 53-54; own calculations.

As is evident from Table 4.3, Dutch trade with Germany was almost at a standstill between 1945 and 1949. Dutch imports as a percentage of the GDP increased strongly after the war, a result of the Dutch need to import capital goods and industrial machinery for its recovery. Exports also showed a rise, although on a somewhat lesser scale. Between 1945 and 1949, however, trade with Germany as a percentage of total trade decreased markedly. Here the Dutch felt the consequences of Allied policy. In fact, Dutch imports from Germany would not reach their 1938-level in the first twelve post-war years. Exports, however, did. This was a result of the liberalisation of the German import market in September 1949. Total Dutch imports reached and even surpassed the 1938-level in 1950 partly due to the opening of international markets. Problems in the EPU, caused Dutch imports to fluctuate somewhat in 1952 and 1953, but from 1953 onwards they increased to heights never reached before. Exports showed a somewhat different picture. In 1946, export reached a level of a little more than 21 per cent of the 1938-level. In the following years it increased strongly, and by 1949 it was at the 1938-level. 1949 was the first full year of Marshall Aid and the first year the German market was open. Dutch real exports reached unprecedented heights in 1950, although in 1951 they dropped by 11 per cent. Between 1953 and 1955, Dutch exports increased by 25 per cent, to reach normal growth figures in 1956 and 1957. This led to export led growth: the growth of the Dutch trade was caused by exports. From 1947 to 1955 the growth in real exports was constantly above 10 per cent, and it was barely under 40 per cent until 1950. The Netherlands recovered spectacularly as a consequence of their export market.

West Germany did a little better after 1950 (Table 4.4). Both import and export figures for the Netherlands percentage of total trade remained stable. It is notable that German exports in per cent of the German GNP increased from 14 to 19 per cent between 1952 and 1957. The percentage of Dutch imports and exports had already passed their 1938-level by a clear margin in 1950.

But, in 1945, this dream still had to be realised. The loss of Germany as an import and export market caused a (temporary) shift in the Dutch trade pattern. Whereas in 1938, 21 per cent of the goods imported into the Netherlands came from Germany, this fluctuated between 2.5 and 5.5 per cent between 1946 and 1948. Export figures showed the same picture, dropping from a 1939-figure of 15 per cent to, at the most, 6.6 per cent during 1946-1948. As a consequence, the European demand for machinery, machine-tools, vehicles, construction equipment and steel products was directed towards the United States. In 1938, 44 per cent of the machinery imported to Britain came from the United States and 25 per cent from Germany. Two years after World War II, 65 per cent came from the United States, and a mere 3 per cent from Germany. Alan Milward calculated that in western Europe as a whole, the increase in the export of capital goods and steel from the United States in 1947 accounted for 61 per cent of the total increase in these exports over 1938.⁶⁰ Given the fact that the US came out of World War II as the only true super power, European dependency on the New World was hardly surprising. Steel production in the United States jumped from 53 million tons in 1939 to 80 million in 1945,⁶¹ a considerable part of which found its way to the ruined European continent. Capital goods, metals, vehicles, ships and planes were responsible for more than half the increase in imports in the economies of France, the Netherlands and Norway.⁶² With the elimination of Germany, the demand for machinery, machine-tools, vehicles, construction equipment and steel products could only come from one source: the United States.⁶³ Even Britain, the most important Western European importer, could only cope with help of the US.⁶⁴

The Netherlands fitted in the general picture of a growing dependence on the United States and to a lesser extent on Great Britain. Import figures were clear on that. In 1938, the Netherlands imported goods from the United States worth 154 million guilders. Between 1946 and 1949, this figure varied from 536 to 1198 million guilders (163 – 310 million in 1938 prices),

⁶⁰ Information in this paragraph taken from A.S. Milward, *The reconstruction of Western Europe 1945-1951* (London 1984) 36-37.

⁶¹ G. Lundestad, 'Empire by Invitation?' The United States and Western Europe, 1945-1952', *Journal of Peace Research* 23, No. 3 (1986) 263-277, there 264.

⁶² Milward, *The Reconstruction of Europe*, 36.

⁶³ Ibid., same page.

⁶⁴ Ibid.

1947 being the peak. The Netherlands imported 115 million guilders worth of goods from Great Britain in the last pre-war year and 348 and 462 million guilders (106 – 120 million in 1938 prices) in the years 1946-1947.⁶⁵

Allied trade policy did little to further the trade between the Netherlands and the US and British German occupation zones. Germany, one of the Netherlands' main markets for food exports was closed. 'I am buying calories, not food', Clay, the American commander of the US occupation zone, stated when asked to explain his decision to spend funds on wheat instead of on the higher priced Dutch vegetables. The virtual disappearance of transit traffic to Germany, and up the Rhine to central Europe, cut off a major source of Dutch currency income.⁶⁶

Even when the Dutch did export some products to Germany, the Allies paid for them in useless *Reichsmark*. As S.J. Teppema, responsible for the trade relations with Germany at the Ministry of Foreign Affairs wrote to the Minister of Finance, P. Liefstinck, import of German products met with obstacles as well: 'What we wanted, the other side claimed to be unable to offer and what we did not want was offered abundantly'.⁶⁷ For essential goods payments would be in dollars, but whereas the essential list included 'virtually everything the Dutch might conceivably need from Germany, it excluded many traditional Dutch exports', most notably vegetables.⁶⁸

For the first two years after the defeat of the Third Reich, the Dutch only made limited food deliveries to the western zones of occupation, although some coal was exported to the Netherlands.⁶⁹ As the Allies were unable to agree on a joint German policy, and the country remained in the same perilous condition as it had been since May 1945, the Dutch economy had to do without its main export market.⁷⁰ German economic recovery had to come from the United States,⁷¹ but, as yet, Washington was not geared towards rebuilding Germany.

The Netherlands, therefore, had to find other markets for its exports. Apart from the United States, which had little interest in Dutch products, the only reasonable option seemed to be Britain.⁷² Although Britain had been an increasingly important buyer of Dutch exports since 1931, economic relations with the United Kingdom were far from satisfactory. The Netherlands felt that the British had abused their monopolistic power on world markets when it came to

⁶⁵ Sources: CBS, *Vijfennegentig jaren statistiek in tijdreeksen 1899-1994* (The Hague 1994) 173 and CBS, *Maandstatistiek van den In-, Uit- en Doorvoer van Nederland 1938-1948* (The Hague 1939-1949); own calculations.

⁶⁶ Clay's quote and the information in this paragraph are, unless stated otherwise, taken from W. Diebold, *Trade and Payments in Western Europe. A Study in Economic Cooperation 1947-1951* (New York 1952) 325.

⁶⁷ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'Letter Teppema to Liefstick', 5 August 1948.

⁶⁸ Griffiths, *Economic reconstruction policy in the Netherlands*, 37.

⁶⁹ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note Directeur van het Buitenlands Betalingsverkeer voor de Minister van Financiën, 'Verhouding tussen Nederland en Duitsland', 27 May 1949.

⁷⁰ Van Zanden, *Een klein land*, 177.

⁷¹ F. Hartog, 'Vooruitzichten van de Duitse economie', *De Economist* 99, No. 1 (December 1951) 641-671, there 671.

⁷² This paragraph is, unless stated otherwise, based on Griffiths, *Economic reconstruction policy in the Netherlands*, 44-45.

setting prices for agricultural imports.⁷³ Britain's share in the global import of food was so large, that fluctuations in the British demand influenced world market prices. With the loss of Germany as an export market for Dutch agricultural products, Great Britain was, in fact, the only option, as only Britain and Germany were large-scale food importers. London, however, preferred products from commonwealth countries like Canada, New Zealand and Australia, countries that exported the same products as the Netherlands. In addition to this, the Dutch felt that the British had taken advantage of the structural Dutch surplus in market garden production, as a result of the low level of German trade, to force the Dutch to export meat and dairy products at the same low prices. A further aggravation was the fact that, although the British market was gaining in importance, this was mainly in the agricultural sector.⁷⁴

Above all, the Dutch realised that their natural trading partner, Germany, was more important to them and everything should be done to recover trade relations with them. In 1951, the Dutch catholic minister of Economic Affairs, J. van den Brink, stated that a number of people in the Netherlands believed that the war had changed the face of Europe so profoundly, that a complete reorientation of Dutch economic life was required, and that the traditional strong relations with Germany should be replaced. According to Van den Brink, these people overlooked the fact, 'that life does not stand still, and Europe can only be healthy when all its parts function at a reasonable level'.⁷⁵ Trade with Germany remained at an all-time low until at least 1948, as negotiations with the British and Americans lead to nothing. In September 1946, The Hague presented the American occupation authorities with a plan suggesting that a trading syndicate should be created to handle all trade with Germany. The Dutch would be prepared to accept a loan of 160 million dollars from the Americans, to be used to provide a revolving credit for the payment of raw material imports for German industry.⁷⁶

4.6 A Dutch credit for Germany?

The plan the Dutch suggested bore striking similarities with the *Tredefina*-credit which the Netherlands had supplied to Germany after World War I and it had exactly the same goal: to revive German industry. According to a short memorandum from the Netherlands Bank (DNB) in late 1946, 'Germany is the Netherlands' natural hinterland. It buys the products of our cattle-breeding, arable farming, horticulture and fisheries and imports and exports via our ports. For

⁷³ H.J. Frietema, *Productie en prijsvorming op de Engelsche markt van Nederlandsche, Deensche en koloniale boter* (Haarlem 1937) 59 and Klemann, *Tussen Reich en Empire*, 176 and 230.

⁷⁴ Griffiths, *Economic reconstruction policy in the Netherlands*, 45.

⁷⁵ NA, The Hague, Ambassade en Militaire Missie Duitsland, 2.05.55, inv. nr 515; 'Lecture minister of Economic Affairs Van den Brink, to the *Bundesverbandes der Deutschen Industrie*', 14 January 1952.

⁷⁶ Griffiths, *Economic reconstruction policy in the Netherlands*, 36.

this reason the Netherlands is interested in the economic reconstruction of Germany now, as it was after the previous World War'.⁷⁷ Given the economic importance of Germany to the Netherlands, voices were heard in both government and business calling for the reactivation of the *Treuhandverwaltung für das deutsch-niederländische Finanzabkommen* – Trusteeship for the Dutch-German Financial Agreement (Tredefina). In 1920, after World War I, when Germany was desperately short of money, the Dutch government decided to grant Berlin two credits totalling 200 million guilders. The first credit (60 million) was destined for the purchase of foodstuffs in the Netherlands or the Netherlands East Indies.⁷⁸ The second, which amounted to 140 million guilders, was a revolving credit for the purchase of raw materials which Germany desperately needed to get its industries going again, especially those that would help pay off the credit in assets by exporting its finished products.⁷⁹ In view of the revolving nature of the credit, as soon as the entire credit was used, fresh credit could be granted on repayment of the whole or part of the credit; in this manner, the 140 million guilders could be taken up several times.⁸⁰

Although some stated the credit was based on ethical grounds, it had, by and large, an economic purpose because a prosperous German economy was important to the Netherlands.⁸¹ In fact, the German government had already approached its Dutch counterpart for a credit in 1920. Berlin assumed the Netherlands would take the bait because of mutual economic interests, and because Dutch banks were eager to lengthen credits to Germany. The Tredefina-credit was specifically designed to assist the German economic recovery. During meetings of the Netherlands Bank, it became clear that many feared political instability in Germany; if Germany were allowed to collapse economically, social and political unrest might pass over to the Netherlands. Weimar and The Hague and Dutch business also hoped that their good example might be followed by others.⁸²

Tredefina was a credit granted by the Dutch state, which played an active role in increasing overall credit to Germany.⁸³ The credit was financed by treasury certificates placed with the Netherlands Bank. The Germans deposited treasury securities worth 200 million guilders with the DNB as a guarantee. The rate of interest was set at 6 per cent.⁸⁴ As inflation ran rampant

⁷⁷ Archive The Netherlands Bank, 7/263/1; 'Memorandum concerning the revolving-credit granted to Germany in 1920 by the Netherlands government', 15 September 1946.

⁷⁸ Archive The Netherlands Bank, 7/263/1; 'Memorandum concerning the revolving-credit granted to Germany in 1920 by the Netherlands government', 15 September 1946.

⁷⁹ J.H.F. Bloemers, 'Herleving van de Tredefina', *ESB*, 14 March 1951, 200-202, there 200.

⁸⁰ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 2; Memorandum Dr. Keuter, 'Tredefina', July 1947.

⁸¹ Bloemers, 'Herleving van de Tredefina', 200.

⁸² Archief de Nederlandsche Bank, 7/264/1; 'Tredefina I, bespreking Raad van Bijstand der Directie van Economische Zaken', 9 March 1920.

⁸³ J. Euwe, 'Amsterdam als Finanzzentrum für Deutschland, 1914-1931', in Klemann and Wielenga, *Deutschland und die Niederlande*, 153-172, there 169.

⁸⁴ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 2; Memorandum Dr. Keuter, 'Tredefina', July 1947.

in Weimar Germany in the early 1920s, the Netherlands hedged this risk by having the German treasury securities issued in guilders. The results of the Tredefina were impressive. The Netherlands was the only state to extend Germany with a credit at that time. Private loans from England and America did subsequently make their appearance, but not until German industry 'had been put on its feet to such an extent that it began looking for greater credit possibilities, which the private credits provided'.⁸⁵

Given the success of Tredefina after World War I, it is understandable that the Netherlands suggested reactivating it after World War II. However, the Dutch position had changed dramatically since the late 1920s. In 1920, the Netherlands was a rich country, a strong creditor with plentiful assets and a rich colonial empire from which it could obtain important raw materials like rubber and oil.⁸⁶ After the unconditional surrender of Nazi Germany in 1945, the Netherlands was poverty stricken. It faced a huge national debt and budgetary deficit, and above all lacked foreign currency. In short, it was in no position to be able to grant credits to Germany or any other country. In 1946, the Minister of Economic Affairs, Huysmans, stated that the government had been trying to reactivate trade with Germany for over a year. Unfortunately, he noted, the country was not as rich as it used to be, otherwise, as in 1920, 'we could once again have given a credit to reactivate German industry'.⁸⁷ In spite of this, The Hague felt that the Tredefina-credit should be re-activated.⁸⁸

It would have been impossible to reactivate Tredefina as it had functioned after 1920. German manufacturers were forbidden to withdraw credit assets and, as German entrepreneurs were not allowed to trade for themselves, they would have been unable to repay the credit through export assets. A Tredefina-like credit could be useful for granting credits to Dutch firms, for supervising the course of events in Germany and finally for granting Mark credits to German manufacturers, provided the Allies agreed.⁸⁹ In early 1948, the Trust Company noted that while an entirely dollar-based economy existed on the other side of the border, the Netherlands could neither think of independently granting credit to her former enemy, nor was it capable of

⁸⁵ Archive 'The Netherlands Bank, 7/263/1; 'Memorandum concerning the revolving-credit granted to Germany in 1920 by the Netherlands government', 15 September 1946.

⁸⁶ Bloemers, 'Herleving van de Tredefina', 200.

⁸⁷ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 4; 'Speech Minister of Economic Affairs Huysman at the establishment of the Trust Company', 24 October 1946.

⁸⁸ Politisches Archiv des Auswärtiges Amtes B 80, Bandnummer 227; Letter West German Embassy The Hague to the West German Foreign Ministry, 'Wiederanwendung des Vertrags über Kredit und Steinkohle vom 11. Mai 1920 (TREDEFINA-Kredit)', 29 June 1955.

⁸⁹ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 3; 'Notes meeting delegates Trust Company', 1 October 1947; NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 2; 'Letter Trust Company to Hirschfeld, 30 September' 1947.

providing it with dollars. The only other option was for the Americans to extend credit to Germany via the Netherlands.⁹⁰

From 1948 onwards, discussions on the possibility of reactivating Tredefina surfaced occasionally, but without much result. Nevertheless, a new credit was given to Germany as part of the Dutch-German trade treaty of 18 January 1951, the so-called Tredefina III. It was issued so Germany could buy raw materials. It was a way to obtain German concessions for the Dutch export market. Although the actual credit of 15 million guilders was limited, it was a sign that both the Dutch government and business were willing to go far to restore normal economic relations with Germany. Moral considerations were not at stake. It was based on pure self-interest. Tredefina III was granted for a twelve-month period. Two Dutch banks, The *Rotterdamse Bankvereniging* and the *Nederlandsche Handelsmaatschappij*, each provided 6 million guilders, for which they made a special arrangement with the Netherlands Bank. The credit could be converted freely in currencies and was guaranteed by the DNB. It was charged on the Dutch currency position, for which a currency credit was given to the banks.⁹¹

Tredefina III had a number of advantages. First of all, it would stimulate the import of raw materials for the German hinterland through Dutch harbours. This was welcome because of the fierce competition of Hamburg and Antwerp. Secondly, Dutch transit traders would benefit from this increased trade and with it the opportunity to obtain hard currency. Foremost, however, it would open the way to export a larger share of Dutch agricultural products to Germany than would otherwise have been possible. This would improve the Dutch balance of payments and prevent internal overproduction. The effects of Tredefina III are difficult to measure. Nevertheless, the fact that the Dutch government and the business community were willing to grant it, proves how eager they were to reach normal trade relations with Germany. They considered it correct to take an historic path that would 'allow Dutch harbours and transit to regain their natural function *vis-à-vis* its natural hinterland'.⁹²

The plan drawn up in September 1946 would establish a trading syndicate that would enable trade free from the incredibly detailed bureaucratic rules of the JEIA. The fact that the Dutch would administer it would reduce the political sensitivity of an American dollar loan for German reconstruction.⁹³ One should not forget that at this point, Washington had not yet changed its policy on Germany. It would only do so half a year later. Washington also had to be careful not to upset the Russians who did not want to hear anything about a German economic recovery, as it feared a military resurrection. Although the Americans considered the Dutch plan

⁹⁰ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 3; 'Notes Board of Delegates Trust Company', 27 February 1948.

⁹¹ Bloemers, 'Herleving van de Tredefina', 201.

⁹² Ibid., same page.

⁹³ Griffiths, *Economic reconstruction policy in the Netherlands*, 36-37.

potentially useful, the Head of the American Commerce and Trade sections described it as ‘political dynamite’, best kept in unofficial channels.⁹⁴

When this plan failed, The Hague tried to find other ways to reconstruct Dutch-German trade relations. In November 1946, the Dutch government and Dutch business community set up the *Trustmaatschappij voor de handel van Nederland met het Buitenland NV* – Trust Company for Dutch Trade with Foreign Countries. Its explicit goal was to advance Dutch foreign trade, especially with Germany. According to Richard Griffiths, it had a far more limited purpose than in the original proposals. Instead of acting as a catalyst for the revival of multilateral trading with Germany, it was ‘merely a way of streamlining Dutch trading contacts with the [newly established] Joint Export-Import Agency’ of the Bizone.⁹⁵ More recently, Meindert Fennema and John Rhijnsburger stated that the Trust Company did not have much influence, but this is all in hindsight.⁹⁶ The people active in it were leading figures in Dutch finance, industry and trade and it is clear that it was meant to be an important institution. The fact that its effects were limited is no indication of its (lack of) influence.

4.7 Trust Company

When the Trust Company met for the first time on 24 October 1946,⁹⁷ the Dutch Minister of Economic Affairs, the Catholic G.W.M. Huysmans (KVP), who, until then had been director of the *Coöperatieve Centrale Boerenleenbank* – Co-operative Farmers Bank – and leader of the Catholic employers organisation, informed those present of the problems that stood in the way of a quick restoration of the Dutch-German trade relations and explained why the Trust Company was to be installed.⁹⁸ He stated that it had gradually become common knowledge that the Netherlands, ‘that had suffered so greatly at the hand of the Germans’, could not exist economically without them. He made it clear once more that the Dutch government was very well aware of the fact that the economic future of the Netherlands ‘would indeed be very bleak’ if the Netherlands failed to regain at least some aspects of its position as a link between Germany and the western world.

Huysmans continued that the Netherlands had always intended to regain its old position after the fall of the national-socialist regime; in fact they had hoped the role of Dutch trade might increase. In reality, however, and to the great disappointment of the Dutch government, it turned

⁹⁴ Griffiths, *Economic reconstruction policy in the Netherlands*, 37.

⁹⁵ Ibid., 36-37.

⁹⁶ Fennema and Rhijnsburger, *Dr. Hans Max Hirschfeld*, 157.

⁹⁷ Trust is defined here as being a legal title to property held by one party for the benefit of the other.

⁹⁸ The quotes and observations of Huysmans are taken from: NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 4; ‘Speech Huysmans at the establishment of the Trust Company’, 24 October 1946.

out to be precisely the opposite. 'The former, intimate connection' between the Dutch and German trade markets had been totally disrupted by the paralysation of the German economy, the division of Germany in four occupation zones, and the Allied demand that everything be paid in dollars. For more than a year now, Huysmans noted, the Dutch government had struggled with the problem of how to reactivate trade with this neighbour. Huysmans made a further interesting comment. He noted that it had become increasingly clear to the Dutch government that no other country in the world had so much interest in starting up trade with Germany. Outsiders would never fully understand 'what this means to our country. We cannot sit back and wait for our allies to realise this. Therefore, we have to find our own way, albeit in cooperation with our allies. This means, that we have to contribute to the solution of their problems'. Unfortunately, Huysmans stated, the Netherlands was not as rich as it had been in 1920, when it had given German industry a loan of 140 million guilders in the Tredefina-credit, to allow German industry to finance its imports of raw materials.⁹⁹ Nevertheless, everything possible had to be done to contribute to the reactivation of Germany's foreign trade. According to Huysmans, 'nobody can do this better than the Dutch entrepreneur'. In an attempt to overcome the difficulties in Dutch-German trade relations, the Dutch government had, against its will, resorted to a sort of state controlled trade for Germany, via the *Rijksbureau*. These had been set up just before World War II and dealt with the distribution, control and use of raw materials. They had become important during the occupation.¹⁰⁰ They were powerful remnants of the war, and after the liberation they had to determine what share of the limited stocks of dollars available for their branch should be used to purchase goods in Germany.¹⁰¹ At the head of each *Rijksbureau* stood a high official of one of the leading companies in the industry supported by officials of the Ministry of Economic Affairs and representatives of the trades unions. After making an inventory of the opportunities to import, the available stocks and the requirements, the *Rijksbureau* introduced price controls to manufacture regulations and distribution commands. By doing so, it tried to guarantee the honest and efficient distribution and circulation of goods and commodities like raw materials among the sector and the public.

At the establishment of the Trust Company, Huysmans stated that government institutions were not commercial bodies and were therefore 'unsuited for a commercial task and certainly unable to fulfill a pioneering role'. According to Huysmans, it was only natural that trade with Germany had to return to commercial hands albeit it in an organisation which has to adapt itself to 'the hopefully temporary circumstances of the present time'.

⁹⁹ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 2. 'Memorandum Tredefina-credit Dr. Keuter', July 1947.

¹⁰⁰ Klemann, *Nederland 1938-1948*, 45 and 506-507.

¹⁰¹ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 4; 'Speech Huysmans at the establishment of the Trust Company', 24 October 1946.

This needs some clarification. Huysmans himself came from business circles. He became Minister of Economic Affairs in the first Beel cabinet which came to power as a reaction to its predecessor, that of Schermerhorn-Drees, the first Dutch government with a strong social-democratic influence. Huysmans' predecessor had been the social democrat H. Vos, a fierce advocate of a planned economy, nationalisations of banks, and an increased role of the state. Huysmans and the right-wing part of his KVP (the party also had a trade union part) opposed this policy. As soon as Vos had been replaced, his plans were removed from the agenda. The dominant part of the Catholic party strongly opposed nationalisation, a planned economy and an increased role of the government. Huysmans (and his successor J. van den Brink, of the same political colour) wanted to put the Netherlands on a course towards industrialisation, decreased government influence and to give more freedom to business.¹⁰² Therefore, the Trust Company was set up as a private company during the Beel cabinet. It may appear as if the decision to establish the Trust Company was taken exclusively by the Dutch government, but that is incorrect. It was the result of negotiations between the government and Dutch business about the trade relations with Germany.¹⁰³ While the Dutch government was thinking of establishing some sort of Trust company, E. Heldring (1871-1954), President of the *Nederlandsche Handel-Maatschappij*, the most important commercial bank, and K.P. van der Mandele¹⁰⁴ (1880-1975), a banker and Chairman of the Chamber of Commerce of Rotterdam and, as such, one of the most influential people in the city and its harbour, took the initiative to seek contact with the government about establishing a Trust Company.¹⁰⁵

One could ask why the government did not install the Trust Company itself, and why the initiative had come from business circles. This is all the more striking as the government role in economic life at that time was larger than ever before. Apparently, the government had not yet succeeded in convincing the business community that it would be able to restore Dutch-German trade relations by itself. It needed assistance. The KVP did not object to the initiative coming from Heldring and Van der Mandele, and was happy to give more influence to private initiatives.¹⁰⁶ Furthermore, captains of industry always had their own best interests at heart. It should come as no surprise that the government and the business community joined hands in

¹⁰² De Liagre Böhl, Nekkers, Slot (eds.), *Nederland industrialiseert!*, 82.

¹⁰³ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 3; report financial year 1947, January 1948.

¹⁰⁴ Van der Mandele also played an important role in the recovery of the city and harbour of Rotterdam in the first twenty years after World War II. Source:

<http://www.inghist.nl/Onderzoek/Projecten/BWN/lemmata/bwn2/mandele> (20 June 2010).

¹⁰⁵ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 4; 'Speech Huysmans at the establishment of the Trust Company', 24 October 1946.

¹⁰⁶ In its party programme it read: 'Economic activity as a rule should take place in private enterprises, with a reasonable place for middle- and small sized firms. The form of public enterprises should only be chosen, when private initiative is lacking or national interests demand the formation of public enterprises'. Source: <http://www.rug.nl/dnpp/themas/beginselProgrammas/kvp/begprog.pfd>. (12 July 2008).

trying to restore Dutch-German trade relations as soon as possible. The government needed business more than ever and business needed the government as well. Occupied West Germany was impenetrable to Dutch managers; the only way to enter Germany at that time was through the Dutch army. Dutch entrepreneurs and owners of property in Germany were seldom admitted to Germany.¹⁰⁷

The Trust Company was 'to perform all acts which can be of service to further Dutch trade with foreign countries. Trade in this case means imports and exports, transit traffic, financial relations and transport'.¹⁰⁸ Above all, the Trust Company was to be 'the pioneer in reactivating Dutch trade with Germany'.¹⁰⁹ The organisation was to have a monopolistic character on the condition that it had 'to insure that it had the indispensable support of the government'. The Trust Company had to determine precisely which products were most desperately needed by Dutch industry, and then subsequently give the prices, the suppliers and the time that would be necessary to supply these commodities. After that, the Trust Company had to register which articles, in what quantities and at which prices these could be exported to Germany and how much the Allies wanted to buy. Negotiations had to be done directly with the Joint Import and Export Agency, which controlled the size and composition of the imports and export of the Bizone. The Trust also took care of transactions between Dutch business and German customers. The Trust Company had to open doors for business travel and intervene with the various Allied authorities on their client's behalf. On the other hand, it had to refrain from interfering with financial and commercial transactions. These were to be left to the people and companies concerned. In this way, they would be able to use the vast knowledge and experience present in the Dutch business community and existing relations would be hampered as little as possible. In short, the task of the new organisation was to 'to help channel trade'.¹¹⁰

On the other side of the border, the Minister of Economic Affairs of the State North Rhine-Westphalia, Kreutzwald, stated in a letter to the *Verwaltungsamt für Wirtschaft* (VfW) – Administrative Office of Economics of the United Economic Area – that they regarded the activities of the Trust Company with some distrust. In October 1947, he noted that the Company's attempts to influence German prices, were not in the interest of Bizonia.¹¹¹ The

¹⁰⁷ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 1.

¹⁰⁸ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 5.

¹⁰⁹ NL-HaNA, Hirschfeld, 2.05.48.03, inv. no 1; Concept of the acting manager of the *Centrale Dienst In- en Uitvoer*, H. Meijer, to the different *Rijksbureau* concerning the relation between the Trust Company and the *Rijksbureau*, 24 March 1947.

¹¹⁰ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 4; speech Huysmans at the establishment of the Trust Company, 24 October 1946.

¹¹¹ Idem.

¹¹¹ Bundesarchiv Koblenz (BArch.), Bestand B 102/2031, Heft 1; 'Letter Kreutzwald, Economics Minister of North Rhine-Westphalia, to the Verwaltung für Wirtschaft', 28 October 1947.

Verwaltung für Wirtschaft answered that the Trust Company was only part an official body, and that it was, in fact, a limited company in which industry and trade circles were classed. According to the VfW, the Trust Company had a sort of monopoly in the Dutch trade with Germany. However, the VfW noted, North Rhine-Westphalia should not worry too much about the Trust Company's attempts to influence German prices because the Trust Company would always accept higher German prices for transactions that were important to the Netherlands.¹¹²

The Trust Company did not have total freedom of action, however. The guidelines had been set by the Dutch government and the Trust Company had to cooperate intensively with the *Centrale Dienst In- en Uitvoer* – Central Import and Export Agency. It could not do business on its own account. According to Huysmans, the Dutch government hoped that the Trust Company and the government would together be 'the battering ram that will breach the Chinese wall along our eastern border'.¹¹³

The Trust Company was to be headed by Heldring, arguably the most important Dutch banker of the time. Other important members of the Board were Van der Mandele, Teppema, W.H. Fockema Andreae, former head of the Netherlands Rhine Shipping Mission in Duisburg, Hirschfeld as the Government Commissioner of German Affairs and E.A. Liefcrinck, head of the department of foreign payments of the General Treasury of the Ministry of Finance.¹¹⁴ The starting capital of the Trust Company was provided by major Dutch banks. The *Nederlandsche Handel-Maatschappij* (headed by Heldring), the *Rotterdamsche Bankvereniging*, the *Amsterdamse Bank*, *Pierson & Co.*, the *Twentsche Bank* and the *Boerenleenbank* (Huysmans' former bank) all contributed 25.000 guilders. Other important investments came from trade, industry and agriculture, all of which had huge interest in recovering trade with Germany.¹¹⁵

From the start, there was regular contact between the Trust Company and the various government agencies. The Trust Company frequently wrote reports on the situation in occupied Germany as well as on what measures they thought should be taken to restore Dutch-German trade relations. The flow of information between the two must have helped determine policy towards Germany. It is interesting to note that both the government and the business community had only one prime policy goal; they wished to restore Dutch-German trade relations.

The government and business concentrated their efforts on the British zone of occupation. In 1947, the industrial production there only sufficed to sustain a low level of self-

¹¹² BArch., B102/2031, Heft 1; 'Letter Vereinigten Wirtschaftsgebiet Hauptabteilung V (Aussenhandel) to the Economics Minister of North Rhine-Westphalia, "Die niederländische Trustmaatschappij"', 14 November 1947.

¹¹³ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 4; 'Speech Huysmans at the establishment of the Trust Company', 24 October 1946.

¹¹⁴ W.H. Salzmann, *Herstel, wederopbouw en Europese samenwerking. D.P. Spierenburg en de buitenlandse economische betrekkingen van Nederland 1945-1952* (Leiden 1999) 152.

¹¹⁵ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 1.

sufficiency. In an attempt to limit the occupation costs, Britain only allowed import in exceptional cases. They went to great measures to limit the issue of pounds sterling for the import of goods and services from the Netherlands or anywhere else. Traders were forbidden to have contact with foreigners. The Trust Company noted this problem as well: 'Entrepreneurs could not agree to contracts between themselves; everything had to be done via government agencies'.¹¹⁶

The government and its various agencies agreed, in principal, about Germany. Despite 'the bitter memory of the war'¹¹⁷ and the atrocities perpetrated by the Germans, trade relations had to be restored as soon as possible. The Trust Company continued to remind people of this, not only the Allied occupation authorities, but also the government.

This raises the question of whether the Trust Company had much influence. A draft report of the financial year 1947, dated 25 March 1948 was quite gloomy. Despite support from the government and its executive institutions at the Ministries of Economic Affairs and Finance, and from the Allied authorities, 'there were numerous problems and there had only been very limited progress'.¹¹⁸ The minutes of a meeting of the Board of the Trust, indicate that transactions worth 20 million dollar – 16 million with the Bizone – had been agreed by September 1947.¹¹⁹ According to Fennema and Rhijnsburger, the Trust Company did not achieve much. The number of import contracts treated by the Trust Company by October 1948, amounted to 8870 that is 355 per month.¹²⁰ Considering that most of these must have been for small scale entrepreneurs, the importance of the Trust Company for trade relations was indeed limited. The influence of the Trust Company should, however, be seen in an indirect way. The Trust Company was to function as the trustee of the government on the subject of foreign trade.¹²¹ The Trust Company will not have been of much importance to the large Dutch enterprises like Shell, Unilever, AKU, Philips and Hoogovens Company. These companies had their own ways and channels to safeguard their interests. One of the most urgent issues discussed at the first post-war meeting of the ABUP on 31 October 1946, was trade with Germany.¹²² With instruments like this, it is not surprising there were no representatives of Shell, Unilever, AKU or

¹¹⁶ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 5.

¹¹⁷ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 3; 'Report financial year 1947', dated January 1948.

¹¹⁸ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 3; 'Concept report financial year 1947', dated 25 March 1948.

¹¹⁹ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 3; 'Notes Board of Delegates van de vergadering van Gedelegeerden', 1 October 1947.

¹²⁰ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 4; 'Report Board of Delegates to the Council of Advice', October 1948.

¹²¹ NL-HaNA, Hirschfeld, 2.05.48.03, inv. nr. 1; 'Concept acting president of the *Centrale Dienst In- en Uitvoer*, H. Meijer, to the various *Rijksbureaux*, about the relation between the Trust Company and the *Rijksbureaux*', dated 24 March 1947.

¹²² The information about the ABUP is taken from B. Wubs, *Unilever between Reich and Empire 1939-1945. International Business and National War Interests* (Rotterdam 2006) 216-217.

Philips in the Trust Company. The interests of these multinationals were so huge, it was out of the question that they would allow third parties to look after them.

The four large multinationals are an exception in the Dutch business system, which was (and probably still is) dominated by small and middle-sized firms. It was much harder for them to look after their own interests and possessions in Germany. The minutes of a meeting of the Trust Board dated 6 June 1947 read: 'When free export can be resumed, large German concerns will probably prefer to use their old channels of information. As many Dutch concerns are, as yet, unknown to them it will not be easy for them to find companies to cooperate with'.¹²³ The Trust Company played an important role in familiarising German clients with Dutch businesses and although the actual number of definite contracts was limited, the Trust Company succeeded in acquiring almost 9000 contracts, which must have been of considerable importance to small Dutch businesses. The annual report of 1948 noted that the representatives of the Trust Company had done useful work on behalf of Dutch trade by the rapid acquisition of the necessary permits.¹²⁴ Finally, there was frequent contact between the Trust Company and the different governmental institutions, although there was a lot of tension as well. The meetings with the Trust Company helped the government formulate its policy towards the recovery of trade relations. Most of all, the Trust Company was a prime example of the government and business working together to achieve what they both desperately wanted; in this case the recovery of Dutch-German trade relations. The core of the Company was that government and business cooperated.

The Trust Company created direct contacts between importers and exporters, independently approved transactions for import and export and supplied the necessary permits. However, the Trust Company had to comply with the instructions given by the *Rijksbureaus*, the executors of the distribution law of 1939. The dollar amounts to be spent on trade with Germany were placed at the disposal of the Trust Company by the Central Import and Export Agency every quarter.¹²⁵ Differences in opinion between the Trust Company and the *Rijksbureaus* responsible for supplying the industry with raw materials and fuel, were referred to the Central Import and Export Agency. It was not long before the Trust Company and the *Rijksbureaus* fell out with one another.

In a letter to the *Rijksbureau voor Handel en Nijverheid* – Trade and Industry Office – dated 28 April 1947, Huysmans indicated that he had foreseen a number of problems: 'Although the

¹²³ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 2; 'Minutes Board of Delegates', 6 June 1947.

¹²⁴ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 5; 'Concept annual report 1948'.

¹²⁵ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 1; 'Concept acting president of the *Centrale Dienst In- en Uitvoer*, H. Meijer, to the various *Rijksbureaux*, about the relation between the Trust Company and the *Rijksbureaux*', 24 March 1947.

Trust Company is a private institution, the government is convinced that, given the careful precautions taken at its installation, we can have a good faith in it'.¹²⁶ Little more than a week later, however, Huysmans wrote a letter to Heldring in which he stated that 'the government feels that the Trust Company has no formal monopoly on trade with Germany'.¹²⁷ It was unclear just how independent the Trust Company could act. This caused friction between the Trust Company and the different *Rijksbureaus*. The Rijksbureau for Chemical Products – *Rijksbureau voor Chemische Producten* – was fiercely opposed to the Trust Company. In a letter to Huysmans dated 19 March 1947, the president of this Rijksbureau, C. van Driel van Wageningen, summed up his objections to the Company. He and his colleagues were convinced that everything had to be done to reactivate trade between the Netherlands and Germany, especially since the chemical sector had large interests in this matter.¹²⁸ Van Driel van Wageningen feared that the *Rijksbureaus* would be overlooked when decisions about imports from Germany were made and he feared the task would be given to the Trust Company: 'Although close contact with the *Rijksbureaus* appears to be the intention, there has as yet not been any guarantee that this deliberation will take place in a way which is satisfactory to us'.¹²⁹ Moreover, according to Van Driel van Wageningen, the Trust Company was not competent to judge which goods were to be imported from Germany and at what price. The *Rijksbureau* for Chemical Products felt that there could be no justified objection to setting up a system whereby the *Rijksbureaus* would be allowed to give advice on all import from Germany beforehand. Van Driel van Wageningen ended his letter with a final, venomous statement. As the Trust Company was a private institution, it would be inclined to have the best interests of its own customers at heart: 'Experience has often shown that private interest does not always match national interest'.¹³⁰

This resistance to the Trust Company can be explained by the following. Before World War II, only a few hundred people worked at the Ministry of Economic Affairs, but since their establishment, the *Rijksbureaus* had developed into centres that controlled Dutch economic activity. During the German occupation, the *Rijksbureaus* had been given an important role in Dutch economic life and, as a result of this, there were 15.000 officials at the Ministry of Economic Affairs at the end of the war. These *Rijksbureaus* were not only reluctant to give up their power, but while free trade was impossible and imports limited, some organisation had to

¹²⁶ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 2; 'Letter Minister of Economic Affairs Huysmans, to the *Rijksbureau voor Handel en Nijverheid*', 28 april 1947.

¹²⁷ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 2; 'Letter Minister of Economic Affairs Huysmans to E. Heldring, president of the Trust Company', 7 May 1947.

¹²⁸ NA, The Hague, Inventaris van het archief van het Rijkskolenbureau, access code 2.06.056, inventory number 250; 'Letter C. van Driel van Wageningen to Minister of Economic Affairs Huysmans', 19 March 1947.

¹²⁹ Ibid.

¹³⁰ Ibid.

decide how to divide the access to the German market. According to the *Rijksbureaus*, this should be done by the state and should not be left in the hands of a bunch of tradesmen. If economic matters could not be solved in a satisfactory way by the market, the state had a duty to regulate it. The *Rijksbureaus* felt that they had a right to decide how to spend the limited means available in Germany. The government agreed with them in principal but the business community did not want government officials looking after their interests without having anything to say in the matter; they wanted to take care of it themselves.

During 1948, the issue of whether the Trust Company was competent dragged on, without a clear winner. Huge changes in the (economic) situation in the western zones of occupation took place in 1948. By 1947 it had become increasingly clear that the cooperation between the western Allies and the Soviet Union had ended. Washington and London realised that ‘a Germany in chains meant a Europe in lumps’.¹³¹ The United States and Great Britain decided to erect a West German state that had to be able to act for itself politically and above all economically. On 19 November 1948, the JEIA simplified the procedure for German exports (JEIA-instruction No. 1)¹³² and with the revitalisation of western Germany, the Trust Company became superfluous.¹³³ Germans wishing to export were given a large measure of freedom in signing contracts. They were only limited in trade in certain products, like coal, wood, raw iron and foodstuffs. They needed the approval of the JEIA or the Trusteeship of Economics – *Verwaltung für Wirtschaft* – to trade in these products. To the Netherlands, however, these were crucial products. As it became necessary for contracting parties to mediate with the JEIA, the Trust Company soon became redundant and disappeared by 1948. A letter from the Ministry of Economic Affairs dated 1 November 1948 read: ‘Again we have come to the conclusion that the practice of using the Trust Company as a forced [underlined in the original, M.L.] intermediary for German trade deserves serious reconsideration. We are convinced that the Trust Company should be abolished’.¹³⁴ Hirschfeld and Teppema, strangely enough, agreed. According to Hirschfeld, the continued use of the Trust Company in matters concerning imports from Germany would be ‘a hindrance to Dutch business’.¹³⁵ Teppema was worried about small businesses: ‘The large exporting concerns can do without the Trust, but the cooperation of the Trust has been of great importance to small concerns’.¹³⁶

¹³¹ M. von Prollius, *Deutsche Wirtschaftsgeschichte nach 1945* (Göttingen 2006) 17.

¹³² NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 5; ‘Minutes Board of Delegates Trust Company’, 24 December 1948.

¹³³ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 5; ‘Minutes Board of Delegates Trust Company’, 24 December 1948.

¹³⁴ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 4; ‘Letter Department Sterling Area of the ‘Bureau Duitsland’ of the Ministry of Economic Affairs’, 1 November 1948.

¹³⁵ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 5; ‘Minutes Board of Delegates Trust Company’, 24 December 1948.

¹³⁶ Ibid.

The main source of revenue for the Trust Company had been a percentage of the imports from Germany to the Netherlands. The flow of money dried up as a consequence of the termination of its role as mediator and the Trust Company lost its financial basis. Control of contingents in the Netherlands was given back to government institutions in The Hague and the Trust Company no longer had any purpose. An extraordinary general meeting of the shareholders on 18 February 1949 decided to liquidate the Company.¹³⁷

The Trust Company did not succeed in restoring Dutch-German trade. A change in American policy towards Germany was necessary for that. That definitive shift came in the first half of 1947. In the spring of 1947, it became clear that a division of Germany was unavoidable. The Foreign Ministers of the United States, France, the Soviet Union and Britain met in Moscow to discuss the peace settlement with Germany and Austria. The British and Americans had already decided that they intended to build a West German state¹³⁸ and therefore, the state of the West German economy became important to the Americans. Decartelisation and dismantling the German industry did not fit into this picture. On the contrary, they felt that German industry had to be stimulated to produce.¹³⁹ A healthy West German economy would make it possible for the Germans to support themselves and it would also contribute to the revival of the European economy in general. The American decision to build up the West German economy was a good omen for Dutch trade with Germany.¹⁴⁰ It had become clear to Washington, that the only way to keep Germany from being a problem was to change the terms of the debate between the United States and the Soviet Union and declared the only solution to be a divided nation. The Americans were not unhappy to see the emergence of a divided Germany.¹⁴¹

Once the Americans and British had decided to the establishment of a West German state, they took measures to allow it to recover economically. After the currency reform of 1948 and the removal of the monetary overhang, the German economy could begin to take care of itself.¹⁴² Economic revival started, and from the beginning of the 1950s Germany was poised to regain its position as the most important European economy. Some have seen ‘what we call

¹³⁷ NL-HaNa, Hirschfeld, 2.05.48.03, inv. nr. 5; ‘Note comment on liquidation proposal’.

¹³⁸ Judt, *Postwar*, 124.

¹³⁹ See for example Lak, ‘Eine Angelegenheit von fundamentaler Bedeutung’, 69 and *ibid.*, ‘Wat te doen met de Duitsers? Britse en Amerikaanse plannen voor denazificatie en economisch herstel’, *De Academische Boekengids* 77 (November 2009) 24-28, there 27.

¹⁴⁰ Hartog, ‘Vooruitzichten van de Duitse economie’, 669.

¹⁴¹ Judt, *Postwar*, 126 and 128.

¹⁴² Eichengreen, *The European Economy since 1945*, 71.

[West Germany's post-World War II] "economic miracle" as nothing more than a quick return to its former position within the west European industrial core area'.¹⁴³

4.8 Liberalisation of German imports

The first Dutch trade agreement with Bizonia was concluded on 31 July 1948. The agreement provided for an exchange of goods to the aggregate value of 154 million dollars. An aggregate amount of 68 million dollars was provided for imports from the Netherlands and its overseas territories, whereas exports to the Netherlands and its colonies amounted to 86 million dollars. A large part of the coal supplies to the Netherlands would be balanced by the purchase of tin, tin alloys and soldering tin, rubber, soap and invisible imports, which accrued largely from Rhine freight costs for the shipment of coal to Rotterdam and of imports from Rotterdam to the Ruhr harbours. The Netherlands envisaged the purchase of goods from Bizonia equal to the amount of vegetables they supplied to them, for which they would otherwise not have been able to get payment in dollars.¹⁴⁴

The Dutch historian Melchior Bogaarts stated that after the conclusion of this agreement, the concerns the Dutch government had about the low level of liberalisation of trade had largely disappeared.¹⁴⁵ This is doubtful. A supplement of the agreement stated that the Netherlands could export extra goods and services to Germany, but these amounted to only thirty million dollars. For its part, Bizonia was allowed to export a little over half of that amount to the Netherlands. Clay, however, put his foot down when it came to coal, as he judged coal to be 'pure solid gold.' Coal was to be paid for in dollars. Coal in exchange for services, remained out of the question.¹⁴⁶ According to the leader of the Dutch delegation, S.J. Teppema, it would have been extremely difficult for them to have exerted more pressure at the meeting, as it would have led to 'serious psychosis with the commanders of Bizonia, which could have had dangerous consequences for the Netherlands'. They could do nothing but agree at that time.¹⁴⁷ As a result of this, there was no true liberalisation of Dutch-German trade relations until well into 1949. The total volume of Dutch-German trade between July 1948 and July 1949 amounted to only 25 per

¹⁴³ A. Predöhl, 'Industrialisierung der Entwicklungsländer', in E.H. Sieber (eds.), *Entwicklungsländer und Entwicklungspolitik* (Berlin 1963) 51-65, there 56-57. See also: A. Grotewold, 'West Germany's Economic Growth', *Annals of the Association of American Geographers* 63, No. 3 (September 1973) 353-365.

¹⁴⁴ Bundesarchiv Koblenz (Barch.), B 102 Bundesministerium für Wirtschaft, Bestand B102/180331 and Barch., B 102/2031, Heft 1; 'Handelsabkommen zwischen dem Königreich der Niederlande und der amerikanisch/britischen Militärregierung für Deutschland', 31 July 1948.

¹⁴⁵ Bogaarts, 'Ressentimenten en realiteitszin', 29-30.

¹⁴⁶ NA, archief Directie Buitenlands Betalingsverkeer (Algemeen Beheer der Generale Thesaurie), 1941-1954, access code 2.08.50, inventory number 36; 'Brief Teppema aan minister van Financiën Liefstinck', 'Vertrouwelijk', 5 August 1948.

¹⁴⁷ Ibid.

cent of the pre-war figure.¹⁴⁸ The beginning of Marshall Aid in 1948 offered some relief and made industrialisation easier, but the complete recovery of Dutch-German economic ties was dependent on the total liberalisation of trade.¹⁴⁹

There was, however, light at the end of the tunnel. The western Allies decided a currency reform was necessary to reconstruct the German economy. Hirschfeld had already pointed out the necessity for a new German currency in his memorandum of December 1946.¹⁵⁰ The financial situation in Germany was chaotic and German price levels were not adjusted to world market prices. The guilder also had lost its role as international means of payment. Trade between the Netherlands and the western occupation zones was conducted in dollars or pounds. This meant that each transaction required two currency conversions: one in Germany, i.e. dollars against Reichsmark with a variable converting rate to reach German price levels, and one in the Netherlands, namely dollars against guilders by depositing on an offset account with the Netherlands Bank, against a fixed converting rate of \$1 = f2,653.¹⁵¹ Unless German currency reform took place, Germany would remain a dollar country to the Netherlands.¹⁵² The core problem was that neither the Dutch, nor the German currencies were freely exchangeable, and dollars were extremely scarce. In April 1948, the Americans introduced the much-needed currency reform in Germany and created the *Bank deutscher Länder* (BdL), an independent central bank in the three western occupation zones.¹⁵³ The currency reform – which has been called the greatest logistical feat of the American army since D-Day – indeed resulted in a fast economic recovery that Eichengreen described by as miraculous,¹⁵⁴ although it has been indicated that German economic growth had already started before the *Währungsreform*,¹⁵⁵ and that growth figures are probably a combination of real growth and the legalisation of black market production.¹⁵⁶ Hope for the recovery of Dutch-German trade was high.¹⁵⁷ For the time being, however, this enthusiasm seemed unjustified. In a letter to Stikker dated 1 September 1949, De

¹⁴⁸ Van Campen, *The Quest for Security*, 104.

¹⁴⁹ Wielenga, *West-Duitsland: partner uit noodzaak*, 231; Van Zanden, *Een klein land*, 177.

¹⁵⁰ BuZa, Rapport Hirschfeld 'De economische vraagstukken van Duitsland en de vredesonderhandelingen'. Ord. 912.13 / buitenlandse betrekkingen (bilateraal) Nederland-Bondsrepubliek Duitsland / grenscorrecties / rapport Hirschfeld over de economische vraagstukken van Duitsland en de vredesonderhandelingen / 1946-12-07 1946-1947. Inventarisnummer: code 9 / 1945-1954 / 01901.

¹⁵¹ 'Enkele opmerkingen over het handels- en betalingsverkeer met Duitsland', *ESB*, 13 July 1949, 555-557.

¹⁵² J.H.F. Bloemers, *De financiële verbouding tussen Nederland en Duitsland, mede in verband met de Nederlandse beleggingen in Duitsland* (Amsterdam 1951) 5.

¹⁵³ C.L. Holtfrerich, 'Die Deutsche Bank vom Zweiten Weltkrieg über die Besatzungsherrschaft zur Rekonstruktion 1945-1957', in L. Gall, G.D. Feldman, H. James, C.L. Holtfrerich and H.E. Büschen, *Die Deutsche Bank 1870-1995* (Munich 1995) 409-578, there 488.

¹⁵⁴ Abelschauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 121 and 124; Eichengreen, *The European Economy Since 1945*, 72.

¹⁵⁵ H. Berger and A. Ritschl, 'Germany and the political economy of the Marshall Plan, 1947-1952: a re-revisionist view', in Eichengreen (ed.), *Europe's Post-war Recovery*, 199-245, there 202.

¹⁵⁶ H.A.M. Klemann with Sergei Kudryashov, *Occupied Economies: an economic history of nazi-occupied Europe, 1939-1945* (forthcoming).

¹⁵⁷ Van Zanden, *Een klein land*, 177.

Booy wrote that J. McCloy, the new commander of the American occupation zone, still operated a policy of letting Germany export as much as possible, while, at the same time, buying little abroad. He also felt it his duty to ensure that harbours remained as cheap as possible for the American taxpayer.¹⁵⁸

In an *Aide de Memoire* written on 30 August 1949, the Dutch government once again stated it was 'of the utmost importance that normal relations with Germany be reinstated as soon as possible [...] The government is convinced that western European peace and security are best served by the closest possible integration of [the] Western German economy with the economies of other countries in Europe'.¹⁵⁹ On 7 September 1949, the same day the Parliament of the German Federal Republic, the Bundestag, was brought back to life,¹⁶⁰ the Americans finally responded to the Dutch requests for the liberalisation of Dutch-German trade traffic. The US occupation authorities suddenly decided to completely liberalise German imports, thus giving the Dutch delegation a surprise 'it had never dared to dream of'.¹⁶¹ At the same time, the Netherlands retained the right to contingent imports from Germany. The Dutch government correctly considered this a major breakthrough.¹⁶² According to opinion in the Netherlands, The JEIA, which had been cursed for its autarkic policy, had 'while dying finally done a good deed'.¹⁶³ The American decision was so sudden and so unexpected that, as the leader of the Dutch delegation S.J. Teppema noted, his team was totally overwhelmed as was the German delegation.¹⁶⁴

According to De Booy, the Dutch-German trade agreement for the period 1 September 1949 – 31 August 1950 offered great opportunities for a healthy development of trade. He continued by stating that 'To ensure that the Netherlands and Germany will profit to the fullest extent from the agreement which has been concluded, it is necessary that our desire to liberalise inter-European trade and to abolish the obstacles with which it has to contend, are borne in mind when implementing this trade agreement. In the sphere of trade, therefore, the main obstacles to

¹⁵⁸ NA, Booy-Archief, inv. nr. 4.

¹⁵⁹ Ibid.

¹⁶⁰ W. Benz, *Auftrag Demokratie. Die Gründungsgeschichte der Bundesrepublik und die Entstehung der DDR 1945-1949* (Bonn 2010) 464.

¹⁶¹ NA, The Hague, Ministerie van Financiën, Bureau van de Financieel Attaché te New York en Washington, 1940-1974, access code 2.08.75, inventory number 3365; 'Nota S. Th. J. Teppema, Directoraat-Generaal van de Buitenlandse Economische Betrekkingen, REA 337, aan minister van Financiën Liefstinck', 'Handels – en betalingsverkeer met West-Duitsland', 7 September 1949.

¹⁶² Hellema, *Neutraliteit & Vrijhandel*, 165.

¹⁶³ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; 'Brief H. van Blankenstein, Directoraat-Generaal voor de Buitenlandse Economische Betrekkingen, 'Nadere besprekingen in Frankfurt inzake de uitvoering van het nieuwe handelsaccord met West Duitsland van 22 t/m 24 Sept. '49', aan de Minister van Economische Zaken, 26 September 1949.

¹⁶⁴ NA, Financieel Attaché New York en Washington, 2.08.75, inv. nr. 3365; 'Nota S. Th. J. Teppema, Directoraat-Generaal van de Buitenlandse Economische Betrekkingen, REA 337, aan minister van Financiën Liefstinck', 'Handels – en betalingsverkeer met West-Duitsland', 7 September 1949.

sound development seem to have been removed'.¹⁶⁵ The reasons for this sudden change in the American policy are unclear. The Hague suggested that the JEIA could have seen it as an experiment, as one final act before transferring its authority.¹⁶⁶

The reactions from the German side were mixed. The government of the Federal Republic saw the agreement as an essential contribution to the liberalisation of inter-European trade that would eventually speed up free trade in Europe.¹⁶⁷ The West German government stated it was aware of the fact that the liberalisation of inter-European trade demanded concessions and sacrifices from all countries. It believed, however, that 'the return to a competitive economy and with it to normal ways of trade offers advantages to all, especially to Germany with its increased dependence on foreign trade as a consequence of the war'.¹⁶⁸

Not all agreed, though. Representatives of the German rubber industry were, for example, not in the least happy. According to them, if similar trade negotiations followed, Germany would give away its trump cards prematurely. They saw no sense in the German economy being bound to contingents, whereas there were no limitations the other way round.¹⁶⁹ In a letter to the German Minister of Economic Affairs, Ludwig Erhard, the *Verein deutscher Maschinenbau-Anstalten* - Association of Machine Builders – stated that: 'A healthy German machine construction industry is a precondition for building up the economy. Our development will be seriously damaged by unlimited imports of foreign machines without an equally unlimited export of German machines'.¹⁷⁰

Whatever the reasons for the change in US policy or the resistance by some circles in Germany, the results of the liberalisation were spectacular (see graph 1 below). In September 1949, West Germany ranked sixth in Dutch exports; in October it ranked third and by November it had taken first place.¹⁷¹ The trade agreement of 7 September 1949 was extremely advantageous to the Netherlands but all The Hague had to offer in return was an increased

¹⁶⁵ Bundesarchiv (BArch.) Koblenz, Bestand Z 45 F, OMGUS, FIN/17/18; 'Memorandum on the Netherlands-German Economic Relations', 11 October 1949.

¹⁶⁶ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr 36; 'Nota Plv. Directeur-Generaal van het Buitenlands Betalings Verkeer M. Boomstra, "Terzake van onderhandelingen met Duitsland", aan de Minister van Financiën', 8 February 1950.

¹⁶⁷ BArch. Koblenz, Bestand Z8/1708; 'Memorandum der Bundesrepublik Deutschland über die Befreiung des intereuropäischen Handels von Beschränkungen', 10 October 1949.

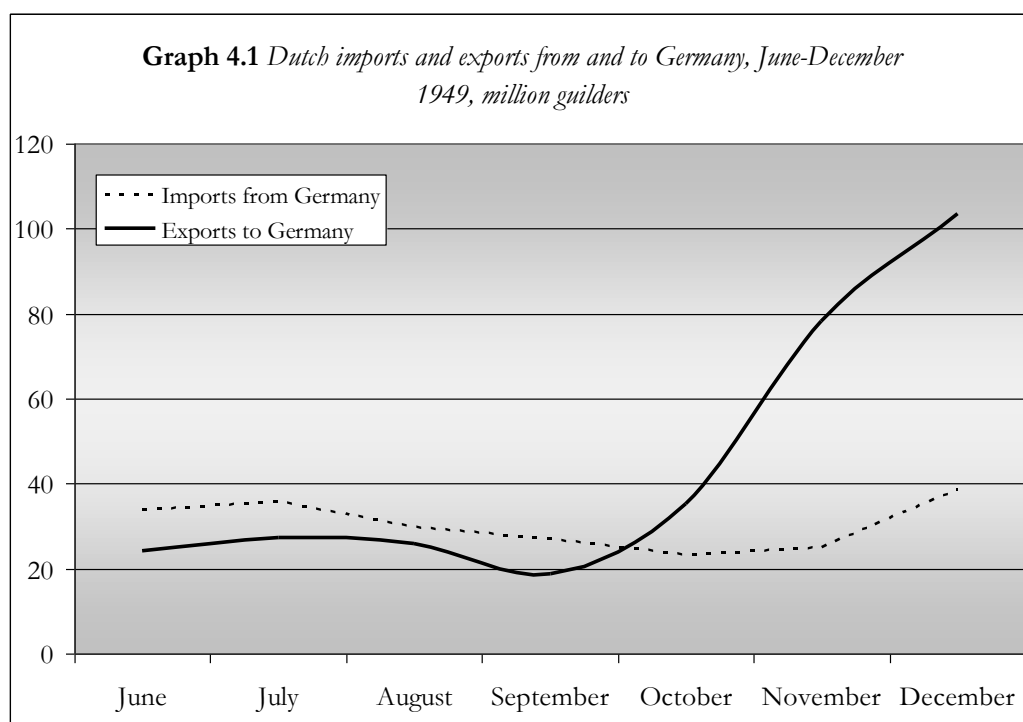
¹⁶⁸ BArch. Koblenz, Z8/1708; 'Erklärung des Bundeswirtschaftsministeriums zum Liberalisierungsprogramm des Aussenhandels', 14 October 1949.

¹⁶⁹ BArch. Koblenz, Z8/1708; Letter H.A. Fritz, Arbeitsgemeinschaft der deutschen Kautschukindustrie: 'Handelsvertragsverhandlungen', 30 September 1949.

¹⁷⁰ BArch. Koblenz, Z8/1708; 'Telegram Verein deutscher Maschinenbau-Anstalten to Erhard and the Ministry of Economic Affairs', 13 October 1949.

¹⁷¹ Wielenga, *West-Duitsland: partner uit noodzaak*, 236.

purchase of non-essentials.¹⁷² Dutch exports to Germany skyrocketed with an increase of 150 per cent from the third to the fourth quarter of 1949, and by a further 27 per cent growth in the next quarter.¹⁷³ Germany imported butter, meat, eggs, lard, fruit, cacao products, sugar and vegetable oils to an amount of 5.1 million dollar between January and September 1949. In the fourth quarter, the value to the Federal Republic as a whole increased to 27.5 million dollars; in the first quarter of 1950 it stood at 46 million dollars, or 63 per cent of all imports from the Netherlands.¹⁷⁴ The first six months after the liberalisation showed an increase in turnover of 225 per cent.¹⁷⁵ Although Dutch-German relations would remain emotionally tense for a long time after the war, the liberalisation of trade signalled the start of a return to normal trade relations. And with this, the main goal of the various post-war Dutch governments, viz. recovery of economic ties with its large neighbour, was achieved.



Source: CBS, *Maandstatistiek van den In-, Uit- en Doorvoer 1949* (Utrecht 1949-1950).

It has been noted that Dutch exports to Germany increased rapidly after the September 1949 liberalisation. This growth was so strong, that Germany was the largest purchaser from the

¹⁷² NA, The Hague, Ministerie van Financiën, Bureau van de Financieel Attaché te New York en Washington, 1940-1974, access code 2.08.75, inventory number 3365; 'Letter S.J. Teppema to the Dutch Minister of Finance, "Handels- en betalingsverkeer met West-Duitsland", 7 September 1949.

¹⁷³ C. Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958* (München 1990) 122.

¹⁷⁴ Ibid., same page.

¹⁷⁵ NA, Dir-Gen. voor Buitenl. Econ. Betr., EZ, 1945-1965, 2.06.107.01, inv. nr. 10.

Netherlands in the first nine months of 1950.¹⁷⁶ To observe this data is one thing, determining the importance of it is another matter. In Dutch historiography, Marshall Aid has traditionally been seen as a catalyst for the revival of the economy that began in 1949 and continued in 1950.¹⁷⁷ In September 1949, one day prior to the liberalisation of German imports, the Minister of Economic Affairs Van den Brink stated that the Netherlands was able to execute its recovery at a gratifying pace but was only able to maintain a reasonable level of facilities because of Marshall Aid.¹⁷⁸ At this point one should ask the question about the extent to which the recovery of trade relations with Germany brought about a revival in the Dutch economy.

It is obvious that Marshall's speech of June 1947 did not end economic problems.¹⁷⁹ The effects of Marshall Aid were only felt in 1948, when the first goods arrived in the Netherlands. Moreover, it is difficult, if not impossible, to measure the economic importance of Marshall Aid.¹⁸⁰ Little if anything has been published about the quantitative effects of the Marshall Aid on the Dutch economy.¹⁸¹ It does, however, seem unlikely that American aid alone caused the resurgence of the Dutch economy. According to the Dutch economic historian Hein Klemann the impressive increase in production after the war was 'conveniently called a miracle, and this miracle, insofar as a miracle needs explanation, was attributed to Marshall Aid'.¹⁸²

Without doubt, Marshall dollars gave the Dutch economy an important boost, but that success can also be attributed to the fact that conditions for success were already present in the Netherlands. Like elsewhere in western Europe, the Netherlands had a lot. It had highly skilled workers, management framework, the realisation that great efforts had to be made¹⁸³ and above all, a machine park larger than before the war.¹⁸⁴ According to the historian Richard Griffiths, Marshall Aid coincided with the moment that industrial production passed its pre-war level for the first time.¹⁸⁵ Klemann calculated, however, that the level of Dutch industrial production had passed that of 1938 as early as 1946.¹⁸⁶ The food industry had also passed the 1938-level by 1946,

¹⁷⁶ 'De economische ontwikkeling in Nederland gedurende 1950', *ESB*, 6 December 1950, 979-983, there 982.

¹⁷⁷ See for example: F. Messing, *De Nederlandse economie 1945-1980. Herstel, groei, stagnatie* (Bussum 1981) 25 and 56; De Vries, *De Nederlandse economie*, 91; Van Zanden, *Een klein land*, 176.

¹⁷⁸ NA, Centraal Archief van het Ministerie van Economische Zaken, 1944-1965, 2.06.087, inv. nr. 477; 'Rede betreffende de exportbevordering naar de dollargebieden, uit te spreken door de Minister van Economische Zaken Van den Brink ter gelegenheid van een bijeenkomst met vertegenwoordigers van het bedrijfsleven', 6 september 1949.

¹⁷⁹ R.T. Griffiths, 'Het jaar 1947', in Griffiths, Schregardus, Telkamp en Timmermans (eds.), *Van strohalm tot strategie*, 15.

¹⁸⁰ De Haan, 'De invloed van het Marshall-plan op de Nederlandse economie', 119.

¹⁸¹ Fase, 'De Marshall-hulp opnieuw beschouwd', 427.

¹⁸² Klemann, *Nederland 1938-1948*, 25.

¹⁸³ Van Rossem, *De Verenigde Staten*, 138.

¹⁸⁴ Klemann, *Nederland 1938-1948*, 302 and 574.

¹⁸⁵ Griffiths, 'Het jaar 1947', 115.

¹⁸⁶ Klemann, 'Did the German Occupation (1940-1945) Ruin Dutch Industry?', 468, figure 2.

and more people worked in industry in 1946 than had before World War II.¹⁸⁷ International services and export trade recovered far more slowly, however, because the German economy stagnated until 1948. The Dutch merchant fleet reached its pre-war size by 1949, although harbour activities and international internal shipping only tantalizingly slow. The Dutch economy grew almost continuously between 1945 and 1950. By 1950 it was 40 per cent above the pre-war level.¹⁸⁸

A fundamental reconstruction of the Netherlands would only be possible if obstacles to economic trade with Germany were cleared. This is one, and probably the most important, reason why the Dutch economy developed so strongly after 1949. After the liberalisation of trade with its large eastern neighbour, exports grew spectacularly and a Dutch claim of over 300 million guilders on Germany developed.¹⁸⁹ Exports to Germany between 1947 and 1950 grew from 58 to 1109 million guilders, about as much as total Marshall Aid in the 1948-54 period. In practice this meant that the extra demand from Germany resulted in an impulse of 8 per cent of Dutch GDP,¹⁹⁰ around four times as much as the Marshall Aid in the 1948-1954 period, which has been estimated at 2 per cent.¹⁹¹ It can therefore be concluded that the recovery of economic relations with Germany was of greater importance than Marshall Aid. Dutch exports to the rapidly growing German economy increased impressively. The German share in total goods exports rose from 5.9 per cent in 1948 to 20.6 per cent in 1950.¹⁹² From August to December the percentage of imports covered by exports goods was higher than ever before the war: on average around 80 per cent.¹⁹³ The economic weekly *Economisch-Statistische Berichten* drew the correct conclusion: 'When we write about recent trade developments between the Netherlands and Germany, there is only one overriding phenomenon: the liberalisation'.¹⁹⁴

The breakthrough in Dutch trade relations with Germany was only realised after the unexpected liberalisation of German imports of Dutch products, with spectacular results. About half of the deficit on the German balance of trade arose from trade with the Netherlands, which more than quadrupled its sales to Germany while increasing purchases of German goods by only about 10 per cent.¹⁹⁵ With the liberalisation of German imports and the resulting strong increase of Dutch exports to Germany, a huge step was taken in the direction of normalising Dutch

¹⁸⁷ Klemann, *Nederland 1938-1948*, 298 and 434.

¹⁸⁸ Van Zanden, *Een klein land*, 179.

¹⁸⁹ 'Enige aspecten van het actief saldo op de monetaire rekening met Duitsland', *ESB*, 5 July 1950, 533.

¹⁹⁰ CBS, *Zeventig jaar statistiek in tijdreeksen*; own calculations.

¹⁹¹ M.M.G. Fase, 'De Marshall-hulp opnieuw beschouwd', *ESB* 82 (1997) 424-428, there 426.

¹⁹² CBS, *Zeventig jaar statistiek in tijdreeksen*, 177.

¹⁹³ CBS, *Maandstatistiek, December 1949* (Utrecht 1950) 5.

¹⁹⁴ 'Enige aspecten van het actief saldo op de monetaire rekening met Duitsland', *ESB*, 5 July 1950, 533-536, there 533.

¹⁹⁵ Diebold, *Trade and Payments in Western Europe*, 189-190.

economic relations.¹⁹⁶ The sudden opening of the German market immediately reversed the trade pattern that had developed after World War II, in which Great Britain had temporarily been the Netherlands' main export market.

4.9 EPU-problems between the Netherlands and Germany

The liberalisation of German imports in September 1949 and the devaluation of the guilder that same month dramatically changed the pattern of trade between the Netherlands and Germany. Before World War II, and in fact since the late nineteenth century, the balance of trade between the Netherlands and Germany had been highly passive. In September 1949, the Netherlands had a deficit of 25 million guilders but this had changed completely by February 1950. West Germany now faced a deficit on the bilateral trade balance of over 285 million guilders; three months later, it had increased to 330 million.¹⁹⁷ This was not only caused by the enormous growth of the export of Dutch consumption goods but also by the unexpected growth of transit trade. From 1949, trade through Rotterdam harbour increased spectacularly as the German hinterland recovered faster than anyone had thought possible.¹⁹⁸ According to Wemelsfelder, transit amounted to 150 million guilders, and although it was curtailed after a few months, it was clear measures had to be taken to correct these imbalances.¹⁹⁹ The German import volume from the Netherlands amounted to 203 per cent in percentages of 1938, whereas the volume of Germany exported to its western neighbour was only 88 per cent of the 1938 total.²⁰⁰

Once again, Dutch agriculture played a central role in this development. In 1936 agricultural products had accounted for half of Dutch export to Germany. In 1950 it had risen to almost 75 per cent. The German liberalisation changed the Dutch export structure in a fortnight. The division of Germany in different zones had once been a big obstacle for the recovery of German-Dutch trade relations between 1945-1949, but it now became an important stimulus for the Dutch agricultural sector. Before the war, most of Germany's agricultural products had been produced in eastern Germany. After the war, these areas were lost as Germany was divided into different occupation zones and had lost territory, mainly to Poland. The Netherlands was able to step in and fill this void.²⁰¹ A large part of the burden caused by the loss of the food producing areas in eastern Germany was shifted to the Netherlands. As before the war, the export of Dutch

¹⁹⁶ Van Zanden, *Een klein land*, 177.

¹⁹⁷ Wielenga, *West-Duitsland: partner uit noodzaak*, 236.

¹⁹⁸ J.U. Broelsma, *Havens, kranen, dokken en veren. De Gemeentelijke Handelsinrichtingen en het Havenbedrijf der Gemeente Rotterdam, 1882-2006* (Utrecht 2007) 232-233.

¹⁹⁹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 41.

²⁰⁰ 'Enige aspecten van het actief saldo op de monetaire rekening met Duitsland', *ESB*, 5 July 1950; Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 45.

²⁰¹ Wemelsfelder, *Het herstel van de Duits-Nederlandse betrekkingen*, 49.

agricultural products to Germany consisted of high quality agricultural and horticulture products, which Germany was unable to produce in enough quantity and of the same quality. As the monetary situation had not recovered to such an extent that normal monetary settlement was possible, a bilateral balance remained necessary.

This was easier said than done. The liberalisation policy of McCloy and the West German Minister of Economic Affairs, Erhard, was in danger of failing in January 1950. As both Washington and Erhard were staunch advocates of liberalisation, they could not afford to have this experiment fail.²⁰² By 1949, the deficit on the German balance of trade had grown rapidly and amounted to four billion guilders, 15 per cent of which was in December of that year.²⁰³ In the first half of 1949, the German deficit on the bilateral balance of trade amounted to 75 million dollars a month. It increased to 95 million dollars in the final six months of that year and rose to 117 million dollars in the last quarter.²⁰⁴ During 1950-1951, West German monetary problems pressed heavily on bilateral Dutch-German trade and payments.²⁰⁵

Until 1949, the Dutch position as debtor had not been strong. Now that the roles between the Netherlands and West German were reversed, it soon became clear that the Netherlands was not the stronger. If the situation did not change, the Federal Republic could once again, turn to one-sided import limitations. In a worst case scenario the Netherlands could be forced to limit its imports from the *Bundesrepublik*, and be forced to turn, once again, to the United States for capital goods.²⁰⁶ This would mean a loss of the precious little dollar supply. Bonn was backed by Washington and the American occupation forces in Germany, who wanted to prevent placing too much pressure on West Germany's financial position and were therefore powerful allies for Bonn's negotiators.²⁰⁷ German import limitations were a serious threat to the Netherlands. The West German farmers, united in the *Bauernverband* – Farmers Union – fiercely opposed any liberalisation policy, fearing that German farmers would be driven from their home market by Dutch agricultural products. The influence of the Farmers Union was extremely strong and arguments of general interest and balance of payment policy made little impression on them as they found 'in total, the situation was still alarming'.²⁰⁸ The Dutch social-democratic Minister of Agriculture, Fisheries and Food Supply, Sicco Mansholt, feared that pressure from the

²⁰² NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note Plv. Directeur-Generaal van het Buitenlands Betalings Verkeer M. Boomstra, 'Terzake van onderhandelingen met Duitsland', to Minister of Finance Liefstinck, 8 February 1950.

²⁰³ W.H. Salzmann, *Herstel, wederopbouw en Europese samenwerking*, D.P. Spierenburg en de buitenlandse economische betrekkingen van Nederland 1945-1952 (The Hague 1999) 189.

²⁰⁴ 'Problemen van het Duitse handelsverkeer met het buitenland', *ESB*, 12 April 1950, 284-287, there 284.

²⁰⁵ Salzmann, *Herstel, wederopbouw and Europese samenwerking*, 189.

²⁰⁶ Wielenga, *West-Duitsland: partner uit noodzaak*, 244.

²⁰⁷ *Ibid.*, same page.

²⁰⁸ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note P.C. Witte, Generale Thesaurie, to Minister of Finance Liefstinck, 'Inzake onderhandelingen met West-Duitsland', 20 December 1950.

German agricultural lobby would convince the Federal Republic to install limiting import quotas.²⁰⁹ His catholic colleague at Economic Affairs, J.R.M. van den Brink – with whom Mansholt disagreed most of the time²¹⁰ – agreed, and realised that everything had to be done to prevent Dutch imports to Germany being subjected to renewed quotas.²¹¹ The Netherlands, like Denmark and Italy, feared the consequences if Germany were to revert to import controls. If The Hague, Copenhagen and Rome were forced to respond in kind, the volume of intra-European trade could implode.²¹²

A solution therefore would be to liberalise Dutch imports as well. The head of the Treasury, W. Koster, wrote to the Finance Minister Liefstinck stating that there was hardly any doubt in his mind about the necessity to liberalise the market for German imports in the Netherlands.²¹³ Moreover, he suggested taking a test with the complete liberalisation of imports from Germany, provided part of it would be autonomous and that the Netherlands would retain the option to reintroduce limitations if it should turn out to be necessary.²¹⁴ Koster proposed one, crucial, limitation, viz. the complete liberalisation of the market was not to result in the Netherlands having to pay in dollars. In the margins of Koster's note, Liefstinck wrote 'very necessary' in blue ink.²¹⁵ On 2 February 1950, The Hague decided to liberalise its imports, six months after West Germany had done so. According to Teppema, this marked an important step towards the normalisation of economic relations with Germany.²¹⁶ As of that time, trade between the Netherlands and the Federal Republic was almost mutually liberalised.²¹⁷

Nevertheless, trade relations between the Netherlands and Germany remained uneven due to the bilateral German deficit. A solution for this was found via the European Payments Union (EPU), which was established in 1950. Its goal was to intensify trade between the participating countries by facilitating payments.²¹⁸ It proposed that the debts of member countries would no longer be bilateral, but could be offset against one another, with the remaining debt or surplus outstanding against the EPU itself. Marshall Aid would help cover the balance.²¹⁹ This

²⁰⁹ Wielenga, *West-Duitsland: partner uit noodzaak*, 237.

²¹⁰ J. van Merriënboer, *Mansholt. Een biografie* (Amsterdam 2006) 179.

²¹¹ Wielenga, *West-Duitsland: partner uit noodzaak*, 237.

²¹² Eichengreen, *The European Economy Since 1945*, 79-80.

²¹³ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note Thesaurier-Generaal, 'Duitsland', to Minister of Finance Liefstinck, 14 January 1950.

²¹⁴ In the original document, the passage 'complete liberalization of imports from Germany' was underlined in red and in the margin Liefstinck had written in blue 'this reservation is necessary'.

²¹⁵ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note Thesaurier-Generaal, 'Duitsland', to Minister of Finance Liefstinck, 14 January 1950.

²¹⁶ Wielenga, *West-Duitsland: partner uit noodzaak*, 238.

²¹⁷ J.M.M.J. Clerx, *Nederland en de liberalisatie van het handels- en betalingsverkeer 1945-1958* (Groningen 1986) 62.

²¹⁸ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 58.

²¹⁹ Esposito, 'Influencing aid recipients', 76.

would prevent the breakdown of internal European trade.²²⁰ A further important aspect of the EPU was that monetary accounts between two countries could only be used as a bookkeeping method from which it would be possible to obtain an overview of the total balance of payments within the EPU-framework. This way, member countries would not have claims on each other, but only on the EPU. All countries were given a quote of 15 per cent of their total trade in 1949.²²¹

This turned out to be the EPU's Achilles heel, however. West Germany faced enormous financial problems. Unemployment rates were high. In March 1950, over 12 per cent of the work force was unemployed.²²² Besides, Germany imported much more than it exported, resulting in huge balance of trade deficits with the EPU. From November 1949 to June 1950, on average Germany imported goods valuing of 120.7 million dollars a month, whereas exports stood at only 95.4 million dollars. Import values were two-thirds, and export values one-third higher than before the war, with very little change in prices. This resulted in a deficit on the German balance of trade of 202 million dollars between November 1949 and June 1950, 21 per cent of the import value.²²³

In short, West Germany was in danger of becoming insolvent as it had reached the limit of its credit-worthiness and its asset reserves were exhausted. Moreover, Bonn's EPU-quota was extremely low, about the same as that of the Netherlands, 320 million dollars.²²⁴ The EPU-quotas were based on 1949 levels, when West German trade had been limited. Germany had already used up its quota by November 1950, which left the Federal Republic with only two options. It could either pay the EPU with gold or dollars, or leave the union. Neither was in The Hague's nor in Europe's interest. In a note in May 1950, the acting Director-General of the section for Foreign Economic Relations, stated that the Netherlands had a practical and moral obligation to help the Germans solve their problems.²²⁵ Dutch politicians and Dutch economic circles realised that Germany's foreign trade problems could not be separated from European problems and that German economic life was now, more than ever, interwoven with that of the surrounding countries. The extent of solidarity had to be enlarged considerably.²²⁶ As the Dutch ambassador

²²⁰ M. Dickhaus, *Die Bundesbank im westeuropäischen Wiederaufbau. Die internationale Währungspolitik der Bundesrepublik Deutschland 1948 bis 1958* (Munich 1996) 33.

²²¹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 58.

²²² Faulenbach, *Deutschland in den fünfziger Jahren*, 32.

²²³ V. Hentschel, 'Die Europäische Zahlungsunion und die deutschen Devisenkrisen 1950/51', *Vierteljahrshefte für Zeitgeschichte* 37, nr. 4 (1989) 715-758, there 724-725.

²²⁴ H.J. Dernburg, 'Germany's External Economic Position', *The American Economic Review* 44, No. 4 (September 1954) 530-558, there 540.

²²⁵ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note acting president-general Foreign Economic Relations, 'Bijeenkomst Gemengde Commissie voor het handelsverkeer met West-Duitsland', 24 May 1950.

²²⁶ 'Duitsland en de Europese betalingsunie', *ESB*, 19 April 1950, 307-310, there 309.

in Bonn, J.M. de Booy, wrote in a letter to Joseph Luns and Jan-Willem Beyen, the two acting Dutch Ministers of Foreign Affairs, 'the currency position of the Federal Republic stands and falls in relation to the EPU-position [originally underlined, M.L.].'²²⁷

In order to prevent West Germany leaving the EPU, the OEEC decided to grant Bonn an extra credit of 120 million dollars, on condition that the Federal Republic would change its economic policy and end all imbalances in its trade. The German authorities agreed to maintain the prevailing exchange rate, abstain from government borrowing and raise taxes. Moreover, it increased turnover taxes to limit consumption and adjusted the structure of corporate and income taxation to limit investments. Reserve requirements on most banks were raised by 50 to 100 per cent, and, in spite of objections from Adenauer, discount rates were raised.²²⁸ Despite its promises, Bonn allowed its deficit to increase further because it feared taking measures to limit its imports. In March 1951, The West German government was forced to take drastic measures. The liberalisation percentage, which stood at 60 per cent, had to be limited to create 'a cash depot of 50 per cent of the DM counter value for the currency that was demanded for imports, and finally the issue of import licenses was fully established'.²²⁹ These measures elicited strong criticism from abroad. Some feared it would be a return to the import discriminations of the Third Reich, which in the Anglo-Saxon world was dubbed 'Schachtianism'.²³⁰ The Dutch Minister of Foreign Affairs, Stikker, had similar thoughts, and had a message circulated in the Dutch press that stated that the West German policy showed a 'marked resemblance' to that of Hitler's Minister of Economic Affairs, Hjalmar Schacht, in the 1930s.²³¹

Because of its close economic ties with Germany, the German EPU-deficit hit the Netherlands hard. Any measures taken by Bonn or problems within the EPU, had repercussions for the Netherlands. After the Federal Republic of Germany, the Netherlands was the second weakest link in the EPU, as it had also rapidly used up its quota. The consequences of the problems in Germany were evident to the Netherlands. As liberalisation again was limited, the Dutch share in total German imports, which, in the first two quarters of 1950 had been 12.2 per cent and in the third quarter 11.2 per cent, dropped to 9.3 per cent in the last three months of the year. It decreased even further to a mere 7.0 per cent in the first quarter of 1951.²³²

²²⁷ NA, Ambassade en Militaire Missie Duitsland, 2.05.55, inv. nr 508; 'Letter De Booy to Luns and Beyen', 25 November 1952.

²²⁸ The information about the measures taken by Bonn are from Eichengreen, *The European Economy Since 1945*, 83.

²²⁹ Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 224; Also Faulenbach, *Deutschland in den fünfziger Jahren*, 32-34.

²³⁰ Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 224-225.

²³¹ H.J.G. Beunders and H.H. Selier, *Argwaan en profijt. Nederland en West-Duitsland 1945-1981* (Amsterdam 1983) 14-15.

²³² Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 81.

The German balance of payments crisis hit the Netherlands harder, both relatively and absolutely, than all other EPU-members combined. Consequently, the Dutch deficit within the EPU reached almost 160 million dollars between December 1950 and June 1951. Almost half of this was due to the decrease of Dutch exports to its eastern neighbour.²³³ Understandably, this greatly annoyed Dutch politicians, although they could do little about it. In December 1950, after ‘an extraordinary game of threats’,²³⁴ Dutch and German delegates reached an accord in which a clause was integrated whereby the Germans obliged themselves to strive for a balanced position within the EPU.²³⁵ They agreed that should the Netherlands develop a deficit in bilateral trade, Germany would take measures to compensate this by granting more import licenses. As these were restricted in March 1951, little was achieved. In November 1949, The Organisation for European Economy Co-operation (OEEC), which was responsible for coordinating the Marshall Plan, had forced its members to end quotas for at least 50 per cent of their private imports. A further liberalisation to 60 per cent had to be fulfilled by the end of 1950, and in February 1951 this percentage had to be 75 per cent. Again, the German balance of payment crisis resulted in little being achieved by the Federal German government. On the contrary, it had to scale down the liberalisation process and reimpose quantitative restrictions.²³⁶

In an attempt to settle the crisis in June 1950, Dutch-German negotiations on amortisation and liberalisation only resulted in an agreement to disagree.²³⁷ Although the German delegation confirmed it wanted to retain the existing level of liberalisation between the two countries, they also made clear that if the Netherlands were to use a veto, it would be a hollow victory, as the 60 per cent liberalisation arrangement in the EPU left plenty of opportunities for discrimination. According to the Dutch delegation, the Germans were adamant that they would not hesitate to use this weapon. Germany stated that this should not be seen as a threat, but only to point out that many in Germany opposed the liberalisation policy and objected to the large debt that resulted from it, especially its enormous debt to the Netherlands. The atmosphere was hostile rather than cooperative. This presented The Hague with a dilemma. On 11 December 1950, the negotiations between the Dutch delegation (led by Teppema) and its German counterpart were interrupted. West Germany reverted to a system for import permits in the non-liberalised sector that closely resembled the JEIA-system of two years earlier, which had led to so

²³³ This paragraph is based on Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 80-81.

²³⁴ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; ‘Note P.C. Witte, General Treasurer, to Minister of Finance Liefstinck, ‘Inzake onderhandelingen met West-Duitsland’, 20 December 1950.

²³⁵ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; ‘Note P.C. Witte, General Treasurer, to Minister of Finance Liefstinck, ‘Inzake onderhandelingen met West-Duitsland’, 20 December 1950.

²³⁶ Eichengreen, *The European Economy Since 1945*, 83.

²³⁷ This paragraph is based on NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note P. Boomstra, acting president Foreign Payments Traffic to Minister of Finance Liefstinck, ‘Bespreking Nederland-West-Duitsland inzake amortisatie saldo accoordrekening per 30 juni 1950’, 15 July 1950.

much annoyance in the Netherlands. In practice this meant that the *Bank deutscher Länder* set a certain amount of currency for which import licenses were granted for all OEEC-countries. Next, this amount was divided over the various countries and subsequently over various contingents. If import agreements had previously been reached for certain groups of goods, then, according to this new system, only part of this treaty could be honoured. Already existing treaties would therefore be no guarantee that the Dutch 'would indeed get a reasonable balance'. Therefore, Teppema did not consider it wise to agree to these measures before they had been discussed in the Council of Economic Affairs.²³⁸

If Germany could not be convinced to change this policy, the Dutch were faced with the question of whether they still had to agree to trade treaties with Germany. Teppema thought they should as every time the *Bank deutscher Länder* distributed assets, they did so about contingents agreed upon in trading treaties: 'If one has no treaty, one gets nothing'. This last quote was underlined by Liefstinck.²³⁹ At this point The Hague questioned whether it should limit its imports from Germany, if equilibrium could not be obtained. Here, however, the economic importance of Germany played a decisive role. A large proportion of the products the Netherlands imported from Germany were essential. If they were not bought from Germany, they had to be obtained elsewhere and probably at a higher price. In practice this would have meant that The Hague became an even larger debtor to other OEEC-countries, and this would only worsen the Dutch position in the EPU. If the Netherlands were to limit its exports, it should not only be to Germany, but to the entire world. It seemed advisable, therefore, only to use import limitations in relations with Germany as far as this seemed sound from the point of negotiations, 'but not to use this weapon to achieve bilateral balance with Germany'.²⁴⁰ To make matters even more complicated, negotiations with the Germans were considerably hampered by the many differences of opinion on the other side of the table. The Germans were divided among themselves. Not only did the Ministry of Economic Affairs, the Ministry of Agriculture, the Ministry of the Marshall Plan and the *Bank deutscher Länder* all hold different views on the matter, but the Germans also differed with the occupation authorities, and these too were divided. There was even tension between the Americans in the Allied High Commission and those in the

²³⁸ This paragraph is based on NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note P.C. Witte, General Treasurer, to Minister of Finance Liefstinck, 'Inzake besprekingen met West-Duitsland', 13 December 1950.

²³⁹ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note P.C. Witte, General Treasurer, to Minister of Finance Liefstinck, 'Inzake besprekingen met West-Duitsland', 13 December 1950.

²⁴⁰ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note P.C. Witte, General Treasurer, to Minister of Finance Liefstinck, 'Inzake besprekingen met West-Duitsland', 13 December 1950.

Economic Cooperation Administration. In addition to this, hierarchical relations between these authorities were unclear and 'it was barely possible to work pragmatically'.²⁴¹

Dutch EPU-problems and the disturbances in Dutch-German economic relations were aggravated by the Korean War (1950-1953). As the Netherlands lacked raw materials, it had to import these, and because of the Korean crisis, prices for raw materials increased considerably. As the prices for raw materials soared,²⁴² the Dutch balance of payments soon showed a large deficit.²⁴³ The prices of products produced in the Netherlands and partly exported rose more slowly and to a lesser extent.²⁴⁴ Furthermore, the Netherlands imported capital goods, the prices of which also rose steeply, and it mainly exported luxury goods. As demand for the latter was low, the Dutch current account worsened. During 1950, the deficit on the current account amounted to 1131 million guilders, whereas in 1949 this had been 312 million guilders.²⁴⁵

The Korean War also had important economic consequences for West Germany. It increased foreign demand for German capital goods and raw materials, i.e. coal. In Germany, too at that time, demand for consumer goods rose. As a result of this, industrial production augmented strongly during 1950. According to official statistics, in November 1950, production was three times higher than in 1949. This figure is, most likely, an exaggeration. It is probably a combination of real growth and the legalisation of clandestine production. Employment rose as well, although unemployment remained high due to the considerable influx of refugees from the East and regional structural economic problems. The Korea-boom also created new problems for the West German economy, which were to have dire consequences for Dutch-German monetary relations. In order to profit from the boom on the world market, German entrepreneurs had to import more raw materials and semi-finished products. In the autumn of 1950, the deficit on Germany's balance of trade increased so rapidly, that the liberalisation of foreign trade had to be cut short immediately. Moreover, for the first time since the winter of 1946-1947, industrial production in Germany slowed down putting further development of the West German industry in jeopardy. At the turn of 1950-1951, iron and steel production stagnated, although worldwide demand for German products remained high. The main bottleneck was coal production. Structural reasons, like unsatisfactory modernisation after the

²⁴¹ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 36; Note P.C. Witte, General Treasurer, to Minister of Finance Lief tinck, 'Inzake besprekingen met West-Duitsland', 13 December 1950.

²⁴² J. Barendregt, *The Dutch Money Purge. The monetary consequences of German occupation and their redress after liberation, 1940-1952* (Amsterdam 1993) 194.

²⁴³ J.W.L. Brouwer, 'Buitenlandse Zaken: de strijd om meer parlementaire invloed, 1948-1951', in P.F. Maas and J.M.M.J. Clerx (eds.), *Parlementaire geschiedenis van Nederland na 1945 deel 3. Het kabinet-Drees-Van Schaik. Band C: Koude Oorlog, dekolonisatie en integratie* (Nijmegen 1996) 43-205, there 148.

²⁴⁴ NA, Dir. Buit. Betalings Verkeer (Alg. Beheer), 2.08.50, inv. nr. 5; Note Minister of Finance Lief tinck, 'Inzake de deviezenpositie', 21 May 1951.

²⁴⁵ CBS, *Tweehonderd jaar statistiek in tijdreeksen 1800-1999* (Voorburg/Heerlen 2001) 52.

collapse of the Third Reich and a lack of employees because of a shortage of houses, stood in the way of any further development of mining in the Ruhr area. Bonn therefore had to buy coal from foreign countries, particularly in the United States in order to meet national demand and not prevent its other industries from participating in the worldwide boom.²⁴⁶ This resulted in a high deficit on the country's balance of payments, as most money destined for exports had to be used to buy coal.²⁴⁷ Coal rationing was reintroduced in October 1950 whereas it had only ended in the spring of the previous year.²⁴⁸ Imports had to be sized down considerably.

The consequences of the German balance of payment crises of 1950 and early 1951, were felt most severely in the Netherlands. The Dutch current account deficit was strengthened by the German import limitations. The Dutch EPU-position deteriorated; exports only increased slowly resulting in an alarming import surplus. Whereas imports from Germany remained between 86 and 102 million guilders a month in the first four months of 1951, exports to Germany dropped significantly, from 80 million guilders in February, 72.3 in March and 48.7 in April, to 52.3 million guilders in May.²⁴⁹

In the midst of all this, the Netherlands tried to reach an agreement with the Germans in order to secure exports as much as possible. The Hague's goal was to keep trade at the 1950 level on the basis of bilateral balance. In January 1951, a new trade agreement was signed.²⁵⁰ Teppema, however, warned against too much optimism while the German balance of payment crisis endured. His worries turned out to be justified. In February 1951, Bonn decided to issue no further import licenses until June. Moreover, on 6 March 1951, one day before they were to transfer their authority over trade policy to the Federal government, the occupation authorities vetoed the Dutch-German trade treaty of 18 January 1951 because of the weak German balance of payment position.²⁵¹ In the OEEC, Stikker stated that the EPU did not give enough consideration to 'the highly serious repercussions a fall out with Germany would have on the western European community'.²⁵² Stikker's statement did not impress much, but the EPU-proposal to give Germany a free hand in fighting its balance of payments crisis was accepted.

The Dutch negotiating position was not strong, to say the least. The Netherlands could do little to prevent the Germans using import revenues to cover its EPU-shortage instead of buying Dutch products for their quota. Furthermore, the OEEC paid more attention to the

²⁴⁶ Kleßmann, *Die doppelte Staatsgründung*, 225.

²⁴⁷ Ibid., same page.

²⁴⁸ This paragraph is, unless stated otherwise, based on Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 159.

²⁴⁹ HStAD, NW 53 – 583 Staatskanzlei; 'Geschäftsbericht der niederländischen Handelskammer für Deutschland über das Jahr 1951'.

²⁵⁰ Wielenga, *West-Duitsland: partner uit noodzaak*, 247.

²⁵¹ Ibid., 248.

²⁵² As quoted by Salzmann, *Herstel, wederopbouw en Europese samenwerking*, 191.

German problem than to the consequences this had on the Netherlands. The Dutch could only sit and wait. They could, as a last resort, limit their trade, but as this was in contravention of the OEEC-rules and the Netherlands had been a strong advocate of liberalisation, this was not a real option. The Hague could only ask for a solution within the OEEC that took account of Dutch interests. In April, however, the Netherlands achieved a breakthrough as it was allocated 30 per cent of newly available German import licenses, although this amounted to only 11 million dollars, which was hardly 50 per cent of the normal monthly level.²⁵³

After March 1951, Germany's position in the EPU improved markedly, partly because the Korean War had increased the demand for industrial products. The Korean War had initially had negative consequences for the Federal Republic and, in its wake, for the Netherlands. After March, however, the situation was reversed and both countries profited considerably. Somewhat paradoxically, the same forces that had caused the German deficit, now enabled Bonn to pay its own imports. Raw materials, 'which, at the beginning of the Korean crisis, when prices were still low, had been imported', now left the Federal Republic as finished products to meet a growing demand for them.²⁵⁴ By May 1951, Germany was able to redeem its extra OEEC-credit of 120 million dollar. In the years to come, West Germany would develop a large surplus on the EPU, which amounted to 288 million dollar in 1952 and to 514 million a year later.²⁵⁵ By April 1952, more than three quarters of all imports entering Germany were liberalised. A year later it was 90 per cent.²⁵⁶ According to some historians, the EPU had prevented the Korea boom from becoming 'a German Korea Crisis'.²⁵⁷

This outcome had positive effects on the Netherlands as well. The rapid improvement of the German balance of payment position allowed Dutch exports to its eastern neighbour to rise to its 1950-level. By the end of 1951, with the recovery of German output and demand, the Netherlands became a creditor in the EPU.²⁵⁸ The Dutch economy had suffered severely from the German balance of payment crises, but it was now able to profit considerably from its upsurge, and German repayments to its western neighbour sped up.

²⁵³ Wielenga, *West-Duitsland: partner uit noodzaak*, 249.

²⁵⁴ Abelschauser, *Deutsche Wirtschaftsgeschichte seit 1945*, 225.

²⁵⁵ NA, Ambassade en Militaire Missie Duitsland, 2.05.55, inv. nr. 509; Message Dutch Embassy in Bonn, 'Het conjunctuurverloop in de Bondsrepubliek in 1953', 24 March 1954.

²⁵⁶ Eichengreen, *The European Economy Since 1945*, 84.

²⁵⁷ Hentschel, 'Die Europäische Zahlungsunion und die deutschen Devisenkrisen 1950/51', 718; For the same point of view: P. Temin, 'The "Koreaboom" in West Germany: Fact or Fiction?', *The Economic History Review* 48, No. 4 (1995) 737-753, there 751.

²⁵⁸ Eichengreen, *The European Economy Since 1945*, 84.

Table 4.5 *Dutch exports and imports from and to Germany in 1951, in million guilders*

Month	Import	Imports Proceeding average	Export	Exports Proceeding average
January	86	95	87	87
February	82	96	80	87
March	111	97	72	88
April	102	98	49	88
May	101	99	52	87
June	109	98	82	87
July	97	98	75	85
August	101	99	86	86
September	94	99	131	88
October	101	98	115	91
November	91	97	110	94
December	92	96	86	94
Total	1167	1169	1025	1061

Sources: HStAD, NW 53 – 583 Staatskanzlei; ‘Geschäftsbericht der niederländischen Handelskammer für Deutschland über das Jahr 1951’; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, August 1950* (Utrecht 1950) 4; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, September 1950* (Utrecht 1950) 4; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, October 1952* (Utrecht 1950) 4; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, November 1950* (Utrecht 1951) 4; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, December 1950* (Utrecht 1951) 8; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, January 1952* (Utrecht 1952) 12; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, February 1952* (Utrecht 1952) 4; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, March 1952* (Utrecht 1952) 10; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, April 1952* (Utrecht 1952) 4; CBS, *Maandstatistiek van de in-, uit- en doorvoer per goederensoort, May 1952* (Utrecht 1952) 4; own calculations.

From the third quarter of 1951 onwards, the crisis in Dutch-German trade had passed (Table 4.5). This was confirmed by the fact that the trade agreement of January 1951 was confirmed in June.²⁵⁹ Trade between the two countries increased rapidly in the following years.

After the German market opened up to Dutch exports, the Netherlands no longer had to export enormous quantities of agricultural products to Great Britain. This had always been disadvantageous because London preferred to import goods from its commonwealth countries like Australia and New Zealand and the Netherlands had to export against lower prices. Now Dutch products could find their way to the German market, where trade was not hindered by imperial preference. They no longer had to send agrarian surpluses to the U.K. market.²⁶⁰ The Dutch share in German imports rose from 5.5 per cent in 1949 to over 11 per cent in 1950.²⁶¹ In the period between the two world wars, this percentage had only been 10 per cent in

²⁵⁹ Wielenga, *West-Duitsland: partner uit noodzaak*, 249.

²⁶⁰ Griffiths, *Economic reconstruction policy in the Netherlands*, 45.

²⁶¹ ‘Aantekeningen: West-Duitsland als handelspartner’, *ESB*, 7 March 1951, 189-190, there 189.

extraordinary years.²⁶² Problems between the two countries endured, nonetheless. The September 1949 liberalisation was followed by a period of explosive growth, but this growth was instable, partly due to German balance of payment problems. This situation lasted until the summer of 1951.²⁶³

The liberalisation of German imports coincided with the devaluation of the guilder against the dollar, which made Dutch products relatively cheap. The new Federal Republic developed into the motor of Dutch agriculture,²⁶⁴ as from then on the Netherlands was able to export its agricultural products on a large scale. In September 1949, Europe was struck by a wave of devaluations. This was an attempt to correct imbalances between the United States and Europe via monetary adaptation. The devaluations improved the competitiveness of Europe towards the United States. On 18 September 1949, Great Britain decided to lower the pound about 30 per cent against the dollar.²⁶⁵ The Hague, unable to resist the devaluation wave unilaterally, followed with the same percentage a day later. This coincided with Denmark's percentage, the largest European competitor in the export of agrarian products.²⁶⁶ West Germany only devalued by 20 per cent.²⁶⁷ The Dutch-German trade pattern changed dramatically as a consequence of the 1949 liberalisation. The Netherlands had moved from being a traditional debtor to a net creditor to Bonn.

Dutch-German trade relations have prospered since the liberalisation of German imports in September 1949. One could argue that with this development, the Dutch government had accomplished much of what it had aimed for after World War II. Germany had been restored as its main trading partner. In 1950 the German share in Dutch imports almost doubled²⁶⁸, and the Dutch economy developed and industrialised rapidly.²⁶⁹ Dutch-German trade relations were equally important to the Germans. In 1950, the Netherlands ranked first in German trade, totalling some 518 million dollars, followed by the United States with 457 million dollars. No less than 14.3 per cent of German exports found their way to the Dutch market in 1950, but that

²⁶² R.T. Griffiths, 'The Stranglehold of Bilateralism', in R.T. Griffiths (ed.), *The Netherlands and the integration of Europe 1945-1957* (Amsterdam 1990) 1-26, there 12.

²⁶³ Wielenga, *Van vijand tot bondgenoot*, 31.

²⁶⁴ Van Merriënboer, *Mansholt*, 175.

²⁶⁵ The paragraph about the devaluation of September 1949 is taken from J.M.M.J. Clerx, 'Liefitincks financiële positie', in P.F. Maas (eds.), *Parlementaire geschiedenis van Nederland na 1945. Deel 3. Het kabinet-Drees-Van Schaik (1948-1951). Band A: Liberalisatie en sociale ordening* (Nijmegen 1991) 189-357, there 217-222, 252.

²⁶⁶ Clerx, 'Liefitincks financiële positie', 252. Dutch-Danish competition focused predominantly on butter and meat. See for example: H.J. Frietema, *Productie en prijsvorming op de Engelse markt van Nederlandsche, Deensche en Koloniale boter* (Haarlem 1937).

²⁶⁷ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 63.

²⁶⁸ J.H. Zoon, 'Aantekeningen: West-Duitsland als handelspartner', *ESB*, 7 March 1951, 189-190, there 189; Wielenga, *West-Duitsland: partner uit noodzaak*, 241.

²⁶⁹ See for example: De Liagre Böhl, Nekkers and Slot, *Nederland industrialiseert!*; H.J. de Jong, *De Nederlandse industrie 1913-1965: een vergelijkende analyse op basis van de productiestatistieken* (Amsterdam 1999); Van Zanden, *Een klein land*, 185.

decreased to 10.0 per cent in 1951 and 8.0 per cent in 1952. In spite of this, the Netherlands remained the most important German export market (Table 4.6). Belgium, second in that area, lagged far behind with 8.1 per cent. As a supplier, the Netherlands was second only after the United States, with 11.3 per cent as against 6.2 per cent for France.²⁷⁰

Table 4.6 *Germany's most important export and import partners in percentages, 1936 and 1950-1957*

Year	Export					Import				
	US	UK	Neth.	F.	BLEU	US	UK	Neth.	F.	BLEU
1936	3.6	8.5	8.3	5.3	4.4	5.5	6.3	4.0	2.3	3.2
1950	5.1	4.3	14.3	7.3	8.1	15.2	4.3	11.3	6.2	3.6
1951	6.8	6.0	10.0	6.7	6.8	18.5	3.4	6.9	4.2	4.1
1952	6.2	5.7	8.0	6.4	7.1	15.5	3.2	7.2	3.7	5.8
1953	6.7	4.3	8.9	5.9	7.1	10.3	4.0	7.8	4.9	5.3
1954	5.6	3.9	9.3	5.4	7.2	11.5	4.4	7.9	4.9	4.5
1955	6.3	4.0	9.4	5.7	6.7	13.1	4.1	7.2	5.9	4.8
1956	6.7	4.1	9.3	6.3	6.8	14.2	4.1	7.2	4.8	4.8
1957	6.9	3.9	9.0	6.3	6.7	17.8	3.6	7.1	4.9	4.2

Source: *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1952 and 1954-1958* (Wiesbaden 1952 and 1954-1958).

After some teething problems in the years 1950-1951, the Dutch-German trade relations were restored to their pre-war intensity. With that, one of the prime policy goals of various post-war Dutch cabinets had been achieved. In February 1952, The General Secretary of the Ministry of Foreign Affairs, H.N. Boon told the French ambassador that economic relations between the Netherlands and Germany had not been changed fundamentally by World War II and that anyone looking at the trade balance would see that 'Dutch economic prosperity depended strongly on that of the Federal Republic'.²⁷¹

4.10 Conclusions

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

In May 1945, one of the most important goals of the Dutch government was to revive Dutch-German trade. This was easier said than done. The Ruhr industrial area produced little and

²⁷⁰ Zoon, 'Aantekeningen', 189.

²⁷¹ Politisches Archiv de Auswärtiges Amts B 11, Bandnummer 268, Microfiche 268-2; Letter Du Mont to the German Ministry of Foreign Affairs, 'Gespräch des Gesandten Boon mit dem französischen Botschafter über die Entwicklung der deutsch-niederländischen Beziehungen', 14 February 1952.

coal was in limited supply. Moreover, machine production had collapsed, causing a severe shortage of spare parts in the Dutch machine park. Trade with Germany was all but impossible, and almost nonexistent until 1948, apart from compulsory exports of coal, timber and scrap and a limited number of industrial products. Post-war trade with Germany was difficult because of Allied occupation policy. Foreign trade and monetary transactions were carried out by the Joint Export-Import Agency (JEIA). Not only did the Americans forbid German traders to have direct relations with foreigners, but the Netherlands had to pay for its German coal and industrial products with dollars, but received inconvertible *Reichsmark* in return for its exports

The early post-war Allied policy robbed the Netherlands of the possibility to restart trade with its most important pre-war trading partner. This, in its turn, threatened Dutch economic reconstruction. After World War II, a temporary shift in the general Dutch trade pattern took place when Great Britain became the Netherlands' main export market. This was not a voluntary shift, as The Hague's main aim was to restore economic ties with its principal pre-war trading partner. It, therefore, made a number of proposals to the British and American occupation authorities, even suggesting that all trade with Germany should flow through a trading syndicate. The Dutch were prepared to front this, which would be guaranteed by a loan of 160 million dollars from America and would be used to provide a revolving credit for the payment of raw material imports for German industry. Although the Americans were not opposed to the plan, it came to nothing.

The most serious attempt the Dutch government and business made to restore trade with Germany was the foundation of a Trust Company. Although its practical results were limited, the Trust Company was a good example of the lengths to which the Dutch government and Dutch business were prepared to go in order to restore Dutch-German trade relations as soon as possible.

The real breakthrough, however, came from abroad, from the United States. When it became clear that the division of Germany was unavoidable, Washington decided to construct a West German state. The Germans would be responsible for their own economy and this would stimulate European recovery as a whole. The Hague greeted this shift in US policy with satisfaction, although the Americans only liberalised the German import of Dutch products in September 1949. This liberalisation was an essential step in the process of normalising German-Dutch trade. The results were spectacular. Dutch exports to Germany skyrocketed. This increased export to Germany raised Dutch GDP by 8 per cent. This was almost four times as much as was achieved by Marshall Aid. From this it can be concluded that the opening of the

German market and the restoration of trade between the Netherlands and Germany were of far greater importance for the Dutch economy than Marshall Aid. Historiography lost sight of this.

Problems in the Dutch-German trade relations persisted, however. The liberalisation of the German imports in September 1949 completely changed the pattern of trade between the Netherlands and Germany. Instead of being a German debtor, the Netherlands had now become a creditor to Germany, which in no time, developed a deficit of 330 million guilders on its bilateral balance of payments with the Netherlands. When West Germany's deficit on the EPU increased markedly during late 1950 and early 1951, its government threatened to limit its imports. The German EPU-deficit hit the Netherlands hard, which is a further proof of the close economic ties between the two countries. The Netherlands was the second weakest link in the EPU and rapidly used up its quota. The Dutch share in total German imports in the first two quarters of 1950 stood at 12.2 per cent and in the third at 11.2 per cent. In the last three months of that year it dropped to 9.3 per cent and in the first months of 1951 to a mere 7.0 per cent. Whereas imports from Germany remained at between 86 and 102 million guilders a month in the first four months of 1951, exports dropped significantly, from 80 million guilders in February, to 72.3 in March and 48.7 in April, and to 52.3 million guilders in May.

As of March 1951, however, Germany's position in the EPU improved markedly and the Netherlands profited from Bonn's good fortune. The rapid improvement of the German balance of payment position allowed Dutch exports to its eastern neighbour to reach its 1950-level. Bonn was also able to repay its debt rapidly. By the end of 1951, with the recovery of German output and demand, the Netherlands became a persistent creditor in the EPU. After the German balance of payment crisis of 1950/1951, trade between the Netherlands and West Germany would flourish for years to come.

After 1951, the Dutch trade pattern normalised. Germany soon became what it had been to the Netherlands prior to World War II, its most important export and import market. Although some limitations still had to be overcome, normal Dutch-German trade was soon realised. The Netherlands soon became one of West Germany's most important trading partners. With the Dutch-German trade relations analysed, it is now time to focus on one of the most important aspects of the Dutch-German economic relations, the transit traffic between the Netherlands, Germany and the Ruhr industry.

Chapter 5 Rotterdam, Rhine, and the German hinterland, 1945-1957

5.1 Introduction

‘The Rhine with all its tributaries is the pivot on which contemporary Europe hinges’, wrote K.P. van der Mandele, president of the Rotterdam Chamber of Commerce in the economic weekly *Economisch-Statistische Berichten* in 1953.¹ His comment could not be more to the point as far as the Dutch economy before World War II was concerned. Rotterdam and the Rhine played a central role in the transit of goods to and from the German hinterland, especially to the industrial area of the Ruhr. This industrial centre was supplied with raw materials like ores, foodstuffs, wood etc. via Rotterdam. At the same time, this important waterway supplied the Netherlands and the rest of the world with coals, chemicals, iron and steel from the Ruhr area. The Netherlands had a dominant position in international Rhine traffic. Before the war it provided 48 per cent of the active balances of services of the Netherlands.²

Rotterdam is the natural outlet for Rhine traffic.³ Its geographic and strategic position at the estuary of the Rhine, Scheldt and Meuse, meant that Rotterdam and the Netherlands was vital for the German hinterland. The Dutch played a dominant role in the transit of bulk goods in Rhine traffic and inland shipping.⁴ Before World War II, 80 per cent of the transit trade – forming three-quarters of the total⁵ – that passed through Rotterdam was destined for or came from the German market.⁶ Rotterdam played an important role in the development of the Ruhr area as did the Ruhr area to the development of Rotterdam. ‘As the Ruhr area developed into the largest industrial centre of Europe, Rotterdam became a world port and the Gateway to Europe. ‘The Rhine and its canals and tributaries became the natural hinterland of Rotterdam’, as Renate Laspeyres wrote in her 1969 study on Rotterdam and the Ruhr area.⁷

During and immediately after World War II, Dutch politicians and businessmen acknowledged the importance of Rhine shipping to the Netherlands. In a note dated 27 February 1947, the Rotterdam Chamber of Commerce stated that the Dutch economy ‘is for an important

¹ K.P. van der Mandele, ‘Nieuwjaarsrede van de voorzitter van de Kamer van Koophandel en Fabrieken voor Rotterdam’, *ESB*, 7 January 1953, 11-15, there 11.

² H.A.M. Klemann, *Nederland 1938-1948. Economie en samenleving in jaren van oorlog en bezetting* (Amsterdam 2002) 356.

³ F.W. Morgan, ‘Rotterdam and Waterway Approaches to the Rhine’, *Economic Geography* 24, No. 1 (January 1948) 1-18, there 3.

⁴ H.A.M. Klemann, *Tussen Reich en Empire. De economische betrekkingen van Nederland met zijn belangrijkste handelspartners: Duitsland, Groot-Brittannië en België en de Nederlandse handelspolitiek, 1929-1936* (Amsterdam 1990) 255. See also: H.A.M. Klemann and K. van Paridon, ‘Inleidings’, in H.A.M. Klemann and K. van Paridon, *In voor- en tegenspoed... Verleden, heden en toekomst van de Nederlands-Duitse economische betrekkingen* (Den Haag 2008) 9-12, there 9 and 10. Also: Stichting Havenbelangen Rotterdam, *Rijn, Roer, Rotterdam: alle goede dingen in drieën* (ca. 1950) 10.

⁵ Morgan, ‘Rotterdam and Waterway Approaches to the Rhine’, 3.

⁶ NA The Hague, Kamer van Koophandel en Fabrieken voor Rotterdam: Secretariaat, 1922-1969, access code 3.17.17.04, inventory number 2179; ‘Aide Memoire president Rotterdam Chamber of Commerce’, 19 August 1949.

⁷ R. Laspeyres, *Rotterdam und das Ruhrgebiet* (Marburg/Lahn 1969) 16. Also: F.W. Boterman, *Duitsland als Nederlands probleem. De Nederlands-Duitse betrekkingen tussen openheid en eigenheid* (Amsterdam 1998) 11.

part built on the transit of goods, predominantly via the Rhine, to and from Middle-Europe'.⁸ As the geographer Frederick Morgan stated in 1948: 'The lower and middle Rhine and the Ruhr provided the bulk of the traffic of Rotterdam so that prosperity fluctuated closely in accordance with output of coal and consumption of ore in Germany'.⁹ Rotterdam can therefore be considered the port of the Ruhr area and the largest German harbour. Rhine shipping constituted a significant part of Dutch-German economic relations.¹⁰

The monetary problems after 1931 and the Nazi autarkic policy partly destroyed this system. Rhine traffic from the Netherlands to Germany and vice versa halved between 1929 and 1936.¹¹ World War II, the German occupation of the Netherlands and the Allied blockade only aggravated this development. After the destruction of Nazi Germany, the Netherlands was therefore keen to restore Rhine traffic and its connections with the German hinterland as soon as possible. But from May 1945, the Netherlands had lost its most important trading partner and Rhine traffic as well. The Hague was dependent on the policy of Washington and Whitehall and was unable to form an independent policy for Dutch interests in Rhine shipping. In this chapter the problems in Rhine shipping and the position of Dutch sea ports, their role in Dutch-German economic relations and the extent of the Dutch participation in Rhine traffic during the first twelve years after World War II will be analysed.¹² An enormous stumbling block in the Dutch-German relations was the interpretation of the Convention of Mannheim of 1868, which guaranteed free shipping on the Rhine. It opened the Rhine to all participants without tolls or levies. The Hague and Bonn, however, had a quite different interpretation of the Convention, which led to serious conflict. This chapter analyses that conflict and its outcome.

⁸ NL-HaNA, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2155; Note 'De betekenis van de internationale Rijnvaart voor de oplossing van het Duitsche economische probleem', 27 February 1947.

⁹ Morgan, 'Rotterdam and Waterway Approaches to the Rhine', 4.

¹⁰ Review D.J. Davis on Laspeyres' book, *The Geographical Journal* 136, No. 3 (September 1970) 436-437, there 437; <http://www.cpb.nl/nl/pub/cpbreeksen/bijzonder/16/bijz16.pfd>. (26 January 2007). Also: Klemann and Van Paridon, 'Inleiding', 10.

¹¹ Klemann, *Tussen Reich en Empire*, 269.

¹² In this chapter, the role in transit of goods from the Dutch sea ports to the German hinterland by the Dutch railways is left out, as only 20 percent of the goods went via the railways. In Germany it was more or less 50-50. B.J. Udink, 'De economisch-politieke verhouding tussen de Duitse en Nederlandse zeehavens', *Internationale Spectator* 11, No. 12 (1957) 507-528, there 511. See also Centraal Bureau voor de Statistiek, *Maandstatistiek van verkeer en vervoer 1946-1955* (Utrecht 1947-1956); Also: A. Linden, 'Kohle und Rheinschiffahrt', *Zeitschrift für Rheinschiffahrt*, 75 Jahre Verein Zur Wahrung der Rheinschiffahrtinteressen (Duisburg 1952) 34-36, there 34.

5.2 The Rhine and Germany in ruins

Before World War II, Dutch Rhine shipping had been an important asset on the current account.¹³ 80 per cent of all traffic carried by Dutch Rhine vessels was destined for Germany.¹⁴ The rapid industrialisation in the Ruhr in the nineteenth century had had a resounding effect on the growth of Rotterdam as a transit port for the German hinterland.¹⁵ Before 1939, more than half of the trade between the Ruhr and foreign countries had been conducted by river and canal, and of this some 90 per cent was with the Low Countries, i.e. mostly the Netherlands.¹⁶ It gave the Dutch Rhine fleet a dominant position in Rhine traffic, especially on German rivers and canals. Ships under Dutch flag were far in the majority on the Lower Rhine, especially in Ruhr ports such as Duisburg, Ruhrort and Düsseldorf, while German ships were in the majority on the Middle and Upper Rhine.¹⁷ Ships under Dutch flag also dominated traffic from the German border towards the seaports in the Rhine estuary, further reinforcing the earlier observations on the importance of the Ruhr to Germany, and the importance of the Netherlands to the Ruhr. It should be added, however, that the flag on a ship did not always guarantee that the skippers were of the same nationality.

The Dutch Rhine fleet was as big as the combined fleets of Switzerland, Belgium and France, although it should be noted that the French had not been active in Rhine shipping until after World War I. After 1918, France received a large number of Germany's Rhine barges and tugboats as part of the reparation payments. Germany had to surrender about 360.000 tons of its total available tonnage of 2.2 million to the French, as well as almost 14 per cent of its available tugboats. The ships were divided over 6 newly founded shipping companies, strictly coordinated by the French state.¹⁸

The Dutch Rhine fleet was participated on a large scale in the Rhine traffic between German inland ports as well as on the German canals.¹⁹ In 1937, ships under the Dutch flag

¹³ J. Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen na de Tweede Wereldoorlog* (Leiden 1954) 115. See also: G. Pfeiffer, *Strukturwandlungen und Nachkriegsprobleme der Wirtschaft der Niederlande* (Kiel 1950) 28.

¹⁴ Klemann, *Nederland 1938-1948*, 356. NL-HaNa, KvK Rotterdam / Secretariaat, 3.17.17.04, inv. nr. 2179; 'Aide Memoire president Rotterdam Chamber of Commerce', 19 August 1949.

¹⁵ H.A.M. Klemann, *Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: Economische integratie en politieke consequenties 1860-2000* (Rotterdam 2006); J.L. van Zanden en A. van Riel, *Nederland 1780-1914: staat, instituties en economische ontwikkeling* (Amsterdam 2000) 218; J.U. Broksma, *Havens, kranen, dokken en veren. De Gemeentelijke Handelsinrichtingen en het Havenbedrijf der gemeente Rotterdam, 1882-22006* (Utrecht 2007) 31-33.

¹⁶ N.J.G. Pounds, *The Ruhr. A Study in Historical and Economic Geography* (Bloomington 1952) 207.

¹⁷ *Jahres-Bericht der Zentral-Kommission für die Rheinschiffahrt 1922*, 117.

¹⁸ L. Jolmes, *Geschichte der Unternehmungen in der deutschen Rheinschiffahrt* (Cologne 1960) 79-80. The author would like to thank Jeroen Euwe for pointing to this fact.

¹⁹ NA, archief van het Ministerie van Buitenlandse Zaken (BuZa), Londens Archief en daarmee samenhangende archieven, (1936-) 1940-1945 (-1958), access code 2.05.80, inventory number 2795; 'Letter Ministry for Transport and Public Works to Minister J.A. Ringers, about compensation for the damage done to the Dutch Rhine fleet', 18 July 1945.

made up approximately 33 per cent of the German inland shipping.²⁰ Ships under Dutch colours carried between 55 and 62 per cent of the total goods passing at Emmerich in the years 1936-1939.²¹ In 1935, international Rhine shipping via Dutch ports amounted to 31 million tons, 22 million of which went via Rotterdam, and the port of Amsterdam accounted for 1.5 million tons. Belgian sea ports on the other hand, only processed slightly less than 10 million tons, over 6 million of these via Antwerp.²²

In the 1930s, however, Dutch Rhine shipping showed a number of weaknesses. Although its fleet was almost as large as all other Rhine bank states combined, and in some exceptional years even made up more than 50 per cent of the total European Rhine fleet, its size was disproportionate to national transport needs.²³ As a result of this it could only find employment in transit traffic, i.e. service to the German loaders and recipients. Added to this was the fact that Dutch Rhine shipping consisted mainly of private skippers, who usually owned only one ship that they exploited personally. Dutch Rhine skippers were therefore only called upon when the shipping capacity of large shipping companies – often subsidiaries of large steel or coal concerns – was insufficient.²⁴

During the 1930s, however, the Nazi's promoted a policy of autarky. After Hitler's rise to power in January 1933, those with large interests in shipping insisted that the rule 'German goods in German ships' be enforced.²⁵ German Rhine skippers organised themselves in the old German union of Rhine skippers *Jus et Justitiae* (J&J), which had become nazified after 1933. German authorities were wary of applying this policy to shipping on the Rhine as this might damage its good relationship with the Netherlands and destroy the cooperation with the Central Commission for the Navigation on the Rhine. This organisation had tried to keep the Rhine a free and open waterway since the Conference of Vienna in 1815. The rank and file of *J&J* though, kept insisting that German skippers be favoured, as did various Nazi organisations. In Duisburg, however, those heard advocating 'German goods in German ships' were jailed by the authorities.²⁶ For the moment, the German authorities thought it sensible to declare equality between Dutch and German skippers. In practice, however, Dutch skippers were discriminated

²⁰ H. van der Hoeven, *De Rijnvaartakten en de cabotage* (Utrecht 1956) 2.

²¹ Nordrhein-Westfälisches Hauptstaatsarchiv Düsseldorf (HStAD), NW-22, Staatskanzlei, NW 22-965; 'Bundesministerium Abt. Rheinschiffahrt, Zum Lagebericht auf der Verkehrsministerkonferenz in Duisburg am 26. und 27. April 1950'.

²² NL-HaNA, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2155; Note 'De beteeckenis van de internationale Rijnvaart voor de oplossing van het Duitsche economische probleem', 27 February 1947.

²³ A. Schmidt, *Die Liberalisierung des innerdeutschen Wasserstraßenverkehrs insbesondere auf dem Rhein unter verkehrspolitischen Gesichtspunkten* (Duisburg 1954) 29.

²⁴ C.C. van Baalen, 'Spitzen keurloze minister van Verkeer en Waterstaat', in P.F. Maas (ed.), *Parlementaire geschiedenis van Nederland na 1945 deel 3: Het kabinet-Drees-Van Schaik. Band B: Anticommunisme, rechtsherstel en infrastructurele wederopbouw* (Nijmegen 1992) 1-109, there 78 and 85.

²⁵ Klemann, *Tussen Reich en Empire*, 274.

²⁶ Ibid., same page.

against and had longer waiting lists than their German competitors. This was not organised by the German state, as it would have been in violation of the Convention of Mannheim, but by the private, nazified skippers union *Jus & Justitae*. In practice, this meant that German skippers were handled twice as quickly as Dutch skippers. In Ruhrort this discrimination led to violence between Dutch and German skippers and some Dutch Rhine skippers applied to change their nationality to German as so many of their profession had families with both nationalities.²⁷

The ‘Agreement of Boppard’ of 16 October 1934, explicitly recognized the existence of Dutch cabotage traffic in Germany. Cabotage is the transport of goods or passengers between two points in the same country by a company from another country and also the right of a company from one country to trade in another country. The ‘Agreement of Boppard’ was an agreement between the Dutch private Rhine skippers and their colleagues from *J&J*. It stated that ‘in the mining traffic from the Ruhr and the Rhine ports situated above, the ratio of the available work should not be a disadvantage for Dutch and German private skippers, which existed before the establishment of the reporting office of Duisburg-Ruhrort’.²⁸ The Dutch private merchant skippers voluntarily accepted some limitations to their participation in cabotage traffic in Germany, but the right to continue this traffic was acknowledged.²⁹

It should be noted though, that before the outbreak of World War II, it was difficult to make a clear distinction between shipping under Dutch or German colours.³⁰ The national flag did not always cover national commercial interests. Numerous shipping companies established in the Netherlands and whose ships sailed under Dutch flags, had German capital invested in them. Since the nineteenth century, large German companies often sailed their Rhine fleet under Dutch flag to avoid social security payments in Germany.³¹ During the post-World War I economic difficulties in Germany, some companies – with approval of the German government – placed their entire fleet under Dutch flag to prevent possible Allied confiscation.³² A report by the *Rheinkommission* stated that in 1930, at least 39 per cent of the Dutch fleet of Rhine barges should be regarded as being predominantly German-owned. The actual percentage of ships that were mainly owned by Germans was probably significantly higher.³³ In August 1953, the German economic newspaper the *Wirtschafts correspondent* – Economic Correspondent – wrote that the

²⁷ Klemann, *Tussen Reich en Empire*, 273-275.

²⁸ As quoted in Van der Hoeven, *De Rijnvaartakten en de cabotage*, 4. The original reads: ‘dass im Bergverkehr von der Ruhr und oberhalb gelegenen Rheinhäfen das Beschäftigungsverhältnis zwischen deutschen und niederländischen Partikulierschiffern nicht beeinträchtigt wird, das vor der Errichtung der Meldestelle Duisburg-Ruhrort bestand’.

²⁹ Van der Hoeven, *De Rijnvaartakten en de cabotage*, 4.

³⁰ Klemann, *Tussen Reich en Empire*, 269.

³¹ Van der Hoeven, *De Rijnvaartakten en de cabotage*, 95.

³² O. Most, *Seehafenausnahmentarife, Devisenwirtschaft und Rheinschiffahrt: kritische Feststellungen und Bemerkungen zu einer Streitschrift gegen den Rhein* (Jena 1937) 35.

³³ B. Harms, B. Kuske and O. Most, *Die deutsche Rheinschiffahrt: Gutachten der Rhein-Kommission über die Lage der Rheinschiffahrt in der beschäftigten Arbeitnehmer* (Berlin 1930) 196-197.

Dutch had stated ‘that before the war almost the total Dutch Rhine fleet was owned by Germans. The three largest Dutch Rhine shipping companies were probably 80 per cent German owned, and for tax or currency reasons were registered in the Netherlands’.³⁴ This was a huge exaggeration, since the Dutch share in the internal German traffic was between 15 and 20 per cent. Nevertheless, it is clear that in the 1930s the Dutch Rhine fleet had an important share in German internal traffic. An important part of the fleet under Dutch flag was, however, in fact owned by German companies. The majority of Rhine shipping companies, individual skippers excluded, was in German hands.³⁵ In addition to international transportation on the Rhine, this partly German owned Dutch Rhine fleet was also responsible for the largest part of the internal German transport.³⁶ Table 5.1 below shows that this fleet was also dominant in the cross-border traffic at Emmerich in the 1930s.

Table 5.1 *Share of flags in the cross-border traffic at Emmerich in 1000 tons and percentage, 1935-1939.*

Year	Dutch		German		Others		Total tonnage
	1000t	%	1000t	%	1000t	%	1000t
1935	24	57	10	24	7	19	41
1936	25	55	12	26	7	18	44
1937	34	57	14	24	12	19	60
1938	34	62	14	19	10	19	58
1939	26	62	7	18	9	20	42

Sources: A. Schmitt, *Die Liberalisierung des innderdeutschen Wasserstraßenverkehrs, insbesondere auf dem Rhein unter verkehrspolitischen Gesichtspunkten* (Duisburg 1954) 80; *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1951* (Wiesbaden 1951).

During World War II, the Dutch Studygroup for Reconstruction Problems in London warned of the danger of the ‘infiltration of German capital and interests in Dutch transport’, especially in Rhine shipping. According to this report, before the war the Germans had tried to gain influence in important branches of Dutch traffic by acquiring part of the capital or moving this capital into the hands of Dutch enterprises under German influence, with the sole purpose of making Dutch enterprises serviceable to Germany’s political and economic interests.³⁷

Before World War II, some Dutch Rhine shipment entrepreneurs indeed decided to sell their shares to German loaders.³⁸ The private and small Dutch skippers, who made up the

³⁴ ‘Die Niederlaender auf dem Rhein. Keine Zulassung im deutschen Binnenverkehr’, *Wirtschafts correspondent*, 20 August 1953, 9.

³⁵ J. Walter, *Enige economische beschouwingen over de Rijnscheepvaart* (Assen 1951) 80.

³⁶ NA, Inventaris van het Archief van de Nederlandse Rijnvaart Missie 1945-1950, access code 2.16.43, inventory number 14.

³⁷ NA, Min. van Hand. Nijverheid en Landbouw te Londen, 2.06.078, inv. nr. 211; ‘Report Studygroup for Reconstruction Problems’, October 1944.

³⁸ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 116.

majority of the Dutch Rhine fleet, could, however, not resort to such measures. They were in a weak position at times when the market was low, as in the years 1929 and 1936. The de facto discriminatory measures of the German government, and German enterprises with their own ships or with permanent contracts with large German shipping companies, crowded out the Dutch Rhine fleet from the German waters. It became a reserve fleet, which, when the market was high, was a useful supplement to the German transit capacity. Even more important was the fact that many German firms had their own fleet or at least a contract with German Rhine shipping companies. This gave the Germans an important advantage to their Dutch competitors.

After 1936, however, the rearmament of Germany resulted in a strong upsurge of the economy and the Dutch Rhine fleet was able to retake its pre-1929 position.³⁹ The recovery was not quite complete before the outbreak of World War II in September 1939 put an end to it again.⁴⁰ Rotterdam immediately felt the consequences of the hostilities. Great Britain and France blockaded the neutral Dutch ports and started checking ships for contraband, which they interpreted in the strictest manner, even confiscating cinnamon and nutmeg. The number of sea ships entering Rotterdam dropped alarmingly, while ships under German flag were absent after 1 September 1939.⁴¹ In 1940, the total tonnage of sea-going vessels entering the Netherlands decreased by 90 per cent when compared to the already low activity in 1939. This relapse was a little higher in Rotterdam than in the country as a whole, and from 1940 on, the normally unimportant port of Delfzijl became the most important Dutch port as a result of supplies of wood and ores from Sweden.⁴²

The invasion of the Netherlands in May 1940 and the subsequent German occupation brought further damage to the Dutch ports and Rhine shipping. Between 1940-1945, the Dutch seaports hardly functioned at all. In September 1944, the Germans inflicted extensive damage to the ports of Amsterdam and Rotterdam, in order to prevent them falling undamaged into Allied hands, as the port of Antwerp had. Hitler personally ordered these measures on 18 September 1944.⁴³ After the liberation in May 1945, the future for the port of Rotterdam and Dutch Rhine shipping looked bleak. Although about half of the Dutch Rhine fleet had been destroyed or confiscated during the war,⁴⁴ around 40 per cent of the remaining fleet was in service again by

³⁹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 116.

⁴⁰ Klemann, *Tussen Reich en Empire*, 263.

⁴¹ Brolsma, *Havens, kranen, dokken en veren*, 189.

⁴² Klemann, *Nederland 1938-1948*, 352.

⁴³ Netherlands Institute for Military History, The Hague, Washington Papers. Duitse collecties van het Department of the United States Army, access code 400, inventory number 220034; Fernschreiben bzw. Funkspruch Oberkommando Heeresgruppe B, an W.B. Ndl., Armee Oberkommando 15, 18 september 1944: 'Häfen Rotterdam und Amsterdam zur Zerstörung freigegeben'. Also J.L. van der Pauw, *Rotterdam in de Tweede Wereldoorlog* (Amsterdam 2006) 503.

⁴⁴ Pfeiffer, *Strukturwandlungen*, 25.

November 1945.⁴⁵ The port of Rotterdam had been almost totally destroyed during the war and lay in ruins. 45 per cent of the harbour hangars, 15 per cent of the cooling and warehouses and 40 per cent of the quay walls had been destroyed. Many (floating) cranes, loading bridges, and almost all docks and tank storage for mineral and edible oils had been lost. The entrances and shipping routes to both Rotterdam and Amsterdam harbours had been blocked by sunken shipping docks⁴⁶ and the waterways to and from the city were blocked by mines, shipwrecks and bridges⁴⁷: ‘The whole Rhine, from Basel to Emmerich, is one big ruin of blown bridges, distorted steel constructions, wrecks and debris, on which all shipping has become impossible’.⁴⁸ When the Third Reich surrendered unconditionally, only one bridge across the Rhine was left intact.⁴⁹ 953 bridges had been destroyed and 2951 shipwrecks blocked the river and its ports.⁵⁰ Extensive as the damage to the waterways was, it was relatively easy to repair. After access to the Dutch seaports had been cleared, ships became available to restore the connections to the hinterland. Access to the Ruhr had already been cleared by 6 September 1945. On that same day, the first Rhine barges left from Ruhrort for Rotterdam,⁵¹ but the German hinterland was in a disastrous state, and everyone assumed that it would take years for it to fully recover.⁵²

5.3 The Allies discriminate against Dutch sea ports

Allied trade policy and the destruction of German infrastructure greatly worried and irritated Dutch politicians and businessmen. It soon became obvious that Allied policy would have serious repercussions on trade with Germany, which would hamper the recovery of the Netherlands and damage the Dutch seaports and Rhine shipping. During the war, the Reconstruction Committee in London had already recognised that it was ‘of vital importance to the Dutch economy that inland and international navigation is restored as soon as possible’.⁵³ Moreover, it felt that Dutch ships should have the right to trade on internal German waterways on the basis of complete equality with German ships.⁵⁴

⁴⁵ Bundesarchiv Koblenz (BArch.), Bestand B 102/2031, Heft 1; ‘Letter G.A.M. Vogelaar, Economische Voorlichtingsdienst van het Nederlandse Ministerie van Buitenlandse Zaken aan Verwaltungsrat für Wirtschaft, Abt. Presse und Information’, 5 August 1947.

⁴⁶ Klemann, *Nederland 1938-1948*, 355.

⁴⁷ Brolsma, *Havens, kranen, dokken en veren*, 214.

⁴⁸ K.F.H. Wolters, *De Zilveren Mijlpaal. Grepen uit een kwart eeuw geschiedenis van het Centraal Bureau voor de Rijn- en Binnenvaart 1929- 1 October 1954* (Rotterdam 1954) 138.

⁴⁹ T. Judt, *Postwar. A History of Europe Since 1945* (London 2007) 82.

⁵⁰ Jolmes, *Geschichte der Unternehmungen in der deutschen Rheinschiffahrt*, 118.

⁵¹ Brolsma, *Havens, kranen, dokken en veren* 217; Jolmes, *Geschichte der Unternehmungen in der deutschen Rheinschiffahrt*, 119.

⁵² Van de Laar, *Stad van formaat*, 464.

⁵³ NA, Inventaris van het archief van het Ministerie van Handel, Nijverheid en Landbouw en aanverwante ministeries te Londen, 1940-1946 (1950), access toegang 2.06.078, inventory number 211; Report Studygroup for Reconstruction Problems, October 1944.

⁵⁴ Netherlands Institute for War Documentation, access code 233, inventory number 2a; Studiegroep voor Reconstructieproblemen, Commissie IIa: ‘Touristenverkeer en grensverkeer’, 20 November 1942.

In a note Hirschfeld wrote to the Dutch minister of Economic Affairs, G.W.M. Huysmans, two weeks after the liberation of the Netherlands, he indicated that it was of the utmost importance that the Dutch seaports and sea shipping were economically strong, especially in their relation to the German ports, as this was of prime interest for the Dutch economic future. Hirschfeld also pointed out that he expected the British to focus largely on the importance of Hamburg and that the Dutch should stress the importance of Rhine shipping for Dutch-German economic relations: 'As soon as possible, the Netherlands must have a finger in the pie here'.⁵⁵ Allied policy would prevent that happening for a while, though. In December 1945, S.J. Teppema, the official responsible for trade relations with Germany at the Dutch Ministry of Foreign Affairs, concluded that the American and British occupation authorities did not seem to want to restore commercial trade between the Netherlands and Germany at short notice. Production and export were at an almost complete standstill and Dutch internal shipping, once so strongly orientated on Germany, had been excluded from the German waterways.⁵⁶ In a note of December 1945, W.F. Lichtenauer, secretary of the Rotterdam Chamber of Commerce stated that the Dutch people counted on receiving understanding and cooperation from its 'great Allies, positive that these will, in the future, systematically avoid everything that might prevent the resurrection of the Netherlands and its seaports'.⁵⁷

This was not to be the case. The economic recovery of the Netherlands, Rotterdam and Rhine shipping would be best served by the swift recovery of its important neighbour.⁵⁸ The Dutch Ministry of Economic Affairs had found 'much to its dismay' that the economic disruption of the Netherlands, 'started by the damage and wholesale looting inflicted by the Germans', was unconsciously being completed by allied policy towards Germany and 'the disruptive results of the war for the Netherlands are being intensified in no uncertain manner, and the Netherlands is in danger of becoming 'the sore spot of a reviving Europe'.⁵⁹ According to the Rotterdam Chamber of Commerce, the position of Rotterdam had 'never been as precarious as it is today'.⁶⁰

⁵⁵ NA, Collectie 259 G.W.M. Huysmans, 1945-1948, access code 2.21.090, inventory number 19; Note Hirschfeld, 'Eenige voorlopige opmerkingen over schadeloosstellingen, welke men van Nederlandsche zijde van Duitschland moet eisen', 17 May 1945.

⁵⁶ W.H. Salzmann, *Herstel, wederopbouw en Europese samenwerking. D.P. Spierenburg en de buitenlandse economische betrekkingen van Nederland, 1945-1952* (Den Haag 1999) 186.

⁵⁷ NL-HaNA, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2400; Note W.F. Lichtenauer, 'Future of Rotterdam', 27 December 1945.

⁵⁸ W.F. Lichtenauer, 'De havens in het Deltagebied van de Rijn', in W.F. van Gunsteren and T. Lighthart, *Fysisch- en Economisch-Geografische Beschouwingen over de Rijn als Europese rivier* (Rotterdam 1948) 303-334, there 332.

⁵⁹ NA, Centraal Archief van het Ministerie van Economische Zaken, 1944-1965, access code 2.06.087, inv. nr. 1806; Note Directoraat-Generaal Ministerie van Economische Zaken, 'Economic relations between the Netherlands and Germany', 31 May 1946.

⁶⁰ NL-HaNA, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 1282.

5.4 Rotterdam ruled out as port for the German hinterland

Much of this was caused by the fact that the recovery of Rotterdam as a transit port to the German hinterland was temporarily out of the question.⁶¹ The British and particularly the American occupation authorities persisted in using the German seaports instead of Rotterdam. This was probably for reasons of employment and foreign exchange reasons but also because allied policy on Germany was not yet clear and they disagreed on a number of questions relating to Germany's future. They also discriminated against Dutch seaports.⁶² In the first post-war years, the western Allies strove to manage their assets as economically as possible, which meant, at as little cost as possible.⁶³ A document from the State Department reveals their most important consideration in redirecting traffic from the Dutch seaports to its North German competitors: 'The principal purpose for routing imports into the United States Zone of Occupation through Bremen has been to curtail the expense of such imports to the United States Government. The cost of handling imports in Bremen and of transporting them from Bremen into the United States zone can be, and are being, imposed on the German people since such costs are incurred in *Reichsmarks*. If, however, these imports were routed via Rotterdam or Antwerp, the United States Government would presumably be obliged to pay, not only the cost of ocean transport, but also the cost of unloading and transshipment at these ports and the cost of shipment to at least the German border. Preliminary calculations indicate that these increased costs would aggregate many millions of dollars which this Government would not be warranted in assuming at this time'.⁶⁴ The Dutch Ministry of Foreign Affairs even suggested paying part of the British and American occupation costs. As Amsterdam and Rotterdam had been badly hurt by Allied policy of directing traffic via the North German seaports, the Dutch Foreign Ministry suggested it might be wise to send 3000 men to join the occupation forces, as this would lighten the load of the American and British occupation authorities. Dutch claims, such as to direct goods traffic via Rotterdam, to be allowed to provide services on the upper Rhine and to import goods from Germany, would then stand a better chance with the Allies.⁶⁵

The Hague fiercely opposed the discrimination of the Dutch North Sea ports, but there was little it could do to change Allied policy. The western Allies resorted to a policy of autarky. This was extremely disadvantageous for Dutch shipping, which was, once again, pressed into a

⁶¹ Klemann, *Nederland 1938-1948*, 356.

⁶² Klemann, *Nederland 1938-1948*, 356. Also: F.G. Moquette, *Van BEP tot BEB. De aanpassing van de bestuurlijke structuren aan de ontwikkelingen van de buitenlandse economische betrekkingen in Nederland sinds 1795* (Leiden 1993) 263.

⁶³ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 121; Van der Hoeven, *De Rijnvaartakten en de cabotage*, 5; 'Rijn, Ruhr en reparaties', *ESB*, 25 June 1947, 509-512, there 510.

⁶⁴ NL-HaNa, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2283; Note State Department, 8 August 1946.

⁶⁵ Archive Dutch Ministry of Foreign Affairs (hereafter BuZa), Map 583, code 912.231. 'Duitsland. Bezetting (algemeen), Zônes, eventuele Nederlandse deelname 1945-1946; Internal memo', 6 July 1946.

reserve role. Before the war, two thirds of the goods that had passed through Rotterdam were in transit. The weakness of the Dutch ports was that they, more than ports in other countries, were dependent on transit traffic. This was especially true for Rotterdam. Its position with regard to the German hinterland had already deteriorated in 1940 and this was only aggravated after 1945; again, much to the annoyance of the Dutch business community. Rotterdam was dependent on shipping and transit. The Allies carried the burden for the occupation in Germany. Suggestions to provide harbour services as counter transactions, for example, for coal, were not accepted. Coals – which had made up a large percentage of pre-war goods transferred in Rotterdam⁶⁶ – could be sold everywhere, and Hamburg excellently served this purpose. The Allies choose to have goods supplied via Hamburg, Bremen and Emden, as this saved port and storage costs. Only 0.1 per cent of German exports via Hamburg were provided for by Dutch ships; American and British ships transported seventy per cent. The British and Americans supplied the same percentage of the goods unloaded in Hamburg, whereas the Dutch percentage stood at a mere 0.3 per cent.⁶⁷

Shipping transport over 1948, as expressed in a percentage of the transport in 1938, the last pre-war year, clearly illustrates the enormous problems. Whereas Hamburg, Bremen and Emden reached only 34, 62 and 44 per cent of the pre-war transport respectively, Rotterdam and Amsterdam lagged even further behind with 17 and 7 per cent.⁶⁸ The Americans continued the nineteenth and twentieth century German tradition of supporting German harbours with special subsidies for the railways, which made transport via Dutch ports all but impossible. Transport of certain products on the national German railway to and from German harbours received special railroad freight rates, *Seehafenausnahmetarife*, making it relatively cheap to transport an important number of products from the Ruhr to Hamburg and Bremen. These subsidies were aimed at diverting specific traffic along certain routes to the German seaports, thereby reducing Germany's dependence on foreign seaports, but it only strengthened the competitiveness of the German ports. It aided their economic development. In 1945, the goal of these subsidies was to ship goods via Bremen and Hamburg and not via Dutch ports. Shipping via Rotterdam and Amsterdam would require Germany to use foreign currency which it did not have. This meant Great Britain and the United States would have had to pay, which they had absolutely no intention of doing. By forbidding shipment via the Dutch ports, competition was destroyed,

⁶⁶ Z.W. Sneller, *Geschiedenis van den steenkolenhandel van Rotterdam* (Groningen 1946) 273 and 276. Also: Website 'Rotterdam-Antwerp 1880-2000. Database on cargo flows in the port of Rotterdam; <http://oldwww.fhk.eur.nl/ws/eu/sheets.html>, sheet 7: Throughput (all sea-borne cargo) 1919-1995. (12 February 2009).

⁶⁷ Groeneveld, 'De economische en financiële betrekkingen tussen Nederland en Duitsland', 458 and 461-62; S.I.P. van Campen, *The Quest for security. Some aspects of Netherlands foreign policy 1945-1950* (The Hague 1958) 26-27.

⁶⁸ Handelingen Tweede Kamer (HTK), Bijlagen 1948-1949. Nota stand van zaken met betrekking tot het Duitse vraagstuk 13061.

which subsidies did not. The Hague considered this one-sided policy in support of the ports of north-west Germany incompatible with European economic co-operation.

Another important factor that added to Rotterdam's woes was the little activity taking place in the Ruhr area at that time. After the capitulation of the Third Reich, German mining had all but stopped and the Ruhr area, as yet, did not need ores. So this part of the transport that had once gone via Rotterdam had come to a complete standstill. Had the Ruhr been active, it would have been impossible to ignore Rotterdam as the German ports did not have the capacity to support the Ruhr. The Rhine was its natural transport route and, as such, remained the cheapest. Just before and after World War II Germany lacked the necessary assets. The fact that the capacity of the German railways and ports was limited, prevented Rotterdam from totally being bypassed.⁶⁹

Antwerp, however, fared remarkably better. This was probably due to the fact that Rotterdam specialised in bulk goods, whereas Antwerp mainly handled merchandise. Antwerp was predominantly a port for the Belgian and French industrial centres, and in the second place a German transit port. Between 1930 and 1939, national traffic accounted for between 60-70 per cent of its total turnover. In Rotterdam, however, transit traffic played the key role; national traffic between 1929 and 1939 was 30 per cent at the most. Moreover, Antwerp had been liberated ten months earlier and had escaped the war relatively undamaged. The Allies were already using it as a supply base in the winter of 1944-1945. Since then, business there had prospered, partly as a result of the port's hinterland in Belgium, France and Luxemburg.⁷⁰ In 1946, 1947 and 1948 the traffic in Rotterdam amounted to 24, 40 and 51 per cent of the average of 1938. In Antwerp, these figures were far more favourable, 47, 84 and 85 per cent of the 1938 figure respectively.⁷¹ In 1947, Antwerp handled 16 million tons of shipping, whereas Rotterdam only handled 9 million tons.⁷² Some Germans even accused the British to be short-sighted about using the port of Rotterdam, especially during the severe winter of 1946-1947. Heinrich Lübke, Minister of Food and Agriculture of the *Land* North Rhine-Westphalia, stated foodstuffs could have been supplied much quicker via Rotterdam and the Rhine than via rail from Emden and Hamburg, although he had to admit that the Dutch demands were too high.⁷³

By 1948, the Netherlands had learned to be patient, as the game for the Rhine was played over the Potomac – the River that runs through Washington D.C. – i.e. by the State Department

⁶⁹ Klemann, *Nederland 1938-1948*, 357.

⁷⁰ Alexander, 'Economic problems in the Benelux union', 32.

⁷¹ 'Vergelijking van de verkeerscijfers over 1948 in enkele West-Europese havens', *ESB*, 26 January 1949, 73-76, there 73-75.

⁷² F.W. Alexander, 'Economic problems in the Benelux union', *Economic Geography* 26, No. 1 (1950) 29-36, there 32.

⁷³ W. Först, *Geschichte Nordrhein-Westfalens 1945-1949* (Cologne/Berlin 1970) 231.

and the War Department in Washington.⁷⁴ Belgium, the Netherlands and the British and American occupation authorities had agreed to drop the arguments on currency for this field of trade in the fall of that year. The Dutch Minister for Foreign Affairs, D.U. Stikker, was relieved, but at the same time pointed out that practical results were far behind expectations. Only 10 per cent of the food paid by the occupation authorities was imported via ports in the Benelux. Although the Rhine remained the cheapest option, Germany lacked foreign currency, so Rotterdam was, at least for the time being, out of the picture. The breakthrough came in 1948 with the start of Marshall Aid and the German monetary reconstruction that began in April that year. Rotterdam would quickly overtake Antwerp with regard to bulk goods. The Ruhr area simply could not do without the Dutch seaports, given the limited capacity of the German ports and Antwerp and the poor railway connections to the hinterland. The Rhine and Rhine ports were indispensable to the Ruhr for bulk goods like coals and ores.⁷⁵ Rotterdam flourished from 1949 mainly because the German hinterland recovered faster than anyone had thought possible.⁷⁶ The port on the Maas overtook Antwerp by 20.7 million tons versus 19.8 million tons in 1949.⁷⁷ This was mainly as a result of the recovery of industry in the Ruhr area on which Rotterdam had always been concentrated. In 1953, Rotterdam became the largest European port, when it passed London's traffic figures.⁷⁸ In short, Rotterdam had retaken its position as the Ruhr's and Germany's most important port. As *Economisch-Statistische Berichten* noted in 1956: 'The high level of industrial production, coupled with the increasing prosperity in the whole of western Europe and certainly in Germany, is reflected in the higher import and export of manufactured and consumption goods. Moreover, it strongly increased the demand for raw materials'.⁷⁹ The fact that the growth of Rotterdam was primarily a result of the increased production in the Ruhr area, and not of a noticeable change in Allied policy, was also noted by the secretary of the *Commissie Scheepvaartbelangen* – Dutch Commission of Shipping Interests – H. Gaerlandt. In December 1949 he wrote: 'The improvement of transit through Rotterdam was more a consequence of the increased coal exports from the Ruhr which forced the use of western ports, rather than of a change of the original [Allied] point of view'.⁸⁰

⁷⁴ NA, Inventaris van het Archief van mr. C.A.F. Kalhorn als Rijnvaart respectievelijk Verkeersattachée bij de Ambassade der Nederlanden in Bonn, 1950-1960, access code 2.16.33, inventory number 30; 'Report Directory-General of Navigation', 11 September 1948.

⁷⁵ Klemann, *Tussen Reich en Empire*, 277; Ibid., *Nederland 1938-1948*, 356-357.

⁷⁶ After 1950 the transfer of goods would increase by 10 per cents annually. In 1963 Rotterdam reached the status of biggest port in the world. See Van de Laar, *Stad van formaat*, 512.

⁷⁷ Loyen, 'Port competition and the inertia of long-established custom', 101.

⁷⁸ Brolsma, *Havens, kranen, dokken en veren*, 232-233.

⁷⁹ 'Nederlandse zeehavens', *ESB*, 18 April 1956, 357-358, there 357.

⁸⁰ NA, 3.17.17.04, inv. nr. 2179; 'Note H. Gaerlandt', 7 December 1949.

5.5 Dutch Rhine shipping barred from Germany

Dutch participation in the shipment of goods over the Rhine and on the internal German waterways did not do better. In the wake of Rotterdam's decline in the first post war years, it too, had been cut off from normal Dutch-German economic relations.⁸¹ Table 5.2 below shows that a unique situation had developed in the Rhine traffic between the Netherlands and Germany in 1938 and 1939. There had been an almost total balance between traffic upstream and traffic downstream. This was caused by the fact that the Ruhr area exported enormous quantities of coals and endlessly imported ores, mine wood and grain.

Table 5.2 *Tonnage passing the Dutch-German border at Lobith (Emmerich) in million tons, 1938-1950 (1938 = 100)*

Year	Downstream	Upstream	Total tonnage	Balance: Downstream transport in percents of upstream transport	Downstream (Index)	Upstream (Index)	Total (Index)
1938	28.0	27.6	55.6	101.4	100	100	100
1939	21.9	20.2	42.1	108.4	78	73	76
1945	1.2	0.3	1.5	400.0	4	1	3
1946	5.1	2.2	7.3	231.8	18	8	13
1947	4.9	3.6	8.5	136.1	18	13	15
1948	9.9	6.3	16.2	157.1	35	23	29
1949	12.9	8.2	21.1	157.3	46	30	38
1950	17.0	11.0	28.0	154.5	61	41	51

Source: CBS, *Zeventig jaar statistiek in tijdreeksen, 1899-1969* (The Hague 1970) 104; CBS, *Tweehonderd jaar statistiek in tijdreeksen, 1800-1999* (Voorburg/Heerlen 2001) 63; own calculations.

This balance was totally distorted after World War II and was never to return again. There is an obvious explanation for this in the first post-war years, as the German economy was in a state of ruin and subsequent Allied policy discriminated against Dutch Rhine shipping. Both upstream and downstream traffic through the Dutch-German border at Lobith (Emmerich) had almost completely come to a standstill in 1945. At the most, the total tonnage only reached half the 1938-level (Table 5.2) in 1950. Dutch Rhine shipping was indeed badly hurt after the war, both by German actions and by Allied policy. The American and British occupation authorities gave priority to the German fleet for the internal traffic on the waterways of the Rhine,⁸² which contravened the regulations for Rhine traffic that had been in position since 1815.⁸³ Occasionally, when there was a shortage of German shipping space, were permits given to use foreign tonnage.⁸⁴ As with port activity, the British and American occupation authorities

⁸¹ Klemann, *Nederland 1938-1948*, 356.

⁸² P.G. Tacq, *Van Rotterdam tot Bazel. Een eeuw Rijnvaart* (Rotterdam 1998) 65.

⁸³ Moquette, *Van BEP tot BEB*, 263.

⁸⁴ Van der Hoeven, *De Rijnvaartakten en de cabotage*, 5.

advocated using the German fleet and excluding foreign shipping from internal German waterways for reasons of employment and foreign exchange.⁸⁵ The United States was prepared to accept goods and services from the Netherlands, provided they accepted *Reichsmarks*. Washington only wanted to export to the Netherlands if the Dutch paid in dollars. Foreign ships were only to be called upon if German ships were unavailable. In practice, however, this was highly unlikely, as Europe as well as Germany, faced an enormous overcapacity and there were more than enough German ships.⁸⁶ As a result of this, it was almost impossible for Dutch skippers to transport goods via the (German) Rhine. Traffic crossing the borders was obstructed by Allied currency measures that made it extremely unfavourable for German suppliers to use foreign ships.⁸⁷

Wemelsfelder called the Allied policy on Dutch and German navigation interests ‘a sad and remarkable story’.⁸⁸ Exaggerated as this might be, it was precisely how the Dutch government and business viewed it. In August 1946, after a visit to Duisburg, Lichtenauer stated that the Netherlands had to prove to the Allies that ‘we are striving for a positive recovery and not to further exhaust and destroy the last bits of German prosperity in the Rhineland’.⁸⁹

The Dutch government and business felt that the principle of a Rhine freely accessible to all nations had to be maintained. Or, as the *Nederlandse Rijnvaart Missie* – Netherlands Rhine Shipping Mission – said, ‘every limiting measure by a foreign government always threatens Dutch Rhine shipping, as the Netherlands has relatively few of their own goods on the Rhine. Dutch navigation on the Rhine benefits most when business has free access to occupied Germany’.⁹⁰ This was completely in line with the Convention of Mannheim of 1868, which guaranteed free shipping on the Rhine. In a furious report, the Dutch (diplomatic) post in Wiesbaden wrote that the systematic exclusion of the Dutch fleet was ‘a flagrant contradiction of the Netherlands’ point of view on the right to free shipping on the Rhine’.⁹¹ The Netherlands demanded a say in the management and method of exploitation of the German fleet by the occupation forces or German business, as did leading Dutch businessmen like Van der Mandele and E. Heldring.⁹²

⁸⁵ NA, Rijnvaart Missie, 2.16.43, inv. nr. 14; Note ‘De Deutsche Binnenvloot’, July 1946.

⁸⁶ Van Baalen, ‘Spitzen kleurloze minister’ 79. See also: J. Brabers, ‘Nederlands-Duits vervoersconflict in Europese context: de EEG-onderhandelingen 1955-1957’, *Ex Tempore. Periodiek van de studierichting geschiedenis van de Katholieke Universiteit Nijmegen* 11, No. 1 (1992) 25-to 37, there 28.

⁸⁷ Van Baalen, ‘Spitzen kleurloze minister’, 79.

⁸⁸ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 121.

⁸⁹ BuZa, Ord. 912.231/buitenlandse betrekkingen (bilateraal) Duitsland West (Bondsrepubliek Duitsland)/bezetting/britse zone en politiek 1946-1954. Inventory number: code 9/1945-1954/03098.

⁹⁰ NA, Rijnvaart Missie, access code 2.16.43, inventory number 14; ‘Rijnvaartplanning’, 23 July 1946.

⁹¹ NA, Rijnvaart Missie, 2.16.43, inv. nr. 112; ‘Overzicht van de werkzaamheden van den Post Wiesbaden gedurende het eerste levensjaar van de Nederlandsche Rijnvaart Missie’, 5 July 1946.

⁹² NA, Rijnvaart Missie, 2.16.43, inv. nr. 14; Note Directoraat Rijnvaart, ‘De Deutsche Binnenvloot’, 23 July (?) 1946; ‘Rijnvaartplanning’, 23 July 1946; H. Lademacher, ‘Die Niederlande und Deutschland 1945-1949. Wirtschaftsfragen und territoriale Korrekturen’, in H. Stooß (ed.), *Niederlande und Nordwestdeutschland. Studien zur Regional- und Stadtgeschichte Nordwestkontinentaleuropas im Mittelalter und in der Neuzeit* (Cologne/ Vienna 1983) 456-511, there 470-471.

5.6 Dutch appeals

As with almost all matters of concern to the Netherlands with regard to its political and economic relations with Germany, this appeal fell on deaf ears with the Americans and British.⁹³ In June 1947, the Dutch authorities opened negotiations to try to solve the problems in Rhine shipping. To this end, they drew up a report in which they demanded that the Military Authorities redirect 1.7 million tons of goods from the North German ports to its Dutch and Belgian counterparts, 1 million of which was to be directed to the Netherlands, and 0.7 to Belgium. Moreover, the Rhine and Rhine ports were to be used by Dutch, Belgian and German ships on a mutual basis.⁹⁴ Needless to say, the Allies rejected these demands, mostly as they needed to keep an eye on the German balance of payment. In 1948, the Allies refused to agree to Dutch proposals on Dutch sea and Rhine shipping, as here too they only wanted to use foreign ports and navigation if the German ports and navigation did not suffice. The Dutch authorities and western occupation forces met again in September where they finally agreed on certain principles for transit traffic. Currency was no longer to play a role, Dutch and Belgian ships were allowed to operate on the Rhine and German ships were permitted on the Rhine in the Netherlands and in Belgium.⁹⁵ After the various governments had approved a 'summary' of the agreement, Clay objected to it as it was merely an agreement that had not been moulded into a treaty. In a press communiqué he stated: 'This agreement in its present form is to be given a trial and the parties to it will meet again in approximately three months time to reconsider the situation'.⁹⁶ In reality though, nothing was to come of this and the situation hardly improved.

This was aggravated by two more factors. Firstly, the Dutch Rhine fleet was divided internally. It consisted of many independent skippers, and there were few large shipping companies. In France and Switzerland, there hardly were private skippers, although shipping companies in both countries made use of Dutch private skippers. In Germany, shipping companies made up the majority of Rhine fleet, about 60 per cent in total. In Belgium and the Netherlands, private skippers formed the larger share of the total, with 55 per cent against 45 per cent of shipping companies and 53 per cent against 47 per cent of shipping companies respectively.⁹⁷ In the Netherlands, the majority of private skippers were organised in the Nederlandse Particuliere Rijnvaart Centrale (NPRC), established in 1935. The NPRC hoped to achieve internationally what the *Wet op de Evenredige Vrachtverdeling* – Law of Proportionate Freight Distribution – had done on other routes, less regulated by international treaties. This law was

⁹³ See for example Bogaarts, 'Ressentimenten en realiteitszin'.

⁹⁴ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 121.

⁹⁵ HTK, Bijlagen 1948-1949. Nota stand van zaken met betrekking tot het Duitse vraagstuk 13061.

⁹⁶ As quoted in Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 123.

⁹⁷ B. Panzel, *Der Rheinverkehr nach dem 2. Weltkriege* (Duisburg-Ruhrort 1961) 49.

established in 1933 because of the heavy crisis in Dutch internal shipping. It aimed at a just distribution of the available cargo over the available shipping space, and to lay down minimum tariffs. The NPRC hoped to achieve the same in international shipping, and was strongly supported by the Dutch government with cash loans. The Hague also obliged a number of official institutions to cover part of their need for ship cargo via the NPRC.⁹⁸ It was a Dutch reaction to the German institution *Jus et Justitiae*, which gave preference to German ships. There was little unity in the Dutch Rhine shipping fleet, as it was divided into private skippers and larger shipping companies. Concerns about the differences between these two groups had already been voiced before the war.⁹⁹ Nevertheless, both had essentially the same interests as they both wanted free access to the German market. The Head of the Dutch Rhine Shipping Mission (whose task it was to retrieve Dutch vessels from the Rhine area and to determine war damage to the Dutch Rhine fleet), W. Harmsen, felt that the Dutch government had not been active enough in tackling the problems of Rhine shipping. In Harmsen's opinion, Dutch policy had almost entirely been left to private opinion and the interests of ship owners.¹⁰⁰ The Hague, however, was faced with conflicting interests, and had to find a way to match them. In July 1946, the Netherlands Rhine Shipping Mission stated that it was vital that all those with interests in Rhine shipping cooperate intensively with one another on a voluntary basis. If they did not, it would be detrimental to Dutch Rhine shipping and it would be 'totally unable to cope with the mostly coordinated competition from abroad'.¹⁰¹

5.7 The hinterland and the German partition

Before the war, Dutch barges had been active in central and eastern Europe. Dutch (and German) internal shipping was hard hit by the German partition, which made it increasingly difficult to trade with these parts of the continent. As a consequence of this, almost half the Dutch Rhine fleet lay idle in 1950 and unemployment was high in both the Dutch and German fleets.¹⁰² Before World War II German ships had been used throughout Germany, but now they were concentrated in West Germany. Hamburg lost an important share of its hinterland via the Elbe, as most of this area had now become Polish, or was part of the Soviet zone of occupation or of Soviet dominated Czechoslovakia. Before World War II, 23 per cent of the total traffic

⁹⁸ NA, Min. van Hand. Nijverheid en Landbouw te Londen, 2.06.078, inv. nr. 211; Report Studygroup for Postwar Reconstruction, 'Herstel van vervoer en verkeer', October 1944.

⁹⁹ Centrale Bond van Werknemers in het Transportbedrijf, *De positie van de Nederlandse Rijnvaart in internationaal verband* (Rotterdam 1951) Inleiding.

¹⁰⁰ NA, Rijnvaart Missie, access code 2.16.43, inv. nr. 14; Note Nederlandse Rijnvaart Missie, 'Het regeringsbeleid ten aanzien der Nederlandsche Rijnvaart', 10 June 1946.

¹⁰¹ NA, Rijnvaart Missie, access code 2.16.43, inv. nr. 14; 'Rijnvaartplanning', 23 July 1946.

¹⁰² J. Verseput, *Kamer van Koophandel en Fabrieken voor Rotterdam 1928-1953* (Rotterdam 1955) 254.

through the large North Sea ports passed through Hamburg. In 1938 it handled some 25 million metric tons of maritime cargo. About 40 per cent of this came from or was destined for areas that after the German partition lay behind the Iron Curtain; almost 50 per cent of the sea-going traffic was between Hamburg and areas that were now part of the western zones of occupation and the future West Germany.¹⁰³ Hamburg was hit hard by World War II and the subsequent German partition. In 1936, 33 per cent of the goods passing through Hamburg were destined for parts of Germany that it had now lost; in 1966 it would amount to only 9 per cent.¹⁰⁴ Hamburg's port traffic grew at a slower rate than that of its competitors, only reaching its 1938 transfer figure of 25.7 million tons by 1965.¹⁰⁵

The internal competition between Dutch private skippers and shipping companies, the loss of a large part of its hinterland as a result of the German partition and the discriminatory policy of western Allies, kept the development of Dutch Rhine shipping disappointingly low. Even Marshall Aid, though promising a better future, did not provide a better solution for the problems in Dutch services.¹⁰⁶ Nevertheless, talks between the Netherlands and the American occupation authorities continued. In January 1949, the Joint Export Import Agency (JEIA) – which decided on the extent and composition of the imports and export of the Bizone – published Instruction No. 30. Paragraph 11 read: 'Foreign craft will not be utilised to the detriment of foreign currency expenditures when German I.W.T. [Inland Water Transport, M.L.] crafts are economically available'.¹⁰⁷ Various Dutch historians have labelled JEIA Instruction No. 30 infamous.¹⁰⁸ From a Dutch point of view, this was correct. The settlement confirmed the strict Allied assets policy, and offered no prospect whatsoever for increased Dutch participation in the internal German traffic.

On 18 August another JEIA Instruction – No. 31 – was distributed, further developing the paragraph in category II N.D. – *Nebenkosten und Dienstleistungen*.¹⁰⁹ It stipulated permission had to be acquired beforehand from the *Verwaltung für Wirtschaft*, the *Bank deutscher Länder* or some other German institution for 'freights, charter and tonnage charges in external I.W.T. traffic pertaining to full barge loads'.¹¹⁰ There were some exceptions, however: 'Cost of services and

¹⁰³ G.G. Weigend, 'The Problem of Hinterland and Foreland as illustrated by the Port of Hamburg', *Economic Geography* 32, No. 1 (January 1956) 1-16, there 3.

¹⁰⁴ Laspeyres, *Rotterdam und das Ruhrgebiet*, 170.

¹⁰⁵ *Ibid.*, 171.

¹⁰⁶ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 122.

¹⁰⁷ As quoted in Van der Hoeven, *De Rijnvaartakten en de cabotage*, 5.

¹⁰⁸ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 123; Van der Hoeven, *De Rijnvaartakten en de cabotage*, 5.

¹⁰⁹ JEIA Instruction No. 31 was later devised by the German authorities in ND's 20/49, 21/49 and 22/49. ND 22/49 stipulated that foreign ships were only allowed to participate in cabotage traffic after authorization of the *Bundesverkehrsministerium*. Source: Van der Hoeven, *De Rijnvaartakten en de cabotage*, 6.

¹¹⁰ As quoted in Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 123.

supplies for external I.W.T. traffic e.g. transhipment and storage, port charges, emergency repairs, handling costs, crews allowances and similar expenditures, and freights pertaining to parcels loaded on a barge craft, not constituting a full barge load'.¹¹¹ To Dutch Rhine shipping, as Wemelsfelder subtly states, this was only a very small gesture, as most revenues to the Netherlands were acquired from the transit of bulk goods.¹¹²

5.8 Bonn continues Allied policy

It is not surprising therefore, that the Dutch were appalled by the JEIA Instructions 30 and 31. The Rotterdam Chamber of Commerce reacted furiously. On 15 August 1949, it sent a telegram to the Central Commission for the Navigation on the Rhine in Strasbourg in which it stated that the conditions in JEIA 31 were a 'flagrant violation of the character and spirit of the Act of Mannheim'.¹¹³ In a letter to the Dutch Minister of Foreign Affairs, Stikker, it wrote it could not get rid of the impression that, despite all negotiations and promises, 'West Germany is systematically undermining the Dutch position in the Rhine traffic'.¹¹⁴ In a letter to the members of the *Commissie Scheepvaartbelangen* – Commission of Shipping Interests – of 3 October 1949, it wrote that 'our country has always fared the best on the compass of unlimited free shipping; our country should never drop this principle'.¹¹⁵ Gaerlandt, the secretary of the Commission of Shipping Interests of course agreed: 'It is clear, that this composition of rules is of obvious disadvantage to the Dutch Rhine fleet with regard to Germany. With these regulations the German authorities can make or break Dutch Rhine shipping as they please'.¹¹⁶ The Rotterdam Chamber of Commerce even requested that the Dutch borders be closed to German Rhine skippers. They immediately received a furious phone call from J.J. Oyevaar, general manager of the Commission of Shipping Interests, who told Lichtenauer that this idea was absurd. First of all, the Dutch made up between 80 and 90 per cent of cross-border traffic. Secondly, 'a measure like this against German Rhine shipping would immediately have far more serious repercussions on Dutch Rhine shipping'.¹¹⁷

On 7 September 1949, three days after Oyevaar's phone call, the American occupation authorities suddenly decided to completely liberalise German imports, with spectacular results for

¹¹¹ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 123.

¹¹² Ibidem, same page.

¹¹³ NL-HaNa, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2179; Letter Rotterdam Chamber of Commerce to Dutch Minister of Foreign Affairs Stikker, 18 August 1949.

¹¹⁴ Ibid.

¹¹⁵ NL-HaNa, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2179; Letter Rotterdam Chamber of Commerce to members of the *Commissie Scheepvaartbelangen*, 3 October 1949.

¹¹⁶ NL-HaNa, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2179; Note H. Gaerlandt, secretary of the *Commissie Scheepvaartbelangen*, 'Rijnvaart', 7 December 1949.

¹¹⁷ Ibid., 'Report of a telephone call of Lichtenauer and J.J. Oyevaar', 4 September 1949.

Dutch export to Germany. The Dutch government and Rhine shipping hoped the formation of the German Federal Republic in May 1949 and the liberalisation of 7 September 1949 would have a positive effect on Dutch participation on the internal German waterways. This hope turned out to be in vain. Unlike goods traffic, which had become practically free, especially after the Netherlands had decided to liberalise its imports in February 1950, Rhine shipping remained bound to restricting measures. Even worse, these had been sharpened by the German Additional Costs and Services – *Nebenkosten und Dienstleistungen* – of October 1949.

The Rotterdam Chamber of Commerce noted that ‘despite Hitler’s system of quotas and clearing¹¹⁸, Dutch Rhine shipping has not even come close to its pre-war first place’.¹¹⁹ In a letter labelled ‘urgent’, the Rotterdam Chamber of Commerce wrote to Stikker, his colleagues at Transport and Public Works, J.R.H. van Schaik, Economic Affairs, J.R.M. van den Brink, Hirschfeld and Teppema, that after the liberalisation in Germany, ‘the time is ripe to exert real pressure to raise the disastrous regulations of JEAI Instruction No. 31 and the subsequent ND’s 20/49, 21/49 and 22/49’. According to the Rotterdam Chamber of Commerce, the Netherlands was now in a position to demand that the Dutch service sector be given the place it had held in the past, in exchange for an increase of imports from Germany. As Germany at the moment was the asking party because of the liberalisation of German imports and wanted a liberalisation of exports to the Netherlands, ‘this opportunity should be grasped with both hands’.¹²⁰

5.9 Freedom on the internal German waterways?

The biggest stumbling block in the negotiations between the Netherlands and the young Federal German Republic was the Convention of Mannheim (1868), which guaranteed the freedom of Rhine shipping, that all ships and skippers were to be treated equally and to be exempted from taxes that had previously been levied on shipping.¹²¹ The Dutch and the Germans, however, interpreted this differently. According to the Germans, this freedom was only related to ships crossing the border, whereas national regulations were to be maintained for internal German traffic.¹²² Bonn only accepted the Convention of Mannheim for international traffic, which was a

¹¹⁸ See Chapter 4.

¹¹⁹ NL-HaNa, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2179; Note H. Gaerlandt, secretary of the Commissie Scheepvaartbelangen, ‘Rijnvaart’, 7 December 1949.

¹²⁰ NL-HaNa, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2179; ‘Letter Rotterdam Chamber of Commerce to Dutch Ministers of Foreign Affairs, Economic Affairs and Transport and Public Works, Stikker, Van Schaik and Van den Brink, and to Hirschfeld and Teppema’, 9 December 1949.

¹²¹ Brolsma, *Havens, kranen, dokken en veren*, 32; Van der Hoeven, *De Rijnvaartakten en de cabotage*, 2; J.J. Oyevear, ‘De tegenwoordige gedaante van het Rijnvaart-vraagstuk’, *De Economist* 102, No. 1 (1954) 99-113, there 99.

¹²² Udink, ‘De ontwikkeling van het Duitse en van het Nederlandse standpunt inzake de vrije vaart op de Duitse Rijn’, 350-351.

new and very unusual interpretation of a very old international treaty (1868).¹²³ The Hague, on the other hand, demanded free participation, as this had been the interpretation previously.¹²⁴

Although the Dutch frontier had opened up to German vessels, full participation in German internal traffic had not materialised. The Germans still felt that Dutch vessels should only be considered when no German craft were available. As a result of this, the Dutch fleet remained almost entirely excluded from the German waterways. As the Dutch Rhine fleet could not find enough work within the Netherlands or in cross-border traffic, this issue became one of the most difficult problems in Dutch-German relations.¹²⁵ The traffic crossing the border was a source of grave concern to The Hague. In September 1948, it had been agreed that the German fleet would be limited to 20 per cent of upstream traffic. However, a memorandum sent to Sheppard Morgan, the Finance Adviser to the US High Commissioner, noted that the German authorities obviously no longer considered this percentage binding and were trying to secure an increased participation in international traffic. This goal was not to be achieved by free competition, but through the intervention of government bodies 'who endeavour to enforce a minimum percentage of participation by the German fleet in big shipping contracts [...] This autarkic policy has been very pronounced of late, now that the control of shipping contracts has been entrusted to the German authorities'. To the Netherlands, the protectionist control of navigation on the Rhine and other German waterways entrusted to the German authorities was unacceptable. The Dutch government advocated altering the regulations so that 'once again the Netherlands fleet would have equal opportunity to participate in both German internal and international traffic [...] The result of this principle of freedom is a pre-condition for future co-operation in this field'.¹²⁶

Generally speaking, there were two ways in which the Dutch government could try to break 'the stalemate': 1) a legal one in which The Hague would only be satisfied with total freedom of Rhine shipping, or 2) a more pragmatic one in which a compromise was to be achieved through negotiations.¹²⁷ In reality, no clear choice was made. In Dutch business circles though, the opinions were clear: freedom of Rhine shipping was to be total. The economic weekly *Economisch-Statistische Berichten* wrote that 'no Rhine bank nation is allowed to prohibit shipping companies or private skippers from another state from transferring goods between the

¹²³ 'De kansen voor de Nederlandse Rijnvaart', *ESB*, 18 April 1956, 362-368, there 363.

¹²⁴ Wielenga, *West-Duitsland: partner uit noodzaak*, 254.

¹²⁵ PA AA B 10 Bd. 257, Microfiche A 1920; Auswärtiges Amt, 'Gesprächsfragen für den Besuch des niederländischen Aussenminister Beyen', 14 November 1953.

¹²⁶ This paragraph and the quotes in it are taken from: BArch. Koblenz, 'Memorandum On the Netherlands-German Economic Relations', 17 October 1949.

¹²⁷ Wielenga, *West-Duitsland: partner uit noodzaak*, 254.

ports on its soil'.¹²⁸ That observation was correct for ships on the Rhine. The Convention of Mannheim applied only to the Rhine and its tributaries, but not, for example, to the Elbe. Nevertheless, an irritated Oyevaar wrote that the Germans simply denied that a cabotage-reserve existed, and that if it did, neglecting it would be a violation of the Convention of Mannheim.¹²⁹ The same opinions were held by the Rotterdam Chamber of Commerce, on behalf of which Lichtenauer wrote to Van Beuningen of the Commission of Shipping Interests, stating 'the German attempts to get German goods for German ships are of grave concern to us'.¹³⁰

The Dutch cabinet, however, was not as pronounced as Dutch business. It switched between a legal and pragmatic stance. H. Willemse, Oyevaar's successor as general manager of the Commission of Shipping Interests, judged the resistance to special additional charges for German skippers as like fighting windmills.¹³¹ At the end of 1951, the Dutch and German ministers met to discuss the Rhine problem. On 14 December, the Dutch Minister of Transport and Public Works, H.H. Wemmers, and his German colleague H.H. Seebohm signed the *Bremer Protokoll*, which stated that a joint commission would discuss the conditions and extent to which ships sailing under Dutch colours would be allowed to participate in the internal German transport.¹³² Little more than two months later, however, the negotiations were on the verge of collapse, as the Germans accused the Dutch of not sticking to the protocol.¹³³ The Dutch Ministry of Foreign Affairs noted that 1951 had been a disappointing year for the Rhine problem and the application of the Convention of Mannheim had once again left much to be desired.¹³⁴ A member of parliament, J. Algera of the *Anti-Revolutionaire Partij* (ARP, Calvinist People Party) was furious about the protocol, and felt that the Netherlands' indecisive stance had been part of the problem. The Dutch position had been seriously weakened by the protocol. When Algera, himself, became Minister for Transport and Public Works at the end of 1952, he adopted a totally different policy than his predecessor.¹³⁵ After talks with Seebohm in January 1953, Algera issued a communiqué in which he stated the following: 'Minister Algera has referred to Articles 1 and 4 of the Convention of Mannheim, which guarantee the freedom of shipping and complete equal treatment of German and foreign ships. He has emphasised, that every reservation of the internal

¹²⁸ Van der Mandele, 'Nieuwjaarsrede van de voorzitter van de Kamer van Koophandel en Fabrieken van Rotterdam', 12.

¹²⁹ Oyevaar, 'De tegenwoordige gedaante van het Rijnvaart-vraagstuk', 104.

¹³⁰ NL-HaNA, KVK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2493; Letter Lichtenauer to Van Beuningen, Commissie Scheepvaartbelangen, 9 July 1951.

¹³¹ NL-HaNA, KVK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 2493; Advice H. Willemse, Commissie Scheepvaartbelangen, 18 July 1951.

¹³² Wielenga, *West-Duitsland: partner uit noodzaak*, 255.

¹³³ Ibid, same page.

¹³⁴ *Jaarboek van het Ministerie van Buitenlandse Zaken 1951/1952* (The Hague 1952) 90.

¹³⁵ Van der Hoeven, *De Rijnvaartakten en de cabotage*, 11.

German traffic is in conflict with the Act of Mannheim'.¹³⁶ When the German government did not change their opinion and still maintained that asset regulations were not contradictory to the Convention of Mannheim,¹³⁷ Algera sent them a sharp note in July 1953, in which he once again protested to their interpretation of the Convention of Mannheim.¹³⁸ When the reaction from the German Ministry of Foreign Affairs came on 27 October 1953, it was crystal clear: 'formal treaty regulations do not justify Dutch steps. A decision to alter the limits on the participation of non-German flags in the internal German traffic on the Rhine, however, is not based on currency considerations, but unavoidable consideration of traffic policy – *Verkehrspolitik*. The Bundesrepublik has made this clear on numerous occasions'.¹³⁹ West Germany, however, wanted to avoid an international court battle on the question of the interpretation of freedom in the Convention of Mannheim.¹⁴⁰ It would probably have lost such a legal battle.

The Hague was disappointed with the negative German answer.¹⁴¹ A day after receiving the German message, the Dutch Ministry for Transport and Public Works issued a statement saying it found the German document extremely disappointing. It 'reflects a nationalistic German point of view and loses sight of the existing mutual obligations of the treaty [of Mannheim]'.¹⁴² *Economisch-Statistische Berichten* wondered how it was possible that within the new Western European community [the journal refers to the soon to be formed European Coal and Steel Community, M.L.] citizens of one country could be discriminated against those of another.¹⁴³

The Dutch government was, as yet, unable to achieve anything substantial in its negotiations with the German Republic, which simply continued the Allied policy. The Federal German government also appealed to the argument of their limited assets, though from the early 1950s onwards, internal traffic arrangements also became an increasingly important argument.¹⁴⁴ The basis for the policy followed by Bonn had, to a great extent, been laid by the Allies before the formation of the Federal German Republic. Bonn simply continued using the monetary

¹³⁶ As quoted by Van der Hoeven, *De Rijnvaartakten en de cabotage*, 11.

¹³⁷ NL-HaNA, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 1693; 'Talks Algera and Seebohm, 21-22 January Baden-Baden'. Seebohm also stated that traffic considerations were of much importance to the Federal government importance too: the existing arrangement of traffic would be harmed if Dutch shipping were to be allowed freely on the German waterways.

¹³⁸ Wielenga, *West-Duitsland: partner uit noodzaak*, 255.

¹³⁹ NL-HaNA, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 1693; Verbalnote Auswärtiges Amt to the 'Königlich Niederländische Botschaft', 27 October 1953.

¹⁴⁰ Politisches Archiv des Auswärtiges Amtes (PA AA) B11, Bandnummer 1150, Microfiche 1150-1; 'Letter Strohm to Auswärtiges Amt', 12 November 1953.

¹⁴¹ *Jaarboek van het Ministerie van Buitenlandse Zaken 1953/1954* (The Hague 1954) 72.

¹⁴² NL-HaNA, KvK Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 1693; 'Note Ministry for Transport and Public Works', 28 October 1953.

¹⁴³ 'Nieuwe gronden voor oude rechten in de Rijnvaart', *ESB*, 27 January 1954, 67-69, there 68.

¹⁴⁴ N.J. Vink, 'Nederland, de Rijnvaart en de Europese verkeers-integratie', *De Economist* 104, No. 1 (December 1956) 346-363, there 347.

argument, even though this was no longer necessary.¹⁴⁵ Shipping between Bremen and Hamburg was almost totally reserved for ships sailing under German colours. Moreover, the Dutch were still denied free access to the internal German traffic – *innerdeutsche Verkehr*. Initially, Bonn referred to its unfavourable economic and financial position, and stated that Germany could not afford to put any currency at its disposal for foreign ships using the internal German transport. Using the currency argument was, according to the German Minister of Foreign Affairs, Adenauer, the easiest way to prevent foreign countries from penetrating the internal German shipping.¹⁴⁶

The Dutch-German trade agreement of February 1950 stated that Dutch ships crossing the German border were allowed to load and unload cargo on sections they covered for international transport,¹⁴⁷ but this was a small breakthrough and would not lead to extra transport.¹⁴⁸ The Hague had little to offer.¹⁴⁹ If it put too much pressure on Germany, Bonn might stop negotiations, which could have dire consequences on Dutch Rhine shipping. Some in Dutch parliament felt that the government had sat on the fence for too long. In 1950, the social-democrat J. Schilthuis stated that the government had done too little to improve the Dutch position in Rhine shipping as it was still only 36.5 per cent of the pre-war figure. Schilthuis felt that it was absolutely necessary that the Dutch government formulate clear policy in its contact with its West German counterpart and this could not be left to Dutch business.¹⁵⁰ The Dutch minister of Transport and Public Works, D.G.W. Spitzen (not a member of any political party), agreed somewhat, but was also convinced that the initiative had to come from business as well, i.e. from contacts between Dutch and German businesses. Spitzen saw the division of Dutch Rhine shipping as one of the main problems in reaching agreement with Bonn.¹⁵¹ This was somewhat of the mark. Both private skippers and shipping companies wanted free trade and free access to the Rhine. The problem was, that the Netherlands did not take a clear decision between taking legal steps and negotiating further.

¹⁴⁵ Wielenga, *West-Duitsland: partner uit noodzaak*, 258.

¹⁴⁶ PA AA B 10 Bd. 257, Microfiche A 1920; Auswärtiges Amt, 'Gesprächsfragen für den Besuch des niederländischen Aussenminister Beyen', 14 November 1953.

¹⁴⁷ The protocol read as follows: 'Deutscherseits besteht Verständnis für den Wunsch der niederländischen Schifffahrt, ihren Tätigkeitsbereich wieder auf den innerdeutschen Verkehr auszudehnen. Die niederländische Seite erkennt an, dass mit Rücksicht auf die gegenwärtige verkehrswirtschaftliche Lage in Deutschland diesem Wunsch noch nicht voll entsprochen werden kann. Die deutschen Behörden werden aber den holländischen Binnenschiffen die Durchführung von Transporten im innerdeutschen Verkehr (unter Ausschluss der Kanaltransporte) in den Fällen gestatten, in denen diese Transporte in Zusammenhang mit Auslandstransporten durchgeführt werden. Die für den innerdeutschen Verkehr geltenden gesetzlichen Bestimmungen, insbesondere auch hinsichtlich der Binnenschiffsfrachten, sind zu beachten'. As quoted in Van der Hoeven, *De Rijnvaartakten en de cabotage*, 10.

¹⁴⁸ Wielenga, *West-Duitsland: partner uit noodzaak*, 254.

¹⁴⁹ Ibidem, 258.

¹⁵⁰ Van Baalen, 'Spitzen kleurloze minister', 83-84.

¹⁵¹ Ibid., same page.

5.10 Traffic plummets

After World War II, there was a large surplus of shipping capacity in western Europe. Total tonnage had dropped as there was less cargo on offer, especially from Germany where the Ruhr area was still in ruins.¹⁵² When it started to recuperate in 1948, it still exported very little coal when compared to the pre-war situation. Before the onset of hostilities in 1939, most German coal had been exported via the Rhine, mainly through Rotterdam. Coal from the Ruhr was vital for Europe. By early 1945, the United States, Great Britain, Russia and France recognised that Europe would, to a large extent, be dependent on German coal.¹⁵³ But as the Ruhr area had practically ceased to function, export of Ruhr coal had dried up. This made its mark on Rhine shipping. The section between Duisburg-Rotterdam decreased sharply after World War II when measured in tonnes kilometres. 13.3 billion of the 25 billion t-km on the Rhine in 1937 were shipped between Duisburg and Rotterdam, which is 53 per cent of the total. By 1948, this had dropped to 40 per cent (10.15 billion t-km), or only 26 per cent of the 1937-figure. In that year 7.4 billion t-km were shipped downstream between Duisburg and Rotterdam and 5.9 billion upstream. This amount had dropped to 2.07 billion and 1.42 t-km respectively by 1948.¹⁵⁴

From 1939 on, the export of coal overseas came to an almost complete stop. Whereas between 1936 and 1938 the export of Ruhr coals via Emmerich in millions of tons stood between 17 and 24, this had dropped to only 6.5 million tons by 1948.¹⁵⁵ Ruhr coal had been exported in large quantities to Brazil and Argentina in the interwar period, but was completely crowded out by US-coal later on. The decline had a lot to do with supply and production problems in Germany. The Germans failed to bring their coal on the market. After the war, coal never became as important as it had been before 1940. At the end of the 1940s, ores and coal were no longer as important.¹⁵⁶ Oil had the future. It was abundant, and, above all, cheaper than coal. As Yergin puts it: 'King Coal held on to his throne through the first half of the twentieth century. Yet he could not resist, he could not stand unmoved, in the face of the great tidal wave of petroleum that surged out of Venezuela and the Middle East and flowed around the planet after World War II'.¹⁵⁷ European coal mines had been hit hard in the years 1939-1945, and after the war a large part of the production capacity of countries like Germany, Belgium and France could not be used because of problems in the mining areas or difficulties with transport. Regions that

¹⁵² See for example: U. Rombeck-Jaschinski, *Nordrhein-Westfalen, die Ruhr und Europa. Föderalismus und Europapolitik 1945-1955* (Essen 1990); Judt, *Postwar*, 87.

¹⁵³ F. Jerchow, *Deutschland in der Weltwirtschaft 1944-1947. Alliierte Deutschland- und Reparationspolitik und die Anfänge der westdeutschen Außenwirtschaft* (Düsseldorf 1978) 263.

¹⁵⁴ Nordrhein-Westfälisches Hauptstaatsarchiv Düsseldorf (HStAD), NW-22, Staatskanzlei, NW 22-966; *Zeitschrift für Binnenschifffahrt*, May 1949.

¹⁵⁵ Ibid.

¹⁵⁶ Klemann, *Niederland 1938-1948*, 359.

¹⁵⁷ D. Yergin, *The Prize. The epic quest for oil, money and power* (New York 1991) 543.

had not been damaged by fighting or bombardments e.g. the largest part of the British mining regions, were hit hard by a lack of investment, shortage of labour and the decay of existing facilities. In the first years after the war, mine workers in Germany were so underfed that production suffered. Modernisation was limited after overuse in the Third Reich and there were too few houses for mine workers.¹⁵⁸ Mine workers went absent on a regular basis as, even when they were given higher rations, they went looking for extra food and other basic necessities in the countryside.¹⁵⁹

In 1946, total European coal production stood at only 340 million tons (60 per cent of which was produced in Great Britain¹⁶⁰) compared to the 1938-figure of 646 million tons, or 52.6 per cent.¹⁶¹ In 1946 and 1947, the Ruhr produced 50 and 60 million tons of coal, compared to 127 million tons in 1938. This number would never be reached again after World War II.¹⁶² By 1951, the export of Ruhr coal had dropped by 27.5 per cent compared to 1936; the share of export to the Netherlands had dropped from 20.6 per cent in 1936 to 11.9 per cent of the total quantity of coal exported by the German Federal Republic in 1951.¹⁶³ West Germany covered its coal needs by importing cheap coal from the United States, Western Africa and South America, part of which was exported through Rotterdam to Great Britain. Great Britain, although lavishly supplied with coal, had inferior harbour facilities and had to deal with more strikes than Rotterdam.¹⁶⁴ Exporting coal to Great Britain seems quite incongruous as Great Britain had more than enough coal itself.¹⁶⁵ A further problem was the fact that the German government had a lot of trouble finding people to work in the coalmines. There were an increasing number of other jobs on offer and mines had a bad name. Germany's coal export almost ceased after 1955, primarily as a consequence of the increased importance of oil in its pre-war export markets. The historian Raymond Stokes suggested that the fact that the German chemical industry gradually shifted from coal to oil, was another factor in this development.¹⁶⁶ This can be questioned, however. If the German mines had been able to produce the same amount of coal, the shift of

¹⁵⁸ Kleßmann, *Die doppelte Staatsgründung*, 225.

¹⁵⁹ See for example M. Lak, 'Stunde Null. Zonder Duitsland geen Nederlands herstel', *De Academische Boekengids* 65 (November 2007) 13-15, there 14. Also: W. Abelshauser, *Der Ruhrkohlenbergbau seit 1945* (Munich 1984) 30.

¹⁶⁰ P.R. Odell, *Oil and World Power: a Geographical Interpretation* (Hammondsworth 1970) 95.

¹⁶¹ This is the total of the coal production of the main coal producers in Europe: Great Britain, Germany, Soviet Russia, France, Poland and Belgium. Source: E. Buyst and P. Franaszek, 'Sectoral developments, 1914-1945', in S. Broadberry and K.H. O'Rourke (eds.), *The Cambridge Economic History of Europe. Volume 2: 1870 to the Present* (Cambridge 2010) 208-231, there 225, table 9.6; own calculations.

¹⁶² G. Hempel, *Die deutsche Montanindustrie. Ihre Entwicklung und Gestaltung* (Essen 1969) 200; H.C. Seidel, *Der Ruhrbergbau im Zweiten Weltkrieg. Zechen – Bergarbeiter – Zwangsarbeiter* (Essen 2010) 65.

¹⁶³ Linden, 'Kohle und Rheinschiffahrt', 35.

¹⁶⁴ Van de Laar, *Stad van formaat*, 513.

¹⁶⁵ G.E. van Walsum (ed.), *Rotterdam, Europoort 1945-1970* (Rotterdam 1972) 54.

¹⁶⁶ See R. G. Stokes, *Opting for Oil. The Political Economy of Technological Change in the West German Chemical Industry, 1945-1961* (Cambridge 2006).

the West German industry to oil would have meant that more coal were available for export. This was not the case.

The fall of West Germany as a large coal exporting country had serious consequences for Dutch Rhine shipping. The success of Rotterdam as a transit port had rested on the balance between the transport of ores upstream and the transport of coal and related products like cokes downstream. That balance was distorted and many ore transporters returned to Rotterdam empty.¹⁶⁷ The result could be seen in the port of Rotterdam. The percentage of coal passing through the port dropped from 29.8 in 1946, via 19.9 in 1950 to 23.0 in 1955.¹⁶⁸ The number of clearances in the Netherlands decreased from 21 million tons in 1938, to 11 million tons in 1953. This was caused entirely by the diminished transport of coal.¹⁶⁹ Most of the harbour authorities and politicians had expected German coal exports to rise again after the war. Dutch coal imports decreased, but coal turnover never again regained the position it had held before World War II.¹⁷⁰ Most of the enormous growth of Rotterdam after the war was caused by oil. At the end of the 1940s, oil accounted for a quarter of the total transport. Halfway through the 1950s, oil surpassed all other products.¹⁷¹ After 1950 international goods traffic increased sevenfold, oil tenfold.¹⁷² In 1955 oil tanks in Rotterdam had a capacity of almost 4 million ton as compared to 700 thousand before the war, an increase of 470 per cent.¹⁷³

At the end of the 1940s, more and more motor ships were in use.¹⁷⁴ Their transfer capacity, as a consequence of their higher speed, was almost twice as large as that of tugged ships.¹⁷⁵ In the first post-war years, the Dutch Rhine fleet was primarily concerned with rebuilding the shattered tonnage lost during the war, not with modernizing its fleet. By 1949 it had only built 76,000 tons of new ships.¹⁷⁶ Lack of cargo was a big problem, as the Dutch Rhine fleet was as large as those of the other Rhine nations combined and much of it was out of work.¹⁷⁷ In the first half of 1950, the situation was so serious, that there was no employment for almost half of the Dutch Rhine fleet.¹⁷⁸ In 1956, 54 per cent of the ships going from West Germany to the Netherlands were unloaded. As this was return freight, it was obviously the

¹⁶⁷ Van de Laar, *Stad van formaat*, 514.

¹⁶⁸ Ibid., 512.

¹⁶⁹ CBS, *Statistiek van de internationale binnenvaart 1953* (Utrecht 1955) 13.

¹⁷⁰ Van Walsum, *Rotterdam, Europoort*, 32.

¹⁷¹ Van Laar, *Stad van formaat*, 512; Klemann, *Nederland 1938-1948*, 359.

¹⁷² Van Laar, *Stad van formaat*, 512.

¹⁷³ Klemann, *Nederland 1938-1948*, 359.

¹⁷⁴ For example, the number of German motorized ships increased from 17.3 per cents in 1938 to 41.2 per cents in 1955. Bundesministerium für Wirtschaft, *Deutsche Binnenschifffahrt 1954* (Bonn 1955).

¹⁷⁵ Centrale Bond van Werknemers in het Transportbedrijf, *De positie van de Nederlandse Rijnvaart in internationaal verband*, 5.

¹⁷⁶ Pfeiffer, *Strukturwandlungen*, 25.

¹⁷⁷ Centraal Bureau voor de Statistiek (CBS), *Statistiek van de internationale binnenvaart 1956* (Zeist 1958) 11.

¹⁷⁸ Verseput, *Kamer van Koophandel en Fabriken voor Rotterdam 1928-1953*.

result of the fact that the export of German coal had stopped.¹⁷⁹ A third of all the international ships passing Lobith from 1949-1955, had no cargo.¹⁸⁰

The refusal to allow the Dutch Rhine fleet to participate in the internal German transport was one of the obstacles to normalising Dutch-German Rhine navigation relations.¹⁸¹ As Table 5.3 shows, the total tonnage of Dutch ships passing Emmerich dropped significantly, as did those of the other Rhine shore states. Although Dutch barges still accounted for more than half of the total tonnage that passed at Emmerich, it lagged far behind the 1938-figure.¹⁸² Although the 5 million tons in 1947 still amounted to almost 63 per cent of the total, Dutch tonnage would never again reach this level after World War II. This also was because the Ruhr produced less coal and oil became more important in the European economy. The German share dropped even more drastically. In 1947, there was almost no German shipping at Emmerich, its share having decreased from 19.2 in 1938 to only 0.3 per cent in 1947.¹⁸³ Table 5.4 shows that Rhine shipment measured at Lobith only reached its pre-World War II level for upstream traffic as late as 1955, to increase rapidly thereafter. Table 5.3 shows that, from 1955 onwards, the German tonnage at Emmerich increased above the pre-war level. This was probably a result of the fact that as of 1955, the production in the Ruhr finally got going. Traffic downstream lagged far behind the 1938-level, however. It only reached slightly over two-thirds of the last normal pre-war year.

¹⁷⁹ CBS, *Statistiek van de internationale binnenvaart 1956* 15.

¹⁸⁰ *Rapport Annuel de la Commission Centrale pour la Navigation du Rhin* (Strasbourg 1955) 215.

¹⁸¹ *Jaarboek van het Ministerie van Buitenlandse Zaken 1950/1951* (The Hague 1951) 86.

¹⁸² In 1938, the last pre-war year, it stood at 62 per cents; from 1950 to 1957 it stood at respectively 55.7, 52.7, 53.9, 56.8, 53.4, 50.5, 50.3 and 50.7. Source: Bundesministerium für Wirtschaft, *Deutsche Binnenschifffahrt 1957. Heft 2: Diagramme und Tabelle* (Bonn 1958). Also: 'De kansen voor de Nederlandse Rijnvaart', *ESB*, 18 April 1956, 362-368, there 362.

¹⁸³ HStAD, NW-22, Rhein- und Ruhrschifffahrt, inv. nr. 965: Bundesverkehrsministerium Abt. Binnenschifffahrt; 'Zum Lagebericht auf der Verkehrsministerkonferenz in Duisburg am 26. und 27. April 1950'

Table 5.3 *Inland shipping at Emmerich in millions tons per country, and Dutch share in total, 1938 and 1948-1957*

Year	Dutch	German	Others	Total tonnage	Dutch share in total
1938	34	10	10	54	62
1939	26	7	9	42	61
1947	5	0.3	3	8	63
1948	11	2	5	18	61
1949	13	11	6	30	43
1950	16	6	7	29	55
1951	19	8	9	36	53
1952	19	8	8	35	54
1953	21	8	8	37	57
1954	22	9	10	41	54
1955	25	14	11	50	50
1956	29	17	12	58	50
1957	31	18	13	62	50

Sources: HstAD, NW-22, Rhein- und Ruhrschiffahrt, inv. nr. 965: Bundesverkehrsministerium, Abt. Binnenschiffahrt; 'Lagebericht auf der Verkehrsministerkonferenz Duisburg', 26 and 27 April 1950; *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1951-1958* (Wiesbaden 1951-1958); Bundesministerium für Wirtschaft, *Deutsche Binnenschiffahrt 1958. Heft 2: Diagramme und Tabelle* (Bonn 1959) 60; *Rapport Annuel de la Commission Centrale pour la Navigation du Rhin 1958* (Strasbourg 1958); A. Schmitt, *Die Liberalisierung*, 80; own calculations.

Table 5.4 *Tonnage transported upstream and downstream at Lobith in million tons and index, 1938-1939 and 1950-1957 (1938 = 100)*

Year	Downstream	Upstream	Total tonnage	Downstream transport in percents of upstream transport	Downstream (Index)	Upstream (Index)	Index (1938 = 100)
1938	28	28	56	100	100	100	100
1939	22	20	42	110	79	71	75
1950	17	11	29	155	61	39	52
1951	16	20	35	80	57	71	63
1952	14	22	37	64	50	79	66
1953	17	20	37	85	61	71	66
1954	20	21	41	95	71	75	73
1955	18	32	50	56	64	114	89
1956	18	40	58	45	64	143	104
1957	18	42	61	43	64	150	109

Sources: CBS, *Maandstatistiek van verkeer en vervoer, december 1959* (Zeist 1959) 353; CBS, *Tweehonderd jaar statistiek in tijdreeksen* 63-64; own calculations.

5.11 Pragmatic policy gains the upper hand

Although Bonn rejected the Dutch claims of free participation on the Rhine, it proposed new negotiations to try to reach an agreement on the share of Dutch shipping on the internal German waterways. The only way for the Netherlands to get a formal, binding decision was to take Germany to court, but The Hague hesitated as, according to Wielenga, they wondered what it would achieve.¹⁸⁴ The Netherlands did want arbitration and would probably have won. The issue was what that would have brought the country. What would it gain from beating its most powerful neighbour in a legal battle that would harm the Dutch-German relations? The Dutch did not have the political power to tell their big neighbour that they just wanted justice to be done. The fact that the Netherlands would not have gained anything from a legal victory, was missed by those with economic interests in Rhine shipping. The Hague, however, also had other interests at heart. The German Federal government too, wanted to avoid a legal battle in front of an international tribunal about the interpretation of the meaning of freedom in the Convention of Mannheim.¹⁸⁵ A legal battle would have been damaging to Bonn, as it wanted to regain its independence and sovereignty. World War II had only just ended and the German Federal government would have a problem explaining why it was flaunting rules of law. Both countries therefore, decided take care of each other.

The Dutch Minister of Foreign Affairs, J.M.A.H. Luns, whose Ministry had never had much confidence in a legal solution, seized the opportunity to take a more pragmatic position on the Rhine problems.¹⁸⁶ Luns and the German *Bundeskanzler* Adenauer had an exchange of views, after which the Germans made the commitment to take steps to reach a satisfying agreement.¹⁸⁷ They reached an acceptable compromise in 1954 when they agreed that representatives of Dutch and German business would negotiate about quotas on Dutch participation in the internal German trade traffic on the Rhine as well as on other rivers and canals. All this would be done in the presence of government observers. Again though, no official agreement was reached. In April 1955, the Dutch Ministry of Foreign Affairs let it be known it regarded the talks as a failure.¹⁸⁸ This was against the will of Dutch business that wanted to continue the negotiations. Luns informed the German ambassador in The Hague, Hans Mühlenfeld, that the Dutch cabinet was by now convinced of the uselessness of bilateral negotiations and was no longer interested in continuing.¹⁸⁹

¹⁸⁴ Wielenga, *West-Duitsland: partner uit noodzaak*, 255-256. Also: Wolters, *De Zilveren Mijlpaal*, 51.

¹⁸⁵ PA AA B 11 Bd. 1150, Microfiche 1150-1; 'Letter to Auswärtiges Amt about a visit of Dutch Foreign Minister Beyen to West Germany', 12 November 1953.

¹⁸⁶ Wielenga, *West-Duitsland: partner uit noodzaak*, 255.

¹⁸⁷ *Jaarboek van het Ministerie van Buitenlandse Zaken 1953/1954*, 72.

¹⁸⁸ Wielenga, *West-Duitsland: partner uit noodzaak*, 257.

¹⁸⁹ PA AA B 24 Bd. 186, Microfiche 00186-4; 'Letter Mühlenfeld to Auswärtiges Amt', 20 April 1955.

The issue dragged on, without an agreement being reached. The Netherlands failed to regain a place on the internal German waterways and West Germany still denied the existence of an obligation to free the cabotage. Some within the German Ministry of Transport stated that the cabotage question was just a question of prestige for the Dutch; further developments could be looked forward to with confidence.¹⁹⁰ Furthermore, Seebohm continued to stimulate West German ports via the *Seehafenausnahmetarife*.¹⁹¹ Ten years after the end of World War II, the problem of Dutch participation in the internal German traffic weighed heavily on the Dutch-German political relations.¹⁹² In December 1955, Luns stated that the partial liberalisation of Rhine traffic that had come into effect on 1 October 1955 had not brought any closer solution to the differences of opinion on freedom of shipping on the internal German waterways.¹⁹³ Bonn, however, declared that as of 1 May 1956, a considerable relaxation of the rules governing this issue would come into effect and from that date on, ships sailing under foreign colours would be allowed to participate in internal German shipping traffic under the same conditions as German ships, just as in 1936 when the Nazi regime even asked Dutch Rhine shipping to be more active. The decision was greeted with satisfaction in The Hague.¹⁹⁴ The reason for this sudden change of policy is unclear. It seems likely that it had to do with the fact that at that time the Ruhr area was finally starting up in full earnest. The German index of industrial production shows that production increased from 113.0 in 1950 (1936 = 100), via 155.0 in 1955 to 203.0 in 1957.¹⁹⁵ Goods entering Germany along the Rhine near Emmerich increased strongly as well, from 11.332 tons in 1950 to 42.493 tons in 1957, with a clear peak in the years from 1954 to 1956.¹⁹⁶ Iron ores transported from the Ruhr to the Netherlands increased by more than half from 1955 to 1957.¹⁹⁷ The same development is visible upstream. Both upstream and downstream transportation the total number of tons of coal increased dramatically the same years as well. The total tons of iron ore and coal transported upstream at Lobith rose from 21 million in 1954 to 41 million in 1958.¹⁹⁸ (Table 5.4) The steel production in the Ruhr area increased from 12.3 to 19.5 million tons between 1953 and 1957; at the same time, coal production grew from

¹⁹⁰ PA AA B 24 Bd. 186, Microfiche 00186-4; Letter Dr. Seiermann, Bundesverkehrsministerium, to Minister Seebohm, 'Deutsch-niederländischen Rheinschiffahrtbesprechungen', 11 May 1955.

¹⁹¹ Brabers, 'Nederlands-Duits vervoersconflict', 30.

¹⁹² Wielenga, *West-Duitsland: partner uit noodzaak*, 259-260.

¹⁹³ PA AA B 24, Bandnummer 186, Microfiche 00186-4; 'Note Luns on remaining Dutch-German questions', 12 December 1955.

¹⁹⁴ PA AA B 24 Bd. 199, Microfiche 00199-2; 'Letter Mühlenfeld to Auswärtiges Amt', 27 April 1956.

¹⁹⁵ *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1954* (Wiesbaden 1954) 241 and *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1958* (Wiesbaden 1958) 186.

¹⁹⁶ A. Kunz, *Historische Statistik von Deutschland. Band 18/1, Statistik der Binnenschiffahrt 1835-1989* (St. Katharinen 1999) 183.

¹⁹⁷ *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1956* (Wiesbaden 1956) 328 and *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1958* (Wiesbaden 1958) 300.

¹⁹⁸ CBS, *Tweehonderd jaar statistiek in tijdreeksen 1800-1999* (Voorburg/Heerlen 2001) 64.

115.5 to 123.2 million tons.¹⁹⁹ The German Rhine fleet could not cope with the growth of transport. In other words, the Dutch Rhine fleet was desperately needed by the German industry. This explains the sudden change of West German policy.

Table 5.5 *Iron ore and coal transported upstream and downstream at Emmerich in million tons and index, 1936 and 1950-1958 (1936 = 100).*

Year	Upstream			Downstream		
	Index (1936=100)			Index		
	Coal	Iron Ore	Coal	Coal	Iron Ore	Coal
1936						
	16.9	7.7	2.1	100	100	100
1950	8.1	3.0	0.4	48	39	19
1951	5.2	4.6	4.5	31	58	214
1952	4.9	5.5	4.4	29	71	209
1953	6.3	6.6	1.6	37	86	76
1954	7.8	5.1	1.3	46	66	62
1955	5.5	8.3	5.5	32	108	262
1956	4.0	11.2	8.7	24	145	414
1957	4.1	11.3	9.8	24	147	467
1958	3.5	10.7	6.7	21	139	319

Sources: *Statistisches Jahrbuch für die Bundesrepublik Deutschland* 1954, 342; *Statistisches Jahrbuch für die Bundesrepublik Deutschland* 1956, 328; *Statistisches Jahrbuch für die Bundesrepublik Deutschland* 1957, 344; *Statistisches Jahrbuch für die Bundesrepublik Deutschland* 1958, 300; *Statistisches Jahrbuch für die Bundesrepublik Deutschland* 1960, 298 (Wiesbaden 1954-1960); own calculations.

The legal battle on the interpretation of the Convention of Mannheim was far from over and would drag on for some years without the Dutch government getting anything substantial for its effort.²⁰⁰ After hearing all opinions, the Dutch government should have taken a clear stance in the discussions on the Convention of Mannheim. It failed to do so, shifting between legal steps and negotiations.²⁰¹ As late as February 1957, the Rotterdam Chamber of Commerce was firmly that the Netherlands should adhere to the traditional interpretation of the Convention of Mannheim.²⁰² Wemelsfelder was correct when, as early as 1954, he euphemistically stated: ‘The battle for the Rhine shipping question as a whole has not gone very favourably’.²⁰³ In Dutch government circles, politicians were somewhat milder in their approach. In early 1958, the German Ministry of Foreign Affairs noted, that it had succeeded in pushing the Dutch demand

¹⁹⁹ D. Petzina, ‘Wirtschaft und Arbeit im Ruhrgebiet 1945 bis 1985’, in W. Köllmann, H. Korte, D. Petzina and W. Weber (eds.), *Das Ruhrgebiet im Industriezeitalter. Geschichte und Entwicklung, Band 1* (Düsseldorf 1990) 492-567, there 517.

²⁰⁰ Wielenga, *West-Duitsland: partner uit noodzaak*, footnote 131, chapter 5.

²⁰¹ Udink, ‘De ontwikkeling van het Duitse en van het Nederlandse standpunt inzake de vrije vaart op de Duitse Rijn’, 368-369.

²⁰² NL-HaNA, Kvk Rotterdam/Secretariaat, 3.17.17.04, inv. nr. 1273; ‘Letter Rotterdam Chamber of Commerce to Minister of Foreign Affairs Luns’, 27 February 1957.

²⁰³ Wemelsfelder, *Het herstel van de Duits-Nederlandse economische betrekkingen*, 127.

for the freedom of Rhine shipping into the background. The Hague had dropped the idea of taking it to international arbitration. It appeared to be satisfied with the German guarantee that the situation would not be altered.²⁰⁴ Although the door to free participation on the internal German waterways had been left on a chink for Dutch Rhine shipping, it was by no means wide open.

5.12 Conclusions

Before World War II, Rotterdam had played a central role in the transit to the German hinterland, especially to the industrial area of the Ruhr. At the same time, the Ruhr area supplied the Netherlands with coals, chemicals, iron and steel. The Dutch held a dominating position in the international Rhine traffic. Before the war it provided 48 per cent of the active balance of services on the Dutch current account. The Dutch position was also strong on the internal German waterways, especially on the Lower Rhine where the most important Ruhr ports were located. This is a further indication of the strong ties between the Ruhr and the Dutch seaports and Rhine shipping.

The autarkic policy of the Nazis in the 1930s and World War II totally disrupted this system. The German occupier destroyed the ports of Rotterdam and Amsterdam for military reasons at the end of the war. The slow recovery of the port of Rotterdam and Dutch Rhine shipping was primarily caused by the fact that its natural hinterland lay in ruins. The extensive Allied bombing in the last year of the war, although not particularly damaging to German industry, had destroyed and paralysed large parts of the German infrastructure. According to some historians this was the greatest hindrance to a rapid German recovery. Financial and political reasons forced western Allies in their respective zones of occupation to resort to a policy of autarky. This made trade with and between their zones practically impossible. All this had grave consequences for the Netherlands, especially for Rotterdam and Dutch Rhine shipping. The Allies decided to direct all their imports via Hamburg, Emden and Bremen, and only called on the Dutch Rhine fleet when German barges were unable to deal with the traffic. Allied trade policy and the destruction of the German infrastructure greatly worried and irritated Dutch politicians and businessmen. This was understandable given the fact that it was inevitable that this would have repercussions on trade with Germany. Not only would it hamper the recovery of the Netherlands, the Allied policy would also damage Dutch seaports and Rhine shipping. Although The Hague filed numerous complaints and requests these mostly fell on deaf ears. Their financial problems dominated the situation, just as they had done in trade.

²⁰⁴ PA AA B 2 Bd. 018, Microfiche 1; Auswärtiges Amt, 'Bericht über den Stand der deutsch-niederländischen Ausgleichsverhandlungen', 7 February 1958.

Rotterdam was only able to retake its position as the largest and most important German port from 1949 onwards, when the German hinterland made a remarkable recovery. Once the Ruhr area was in full operation, it could not do without its natural port of Rotterdam. Rotterdam had overtaken both Antwerp and London by 1953 and was the biggest European port again. From then on, Rotterdam would see a period of remarkable growth.

The same could not be said for Dutch Rhine shipping and its participation in internal German traffic. As with German ports, the American and British occupation authorities favoured German shipping on the Rhine for financial reasons. The German fleet was given priority in internal German traffic. Only occasionally, when there was a shortage of German ships, were permits granted to foreign ships. The reason behind this Allied policy was plain and simple: it saved valuable currency and the British and American taxpayers at home would bear a smaller burden for the occupation of Germany. The Allies discriminated against Dutch Rhine shipping, and denied it access to internal German traffic, in which the Netherlands had played a leading role before the onset of hostilities in September 1939. Moreover, the partition of Germany had robbed Dutch Rhine shipping of an important part of its hinterland.

When the Federal German Republic was founded in May 1949, it more or less continued Allied policy and Dutch tonnage passing at Emmerich dropped significantly to below pre-war levels. Although it still formed a majority of the ships, Dutch tonnage had not regained its 1938-level by 1957. Shipping between Bremen and Hamburg was almost totally reserved for ships sailing under German colours. The Dutch were also still denied free access to the internal German waterways. Initially Bonn said this was due to its unfavourable economic and financial position, and stated that Germany could not afford to spend hard currency on having foreign ships take care of the internal German transport. From the early 1950s onward, arguments on internal German traffic arrangements were the main reason for refusing Dutch Rhine shipping free access to the internal German traffic.

The biggest stumbling block in the negotiations between the Netherlands and the Federal German Republic was the Convention of Mannheim (1868), which guaranteed the freedom of Rhine shipping. This was the strongest card the Dutch, but they did not use it wisely. Bonn and The Hague held very different interpretations of the Convention. According to the Germans, freedom was only related to ships crossing the border and national regulations governed the rights of the *innerdeutsche Verkehr*. Bonn only accepted the Convention of Mannheim for international traffic. That was a completely new and unique interpretation. The Netherlands on the other hand, demanded free participation. It could easily have taken Germany to a court of arbitration on its interpretation of the Convention. It would probably have won, but would not

have gained much as it would create a conflict with its most important trading partner. The Hague had more interests than only Rhine shipping, a fact that was overlooked by those with economic interests in this sector. Bonn did not want to risk a legal battle either. It wanted to be on good terms with other European countries and it could not afford to be accused of breaking international law so shortly after the war. Both countries, therefore, decided to be lenient with each other.

Despite several agreements and numerous talks, no real solution was reached for years. However, the German Federal government declared that the rules would be considerably relaxed as of 1 May 1956 and from that date ships sailing under foreign flags would be allowed to participate in internal German traffic under the same conditions as German shipping. The reasons for this sudden change of policy are unclear, but it seems to have been caused by the fact that as of roughly 1955, the Ruhr industry finally began full production. This resulted in a spectacular growth of coal and iron ore to be transported along the river and the German Rhine fleet simply could not cope with it. From that moment on, West Germany could no longer afford to ignore the Dutch Rhine fleet and allowed it full and free participation in internal German traffic. Despite this breakthrough, the battle for free Dutch participation on the Rhine would continue for years to come.

Chapter 6 Dutch-German political relations, 1949-1957

6.1 Introduction

An interesting meeting took place in Oosterbeek, the Netherlands from 27 to 30 November 1950. This small town near Arnhem had been one of the most bitterly contested areas of operation Market Garden in September 1944, but on those three days, Dutch and German citizens from economic and political circles met to discuss the relations between their countries 'in contemporary Europe'. Among those present were politicians of the German Federal Republic and the State of North Rhine-Westphalia, as well as of the Dutch ministries and captains of industry, such as K. Du Mont, the first West German consular representative in the Netherlands,¹ the vice-president of the *Bundestag*, J. Schäfer, the Minister of Finance of the *Land* North Rhine-Westphalia, H. Weitz, the Dutch Minister of Reconstruction, J. in 't Veld, and the leader of the Bureau Germany of the Dutch Ministry of Foreign Affairs, M. Kohnstamm. The Dutch business community was represented by the President of the Rotterdam Port Promotion Council – *Stichting Havenbelangen Rotterdam* – A.C.W. Beerman, the President of Hoogovens steel factories, P.R. Bentz van den Berg, the President of the artificial silk and chemical firm Algemene Kunstzijde Unie (AKU), J. Meynen, the leader of the economic branch of the Consulate-General of the Federal Republic in the Netherlands, B. Meyer-Berhaupt, the President of Phs. Van Ommeren's Shipping Company, P.H. Schröder, J. De Crane of N.V. 'Vulcaan' and H.C.J.H. Gelissen, the interwar minister of Economic Affairs and, at the time of the meeting, President of the Dutch Chamber of Commerce for Germany.

Lectures, discussions and private meetings showed that the Dutch position on their relations with their neighbour was ambivalent. On the one hand, there was no doubt in the minds of those present that the state of world politics made the integration of Europe inevitable and that the Netherlands needed to move towards improved relations between the two countries. This attitude was further strengthened by the fact that the loss of the Dutch East Indies had forced The Hague to focus its attention more on Europe. On the other hand, as Du Mont noted in a letter to the *Dienststelle für Auswärtige Angelegenheiten* – German Bureau of Foreign Affairs – the general public in the Netherlands was still unable to take the new international situation into account. Hate towards Germany, so shortly after the occupation, made this impossible. During the meeting, Du Mont got the impression that the leading Dutch circles saw a way out of the dilemma by further strengthening economic ties with Germany, while at the same time keeping

¹ F. Wielenga, *West-Duitsland: partner uit noodzaak. Nederland en de Bondsrepubliek 1949-1955* (Utrecht 1989) 49.

political distance. As Du Mont noted, the Germans would need to show a lot of patience and tact to regain the trust of the Dutch nation and to improve Dutch-German relations.²

This chapter focuses on the bilateral political relations between the two countries, and the role economic ties played in these developments. The economic contacts have to be studied in an international context, as the developing Cold War and the start of the European integration had a profound influence on Dutch-German political, and in its wake, economic relations. The central aim of this chapter will be to analyse the political stance both countries took towards each other and how these were assessed by Bonn and The Hague. How did the Dutch see their large neighbour and what was the position they took towards the Reconciliation – *Wiedergutmachung* – and German rearmament? Problems would soon arise, as the Federal Republic strove to achieve an all-encompassing deal, while the Netherlands focused on reaching separate agreements on different topics. On top of that, The Hague did not refrain from reminding Germany that it should not forget its past and that the Germans should be lenient in their dealings with the Netherlands.

On the other hand, how did Bonn see its political relations with its small and, one of many, neighbours that it had to content with? Wielenga stated that Bonn's policy towards The Hague in the years between 1949 and 1955 could hardly be referred to as responsive.³ Yet it appears that German policy towards its small neighbour did reflect the economic importance the Netherlands held for West Germany. The Dutch never wasted an opportunity to confront Bonn with its past, yet the Germans never told them to stop reminding them. Bonn remained patient when its Dutch counterpart, once again, remarked that Germany had not done enough to atone for its actions in World War II. German representatives in the Netherlands seem to have been highly sensitive of anti-German feelings. This attitude and its consequences on West German policy towards its western neighbour will be analysed in the following chapter. It starts in May 1949, as there had been no German government The Hague could do business with until then. The question of whether there was any continuity in Dutch policy towards Germany when compared to the period between 1945-1949 will be explored.

6.2 Du Mont sensitive of Dutch anti-German feelings

In his report about the meeting at Oosterbeek, Karl Du Mont, the consul of the *Bundesrepublik*, made some interesting observations, which were characteristic of both the Dutch views on

² Politisches Archiv des Auswärtiges Amtes (PA AA) B 11, Bandnummer 268, Microfiche 268-1; Letter K. Du Mont, to the Dienststelle für Auswärtige Angelegenheiten of the *Bundeskanzleramt*, 'Die Normalisierung der deutsch-niederländischen Beziehungen', 31 October 1950.

³ Wielenga, *West-Duitsland: partner uit noodzaak*, passim.

Germany as well as Bonn's position towards its small western neighbour.⁴ It was clear to Du Mont that The Hague had good reasons to strive for harmonious relations with Bonn but that this should be done without confusing the two issues. Political issues were to be left out of all negotiations on economic and financial matters. Therefore, Du Mont noted, too enthusiastic attempts to regain the sympathy of the Dutch would create more suspicion than satisfaction. A certain restraint, coupled with discretion should be the line to follow. This would slowly lessen Dutch feelings of resentment towards Germany. Moreover, Du Mont continued, this would enable the Dutch to see that the demand of the admission of West Germany into the European community – which would in a natural way bring with it political rapprochement between the two countries – was not posed by Germany, but posed itself independently.

Notwithstanding the fact that Du Mont thought this would be the best way to approach The Hague and that the *lingua franca* at the Oosterbeek meeting had been German, he wrote it would be wrong to conclude that it would be easy to normalise Dutch-German relations in the short term. On the contrary, practical differences could be removed when mutual interests were at stake, but instinctive feelings could take longer. Du Mont wrote that it would be completely absurd to think that the *Bundesrepublik* would plan a new war of aggression against the Netherlands. Nevertheless, even serious people instinctively took the possibility very seriously. Du Mont finished his report with the observation that concise arguments could not refute these feelings and fears: 'They are an expression of a deeply rooted crisis in confidence'.

The German consul's assessment was correct. From a plain, simple, economic point of view, it was obvious that the Netherlands needed West Germany. In 1950 it was already its most important trading partner, as it had been since the late nineteenth century. Furthermore, the international order had changed fundamentally at the end of 1949. With the Cold War rapidly reaching boiling point, and with the establishment of NATO in April 1949, the Netherlands needed a new approach to Germany. NATO opened the way to create the West German state, and needed it to be part of this military alliance. The creation of a West German state was not the action of a sovereign German nation, 'but resulted from the desire of the United States, Britain and France to merge their occupation zones into a functioning entity. In other words, they granted the population in the Western zones the right to establish a state under Allied tutelage'.⁵ When the Federal Republic was founded in May 1949, The Hague had to reformulate its policy towards it. Dutch policy to Germany had not been successful in the years 1945-1949 or had even

⁴ The following is, unless stated otherwise, taken from PA AA B 11, Bd. 268, Microfiche 268-1, Letter K. Du Mont, to the Dienststelle für Auswärtige Angelegenheiten of the *Bundeskanzleramt*, 'Die Normalisierung der deutsch-niederländischen Beziehungen', 31 October 1950.

⁵ P. Alter, *The German Question and Europe. A History* (London 2000) 120.

failed.⁶ This statement is correct for the political relations with the former enemy, but not with regard to economic relations. These were recovering nicely at the end of 1949, although the Dutch had had little influence on that.⁷ The Germans had, however, no influence on the development in this early period either. It was the US and, to a lesser extent, the other major Allies who decided. Only after 1949 could the two neighbouring countries and their governments give form to their relations again. Dutch policy towards Germany on the political level would focus on security through integration, which will be discussed later. As Wielenga stated: 'At the establishment of the Federal Republic in May 1949, yesterday's enemy became a partner out of necessity, economic interests and the perseverance of the Cold War were the driving forces behind it'.⁸ Of course, antagonism towards Germany was rife, but economic interests forced people to put these feelings aside most of the time, but not always.

The ambivalent attitude of the Dutch was already visible in the first five post-war years. As early as 28 October 1947, the President of the Dutch Chamber of Commerce for Germany, Gelissen, stated in a lecture: 'We know very well, that war is no football match, after which the opponents shake hands cordially and part in an atmosphere of friendship and appreciation. We understand as well that, after all the suffering Germany has brought upon Europe, one does not feel comfortable in the presence of those Germans responsible for it [...] It is a fact, however, that it is impossible to think that the German economy should not be restarted and integrated into Europe. Only sentimental considerations can temporarily obstruct this integration process'.⁹

True as this may be, resentment, feelings of moral superiority and memories of the German occupation of World War II influenced the Dutch-German bilateral political relations. On the one hand, as time passed, a more nuanced view towards Germany grew, but at the same time negative generalisations endured well into the early 1990s, strikingly enough especially amongst youngsters. A 1993 survey showed that 56 per cent of youngsters between 15 and 19 years had a negative view of Germany, 46 per cent saw Germans as warlike and almost three quarters thought of them as dominant.¹⁰ A different image emerged from other studies, however. In 1993, 63 per cent of those interviewed saw Germans as friendly or very friendly. Three years later the opinions of young people between 16 and 20 had shifted dramatically. 74.2 per cent thought Germans were friendly and 54.5 per cent saw them as tolerant.¹¹ Halfway through the 2000s, it became clear that for youngsters under twenty and the elderly above 65, World War II

⁶ H. Beunders and H.H. Selier, *Argwaan en Profijt. Nederland en West-Duitsland 1945-1981* (Amsterdam 1983) 15.

⁷ Ibid., same page.

⁸ F. Wielenga, *Van vijand tot bondgenoot. Nederland en Duitsland na 1945* (Amsterdam 1999) 40.

⁹ H. Gelissen, *Bijdrage tot de Wederopbouw der Nederlands-Duitse betrekkingen* (The Hague 1950) 21-22.

¹⁰ L.B. Jansen, *Bekend en onbemind. Het beeld van Duitsland en Duitsers onder jongeren van vijftien tot negentien jaar* (The Hague 1993) 22, 24 and 25.

¹¹ Wielenga, *Van vijand tot bondgenoot*, 353 and 365.

played an important role in their opinion on Germany; it was far less important for those aged 20-65. Moreover, by 2006 the Germans had become the Netherlands most favourite neighbours. Perhaps most telling was the massive Dutch support for the German soccer team at the World Cup of 2006 after the Dutch team had been eliminated, something that would have been unthinkable in earlier years.¹²

In the first post-war years, however, anti-German feelings and images understandably dominated. A survey in early 1950 showed that only 36 per cent of those questioned saw the Germans as friendly.¹³ The very diplomatic Joseph Luns, the Dutch Minister of Foreign Affairs, once became so annoyed during negotiations about a Dutch-German treaty in the late 1950s, that he snapped the following remark at his German colleague Heinrich von Brentano, the first German Minister of Foreign Affairs to visit the Netherlands since 1905¹⁴: 'You think you are sitting here as an equal, but you are wrong. We are too polite to say it, but you are speaking as the conquered to the victor. We are the victor!'¹⁵ Luns' outburst was somewhat remarkable, as privately he and Von Brentano got along quite well. Although, in Luns' view his goggly eyes gave him a somewhat 'frightened face', Von Brentano was easy going in personal contacts, and was 'one of the few Germans that thought European'.¹⁶

6.3 World War II and Dutch-German political relations

Luns' angry comment to his German colleague of Foreign Affairs exemplified the mood in the Netherlands after 1949, at least within the Dutch cabinet and parliament. The Hague saw itself as one of the victors of World War II. West Germany, although a new democratic state, was seen as the vanquished, and as such had to behave accordingly, so it was thought in the Netherlands. Germans were generally seen as the bad guys, an image that was often reflected in the Dutch press and in Dutch novels of the 1940s and 1950s.¹⁷

To The Hague and the Dutch public, West Germany was seen as the legal successor of Hitler's Third Reich. Therefore, many in the Netherlands believed that Bonn should take a line in bilateral negotiations that showed a moral and material sense of guilt. They felt West Germany had a lot of making up to do, both materially and immaterially and Bonn should be responsive

¹² Duitsland Instituut Amsterdam, *Belevingsonderzoek Duits 2010* (Amsterdam 2011) 3, 9 and 10.

¹³ J.C.H. Blom, *Crisis, bezetting en herstel. Tien studies over Nederland 1930-1950* (Rotterdam/The Hague 1989) 209.

¹⁴ A. Kersten, *Luns. Een politieke biografie* (Amsterdam 2010) 156.

¹⁵ As quoted in B. Kromhout, 'De Duitsers gaven niks cadeau', *Historisch Nieuwsblad* 4 (May 2010) 44-51, there 45.

¹⁶ Quotes taken from Kersten, *Luns. Een politieke biografie*, 235.

¹⁷ B. Müller, *Sporen naar Duitsland. Het Duitslandbeeld in Nederlandse romans 1945-1990* (Amsterdam 1993) 49. K. van Weeringh, *Altijd op de loer. Het beeld van Duitsland in de Nederlandse karikatuur 1871-2005* (Cologne 2005) 89-92.

towards Dutch demands.¹⁸ Luns, for example, Minister of Foreign Affairs between 1952 and 1971, believed that Bonn should show remorse before it could start bilateral relations with a clean slate. Taking account of the atrocious events of World War II, Luns thought the Netherlands had every right to take the moral high ground with the Federal German government.¹⁹

West Germany, however, showed no sense of guilt, at least, that is what the people on the Dutch side of the border thought. In fact, the Germans bargained in a self-confident, hard way, much to the annoyance of Dutch government officials. Instead of giving in to Dutch demands, the self-assured West Germany put forward its own demands, such as the return of the border areas handed over to the Netherlands in 1949 and German possessions that had been confiscated by the Dutch government in 1945.²⁰ Bonn's pragmatic attitude gave many Dutch people the impression that the Germans acted as if there had never been an occupation.²¹

German representatives in the Netherlands were sensitive to these feelings, however. The temporary representative of the West German embassy in the Netherlands, Werner von Holleben, wrote to the German Ministry of Foreign Affairs, informing them that Dutch people seldom reacted emotionally about foreign affairs; they based their opinions on rational considerations. One could therefore draw the conclusion that the Dutch did not easily forget but sought to approach political relations the *Bundesrepublik* from a plain, rational point of view. What was disappointing and frightening to the Dutch, however, as Von Holleben noted, was 'the German ability to erase twelve years of National Socialist rule and World War II from their private and collective memories'.²²

6.4 Dutch-German political ties on a low level

Bilateral political relations between the Netherlands and West Germany were difficult from the time of the establishment of the Federal Republic of Germany in May 1949 to 1951. This was partly due to the fact that the state of war between the two countries only ended in 1951. This had to do mostly with international politics and events. Although the FRG was formally established on 23 May 1949, it was by no means a sovereign state. Allied influence remained enormous, as can be seen in the Occupation Statute, part of the Constitution of the *Bundesrepublik*, which came into effect on 21 September 1949. The western Allies still controlled the foreign relations of the new West German state and the Ruhr area. Decartelisation, the

¹⁸ F. Wielenga, 'Een streep onder het verleden? Normalisering van de bilaterale politieke betrekkingen', in P. Rösger and J. Baruch (eds.), *Zimmer frei. Nederland-Duitsland na 1945* (Amsterdam/Zwolle 2001) 50-73, there 57.

¹⁹ Kersten, *Luns. Een politieke biografie*, 234.

²⁰ Wielenga, 'Een streep onder het verleden?', 57.

²¹ Kersten, *Luns. Een politieke biografie*, 234.

²² Politisches Archiv des Auswärtiges Amtes (PAAA) B 11, Bandnummer 269, microfiche 269-1: 'Letter W. Von Holleben, German Embassy The Hague, to Ministry of Foreign Affairs', 12 November 1952.

dismantling of German industry and reparation payments also remained in Allied hands. Finally, the Allies held the right to take back authority completely, should the democracy in the FRG fail to materialise.²³

It was in this situation, that the first West German Chancellor, Konrad Adenauer, had to formulate a policy for his new state. He had little room to manoeuvre and was severely limited by the Allied powers. Adenauer had two clear policy goals that were also to influence the political and economic relations with the Netherlands. First, there was his policy of 'Binding to the West and Integration in the West' – *Westbindung* and *Westintegration*: it was a policy directed at integration with the Western powers and in a Western block.²⁴ In practice this meant integrating West Germany into the European and Atlantic organizations by concluding agreements with the Western Allies. Secondly, Adenauer strove to regain West German sovereignty and an equal place in Europe.²⁵

These policies were highly criticised, even within the FRG. One KPD member of parliament even called the *Bundeskanzler* 'nothing but an American general'.²⁶ Adenauer's great rival, the leader of the social-democrats, Kurt Schumacher, referred to him as 'the Chancellor of the Allies'.²⁷ During a lively debate on the Petersberg Agreement – *Petersberger Abkommen* – on 24 November 1949, Schumacher, frustrated by the fact that the social-democrats had not been informed about this agreement, reacted so violently that he was denied access to the West German parliament for twenty days.²⁸ The Petersberg Agreement was one of the few successes Adenauer achieved with the Allies until 1951. This agreement aimed to bring an end to the dismantling of industry and to put Bonn in the Ruhr Statute. The agreement had been concluded with practically no participation by any of the other parties in the German *Bundestag*. Schumacher saw it as a betrayal of the Ruhr, as control over it still remained in Allied hands.²⁹ The Ruhr Statute contained conditions for international control of the Ruhr area as well as rules for the division of raw materials and finished products and export of West German coal.³⁰ By entering into it, the German government acknowledged the right of the Six Powers, France, Great Britain, the United States, Belgium, Luxemburg and the Netherlands to inspect German heavy industry.³¹

²³ C. Kleßmann, *Die doppelte Staatsgründung. Deutsche Geschichte 1945-1955* (Bonn 1991) 199; F. Boterman, *Moderne Geschiedenis van Duitsland. 1800-heden* (Amsterdam 2005) 418.

²⁴ M. Kitchen, *A History of Modern Germany 1800-2000* (Oxford 2006) 326.

²⁵ Boterman, *Moderne Geschiedenis van Duitsland*, 418.

²⁶ S. van Clemen, *Konrad Adenauer. Een biografie* (Soesterberg 2009) 162.

²⁷ Kleßmann, *Die doppelte Staatsgründung*, 229.

²⁸ Boterman, *Moderne Geschiedenis van Duitsland*, 419.

²⁹ Kleßmann, *Die doppelte Staatsgründung*, 229.

³⁰ J.C. van Mook, *Rebuilding Germany. The creation of the Social Market Economy, 1945-1957* (Cambridge 2004) 218.

³¹ Kleßmann, *Die doppelte Staatsgründung*, 209.

The Petersberg Agreement between the three western Allies and the West German government was signed at Hotel Petersberg, the seat of the Allied High Commission. It was an important step on the road to allowing the Federal Republic room to manoeuvre on the international stage. It also enabled Bonn to join the Council of Europe and the International Ruhr Authority, an institution created to implement the Ruhr Statute and take decisions on the division of coal, cokes and steel from the Ruhr between German consumption and export, while at the same time checking excessive concentration of economic power.³² Moreover, the Petersberg Agreement allowed Germany to be included in the Marshall Plan. The dismantling of heavy industry was largely ended. As the Agreement stated: 'Their primary objective [of the High Commission and the West German government led by Adenauer, M.L.] is the integration [into Europe, M.L.] of the Federal Republic as a peaceful member of the European community [...] To this end, German association with the countries of western Europe in all fields should be diligently pursued by means of re-entry into the appropriate international bodies and the exchange of commercial and consular representation with other countries'.³³ Finally, consular and trade relations could be resumed. Trade was permitted although only under the direct control of the Allies.³⁴ As of now, Bonn could think about re-opening diplomatic ties with foreign countries.

This was precisely what happened and the door was open for Dutch-German bilateral political relations. As early as December 1948, almost half a year before the West German state came into being, the Department of Foreign Service at the Dutch Ministry of Foreign Affairs had written about appointing a permanent diplomatic representative in the western occupation zones in Germany. It was agreed that he 'should not reject the joy of life to the German people, even if this happiness is realised immediately'.³⁵ In December 1948, Kohnstamm, who wrote one of the most influential Dutch memoranda on relations with Germany, send a note to Hirschfeld. According to Kohnstamm, the Germans had only been allowed to play a very small role in the affairs of their country until 1949. With the formation of the Federal Republic, Bonn could now start to take care of itself. In Kohnstamm's view this meant the time had come to reopen discussions on the issue of Dutch representation in Germany.³⁶ Since 1945, The Hague had been represented in Germany by the Dutch Military Mission to the Allied Control Council in Berlin. A

³² N. J.G. Pounds, *The Ruhr. A Study in Historical and Economic Geography* (Bloomington 1952) 261.

³³ 'Protocol of the Agreements Reached between the Allied High Commissioners and the Chancellor of German Federal Republic at the Petersberg, 22 November 1949'. Source: http://germanhistorydocs.ghi-dc.org/sub_document.cfm?documents_id=2857 (29 January 2011).

³⁴ Wielenga, *West-Duitsland: partner uit noodzaak*, 50.

³⁵ NA, Inventaris van het archief van de Directie Buitenlandse Dienst van het Ministerie van Buitenlandse Zaken, 1945-1954, access code 2.05.51, inventory number 148; 'Note Department DBD on the appointment of a permanent diplomatic representative in West Germany', 15 December 1948.

³⁶ NA, Dir. Buitenland Dienst, 2.05.51, inv. nr. 148; 'Note Kohnstamm to Hirschfeld', 15 December 1948.

further 12 consulates had been re-opened in the western zones in 1948. These included Aachen, Duisburg and Hamburg, and another three were added in 1949.³⁷

In 1949, when the Germans were increasingly able to take care of their own affairs, Kohnstamm emphasised that Germany was more important to the Netherlands than any other country, both politically and economically: 'The future of Germany largely determines that of the Netherlands'. One issue that worried the Netherlands at that time was what kind of new Germans leaders would appear. Could they be trusted or would they fall into the hands of a demon like the one that had haunted Germany for so long? With a permanent representative in position in Bonn, the Netherlands would no longer have to rely on accidental suppositions, other people's opinions and expectations or on shoddy information. According to Kohnstamm, 'the Department of Foreign Service would see to it that the Dutch Military Mission in Germany was organised in such a way, that serious contact between the leader(s) in Germany and the Mission became possible'.³⁸

With the formation of the Federal Republic and the enforcement of the Occupation Statute, the representations of the small countries in Germany needed to be brought up to date. In the autumn of 1949, the Allied High Commission invited small countries like Belgium and the Netherlands to establish civil missions in the new capital of West Germany, Bonn. The Hague answered this call and, at the beginning of 1950, appointed J.M. de Booy as director of the new Dutch Mission to Bonn.³⁹ De Booy had been the leader of the Dutch Military Mission in Berlin since 1948. It should be noted, however, that he was accredited to the Allied High Commission, as every formal contact between Dutch representatives and West Germany still had to go via the Allied High Commission. This shows that at the beginning of its existence, the Bonn government had absolutely no authority on foreign policy. This would only change in March 1951 after a small revision to the Occupation Statute that permitted Bonn to establish a Ministry of Foreign Affairs – *Auswärtiges Amt* – and to enter into diplomatic relations.⁴⁰ The Hague was now ready to re-establish diplomatic ties on a high level, as can be seen in a letter from the Ministry of Foreign Affairs to Queen Juliana in December 1950. It stated that, given the enormous economic and other Dutch interests in Germany, it would be desirable to 'take the initiative to enter into diplomatic relations with the Federal Republic of Germany on a reciprocal basis, i.e. to establish

³⁷ Wielenga, *West-Duitsland: partner uit noodzaak*, 49.

³⁸ NA, Dir. Buitenland Dienst, 2.05.51, inv. nr. 148; 'Note Kohnstamm to Hirschfeld', 15 December 1948.

³⁹ Wielenga, *West-Duitsland: partner uit noodzaak*, 49.

⁴⁰ This paragraph is based on Wielenga, *West-Duitsland: partner uit noodzaak*, 49. See also Article I of the Allied High Commission on the competence of the Federal Government in the Field of Foreign Affairs, 11 November 1950: 'The Federal Government is hereby authorized to establish a Ministry of Foreign Affairs and shall have exclusive responsibility for the choice of the personnel of its diplomatic, consular and trade missions'. Source: NA, Dir. Buitenland Dienst, 2.05.51, inv. nr. 148.

diplomatic posts with the rank of Embassy'.⁴¹ This call was answered in April of the following year, when De Booy became the first Dutch ambassador to Germany.⁴²

6.5 Du Mont: the first consular German representative in the Netherlands

A few months earlier, in October 1950, Karl Du Mont had arrived in Amsterdam as the first West German consular representative in the Netherlands. According to Du Mont, the absence of an official representative of the Federal Republic of Germany in the Netherlands had hindered the integration process and the normalisation of Dutch-German relations. As long as there was no official West German representative in the Netherlands it would be difficult to rectify misunderstandings which the West Germany considered unsatisfactory.⁴³

Du Mont took his residence in the Dutch capital under difficult conditions. First of all, there was tension between The Hague and Bonn about problems within the European Payments Union.⁴⁴ Secondly, a few months before Du Mont's arrival in the Netherlands, the German Bureau of Peace Questions – *Deutsches Büro für Friedensfragen* – had sent the Allied High Commission an unfavourable note on the Dutch Minister of Foreign Affairs, Stikker. This institute supplied the Minister-Presidents of the provinces of Bavaria, Hessen, Württemberg-Baden and Bremen with documentation about peace negotiations and the treatment of prisoners of war.⁴⁵ As such, it functioned until June 1950. According to the German Bureau of Peace Questions, the Federal Republic should be on its guard with Stikker, as he was reserved and suspicious towards Bonn. Until now, the note continued, Stikker had not shown any criticism of the Americans or British and little, if any, understanding for Germany's position and policy. As far as Dutch-German relations were concerned, he was only interested in economic issues. They were also afraid that the Dutch Minister of Foreign Affairs might suddenly change his position on Germany as he had done in the Indonesian question, although there were no indications he might do so.⁴⁶ Finally, the Dutch-German bilateral political relations were still very sensitive.

The West German Ministry of Foreign Affairs was aware of this, as well as of the fact that German prestige rested on its first representatives in foreign countries.⁴⁷ In January 1952, the West German Ministry of Foreign Affairs reflected on the difficult circumstances the first West

⁴¹ NA, Dir. Buitenland Dienst, 2.05.51, inv. nr. 148; 'Letter Dutch Ministry of Foreign Affairs to Queen Juliana', 20 December 1950.

⁴² NA, Dir. Buitenland Dienst, 2.05.51, inv. nr. 148; 'Press release Dutch Ministry of Foreign Affairs', *Staatscourant*, 3 April 1951.

⁴³ Bundesarchiv Koblenz, Bestand B 102/2708; 'Interview Du Mont', *Industrie- und Handelskurier. Niederländisch-deutsche Wirtschaftszeitung*, No. 1 (9 November 1950).

⁴⁴ See chapter 3.

⁴⁵ <https://www.landesarchiv-bw.de/ofs21/olf/einfueh.php?bestand=4304> (7 June 2011).

⁴⁶ PA AA B 10 Bd. 257, Microfiche A 1923.

⁴⁷ Wielenga, *West-Duitsland: partner uit noodzaak*, 50.

German representative Du Mont faced as he departed for the Netherlands. His task was extremely difficult: 'In no other country, apart from Norway, were the terrible experiences with the Nazis so deeply engraved on the memories of the people, the hate against Germans is as great as ever'.⁴⁸ While on a trip to the Netherlands in June 1950, H. Melchers, of the *Dienststelle für Auswärtige Angelegenheiten*, learned from talks with Dutch representatives that a future German Consul General should possess a lot tact, flair and dexterity.

Melchers noted that Dutch people were surprised that Germany showed so little understanding for Dutch feelings after World War II. There was still a lot of resentment and anger after the occupation. However, so Melchers wrote, the Dutch were very interested in trade with Germany, as they needed machines from Germany and they needed it as a consumer market. Erhard's remark that 'everything was okay',⁴⁹ had made an unpleasant impression on Dutch politicians and the general public, 'as everyone knew this was not true'.⁵⁰

The general opinion in Bonn was that the first West German consular representative in the Netherlands should, certainly in the first months, be reserved and avoid any issue that might be seen as provocative, thus signalling German sensitivity to Dutch feelings. His horizon should be 'cosmopolitically oriented when it came to economic and financial affairs and he should be totally unburdened politically'.⁵¹ Du Mont seemed to meet these requirements. As there was so much political tension between the two countries, it was necessary that the new German representative was not seen as someone who was greedily looking after his own country's interests. The first stage of the recovery of normal bilateral political representation required reservation and imagination. According to Wielenga, many regarded Du Mont as the right man for the job because of his anti-national socialist convictions, which led to his dismissal in 1938. With the outbreak of World War II a year later, he was reinstated, albeit in a lower rank, and would once again lose his job in 1944.⁵² A recent study has shown that Du Mont – who had called himself Dumont until the end of the war – was fired by a *Führer*-decree in the last year of the war because he had a foreign wife. After the German unconditional surrender, he presented his discharge papers as a sign of his opposition to the Hitler-regime and got a job at the Berlin office of the steelworks of Otto Wolff, without having to go through the denazification process. This way, it remained hidden that he had applied for membership of the NDSAP in 1941, but

⁴⁸ PA AA B 11 Bd. 132, Microfiche 132-2; Note West German Ministry of Foreign Affairs, 'Politische Aufzeichnung über die Niederlande anlässlich des Empfangs des niederländischen Wirtschaftsministers van den Brink durch den Bundespräsidenten', 14 January 1952.

⁴⁹ PA AA B 11 Bd. 268, Microfiche 268-1; 'Auszug aus Aktennotiz Dienststelle für Auswärtige Angelegenheiten, Dienstreise H. Melchers', 19-23 June 1950.

⁵⁰ Ibid.

⁵¹ PA AA B 11 Bd. 351, Microfiche 351-1; 'Letter Bundeskanzleramt – Organisationsbüro f.d. konsularisch-wirtschaftl. Vertretungen im Ausland', 15 May 1950.

⁵² Wielenga, *West-Duitsland: partner uit noodzaak*, 64.

had been turned down for being an opportunist. His position as supportive member of the SS was also never discussed.⁵³ In 1950, however, this was, as yet, unknown, both in the Netherlands and in West Germany.

Du Mont was no political heavy weight, but was, in the words of Wielenga, ‘very conscious of his delicate task and showed a great level of reservation’.⁵⁴ Du Mont had made a good impression during the meeting at Oosterbeek, where he had stated that Germany had the moral obligation to atone as much as possible for the suffering it had inflicted on the Netherlands.⁵⁵

One of the problems Du Mont faced before he left for the Netherlands was where to establish the West German consulate-general. As elsewhere, Bonn followed a policy in which it wished to emphasise the consular, non-diplomatic character of its missions. This meant that capitals of foreign countries would only be suitable if they were also the economic centres of the nation. This point of view was shared by the *Auswärtiges Amt* and it indicated that Amsterdam would be the most suitable choice.⁵⁶ The mayor and aldermen of the city of Rotterdam were, however, less than happy with this choice. Rotterdam had been the main transport hub to and from Germany’s main industrial region since the development of the Ruhr area in the last quarter of the nineteenth century, something that Germany was all too aware of. Even the Nazis had regarded transport through Rotterdam important and had ensured that it continued, as it was the only port with the capacity to import all Germany needed in the period between 1936-1938.⁵⁷ As already noted, the city of Rotterdam was most realistic about the way it wished its relations with Germany to develop after World War II. Rotterdam recognised that its main life vein was to and from the Ruhr area as early as 1945, and its policy was guided by sensible trade and transit considerations. Although severely hit during the war, the port showed, as Du Mont’s successor Mühlenfeld noted in December 1953, ‘a positive interest in Germany relatively early’.⁵⁸

The Mayor of Rotterdam, P.J. Oud and the town clerk, M. Smeding wrote to the Dutch Ministry of Foreign Affairs stressing the importance of Rotterdam from an economic point of view and asked whether the fact that before the war Amsterdam had been the seat of a German

⁵³ E. Conze, N. Frei, P. Hayes and M. Zimmermann, *Das Amt und die Vergangenheit. Deutsche Diplomaten im Dritten Reich und in der Bundesrepublik* (Munich 2010) 344-345.

⁵⁴ Wielenga, *West-Duitsland: partner uit noodzaak*, 64.

⁵⁵ PA AA B 11 Bd. 268, Microfiche 268-1; ‘Letter B. Meyer-Berhaupt, leader of the Economic Department of the Consulate General of the Federal Republic of Germany in the Netherlands’, 6 November 1950.

⁵⁶ This paragraph is based on Wielenga, *West-Duitsland: partner uit noodzaak*, 51.

⁵⁷ NA, The Hague, Archief Generale Thesaurie 621-6; ‘Nota op verzoek van het NCI door Leopold’, 27 June 1939; NA, The Hague, Archief Handel en Nijverheid, Mappen Hirschfeld 84/9-1939II-1940; ‘Nota van 8 mei 1939 door dr. F.L. Rutgers’.

⁵⁸ As quoted by Wielenga, ‘Zwischen Annäherung und Distanz – Niederländer und Deutsche seit 1945, in *Deutschland und seine Nachbarn*, Niedersächsische Landeszentrale für politische Bildung (Hannover 2000) 55-85, there 62. The original reads: ‘Schon verhältnismäßig früh wieder ein positives Interesse an Deutschland bekundet’.

consulate-general and Rotterdam only had a consulate, was still relevant to the situation at present. They acknowledged that Amsterdam had been important for German trade interests, but they wished to emphasize that 'Rotterdam is the biggest transport hub of the Netherlands, where transport to and from Germany is most important and bigger than anywhere else within our borders'. They felt that it would be incomprehensible and unfair if Rotterdam were not even to get a German consulate, and therefore asked Stikker to undertake action to support the establishment of a German representation in Rotterdam.⁵⁹ The Dutch Foreign Ministry would have none of it, pointing to the fact that the Allied High Commission had only given permission for one consulate and that Bonn had decided on Amsterdam. With this, the Netherlands became the fifth country with a West German consul-general, after Great Britain, the United States, France and Turkey.⁶⁰

6.6 The Cold War

In the beginning of 1950, the Cold War had reached boiling point. After the formation of NATO in August 1949, Stalin drew up mutual assistance treaties with a number of eastern European countries guaranteeing the USSR the right to continue its military presence there; this was known as the Soviet Alliance System. Thus Europe was divided into two hostile blocs.⁶¹ According to the British historian Mark Mazower, even after the unconditional surrender of Nazi Germany in 1945, Germany held the key to Europe's fate. It was the partition of Germany that finally divided the continent.⁶² Thus, Stalin's prophecy in the last year of the war was fulfilled. With the defeat of Nazi Germany imminent, he had stated: 'Whoever occupies a territory also imposes on it his own social system. Everyone imposes his own system as far as his army can reach. It cannot be otherwise'.⁶³

Both the Netherlands and the Federal Republic lay within the capitalist western block and the Cold War had a great influence on both countries. This became clear in 1950, with the start of the Korean War, when North Korea invaded the South, pre-empting a United Nations' attack under American initiative.⁶⁴ The Korean War, which would last three years and claimed almost as many American lives as the Vietnam War did later, had an enormous impact on the Federal Republic of Germany in general and on Dutch-German political relations in particular. It

⁵⁹ PA AA B11 Bd. 351, Microfiche 351-1; 'Letter Oud and Smeding to the Dutch Ministry of Foreign Affairs', November 1950. Rotterdam's wish would only be honoured as late as 1952, when A. Reuschenbach settled in Rotterdam as German consul. Source: Wielenga, *West-Duitsland: partner uit noodzaak*, chapter three, note 19.

⁶⁰ Wielenga, *West-Duitsland: partner uit noodzaak*, 51.

⁶¹ B. Wasserstein, *Barbarism & Civilization. A History of Europe in Our Time* (Oxford 2009) 427.

⁶² M. Mazower, *Dark Continent: Europe's Twentieth Century* (London 1999) 240.

⁶³ Quotations taken from Mazower, *Dark Continent*, 217 and 240.

⁶⁴ For the Korean War, see D. Halberstam, *The Coldest Winter: America and the Korean War* (New York 2007) and B. Cummings, *The Korean War: A History* (New York 2010).

accelerated a shift in public opinion in western European countries about the preparedness to integrate West Germany, thus increasing German economic relations with the rest of Europe.⁶⁵ Moreover, it resulted in intense debate on the possible rearmament of Germany. This debate was started by the US Secretary of State, D. Acheson. He held discussions on this with Great Britain and France in September 1950, only five years after the collapse of Nazi Germany.⁶⁶ The thought of a West German army fighting alongside western powers to defend the status quo in Europe had become an option.⁶⁷

Bundeskanzler Adenauer realised that the outbreak of the war in east Asia presented Germany with some opportunities. These included an attempt to regain sovereignty. Two of his main political ideals, peace and security, could be obtained by West Germany participating in the political and economic integration of western Europe and in a military partnership with the United States,⁶⁸ although the Atlantic partnership was taking time to construct. Adenauer saw the US proposal on German rearmament as a great opportunity that could be used to secure an end to Allied controls in Germany, and put Germany on an equal status in the western alliance.⁶⁹ He was prepared to bargain: German defence contribution and sovereignty in exchange for the annulment of the Occupation Statute and the dissolution of the Allied High Commission.⁷⁰ This turned out to be unrealistic but it did open the door for discussions with the Allies, especially with Washington. Germany would only fully regain its authority as a sovereign state with control over its internal and external affairs in 1990, until then the Allies maintained their rights and responsibility for both Berlin and Germany as whole, especially when it came to reunification. The United States only supported German unification as late as 1990 (it did not threaten US hegemony) followed somewhat hesitatingly by France, Great Britain and the Soviet Union.⁷¹

Indeed, the Korean War looked as if it would bring sovereignty within West Germany's grasp, as the conflict radically changed relations between the western powers and the Federal Republic. However, this did not go as smoothly as Bonn might have hoped. There was,

⁶⁵ Kleßmann, *Die doppelte Staatsgründung*, 209.

⁶⁶ T. Judt, *Postwar. A History of Europe Since 1945* (London 2007) 243.

⁶⁷ W. Benz, *Die Gründung der Bundesrepublik. Von der Bizone bis zum souveränen Staat* (Munich 1984) 141.

⁶⁸ A. Schildt, 'Politische Entscheidungen und Einstellungen', in J. Faulenbach (ed.), *Deutschland in den fünfziger Jahren* (Bonn 2003) 10-23, there 15.

⁶⁹ Benz, *Die Gründung der Bundesrepublik*, 140.

⁷⁰ D. Junker, 'Politics, Security, Economics, Culture and Society. Dimensions of Transatlantic Relations', in D. Junker, P. Gassert, W. Mausbach and D.B. Morris (eds.), *The United States and Germany in the Era of the Cold War, 1945-1990. A Handbook, Volume 1: 1945-1968* (Cambridge 2004) 1-28, there 9.

⁷¹ Junker, 'Politics, Security, Economics, Culture and Society. Dimensions of Transatlantic Relations', 9; E. Conze, 'Expectations of Dominance and Partnership Rhetoric: The Federal Republic of Germany in the Crossfire of American and French Policy, 1945-1990', in D. Junker, P. Gassert, W. Mausbach and D.B. Morris (eds.), *The United States and Germany in the Era of the Cold War, 1968-1990. A Handbook, Volume 2* (Cambridge 2004), 54-61, there 61; S.F. Szabo, 'The United States and German Unification', in Junker, Gassert, Mausbach and Morris (eds.), *The United States and Germany in the Era of the Cold War, Volume 2*, 104-110, there 108.

understandably, a lot of fear surrounding German rearmament, as memories of World War II and the capabilities of the *Wehrmacht* were still fresh. Even Washington, the biggest advocate of a West German army, was hesitant. Shepard Stone, the American High Commission's director of public relations, warned against a hasty relaxation of control over West Germany: 'We should go very slow in announcing any revision of the Occupation Statute [...] We should take all the time permitted to us under the statute itself to make our "reviews", because change made in the atmosphere of the Korean and therefore the world situation could well be in error'.⁷² Time, however, was in short supply, and Adenauer repeated his offer with a formal call for revision of the Occupation Statute governing Bonn's relations with the Western Powers.⁷³

Although total internal and external sovereignty would remain elusive for decades to come, The Korean War did have its consequences on Bonn's diplomatic relations with other countries. Against the background of the ever intensifying Cold War, it seemed logical, at least from an Allied point of view, to give West Germany a more equal place within western Europe. Therefore, in September 1950, only a few months after the start of the Korean War, the ministers of Foreign Affairs of the United States, Great Britain and France decided to end the state of war with Germany rapidly, to lessen economic control and to hand over more authority to Bonn with regard to internal affairs. Moreover, the Federal Republic would be allowed to establish a Ministry of Foreign Affairs and could enter into diplomatic relations with other countries. This small revision of the Occupation Statute was only implemented on 7 March 1951, as it took Adenauer some time to convince his government and the *Bundestag* of the advantages it would bring with it.⁷⁴

By then, The Hague had been ready to enter into diplomatic relations with Bonn for some time.⁷⁵ A few months earlier it had been decided that the Dutch diplomatic representative in Bonn would be given the rank of ambassador. There were two reasons for this. First of all, Belgium had done the same and the Dutch feared that if it had no ambassador its interests might be threatened. Secondly, and here lies the crux of the matter, the Netherlands recognised that it had enormous interests with West Germany, both from a political as well as economic point of view. In a letter of late November 1950, H.N. Boon, of the Management of Foreign Service – *Directie Buitenlandse Dienst* – of the Dutch Ministry of Foreign Affairs, stated that, with the exception of Indonesia, 'Dutch interests in Germany are probably the biggest we have, so there is

⁷² This paragraph and Stone's quotation are taken, unless stated otherwise, from F. Schumacher, 'From Occupation to Alliance. German-American Relations, 1949-1955', in Junker, Gassert, Mausbach and Morris (eds.), *The United States and Germany in the Era of the Cold War*, 90-102, there 91.

⁷³ D.C. Large, 'Partners in Defense. America, West Germany, and the Security of Europe, 1950-1968', in Junker, Gassert, Mausbach and Morris (eds.), *The United States and Germany in the Era of the Cold War*, 209-216, there 210.

⁷⁴ Wielenga, *West-Duitsland: partner uit noodzaak*, 52.

⁷⁵ *Ibid.*, same page.

every reason not to let diplomatic relations with Germany fall behind those we have with other great powers'.⁷⁶ This was somewhat off the mark. The reason that the Netherlands had ambassadors, and no longer envoys, after World War II was that the Netherlands could no longer hide behind its neutrality and developed more intense contacts with the outside world. The country did not want to isolate itself and this required higher ranking diplomats.

In a letter labelled 'secret' to the German Ministry of Foreign Affairs on 20 January 1950, Du Mont noted that Dutch parliament acknowledged the necessity of normalising relations with Bonn. According to Du Mont: 'Spokesmen of all political parties, with the exception of the communists, plead for an understanding position towards Germany. The Federal Republic should, according to them, be admitted to the community and [the government should] lift all discrimination against Germans in the future'. In Du Mont's view, the debate on the German question in Dutch parliament justified the conclusion, 'that even a change of government will leave the positive policy towards Germany untouched'.⁷⁷ De Booy also thought that the state of war between the Netherlands and Germany should be ended as soon as possible, as he was worried that any postponement would delay the normalisation of relations with the Federal Republic. Wielenga quotes him as saying: 'This would be uncomfortable for the German government as it is still highly sensitive about alleged anti-German feelings, which, especially in the Dutch case, are still very strong'.⁷⁸

The Dutch Ministry of Foreign Affairs authorised De Booy to open diplomatic relations immediately after the revision of the Occupation Statute. In March 1951, Adenauer wrote to De Booy stating that both he and the President of the FRG welcomed the Dutch intention to re-open diplomatic relations with West Germany. The president was also willing to restore diplomatic ties between the two countries, and intended to establish an embassy in the Netherlands.⁷⁹ The Dutch Mission with the Allied High Commission was soon discontinued and the Dutch embassy in Bonn was established. On 4 April 1951, De Booy became the first Dutch ambassador to Bonn when he presented his credentials to *Bundespräsident* T. Heuss, making the Netherlands one of the first countries to open diplomatic relations with the Federal Republic of Germany. Du Mont followed suit on 28 June 1951, thus completing the first stage in the normalisation of Dutch-German political and diplomatic ties.⁸⁰

⁷⁶ NA, 2.05.51, inv. nr. 148; 'Letter H.N. Boon', 22 November 1950.

⁷⁷ PA AA B 10, Bd. 257, Microfiche A 1922; 'Message Du Mont to Auswärtiges Amt', 20 January 1951.

⁷⁸ This paragraph and De Booy's quotation is taken, unless stated otherwise, from Wielenga, *West-Duitsland: partner uit noodzaak*, 52.

⁷⁹ NA, 2.05.51, inv. nr. 148; 'Letter Adenauer to De Booy', 15 March 1951.

⁸⁰ Wielenga, *West-Duitsland: partner uit noodzaak*, 53.

6.7 Tensions endure in Dutch-German political relations

The reestablishment of diplomatic ties between the Netherlands and West Germany and the end to the state of war between the two countries in the summer of 1951, did not, however, mark the end to sensitivity and irritation on both sides. On the contrary, both The Hague and Bonn noted that Dutch policy towards West Germany was characterised by contradictions. As a Dutch diplomat in Bonn noted in 1951: 'One moment we plead for realism in our relations with the Germans if this serves our interests, but at a bilateral level we show no realism whatsoever with regard to the changed situation in Europe and appear to try to take what we can'.⁸¹ This Dutch dualism, which had also been visible during the first post-war years, was to characterise the Dutch attitude to Germany for decades. According to Verheyen 'it would not be possible to find a more obvious mix of pragmatism and psychological traumatising',⁸² while Wielenga convincingly noted the inconsistencies in the Netherlands' attitude to Germany. In bilateral issues the Dutch appeared reserved, closed and dismissive whereas on a multilateral level they were communicative and cordial. According to Wielenga, the Dutch were in the vanguard on normalising economic ties and on an international political level but lagged far behind on bilateral political normalisation.⁸³

The Hague fully supported the integration of West Germany in the western block, both economically and militarily, and believed that Bonn should be treated on an equal basis, as this was seen as the only way the FRG could develop into a trustworthy ally. As Stikker informed the Dutch parliament, democracy could only gain a firm foothold if the country were treated on an equal basis.⁸⁴ At the same time, however, the flexibility that was characteristic of Dutch policy on an international level, was absent when it came to bilateral Dutch-German negotiations. As the Director of the European Department of the Dutch Ministry of Foreign Affairs, Jhr. G. Beelaerts von Blokland, put it in 1955: 'It seems to me, that our policy towards Germany is not that consistent. On the one hand, the great majority of parliament welcomes Germany in NATO and the western European Union. On the other, we are extremely stiff in practically all bilateral matters, as if we are dealing with a conquered enemy. From a psychological point of view this is quite understandable, but as a policy such ambivalence can hardly lead to results'.⁸⁵

⁸¹ As quoted by Wielenga, 'Een streep onder het verleden?', 56.

⁸² D. Verheyen, 'The Dutch and the Germans: Beyond trauma and trade', in D. Verheyen and C. Soe (eds.), *The Germans and their Neighbors* (Boulder 1993) 59-81, there 65.

⁸³ Wielenga, 'Streep onder het verleden?', 56.

⁸⁴ PA AA B 11, Bd. 434, Microfiche 434-1; 'Letter Du Mont to West German Ministry of Foreign Affairs about a speech of Stikker with regard to the German question', 17 November 1951.

⁸⁵ As quoted by Wielenga, 'Der Weg zur neuen Nachbarschaft nach 1945', in J.F.E. Bläsing, J. Bosmans, H. Lademacher and W. Woyke (eds.), *Die Niederlande und Deutschland. Nachbarn in Europa* (Hannover 1992) 124-142, there 129.

Wielenga paints a vivid picture of the collision of two worlds, when it came to Dutch-German negotiations: 'The Dutch could not forget what the German people had done to them during World War II and expected recognition for the injustice they had suffered under Nazi rule; Bonn on the other hand, saw this as anti-German stubbornness and was not fully able to understand the Dutch war trauma'.⁸⁶ This was illustrated by a strange incident that occurred in September 1952. That month, Dr. Höverhaus, the former *Ortskommandant* of Hilversum during the German occupation, decided to return to the city to visit friends he had made during his years there. According to Dr. Höverhaus his visit had no political overtones. The communist newspaper *De Waarheid* was especially furious.⁸⁷ In a letter to the *Auswärtiges Amt*, the temporary West German representative Von Holleben wrote that the Dutch were especially angry about the arrogance of a former German officer daring to return to his former place of work. Von Holleben showed little understanding for the Dutch feelings, and stated that this incident 'was characteristic of the extreme sensitivity of the Dutch and how easy they are influenced to be anti-German, even seven years after the end of the occupation'. Although one should not exaggerate the importance of this incident, it shows the depth of resentment the Dutch public felt towards anything German, and how little inclined even leading figures were to publicly denounce this resentment.⁸⁸ At the same time, some leading Dutch politicians held quite different views. While on a visit to Germany in 1952, the Dutch Minister for Economic Affairs, J. van den Brink, who was accompanied by De Booy, was informed by the German delegation that they greatly appreciated the release of General Friedrich Christiansen, the commander of the *Wehrmacht* in the Netherlands. The *Bundespräsident*, Theodor Heuss, stated that the issue of German war criminals could slow the process of normalising Dutch-German relations. Van den Brink emphasised that the Netherlands recognised that it could not exist without its hinterland, and was prepared to forget the past.⁸⁹

The ambivalence in Dutch policy towards Germany was duly noted in Bonn. It irritated West German politicians to say the least. Although they realised that the events of 1940-1945 had destroyed much of the trust between the two countries, and Dutch and German diplomats were standing 'on the rubble of the traditional friendship between our peoples' and were prepared to 'remove obstacles one by one', they also believed that life must go on.⁹⁰ As Von Holleben stated in a note on Dutch-German political relations in 1953, 'the slow improvement of the general

⁸⁶ Wielenga, 'Een streep onder het verleden?', 56.

⁸⁷ PA AA B 11, Bd. 269, Microfiche 269-1; 'Letter W. von Holleben to German Ministry of Foreign Affairs', 2 October and 25 November 1952.

⁸⁸ Ibid.

⁸⁹ BArch. Koblenz, B122/56, Microfiche 3; 'Empfang des holländischen Wirtschaftsministers bei dem Herrn Bundespräsidenten', 15 February 1952.

⁹⁰ PA AA B 11, Bd. 371, Microfiche 371-2: 'Draft speech for the goodbye dinner of De Booy and his wife (25 November 1951)', 21 November 1951.

climate with regard to Germany should not be overestimated. The ambivalence in Dutch policy was clear'.⁹¹ According to Von Holleben, integrating the Federal Republic in western Europe on an equal basis had never been a point of serious discussion for the Dutch government. He stated that as far as the West German embassy in the Netherlands knew, The Hague had never tried to discredit its former enemy and give it fewer rights than other partners. This had not happened in the negotiations about the formation of the European Coal and Steel Community, nor on the issue of a European army. Unfortunately, The Hague was not seen in such a favourable light on the bilateral front. The only positive thing that could be noted was when the Minister of Foreign Affairs, Beyen, visited Bonn informally in November 1953. It was nothing more than a courtesy visit and was constantly recognised as such by the Dutch delegation. Beyen had already informed Adenauer before he actually went.⁹² Although Von Holleben called the visit a diplomatic success, it was only a friendly gesture, which did not cost the Dutch anything. The other Dutch Foreign Minister at that time, Luns, was highly inflexible towards Germany and unwilling to discuss bilateral issues.⁹³ In Von Holleben's opinion, the Dutch government did not intend to cast a veil over the past. Memories of the war continued to overshadow bilateral relations but had largely disappeared in international affairs. Von Holleben wrote that discussions on issues stemming from the war, would meet strong opposition, both in parliament and public opinion, and would therefore be very difficult.

Added to this was the fact that the Dutch and the Germans held different views on bilateral negotiations. Bonn wished to make one all-encompassing deal covering Dutch-German bilateral problems stemming from World War II.⁹⁴ As the Netherlands and West Germany were both part of a larger political entity, problems between the two countries should, in Bonn's view, be viewed in a larger perspective.⁹⁵ Until 1957, however, The Hague was not willing to negotiate on this General Solution – *Generalvereinigung* – that the West German government proposed in 1954.⁹⁶ The Dutch government believed that all the issues that had not been arranged by the

⁹¹ The following paragraph is taken, unless stated otherwise, from PA AA B 11, Bd. 269, Microfiche 269-1; 'Letter W. von Holleben to Auswärtiges Amt: Die deutsch-niederländischen politischen Beziehungen im Jahre 1953', 12 January 1954. Von Holleben was unpopular in the Netherlands, probably as a result of the fact that during the war he had been an employee of Konstantin Freiherr von Neurath, who as Hitler's personal representative had been the *Reichsprotektor* of Bohemia and Moravia until 1941, as well as an SS-General. Moreover, until 1938 he had been Nazi Germany's Minister of Foreign Affairs. I. Kershaw, *Hitler 1936-45: Nemesis* (London 2000) 4, 481, 599 and 837. Also Wielenga, *West-Duitsland: partner uit noodzaak*, 68.

⁹² PA AA 11, Bd. 665, Microfiche 665-2; 'Letter Adenauer to minister-president of North Rhine-Westphalia Karl Arnold', 14 November 1953.

⁹³ H. Weenink, *Bankier van de wereld. Bouwer van Europa. Johan Willem Beyen 1897-1976* (Amsterdam/Rotterdam 2005) 409.

⁹⁴ Kromhout, 'De Duitsers gaven niks cadeau', 47.

⁹⁵ PA AA B 11, Bd. 371, Microfiche 371-2: 'Draft speech for the goodbye dinner of De Booy and his wife (25 November 1951)', 21 November 1951.

⁹⁶ Kersten, *Luns. Een politieke biografie*, 130.

Allied peace treaty with West Germany, should be handled individually. The Hague was afraid that negotiations on the General Solution proposed by Bonn could lead to a sort of horse-trading which did not fit with the moral policy Dutch government directed at its former enemy. The Netherlands did not regard its large eastern neighbour as an equal partner, but 'as a guilty child that had to keep its mouth shut until his parents had decided how it could make up for its wrongdoing'.⁹⁷ Moreover, the character of the negotiations would change if all the issues were lumped together, it would probably develop into a give and take situation and this did not comply with the Netherlands view that West Germany had to atone for its actions, both morally and materially.⁹⁸

Luns, who had become Minister for Foreign Affairs in 1952, had absolutely no intention of winding up issues resulting from World War II quickly and easily. At the beginning of 1952, he had stated that the Netherlands was, after Japan and Germany, one of the biggest losers and victims of World War II. That observation was far off the mark when one considers the devastation to the Soviet Russia and other eastern European states, that during the Cold War was ever ignored in the West. Luns believed that the small border corrections that the Netherlands had received in 1949 were totally inadequate as compensation for all the damage that had been done to the Netherlands during the occupation. There he was right. Therefore, after his appointment as Minister for Foreign Affairs, he concentrated all pending bilateral questions with the former German territories of Elten and Tudderden that had been ceded to the Netherlands in 1949, as bargain material in negotiations on other subjects. Luns regarded his tough stance with Germany as self-evident, after all Bonn was deeply in debt to the Netherlands.⁹⁹

Like the Dutch policy towards Bonn in general, Luns' policy towards Germany showed ambivalence. The bilateral problems between the two countries were not to influence the multilateral cooperation in the western block and European integration, let alone the position of Adenauer. In Luns' conviction, the *Bundeskanzler* was the motor driving Bonn's alignment to the West and of the West German embrace of European integration. These processes could not do without him.¹⁰⁰ In general, it was not hard for the Netherlands to acknowledge and accept the central role of the Federal Republic of Germany in the economic integration of Western Europe. As far as economic questions were concerned, there was no great difference between the Netherlands and Bonn, and compromises could be found relatively easy.¹⁰¹

⁹⁷ Kromhout, 'De Duitsers gaven niks cadeau', 48.

⁹⁸ Wielenga, *Van vijand tot bondgenoot*, 228.

⁹⁹ Kersten, *Luns. Een politieke biografie*, 153-154.

¹⁰⁰ *Ibid.*, 154.

¹⁰¹ A.E. Kersten, 'Die Niederlande und die Westintegration der Bundesrepublik. Wirtschaft, Sicherheit und politische Kontrolle', in L. Herbst, W. Bühner and H. Sowade (eds.), *Vom Marshallplan zur EWG. Die Eingliederung der Bundesrepublik Deutschland in die westliche Welt* (Munich 1990) 119-138, there 127.

6.8 Bonn hardly responsive?

Negotiations between the Netherlands and Bonn were difficult, as a lot of questions remained unsolved, even many years after World War II. The Hague still wanted reparation payments and there was disagreement about the Ems-Dollard region. The West German government, on the other hand, advocated the return of the areas annexed by the Netherlands and tried to convince the Netherlands to soften their treatment of German war criminals.¹⁰² There was much discussion and irritation about German compensation for Dutch victims of war. Bonn was willing to pay thirty million guilders, but this fell far short of the Dutch demand for 125 million guilders.¹⁰³ Of course, Bonn would gain much by the normalisation of bilateral political relations with the Netherlands, but The Hague's position on German integration in Europe and the Western block was even more important to them. But that was no problem as the Dutch were quite clear on that issue. The question was, however, how far the West German government was prepared to go to achieve normalised bilateral political relations.¹⁰⁴ Wielenga stated that Bonn was not responsive. Kersten agreed and wrote of German inflexibility.¹⁰⁵ This raises the question of whether the Federal German government's policy was, in any way, influenced by the economic importance of the Netherlands to West Germany, especially in the transit trade to and from the Ruhr area via Rotterdam. During the 1950s, the Netherlands was one of West Germany's most important trading partners. The country ranked second in German imports, and first in exports by a clear margin, and this does not even include essential services.¹⁰⁶ What consequences, if any, did this have on Bonn's policy towards its small, but, when compared to other western European countries, economically very important trading partner?

Dr. Hans Mühlenfeld, who replaced Du Mont as West German ambassador in The Hague in August 1952, received clear instruction from the *Auswärtiges Amt* when he left for the Netherlands. They recognised some progress had been made in normalising Dutch-German relations in recent years. According to Mühlenfeld's instructions, Dutch businessmen held sensible views towards Germany, especially as they realised that the Federal Republic would one day be the only 'dam against the flood from the East' and that Germany had regained its natural position as the main consumer market for Dutch agricultural products.¹⁰⁷ At the same time, however, there was still a lot of resentment, suspicious reservation and even public rejection in

¹⁰² Kersten, *Luns. Een politieke biografie*, 153.

¹⁰³ *Ibid.*, 237.

¹⁰⁴ Wielenga, 'Der Weg zur neuen Nachbarschaft nach 1945', 130.

¹⁰⁵ Kersten, *Luns. Een politieke biografie*, 154.

¹⁰⁶ *Statistisches Jahrbuch für die Bundesrepublik Deutschland* (Wiesbaden 1954-1958). See also *Statistisches Bundesamt Wiesbaden*, 'Der Aussenhandel der Bundesrepublik Deutschland, Nr. 13: Niederlande' (Stuttgart/Mainz 1960).

¹⁰⁷ PA AA B 11, Bd. 351, Microfiche 351-3; 'Instruction West German Ministry of Foreign Affairs to ambassador Mühlenfeld', 12 March 1953.

political circles and in the press. The instruction stated that ‘this war mentality makes The Hague one of the most difficult foreign positions today’.¹⁰⁸

Moreover, the attitude towards the *Bundesrepublik* had generally worsened recently. According to the instructions to Mühlenfeld, this was caused by a number of reasons. One of these was that Du Mont had been recalled. He had been held in high esteem by a lot of Dutch people because of his supposed opposition to the Nazi regime and his departure was seen as a severe loss.¹⁰⁹ Secondly, the fact that seven war criminals had escaped from Breda to the Federal Republic in 1953. According to the annual book of the Dutch Ministry of Foreign Affairs, this cast a dark shadow on Dutch-German relations and gave rise to discussions on the problems of neo-Nazism.¹¹⁰ As the note continued: ‘These examples show, how extremely sensitive the Netherlands is to everything that can be linked to the terrible experiences of the most recent Dutch-German past’. The draft note, written before the disastrous floods in the Netherlands in 1953, stated: ‘The wounds of the war have in no way healed. It will be necessary, to be aware of this. Occasional remarks that you, too, regret this history will surely be taken gratefully. Winning their trust will surely lighten your task’. Someone had written in the margin: ‘Do not feel hurt by this. It is, after all, understandable’.¹¹¹

The instructions to Mühlenfeld continued, ‘the vote of the Netherlands, as that of other small countries, carries a weight that should not be underestimated in the so-called ‘Grand Politics. This is a consequence of its membership of multiple international organisations [...] Luckily, we have a far-reaching agreement with the Dutch government on the question of European integration. We think it is very important to keep this agreement, so we can count on Dutch support in our own interests’. However, Dutch-German relations did not always revolve around high politics, but around low politics. Bonn wished to regain its sovereignty and had to deal with its small, but not unimportant neighbour, which could block its endeavours and say ‘no’ to its integration in the Western block.

Mühlenfeld was received with reservation, though not in a hostile manner. There were, however, some doubts about his political position.¹¹² According to the socialist paper *Het Vrije Volk*, little was known about his personal past. What was known was that he had been leader of the *Deutsche Partei*, which, according to the newspaper, was considered ‘neo-Nazi’. *Het Vrije Volk*

¹⁰⁸ This paragraph and the following are, unless stated otherwise, on: PA AA B 11, Bd. 351, Microfiche 351-3; ‘Instruction West German Ministry of Foreign Affairs to ambassador Mühlenfeld’, 12 March 1953.

¹⁰⁹ *Het Vrije Volk*, February 1953: ‘The recently called back Du Mont was a pronounced opponent of the Nazi-regime’. Source: PA AA B 11, Bd. 351, Microfiche 351-1; ‘Letter Von Holleben to Auswärtiges Amt’, 9 February 1953; Wielenga, *West-Duitsland: partner uit noodzaak*, 65.

¹¹⁰ *Jahrbuch des Ministeriums für Auswärtige Angelegenheiten 1952/1953* (The Hague 1953) 3.

¹¹¹ PA AA B 11, Bd. 351, Microfiche 351-3; ‘Instruction West German Ministry of Foreign Affairs to ambassador Mühlenfeld’, 12 March 1953.

¹¹² *Jahrbuch des Ministeriums für Auswärtige Angelegenheiten 1952/1953*, 67.

doubted whether Mühlenfeld would show the same distance from the Nazi regime as his respected predecessor had.¹¹³ In fact, Mühlenfeld's political past was not burdened by Nazi sympathies. The new West German representative in The Hague had been appointed on Adenauer's personal initiative.¹¹⁴ He was an intelligent man but he lacked the feeling Du Mont had had for the sensitive Dutch-German relationship. A. Th. Lamping, De Booy's successor in Bonn, described him as a 'real German', i.e. a strong personality, not afraid to give his opinion.¹¹⁵

He did so in a number of letters to the *Auswärtiges Amt*. In February 1956, he pointed once again to the ambivalence of Dutch policy towards West Germany. Whereas The Hague had known for a long time that the advent of the Cold War had fundamentally changed international relations and was more than prepared to see West Germany as a full ally with whom to strive for the same interests, it 'still attempted to uphold the relationship of winner over defeated' in bilateral affairs.¹¹⁶ This had certain advantages for the Dutch, as Mühlenfeld continued: 'As long as The Hague can push the Federal Republic into the role of the guilty party, it can successfully obscure the fact that the Netherlands is dependent on its former enemy like no other nation'. Mühlenfeld felt that this simple, yet undeniable, fact could lead one to expect that the rationality Dutch politicians showed in multilateral issues would be reflected in other issues that remained from World War II, and that these would be eliminated as soon as possible in order to be able to face the danger from the East.

This had as yet not materialised, as Von Holleben had noted two years earlier. The many Germans that naively thought that the *Wirtschaftswunder* or the West German help during the floods of 1953 would erase the memory of the past and that from then on everything would be forgotten, were mistaken. In Von Holleben's view, the Dutch were prepared to forget if that would lead to material advantages. However, 'their Calvinist inheritance prevents them from forgiving'.¹¹⁷ Bonn's representatives in The Hague understood the psychological burden that the Netherlands carried as a result of World War II and advised their government to keep this in mind. Wielenga writes, however, that the Dutch trauma was underestimated at a diplomatic level.¹¹⁸ Moreover, 'the speed, with which the Federal Republic placed the past outside the

¹¹³ *Het Vrije Volk*, February 1953: 'The recently called back Du Mont was a pronounced opponent of the Nazi-regime'. Source: PA AA B 11, Bd. 351, Microfiche 351-1; 'Letter Von Holleben to Auswärtiges Amt', 9 February 1953.

¹¹⁴ Conze, Frei, Hayes and Zimmerman, *Das Amt und die Vergangenheit*, 469.

¹¹⁵ Wielenga, *West-Duitsland: partner uit noodzaak*, 67.

¹¹⁶ The following paragraphs are taken, unless stated otherwise, from PA AA B 24, Bd. 186, Microfiche 00186-1; 'Letter Mühlenfeld to Auswärtiges Amt: Fünf Jahre deutsch-niederländische Beziehungen', 27 February 1956.

¹¹⁷ PA AA B 11, Bd. 269, Microfiche 269-1; 'Letter W. von Holleben to Auswärtiges Amt: Die deutsch-niederländischen politischen Beziehungen im Jahre 1953', 12 January 1954.

¹¹⁸ Wielenga, *West-Duitsland: partner uit noodzaak*, 349.

political order and used its own crucial position in international relations, was not in line with Dutch expectations'.¹¹⁹

Nevertheless, there are indications that the West German government was sensitive to Dutch feelings after the events of 1940-1945. According to Wielenga, Bonn was conscious of the fact that Dutch-German relations required a cautious approach. Both Von Holleben and Mühlenfeld were aware of it. As Mühlenfeld wrote: 'Criticism that the Netherlands is too slow to forget about the horrors of war and the Nazi-period, overlooks the fact that we, ourselves, are often inclined to forget too soon'.¹²⁰ According to Mühlenfeld, this mentality was reflected in the 'painful campaign' running through West German public opinion on the issue of war criminals convicted in the Netherlands.

Von Holleben held the same opinion. He felt that the Dutch should not be given the opportunity to stir in the past and once again rip open the wounds of war. Statements like those by *Bundesminister* Theodor Oberländer, who, in the early 1950s had said that he favoured a return of the Sudetenland would only further impede the struggle to regain trust from the Netherlands. Moreover, Von Holleben wrote: 'An uncritical identification of West German public opinion on the German war criminals held in the prison of Breda, would damage the efforts of a political solution to the question of convicted war criminals more than it would do good'.¹²¹ Mühlenfeld finished his note by stating that the dark side of German history that was responsible for the Dutch attitude should not be ignored in negotiations. Mühlenfeld foresaw that negotiations would drag on for a long time. It would be worth it, however: 'The recovery of good relations between the two neighbours is not only in the interest of both countries, but also of Europe'.¹²² The West German state realised that a tense political relationship might turn against them within a European context and that reconciliation was therefore a national interest.

At the same time, Bonn offered way too little to satisfy the Dutch. A greater West German indulgence towards the Netherlands would, if Wielenga were to be followed, only have been necessary if Dutch-German tensions had damaged vital interests of the FRG. This seemed highly unlikely, and could only have materialised if the Netherlands had obstructed West German attempts for sovereignty or integration into the western block. That would have been out of the question, as the Dutch government did not pursue a policy like that and advocated West German

¹¹⁹ Wielenga, *West-Duitsland: partner uit noodzaak*, 130.

¹²⁰ PA AA B 24, Bd. 186, Microfiche 00186-1; 'Letter Mühlenfeld to Auswärtiges Amt: Fünf Jahre deutsch-niederländische Beziehungen', 27 February 1956.

¹²¹ PA AA B 11, Bd. 269, Microfiche 269-1; 'Letter W. von Holleben to Auswärtiges Amt: Die deutsch-niederländischen politischen Beziehungen im Jahre 1953', 12 January 1954.

¹²² PA AA B 24, Bd. 186, Microfiche 00186-1; 'Letter Mühlenfeld to Auswärtiges Amt: Fünf Jahre deutsch-niederländische Beziehungen', 27 February 1956.

integration in the western block.¹²³ The economic, military and political interests of the Netherlands were simply too great to be put at risk by pursuing a harsh policy towards Bonn. Even the Dutch public agreed.¹²⁴

At the same time, Dutch politicians and diplomats were often anything but courteous in their contacts with West German colleagues. When Du Mont was recalled from The Hague, some were heard to comment that ‘vile intrigues of ex-Nazi’s had removed Du Mont from active service’. In April 1954, The Dutch Minister of Foreign Affairs, J.W. Beyen stated that the Germans ‘should not forget what they did ten years ago’.¹²⁵ In April 1955, the Dutch Minister of Justice, A. Donker, stated that the Netherlands had been treated ‘the worst by far’ by the Third Reich compared to other nations, and that it should be made clear to the Germans that The Hague had not forgotten the past.¹²⁶ There was some truth in Donker’s observation. Over 100.000 Dutch Jews had been murdered – almost 75 per cent of all Jews in the country – and the Netherlands experienced a dramatic Hungerwinter in 1944-45, during which between 15.000 and 20.000 Dutch people had died. Dutch politicians would not stop pointing this out in bilateral discussions with their German counterparts. This was highly insulting to the Germans, yet there is no indication that the German delegates ever put the Dutch in their place. Of course, they were annoyed, but they never condemned this attitude outright nor were negotiations broken off for long. The explanation for this lies in the economic importance of the Netherlands to Germany and the fact that the Federal Republic needed its small western neighbour for the West German integration in the Western block. When the Ruhr area started producing at full speed halfway the 1950s, Bonn needed the Netherlands, especially its transit and its Rhine fleet. Both sides were doomed to cooperate. The Dutch wanted nothing to do with the Hun, but could not do without them economically. Bonn felt insulted by the Dutch accusations and allusions, but needed The Hague on the political front.

In November 1950, the West German Minister of Economic Affairs, Erhard, had already stated in an article in the *Industrie- und Handels-kurier. Niederländisch-deutsche Wirtschaftszeitung* – *Magazine of the Dutch-German Chamber of Commerce* – that the Dutch-German trade relations were of historical interest to German foreign trade. As the Minister noted, trade between the two countries was influenced positively by the excellent traffic connections over both land and water.

¹²³ Wielenga, *West-Duitsland: partner uit noodzaak*, 541-542.

¹²⁴ Bogaarts, ‘Ressentimenten en realiteitszin’, 39.

¹²⁵ Quotations taken from Wielenga, *West-Duitsland: partner uit noodzaak*, 66 and 346. At the same time, however, although bargaining hard, Beyen thought that the friction between The Hague and Bonn should be ended as soon as possible: ‘It was in the interest of the Netherlands as neighbour and one of Germany’s biggest trading partners, and it was in the interest of Germany and European unification’, Weenink, *Bankier van de wereld. Bouwer van Europa. Johan Willem Beyen 1897-1976*, 410 and 413.

¹²⁶ Quote Donker taken from Wielenga, ‘Een streep onder het verleden?’, 58.

With this, Erhard hinted at the importance of the port of Rotterdam and the affiliated Rhine shipping for the supply of raw materials to and from the Ruhr area.

Erhard noted that the liberalisations of trade in 1949 and early 1950 had enabled many German firms to rebuild their export markets. Erhard finished his article with the observation that 'Close trade relations between the Netherlands and Germany are a necessity of life for both nations'.¹²⁷ Of course, that did not mean that both countries loved each other. They simply had to get along. In the same volume of the *Magazine*, Du Mont stated that the trade relations between the two countries had to expand despite present difficulties. A stagnation or decrease in trade volumes would, according to Du Mont, 'very negatively influence the economy of both countries and the European economy at large'.¹²⁸ In November 1956, Emil Groß, the social-democratic president of the *Landtag* – Regional Parliament – of the state of North Rhine-Westphalia, stated that members of this regional parliament should do everything in their power to improve the atmosphere between their country and the Netherlands.¹²⁹ Adenauer wrote to the prime minister of North Rhine-Westphalia, Karl Arnold, informing him that did not think it would be wise for the Germans to take the first step in discussions on the return of Elten and Tudderren, as it might damage the Dutch-German negotiation.¹³⁰

West German sensitivity for Dutch feelings and the acknowledgment of both political and economic sound relations could also have a more subtle approach. In May 1956, when rumours reached Mühlenfeld that the German weekly *Der Spiegel* was about to publish an article about the relationship between Queen Juliana and the spiritual healer Greet Hofmans, he contacted the West German Ministry of Foreign Affairs.¹³¹ The author of the article, Claus Jacobi, had been told by the West German embassy that Dutch public opinion tended to be sensitive about publications on the House of Orange, even if they were relatively harmless. Jacobi was told that the publication could have negative consequences for Dutch-German relations, but Jacobi was not impressed.¹³² The *Auswärtiges Amt* informed the information service of the Federal Republic of Germany about the *Spiegel* article at the end of May. The West German Foreign Ministry indicated that the publications could severely damage Dutch-German

¹²⁷ BArch., Bestand B 102/2708; Article L. Erhard, 'Lebensnotwendigkeit. Eine ministerieller Wunsch', *Industrie- und Handelskurier. Niederländisch-deutsche Wirtschaftszeitung*, No. 1 (9 November 1950).

¹²⁸ BArch., Bestand B 102/2708; Article L. Erhard, 'Lebensnotwendigkeit. Eine ministerieller Wunsch', *Industrie- und Handelskurier. Niederländisch-deutsche Wirtschaftszeitung*, No. 1 (9 November 1950).

¹²⁹ Nordrhein-Westfälisches Hauptstaatsarchiv Düsseldorf (HStAD), NW 154-1125: Staatskanzlei, Landtag Nordrhein-Westfalen; 'Bericht über den Stand der Verhandlungen mit den Niederlanden', 2 November 1956.

¹³⁰ PA AA B 11, Bd. 665, Microfiche 665-2; 'Letter Adenauer to Karl Arnold, prime-minister of Northrhine Westphalia', 14 November 1953.

¹³¹ For an analysis of the so-called Greet-Hofmans-affaire see: L. Giebels, *De Greet Hofmans-affaire. Hoe de Nederlandse monarchie bijna ten onderging* (Amsterdam 2007) and C. Fasseur, *Juliana en Bernard. Het verhaal van een huwelijk 1936-1956* (Amsterdam 2008).

¹³² BArch., B 145/7557; 'Letter Mühlenfeld to Auswärtiges Amt', 24 May 1956.

relations. There had been a slight improvement in these ties recently, and from a German point of view this was very important. Therefore, the West German Ministry of Foreign Affairs asked the *Presse- und Informationsamt* to investigate whether it would be possible to prevent the publication of the article. The *Auswärtiges Amt* suggested they fall back on Article 103 of the Criminal Code – *Strafgesetzbuch* – which made insulting a foreign head of state punishable under certain circumstances.¹³³ Although this measure was never taken, the caution with which it was handled says a lot about the importance of Dutch-German political and economic relations to Bonn. It can be concluded that Wielenga's observation that Bonn's policy was not responsive until 1955, was correct, but that it should be nuanced. Economic contacts between the Netherlands and Germany did not reach their pre-war intensity until the mid 1950s. As had been the case before World War I and during the 1920s, there was a strong correlation between the economic growth of the two countries from 1955 on.¹³⁴ It appears that the Federal Republic of Germany showed a considerable amount of understanding for and interest in the Netherlands from the late 1950s onwards.¹³⁵ The West German attitude seems to have been caused by economic considerations.

6.9 The Hague, West German rearmament and European integration

The Korean War, which erupted in 1950, was not only a landmark in the history of south-east Asia, but in western Europe as well. It spurred the British and French to increase the size of their forces and NATO was greatly strengthened.¹³⁶ In the early 1950s there was even talk about an integrated NATO army.¹³⁷ Many observers saw parallels between the situation in Korea and Germany. Communist North Korea had attacked the capitalist south of the country. The same could happen in Europe, a communist attack could come through East Germany and invade western Europe. A Soviet attack on western Europe was believed to be a real possibility.¹³⁸ This was the main reason why, by September 1950, some 63 per cent of the West German population were willing to accept West German forces as part of a European system of defence.¹³⁹ Even

¹³³ BArch., B 145/7557; 'Auswärtiges Amt to Presse- und Informationsamt der Bundesregierung', 28 May 1956.

¹³⁴ H.A.M. Klemann, *Waarom bestaat Nederland eigenlijk nog? Nederland-Duitsland: Economische integratie en politieke consequenties 1860-2000* (Rotterdam 2006) 49-50 and 53.

¹³⁵ Ibid., 59-62.

¹³⁶ C. Malkasian, *The Korean War 1950-1953* (Oxford 2001) 91.

¹³⁷ D. Reynolds, *From World War to Cold War. Churchill, Roosevelt, and the International History of the 1940s* (Oxford 2006) 232.

¹³⁸ R. Jervis, 'The Impact of the Korean War on the Cold War', *Journal of Conflict Resolution* 24, No. 4 (1980) 563-592. Also: J. Hoffenaar, 'Wordt Nederland verdedigd?'. De discussie over de hoofdverdedigingslinie van de NAVO in het begin van de jaren vijftig', *Bijdragen en Mededelingen Betreffende de Geschiedenis der Nederlanden* 199, No. 2 (2004) 174-192, there 177.

¹³⁹ K. Jarausch, *After Hitler. Recivilizing Germans, 1945-1995* (Oxford 2008) 38.

Washington started to think about a West German rearmament programme.¹⁴⁰ As early as September 1950, Dean Acheson proposed to rearm the *Bundesrepublik* and make it a full member of NATO. This stirred up intense debate, but was rejected in Europe, especially by the French. One month later, the French government presented a plan for a European army under the authority of a European Defence Community (EDC). West German units would be allowed to form part of this army. According to Paris, the French plan had two main advantages. Firstly, Bonn's military contribution would be placed under western European and – most importantly to the French – under French control. Secondly, there would be no national West German army. The EDC-treaty was signed in May 1952, but in practice little came of it. From that moment on though, the Federal Republic of Germany was involved in European military integration, albeit on an unequal basis.¹⁴¹ West German troops could not exceed battalion or regimental strength and were to be integrated in international divisions. Other European countries could have national divisions. Furthermore, the Federal Republic would not be allowed to have its own Defence Minister and there would be little room for German commanders in the higher echelons of the European Army.¹⁴² Although it signed the EDC-treaty, The Hague was never enthusiastic about it, as it excluded the United States. The Dutch considered the Americans indispensable to western European security and the territorial integrity of the Netherlands.¹⁴³ During the EDC-negotiations, the Dutch strategy was clearly to minimise political and military integration and to involve Great Britain and the United States as much as possible.¹⁴⁴

The Drees cabinet and Stikker supported Acheson's proposal. When the US Secretary of State suggested rearming West Germany, the debate in The Hague changed from the question of whether West Germany should be rearmed to how it should be.¹⁴⁵ In November 1950, shortly after Acheson's proposal, Du Mont wrote to the *Auswärtiges Amt* informing them that the Dutch realised it would be to their advantage to be separated from the Soviet Union by an area that was defended as strongly as possible, rather than by an area which was a military vacuum, which would be the case if the *Bundesrepublik* remained unarmed. It would transfer the frontline from the IJssel to the Elbe. A West German rearmament was only acceptable to the Netherlands

¹⁴⁰ Judt, *Postwar*, 243.

¹⁴¹ This paragraph is based on D. Hellema, *Neutraliteit & Vrijhandel. De geschiedenis van de Nederlandse buitenlandse betrekkingen* (Utrecht 2001) 147.

¹⁴² Wielenga, *Van vijand tot bondgenoot*, 47.

¹⁴³ P. Drooglever, 'Een hoogstbekwaam beroepsdiplomaat'. Jhr. Hendrik Frederik Lodewijk Karel van Vredenburg (1905-1981)', in B. van der Zwan, B. de Graaff and D. Hellema (eds.), *In dienst van Buitenlandse Zaken. Achttien portretten van ambtenaren en diplomaten in de twintigste eeuw* (Amsterdam 2008) 89-103, there 97; A. Kersten, 'De langste. Joseph Antoine Marie Hubert Luns (1952-1971)', in D. Hellema, B. Zeeman and B. van der Zwan (eds.), *De Nederlandse ministers van Buitenlandse Zaken in de twintigste eeuw* (The Hague 1999) 210-227, there 224.

¹⁴⁴ Hellema, *Neutraliteit & Vrijhandel*, 168.

¹⁴⁵ Kersten, 'Die Niederlande und die Westintegration der Bundesrepublik', 131

within an Atlantic framework, i.e. under US guidance.¹⁴⁶ In February 1952, Stikker told Du Mont that the Netherlands would like to see Germany admitted to the NATO as soon as possible.¹⁴⁷ At a meeting of the NATO council in September 1950, the Netherlands was the first member state to officially raise the sensitive issue of a West German rearmament.¹⁴⁸

To Dutch politicians, from 1948-1949 there was little doubt that it was vital that the newly founded German Federal Republic became a western ally in the rapidly developing Cold War.¹⁴⁹ By the end of the 1940s, the Dutch German trauma had been overshadowed by a fear of communism.¹⁵⁰ The various Dutch governments firmly believed that Germany should be integrated in the western alliance and for that it needed to be rearmed.

The Dutch attempt to make West Germany an equal European partner was also driven by the fact that a German integration would have positive effects on the economic relations between the two neighbours. West Germany's entry into NATO would complete West German political and economic integration. Other issues played a role here too, some of which were, perhaps, not that noble. First, if the *Bundesrepublik* were to be rearmed, the frontline with the Soviet Union would be shifted hundreds of kilometres from the Dutch border.¹⁵¹ In the event of an attack by the Red Army, German territory would be hit first and not Dutch soil. Secondly, after the Korean War, the Americans started pressuring The Hague to increase its defence budget.¹⁵² The Hague did so grudgingly but only after a long debate in parliament. In January 1951, military expenses were raised to 1.5 billion dollars or six billion for four years. As this was a considerable drain on the Dutch national budget, it was hoped that a West German contribution to the European defence would somewhat lessen the Dutch burden. These were more than enough reasons to support West German rearmament.¹⁵³ Finally, by admitting West Germany into NATO, the *Bundesrepublik* became integrated in a multilateral structure under US guidance, which seemed to guarantee both the further liberalisation of Dutch-German trade relations and the military security of the Netherlands.¹⁵⁴ The Marshall Aid had enabled a multilateral policy of

¹⁴⁶ PA AA B 150, Bd. 93, Microfiche 93-2; Letter Du Mont to Auswärtiges Amt : 'Die niederländische Haltung in der Frage eines Beitrags der Bundesrepublik Deutschland zu der europäischen Verteidigung', 8 November 1950.

¹⁴⁷ PA AA B 150, Bd. 175, Microfiche 175-1; Letter Du Mont to Auswärtiges Amt : 'Gespräch mit Stikker: Beitritt der Bundesrepublik zur NATO', 5 February 1952.

¹⁴⁸ Hoffenaar, "Wordt Nederland verdedigd"?, 178-179.

¹⁴⁹ Wielenga, *Van vijand tot bondgenoot*, 41.

¹⁵⁰ Beunders and Selier, *Argwaan en profijt*, 15.

¹⁵¹ J.W.L. Brouwer and C.M. Megens, 'Het debat in de ministerraad over de Nederlandse militaire bijdrage aan de NAVO, 1949-1951', *Bijdragen en Mededelingen Betreffende de Geschiedenis der Nederlanden* 107, No. 3 (1992) 486-500, there 489; W. Mallinson, *From Neutrality to Commitment. Dutch Foreign Policy, NATO and European Integration* (London 2010) 112.

¹⁵² J.W. Brouwer and I. Megens, 'De Koude Oorlog (1949-1990)', in J.R. Bruin and C.B. Wels (eds.), *Met man en macht. De militaire geschiedenis van Nederland 1550-2000* (Amsterdam 2003) 383-410, there 389.

¹⁵³ Hellema, *Neutraliteit & Vrijhandel*, 166-167.

¹⁵⁴ D. Hellema, 'De politieke betrekkingen tussen Nederland en de Verenigde Staten 1945-2005', *Tijdschrift voor Geschiedenis* 121, No. 3 (2008) 284-295.

integration under the guidance of the United States. It also offered the prospect of the integration of West Germany in western Europe.¹⁵⁵ In the words of the historian Mallinson: 'Despite their general dislike of the Germans, the Dutch knew that they needed them for economic reasons and because the more Germany was brought into Western European defence, the less they, the Dutch, would have to spend'.¹⁵⁶

This was a good start from the Dutch point of view, and indeed, The Hague was quick to point out it was of the utmost importance to have Germany take her normal place in Europe, although everything the Germans did was still regarded with suspicion.¹⁵⁷ Integration of the German Federal Republic enabled 'the necessary western reinforcement against the Soviet Union. In this way, German recovery could be continued without risk and the other European countries could benefit from West German economic potential'.¹⁵⁸ The Netherlands would consider no form of cooperation that would exclude its largest trading partner.¹⁵⁹ It was also quite clear that 'The consistency and primacy of commercial considerations behind the drive of Dutch European policy'.¹⁶⁰ The Dutch historian Albert Kersten states that 'one can draw the conclusion that the Dutch government was primarily, and maybe even exclusively, interested in economic cooperation and integration'.¹⁶¹ In the failed negotiations on a 1949 French proposal for a customs union between France, Italy and the Benelux-countries, it was clear that there was little interest in a British participation on the economical-monetary level, but according to the Netherlands, economic cooperation in a group of continental states would be out of the question without the cooperation of Federal Republic.¹⁶²

Kersten also pointed to another, quite plausible, explanation for the Dutch willingness to accept and promote the integration of West Germany in western Europe, as well as German rearmament and NATO membership. In his view, powerful lobby groups forced the Dutch government to this policy: '...detaching the interests in foreign trade policy from the interests in the Dutch security and foreign policy made changes easier. Moreover, it should not be forgotten that a growing number of those responsible in the Dutch Ministries of Economic and Foreign Affairs believed that after the loss of the Dutch East Indies, the Dutch future lay in cooperation

¹⁵⁵ Hellema, *Neutraliteit & Vrijhandel*, 149.

¹⁵⁶ Mallinson, *From Neutrality to Commitment*, 193.

¹⁵⁷ K. van Weringh, *Altijd op de loer. Het beeld van Duitsland in de Nederlandse karikatuur 1871-2005* (Cologne 2005) 87.

¹⁵⁸ Wielenga, *Van vijand tot bondgenoot*, 42.

¹⁵⁹ Griffiths, 'The Stranghold of Bilateralism', R.T. Griffiths (ed.), *The Netherlands and the integration of Europe 1945-1957* (Amsterdam 1990) 1-26, there 10.

¹⁶⁰ R.T. Griffiths, 'Preface', in Griffiths (ed.), *The Netherlands and the integration of Europe IX-XII*, there XI.

¹⁶¹ A.E. Kersten, 'Oorsprong en inzet van de Nederlandse Europese integratiepolitiek', in E. Bloemen (ed.), *Het Benelux-effect. België, Nederland en Luxemburg en de Europese integratie, 1945-1957* (Amsterdam 1992) 1-12, there 6.

¹⁶² Kersten, 'Oorsprong en inzet van de Nederlandse Europese integratiepolitiek', 4. Also Hellema, *Neutraliteit & Vrijhandel*, 161. Hellema does not distinguish in the importance of Great Britain and Germany as trading partners; T. Healy, 'Will Clayton, Negotiating the Marshall Plan, and European Economic Integration', *Diplomatic History* 35, No. 2 (April 2011) 229-256, there 244.

within Western Europe'.¹⁶³ Du Mont confirmed this view, as he noted that the loss of the Dutch East Indies and the failure of the Benelux had once again confirmed that cooperation with Germany was a necessity.¹⁶⁴ This points to the economic importance of West Germany to the Netherlands, which seems to have caused the Dutch policy described above: 'Trade was simply too important to the Dutch to allow ideology or dislike to get in their way'.¹⁶⁵

At the same time, integration meant Western reinforcement against the Soviet Union. West German entry into NATO in 1954 was greeted with great satisfaction by the Dutch government. It corresponded with its attempts for the economic integration of the *Bundesrepublik* on the one hand and security in the Atlantic treaty on the other.¹⁶⁶ It seems likely that the economic side of the European integration and especially the integration of West Germany in this process was an important reason for the Netherlands to strongly support the project. The countries worked closely together in European and economic integration, the Netherlands because of trade interests, Bonn to regain its central position in Europe.

6.10 Conclusions

This chapter analysed the bilateral Dutch-German political relations. When the Federal Republic of Germany came into being in May 1949, issues stemming from World War II could finally be solved, or so both countries hoped. This hope turned out to be premature, which was a result of how both sides saw each other. The Dutch saw themselves as the victor, Germany as the vanquished. The Hague felt that Bonn ought to be aware of this and should act accordingly. Bonn should not try to negotiate firmly but should be constantly aware that it had to atone for its actions in the Netherlands both materially and morally.

The Germans, however, did not act that way. It drove a hard bargain on a number of occasions. Dutch policy was decidedly ambivalent towards Germany on matters of political relations. The Hague was friendly and cooperative in negotiations or issues within a multilateral context, for example when it came to integration in western Europe, rearmament and admission NATO. The Dutch were more than willing to treat West Germany on an equal footing and stand firm for a strong German position in the Western block at international negotiations. But they took a quite different position when it came to bilateral issues stemming from World War II. Here, they showed coolness, reservation and bluntness and seized every opportunity to point to Germany's past and to the suffering it caused the Dutch in World War II. This can, in fact, be

¹⁶³ Kersten, 'Die Niederlande und die Westintegration der Bundesrepublik', 138.

¹⁶⁴ PA AA B 11, Bd. 434, Microfiche 434-1; 'Letter Du Mont to Auswärtiges Amt : Aussenpolitik der Niederlande', 2 July 1950.

¹⁶⁵ Mallinson, *From Neutrality to Commitment*, 196.

¹⁶⁶ Hellema, *Neutraliteit en Vrijhandel*, 191.

seen as a continuation of The Hague's dualistic policy in the first five post-war years. On the one hand it wanted revenge and justification, but at the same time it wished to normalise Dutch-German economic relations as soon as possible. This continued after 1949. The Hague was prepared to go a long way with Bonn economically, but it was a lot less willing when it came to political matters.

The outbreak of the Korean War in 1950 played a decisive role in the Dutch-German bilateral political relations. After North Korea invaded the South, Great Britain, France and the United States decided to grant the young West German Republic more sovereignty. It could establish a Ministry of Foreign Affairs – *Auswärtiges Amt* – and have diplomatic representatives in foreign countries. The conflict in Korea also led to a strengthening of NATO and raised the question of West German rearmament, which the Netherlands strongly supported.

The first West German representatives in the Netherlands, Du Mont and Mühlenfeld, recognised Dutch sensitivity to Germany. The Dutch regularly pointed to the fact that Germany should not forget its recent past, and that Bonn should be lenient with the Netherlands. At the same time, however, Dutch ambivalence caused irritation in West Germany. The Netherlands was shocked by the German lack of understanding. Moreover, Bonn's support for German war criminals hardly did the bilateral political relations between the two countries any good.

Nevertheless, The Hague was a fierce advocate of West German integration into western Europe and NATO. The Dutch Minister of Foreign Affairs, Stikker, was the first to raise the question of West German rearmament. There were several reasons for this. Firstly, if West Germany were to be left out, there would be a military vacuum in the centre of Europe. Secondly, German integration would have positive effects on the economic relations between the two neighbours. West German entry into NATO would be the completion of the process of West German political and economic integration. Thirdly, if West Germany became a member of NATO, it could relieve some of the burden of the increasing defence costs the Dutch had promised the United States. Finally, by admitting West Germany into NATO, the *Bundesrepublik* was integrated into a multilateral structure under US guidance, which guaranteed the further liberalisation of Dutch-German trade relations, military security of the Netherlands and bound the United States to Europe.

In the introduction of this chapter it was stated that Wielenga called the policy of Bonn towards The Hague as 'hardly responsive'. This observation needs some modification. West German representatives indeed showed understanding for Dutch feelings and were instructed by the *Auswärtiges Amt* to be aware of them. The reaction of Germans to the insults regularly thrown at them by the Dutch never led to outright quarrels or an end to negotiations. It is difficult to

find an explanation for this, apart from the economic importance of the Netherlands to Bonn. The Netherlands played a vital role in the transit of raw materials and products to and from the Ruhr area, in particular via Rotterdam. During the 1950s, the Netherlands was Germany's second most important trading partner. Moreover, the Federal Republic needed its small western neighbour in the process of Western European integration. Although the Netherlands had more interests in sound relations with the *Bundesrepublik*, the German Federal government was aware of the Netherlands' economic and political importance to Germany as well. It could not afford to have a small but important partner say 'no' to Germany's integration in the western block. As Erhard correctly stated: 'Close trade relations between the Netherlands and Germany are a necessity of life for both nations'.

Chapter 7 Conclusions: political consequences of Dutch-German economic interwovenness, 1945-1957

Even during World War II and the German occupation of the Netherlands, anyone with a say in the matter was convinced that it would be necessary for Germany to recover quickly after the war. Both the Dutch government in exile in London and members of the Dutch business community who had fled to the British capital, as well as the illegal Dutch press in the occupied Netherlands advocated being lenient towards Germany once the Third Reich was finally beaten. This had nothing to do with anyone liking the Germans, quite the contrary, for they were seen as criminals, brutes, warlike and dangerous, but with simple rational thinking, for without an economically healthy Germany, it was most unlikely that the Netherlands would be able to recover. Therefore, it was felt that Germany should not be punished too harshly, as it had been after World War I, but be allowed to retake its place in Europe. It was only when the Germans deliberately started demolishing the ports of Rotterdam and Amsterdam, flooding vast areas of the country and the western part of the country was weighed down by a dramatic famine in the winter of 1944-1945, that the Government in exile's attitude to German recovery hardened. The dramatic events in the last months of the war brought about a desire for justice and retribution. Still, many realised that the restoration of economic ties with their former enemy was vital to the Netherlands.

The reason for this conviction was simple. Germany had been the most important trading partner for the Dutch since the late nineteenth century. It had provided the Netherlands with industrial products, coal and machinery. During the 1930s, Germany on average supplied 25 per cent of Dutch imports, while imports were on average 26.9 per cent of Dutch GDP, which was low compared to the 1920s. Before World War II, around 30 per cent of the Dutch exports found their way to the German market. These consisted mainly of agricultural products. Above all, the Netherlands supplied Germany with services. The port of Rotterdam and the river Rhine played a vital role in transporting goods to Germany's most important industrial areas, especially the Ruhr. The German hinterland in its turn was essential to Rotterdam. 80 per cent of the goods in transit through Rotterdam were destined for or came from Germany. It was the importance of Germany to the Netherlands that made many Dutch politicians and businessmen keenly aware that the country was indispensable to the Dutch economic recovery after World War II. In May 1945, however, that could not be said out loud as the Dutch public was fiercely anti-German. It would have been political suicide for anyone to suggest reopening trade with Germany at that point.

A much bigger stumbling block in the recovery of the Dutch-German economic relations was the international constellation in 1945. Germany was occupied by the victorious Allies who had split the country into four independent occupation zones. These were plagued by hunger and poverty; there were millions of refugees; agricultural grounds were strewn with mines; the cities were destroyed; there was monetary and financial chaos and the economy no longer functioned. In fact, most of the misery for the people in Germany only really started after the end of the Third Reich. The Allied occupation zones soon developed into autarkic areas, which not only made trade between them impossible, but also obstructed normal trade relations with neighbouring countries. Germany, which since its unification in 1870-71, had become the industrial heart of Europe, was in shambles. The economic fall-out after the end of Nazi Germany caused enormous problems for European post-war economic recovery. The continent needed Germany's machinery, spare parts and industrial products, but after World War II all deliveries were temporarily out of the question. Apart from that, Germany had once been an important market for European foodstuffs and raw materials. As long as Germany did not recover, it would be impossible for the rest of Europe to recover, especially small countries with open economies like the Netherlands.

Added to this was the fact that the various post-war Dutch cabinets were, for years, unable to decide on a clear policy towards Germany. They could not decide whether to do their best to punish the country or gamble on a swift normalisation of economic contacts. This ambivalence would change in 1948, when Washington decided on a radical change of its policy towards Germany. The Hague decided to be a good neighbour for economic reasons. The Netherlands was prepared to support Bonn in multilateral discussions on the European integration process and its entry and full membership of NATO and the western block. In bilateral political relations, however, Dutch politicians were not so responsive and wanted nothing to do with the Germans.

Until 1948, the British and American occupation authorities had done little to further the Dutch-German economic relations, despite repeated pleas from The Hague. The British and Americans wanted their zones to be self sufficient and hindered trade with countries desperately needing Germany as an economic partner. When Washington and Whitehall decided to merge their zones into Bizonia, there was some hope that this would have positive results for the Dutch-German economic relations. This turned out to be an illusion. The British and Americans were not interested in importing the products the Dutch had to offer. These were mainly luxury agricultural products, and there was no demand for them. The post-war demand concentrated on capital goods, investment goods, raw materials and basic foodstuffs, and the Netherlands did not

produce these. Moreover, the Allies demanded hard currency, especially dollars, for purchases in Germany. As the Netherlands lacked these and was unable to earn them in trade with Germany, the United States or the Dutch East Indies – an important pre-war source of dollars – it could not buy the necessary capital goods, investment goods and raw materials it needed for its own economic recovery. Under pressure from their own treasuries, the British and American occupation authorities were primarily concerned with keeping the Germans alive at as low a cost as possible. Imports from neighbouring countries were to be kept at an absolute minimum. The Allies were primarily focused on politics, not economics. All economic affairs in Germany, most importantly the purchase of goods and services in foreign countries and exports, were in the hands of the occupation forces, i.e. British and American military officials, not traders. Therefore, one cannot speak of a normal German economy in the first post-war years.

The currency issue surfaced regularly. After the end of the Third Reich, the United States and Great Britain were responsible for parts of Germany and its people. Their zones were faced with enormous damage, financial chaos and political isolation. Moreover, the British and American occupation zones could not feed themselves. This meant that food had to be imported on a large scale. As Germany had an inconvertible currency, the British and Americans had to pay for these imports from their own treasuries. This meant that the occupation authorities were extremely careful where they spent their currency. After all, the money came from their own taxpayers. This had dire consequences for Dutch exports, Rhine shipping and port services. As the Netherlands could barely export to Germany, and could not obtain essential foreign currency, it had to scale down its imports. The fact that the occupation authorities were the military and not economists meant that they tended to only look at the short-term consequences of certain financial transactions. They lacked a long-term view on the German economy.

US policy changed in 1948. As it became clear that the different opinions on Germany's future held by Washington and London on the one hand, and Moscow on the other, could not be solved, Americans interests changed. Washington wanted to establish a West German state that could function on its own. Marshall Aid was an important part of that and, with the currency reform of 1948, was essential to the economic recovery of West Germany. Marshall Aid also had very positive effects on the Netherlands. It helped the country end its dollar shortage and allowed the recovery of the Dutch economy to continue at the same level. Furthermore, it offered the prospect of a liberalisation of inter-European trade, which The Hague strongly supported. Now that the United States had opted for an economic recovery of Germany, the Netherlands happily

followed suit and concentrated on normalising Dutch-German economic relations, one of the prime policy goals of the different post-war Dutch cabinets.

In the first five years after World War II, they had multiple and often contradicting goals when dealing with their former enemy. On the one hand, it demanded the annexation of parts of Germany, restitution of stolen goods and reparation payments while, at the same time working with the Allies to recover Dutch-German trade relations as soon as possible.¹ Dutch policy in the first post-war years was ambivalent. The desire for revenge contrasted with the need to restart economic relations. Moreover, The Hague was faced with an uncertain international situation in which the former wartime Allies could not agree on what to do with Germany, which made the formulation of a clear policy towards Germany even more difficult. Only when the future of Germany became a little less misty, could Dutch policy become more straightforward.

Satisfactory Dutch-German economic relations would only become a reality in September 1949, when the Americans suddenly decided to liberalise German imports from the Netherlands. This was one of two major turning points in Dutch-German economic relations after 1945. Although the reasons for the sudden change in American policy are unclear, the results were impressive. Within months, West Germany had once again become the Netherlands most important export market. In fact, the increased German demand between 1948 and 1950 gave an impulse of 8 per cent to the Dutch GDP, roughly four times as much as Marshall Aid had done. It can therefore be concluded, that opening the German market to exports of Dutch goods was of greater importance to the Dutch economic recovery after 1949, than Marshall Aid, which has been traditionally been considered the main cause.

When the Federal Republic of Germany was established in May 1949, almost four years to the date after the unconditional surrender of the Third Reich, and the start of the normalisation of the Dutch-German economic relations a few months later, ambivalence would still characterise The Hague's policy towards Bonn. The Dutch still did not make a clear choice. On the one hand they wanted to cooperate with West Germany for economic and security reasons. On the other they wanted nothing to do with the Germans; they were fed-up with the Krauts. The Dutch cabinets were happy to cooperate with West Germany on issues of Dutch security and economic interests. The Hague was a fierce advocate of the full integration of West Germany in NATO and European integration. This was out of economic interests and also because if their large eastern neighbour were part of a military alliance, any battlefield between East and West would

¹ Bundesarchiv (BArch.) Koblenz, Bestand Z 45 F, OMGUS, FIN/17/18; 'Memorandum on the Netherlands-German Economic Relations', 11 October 1949.

be in Germany. On top of that, German participation in the defence of Europe would limit the military expenses of the Netherlands.

At the same time, when it came to bilateral political relations with the Federal Republic of Germany, most Dutchmen were not responsive and wanted nothing to do with the hated Jerries. The Hague did not stop informing the Germans that they were the defeated and should behave as such. It should be seen to atone for its actions. Even the Dutch Minister of Foreign Affairs, Joseph Luns, a true diplomat, snapped when the Germans did not cooperate enough in the negotiations in the late 1950s. In fact, this duality characterised Dutch policy between 1945 and 1948 and continued after 1949. The circumstances changed once the Netherlands had a normal German state as its partner. Considerable economic and political tensions between the two countries remained. However, the Netherlands' strong economic dependency on Germany and Bonn's political reliance on The Hague prevented relations from becoming so troubled that these would have been irreparably damaged.

The Netherlands and Germany have had close economic ties for some 150 years. Germany had always been the leading partner in these relations, as it was economically indispensable to the Netherlands. On average, over a quarter of Dutch exports came from Germany. At the same time, Germany's small western neighbour was of fundamental economic importance to Germany as well. The port of Rotterdam and the river Rhine, which functioned as the natural artery to and from Germany's most important industrial area of the Ruhr, were vital. The Ruhr could not do without Rotterdam as a transit port for its bulk goods and the German hinterland was essential to Rotterdam. Furthermore, the Netherlands supplied Germany with large amounts of agricultural products and had invested heavily in German industry, especially in the 1920s.

Close economic contacts such as these, inevitably have political consequences. According to interdependence theories, strong economic ties and a mutual dependency between two countries that are both democracies will result in a policy of trying to spare one another and be responsive to prevent conflicts. If that is true, the economic importance of the Netherlands to Germany would have given the smaller partner a political position that was stronger than one would have expected, considering its demographic and geographical size. In this sense, it can be argued that interdependence theories are applicable to the post-war Dutch-German relations. The Netherlands was too important economically for the Federal Republic to burden it with too much political pressure. The two West German ambassadors in office during the 1950s, Karl Du Mont and Hans Mühlenfeld, frequently pointed to the trauma the Dutch experienced after the events of World War II and stressed that Bonn and West Germany should be aware of these

feelings and respect them. The constant Dutch allusions to Germany's recent past and the expectation that Bonn would act as the defeated often irritated the Germans enormously. But, they understood this attitude, or at least pretended to do so. When it came to important matters, the Germans did not play hardball. This was evident when West Germany recovered economically and could not do without the port of Rotterdam and Dutch transit any longer. Given the fact that 75-80 per cent of the total transit in the port was destined for or came from Germany, Rotterdam can be seen as Germany's most important harbour. The Netherlands also played an important role in West Germany's integration in Europe and NATO. Bonn wished to regain its sovereignty and could not do without the support of its small, but not unimportant neighbour.

The importance of the Netherlands to Germany made Bonn more lenient. It never told The Hague to stop complaining about the German position or refrain from constantly talking about the events of World War II. One wonders why did Bonn not put The Hague in its place, which it would have been perfectly justified in doing? The economic importance of the Netherlands and the fact that Germany needed Dutch support for its the integration in Europe and NATO were responsible for this attitude.

The policy of the Federal German government towards Dutch participation in the internal German Rhine shipping is a telling example of the economic importance of the Netherlands. For a considerable period of time, Dutch Rhine skippers were banned from the internal German waterways. When the Ruhr industry finally started producing at full swing again between 1954 and 1957, Bonn immediately changed its policy and allowed full freedom for foreign Rhine ships. From that moment on, West Germany simply could not do without the Dutch Rhine fleet, which was bigger than the fleets of all other Rhine states combined. Neither could it miss the port of Rotterdam or Dutch transit. The dependency was mutual. Apart from the liberalisation of German imports of Dutch products in September 1949, this change in Bonn's policy was the second major turning point in the post-war Dutch-German relations. Economic interests prevailed over political ones.

The other way round it was essentially the same: economic and security considerations dominated the Dutch policy towards Bonn. Although shortly after World War II Dutch policy tended to focus on revenge and retribution, politicians, captains of industry and even the Dutch public were convinced of the necessity to build sound economic relations with Germany. Dutch companies and the business community played an important role in defining Dutch policy towards Germany. The Hague and Dutch business often cooperated in trying to recover the Dutch-German trade relations, most obviously in the Trust Company. In fact, the influence the

large Dutch companies, especially of the four large multinationals – Royal Dutch Shell, Unilever, Philips and AKU – had on the Dutch government had already been strong during World War II. The Dutch Reconstruction Committee, established in 1941 in London by Unilever-president Paul Rijkens and joined by high representatives of Unilever and Royal Dutch Shell, gave advice to the Dutch government in exile on numerous post-war issues.

Members of these large companies accompanied Dutch delegates to post-war negotiations with the Allies. They had a strong lobby with the various cabinets. The influence of Royal Dutch Shell, Unilever, Philips and AKU is clear from the fact that after 1945 The Hague desperately tried to defend their interests, i.e. their investments and FDI's in Germany, in fact they dropped other financial claims on Germany like the return of illegal occupation costs extracted by Germany during the war and pre-war Dutch investments. When it became clear to Dutch politicians that there was hardly any chance of getting the illegal occupation costs or pre-war investments back, it focused all its efforts on defending Unilever's, Royal Dutch Shell's, Philips' and AKU's extensive investments in Germany. The close relations between some Dutch officials – most notably Hirschfeld and Steenberghe – ensured regular contacts between the government and the Dutch multinationals. It is no wonder that their interests were well defended by the various Dutch governments. As such, the influence of the ABUP on Dutch policy towards Germany was considerable. The Hague and Dutch multinationals were convinced of the importance of Germany to the Netherlands and showed a rational attitude when it came to the treatment of the former enemy in economic matters.

The economic interdependence between the two countries was simply too intense to be put at risk by ruthless policy. Furthermore, the Netherlands and Germany were part of the same Western European block. By both becoming members of greater politico-economic blocks – NATO and the EU – the Dutch-German trade could flourish, while political tension was kept in check. The Hague was a fierce advocate of integrating West Germany as a fully-fledged partner in the Western block. This not only served its security needs – Germany was encapsulated and thus eliminated as a military threat – but its economic interests as well, as economic relations with the Federal Republic could flourish under the western umbrella. The Hague was one of the first countries to consider the rearmament of West Germany. Integration of Bonn into the Western block presented clear advantages to the Netherlands. It could profit from the economic potential of Germany. Dutch-German trade relations had normalised by the mid-1950s, and had regained their pre-war intensity. This had been one of the prime policy goals of the various post-war Dutch cabinets. Not even the horrors of World War II and the German occupation could undo that.

It has become common practice to state that some states are friends or at least have friendly relations. That is an exaggeration. Nations do not get along, they cooperate and negotiate. The Netherlands and Germany are a prime example of this. Although relations between the two states are sound, it is above all political and economic interests that make them appreciate their neighbour, not because they like each other, but simply because they need one another. This is especially true for the Dutch-German relations in the first twelve post-war years. If someone could ask Bonn and The Hague why they had such close relations, the answer would be: because we need them. It is an explanation for the contradictions in their policy.

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Summary in Dutch

Samenvatting in het Nederlands

In dit onderzoek staat het herstel van de Nederlands-Duitse economische contacten na de Tweede Wereldoorlog centraal en de gevolgen die dit had voor de door die oorlog uiteraard zwaar belaste politieke relaties. Sinds de late negentiende eeuw waren de Nederlands-Duitse economische relaties zo sterk, dat de economieën van beide landen vaak als wederzijds afhankelijk zijn gezien. Hoewel protectionisme en monetaire problemen deze contacten tijdens het Interbellum ondermijnden, bleef ook toen de wederzijdse afhankelijkheid grotendeels intact.

Over de vraag naar de gevolgen van economische interdependentie voor de politieke relaties tussen twee of meer landen is en wordt veel gedebatteerd, vooral door sociale wetenschappers die vanuit de liberale traditie naar internationale betrekkingen kijken. Binnen de dominante stroming van de (neo-)realisten is er minder aandacht voor zulke contacten. Liberaal denkende wetenschappers menen evenwel dat politieke veiligheid en vrede worden bevorderd door intensieve economische contacten, zeker als die zorgen voor wederzijdse afhankelijkheid. Deze stroming staat daarmee in de traditie van de achttiende eeuwse filosoof Immanuel Kant, die niet alleen stelde dat economische interdependentie vrede bevorderde, maar ook dat een republikeinse staatsvorm –hij bedoelde een staatsvorm waarbinnen de burgers invloed hadden op het beleid – daartoe zou leiden. Als twee landen waarin mensen wat te zeggen hebben economisch van elkaar afhankelijk zijn, leidt dat volgens Kant leiden tot vreedzame relaties. Liberalen stellen niet dat er tussen twee staten die sterk economisch verweven zijn geen oorlog kan ontstaan, maar dat het waarschijnlijker is dat deze landen elkaar terughoudend en politiek correct zullen behandelen.

Volgens moderne sociale wetenschappen die deze theorie aanhangen, is het niet zozeer handel, maar vrijhandel die vreedzame relaties tussen landen bevordert. Interdependentie, hier gedefinieerd als wederzijds profijtelijke relaties, bevordert alleen vreedzame relaties als de economische politiek van de handelspartner het mogelijk maakt de economische voordelen van economische contacten te verkrijgen, zonder geweld te gebruiken. Als twee landen wederzijds afhankelijk zijn, en er bestaat vrijhandel en monetaire stabiliteit tussen hen, dan levert oorlog niets op. Voor (neo-)realisten speelt interdependentie nauwelijks een rol. Zij richten zich vooral op de staat, diens politiek en hoe staten het best kunnen overleven in een anarchistische wereld. De economische relaties tussen Nederland en Duitsland waren, sinds het eind van de 19^e eeuw, zeer intensief. Weliswaar was Duitsland belangrijker voor Nederland dan andersom, maar de export naar de grote buur, die ongeveer 25 procent van de totale Nederlandse export uitmaakte,

bedroeg niettemin zo'n vijftien procent van de Duitse import. Bovendien leverde Nederland Duitsland essentiële goederen en diensten, waarbij vooral het transport over de Rijn en de diensten van de Nederlandse havens voor de grote Duitse industriële centra essentieel waren. Tussen de twee wereldoorlogen had Nederland een dominante positie op de binnenlandse Duitse waterwegen, vooral op de beneden-Rijn en was Rotterdam de belangrijkste haven voor het Ruhrgebied en daarmee de grootste Duitse haven. Nederland speelde bovendien een centrale rol in de Duitse voedselvoorziening. Tenslotte financierden Nederlandse banken een groot deel van de Duitse industrie. Duitsland had, kortom, Nederlandse producten nodig.

Intensieve economische contacten hebben onvermijdelijk politieke consequenties. Iedereen die over de Duits-Nederlandse betrekkingen schrijft, merkt op dat de economische relaties van groot belang waren. *Hoe* belangrijk precies blijft meestal echter onduidelijk. In dit proefschrift worden de economische relaties tussen Nederland en Duitsland en de politieke gevolgen daarvan onderzocht in een essentiële periode in de Duits-Nederlandse relaties: de eerste twaalf jaar na de Tweede Wereldoorlog. De interdependentietheorieën spelen daarbij nooit een hoofdrol, maar worden steeds als een leidraad voor de te stellen vragen meegenomen. Het voornaamste probleem met deze theorieën is hoe de veronderstelde economische verwevenheid te meten. Dat er wederzijdse economische contacten in verschillende sectoren bestonden is duidelijk, maar omdat er geen naar landen uitgesplitste cijfers voor diensten voor de relevante jaren bestaan, is economische verwevenheid moeilijk aan te tonen. Niettemin is de interdependentietheorie een bruikbaar middel om de Duits-Nederlandse relaties in de periode tussen 1945 en 1957 te analyseren.

Net als elders in Europa, leefden in Nederland na de Tweede Wereldoorlog sterke haatgevoelens tegen Duitsland. Tijdens de oorlog pleitte W. Chr. Posthumus Meyes, reserve luitenant-kolonel van het Bureau Militair Gezag, ervoor, één procent van alle Duitse mannen tussen de 18 en 55 jaar dood te schieten, om zo het Duitse volk collectief te straffen. Ondanks de haat, was hij daarmee een uitzondering: zowel de Nederlandse Regering in ballingschap in Londen, de illegale pers in bezet Nederland als de Studiegroep voor Reconstructieproblemen opgericht om de Nederlandse regering van advies te voorzien bij naoorlogse vraagstukken, waren ervan overtuigd dat Duitsland na het einde van de Tweede Wereldoorlog een essentiële rol moest spelen bij de wederopbouw. Contacten met het Duitse achterland dienden daarom zo snel mogelijk te worden hersteld. Dit was nog belangrijker voor Nederland dan voor veel andere Europese landen, omdat Nederland er zonder een welvarend Duitsland onmogelijk bovenop zou kunnen komen. Natuurlijk, het nazisme moest worden vernietigd, oorlogsmisdadigers moesten worden berecht

en er moest schadevergoeding worden geëist, maar noch van excessieve herstelbetalingen, noch van annexatie kon sprake zijn. Afbraak van de Duitse zware industrie zou slechts het Nederlandse economisch herstel belemmeren.

Deze opvattingen mogen gegeven het tijdstip opmerkelijk zijn, ze zijn goed te verklaren. De grote buur in het oosten was sinds de late negentiende eeuw Nederlands belangrijkste handelspartner. Geschat werd, dat Duitsland tussen 1930 en 1938 gemiddeld 25 procent van de Nederlandse import leverde, en dat was al laag vergeleken bij het Duitse aandeel in de import in het decennium daarvoor. Omgekeerd gold hetzelfde: voor de oorlog ging ruim dertig procent van de Nederlandse export naar Duitsland. Dit betrof voornamelijk agrarische producten. Bovenal leverde Nederland Duitsland essentiële diensten en speelde het via Rotterdam en de Rijn een vitale rol in de doorvoer naar de belangrijke Duitse industriegebieden. Dat Duitse achterland, en vooral het Ruhrgebied, was op zijn beurt van essentieel belang voor Rotterdam en de omringende havens. Tachtig procent van het vervoer in de Maashavens was Duits. De Nederlandse regering in Londen en het grootste deel van de illegale pers beseften daarom dat de handelsbetrekkingen met Duitsland voor Nederland van het allergrootste belang waren: zonder een welvarend Duitsland was herstel van Nederland onmogelijk, zo was vrij algemeen de mening. Niet strenge bestraffing, maar controle door integratie stond voorop. Pas in 1944, toen de Duitsers grote vernielingen aanrichtten in de havens van Rotterdam en Amsterdam, grote delen van Nederland onder water zetten, ten dele zelfs onder zeewater, en het westen van het land gebukt ging onder een dramatische hongersnood, verhardde het Nederlandse standpunt. Dat resulteerde erin, dat vlak na de oorlog de nadruk in het Nederlandse beleid ten opzichte van de voormalige bezetter op wraak en rechtvaardigheid kwam te liggen, waarbij als rechtvaardig werd beschouwd dat Nederland gecompenseerd werd voor de geleden schade. Dit kwam tot uiting in de eis voor compensatie, de teruggave van gestolen goederen en annexaties van aanpalende Duitse gebieden waar landbouw, maar ook mijnbouw mogelijk was. Zo zou Nederland meer economische armslag moeten krijgen. Niettemin was het voor velen in mei 1945 evens duidelijk dat Duitsland een belangrijke rol diende te spelen in het economisch herstel van het Continent in het algemeen en Nederland in het bijzonder. Met enige sympathie voor de Duitsers had dit niets te maken. Duitsers werden gezien als criminelen, bruten, oorlogszuchtig en gevaarlijk. Op puur rationele gronden zette men zich over zijn weerzin heen: zonder een economisch gezond Duitsland, was het hoogst onwaarschijnlijk dat Nederland zich na de oorlog economisch zou kunnen herstellen. De economische betrekkingen moesten daarom zo spoedig mogelijk worden hersteld.

In mei 1945 kon van een herstel van de economische betrekkingen echter geen sprake zijn. Duitsland werd bezet door Frankrijk, Groot-Brittannië, Rusland en de Verenigde Staten en

bestond niet langer als onafhankelijke, soevereine natie. De vier geallieerde bezettingszones werden elk met enorme problemen geconfronteerd: honger en armoede, miljoenen vluchtelingen, landbouwgrond bezaaid met mijnen, vernietigde steden en infrastructuur, financiële en monetaire chaos en een tot stilstand gekomen economie. De bezetters gingen er bovendien toe over elk een politiek van autarkie in hun zone door te voeren. Handel tussen en met deze bezettingszones was, tot groot ongenoegen van omringende landen als Nederland, België en Luxemburg, zo goed als onmogelijk.

In Nederland was men er van overtuigd dat herstel van de door de geallieerde economische politiek onmogelijk gemaakte contacten een *conditio sine qua non* was, maar slaagden de verschillende naoorlogse Nederlandse regeringen er in de eerste jaren na de oorlog desondanks niet in, een duidelijk beleid uit te stippelen ten opzichte van Duitsland. Den Haag kon niet beslissen of Duitsland gestraft moest worden, of dat het beleid gericht moest worden op een snelle normalisering van de economische contacten. Aan deze ambivalentie zou pas een einde komen in 1948, toen de Amerikanen besloten hun politiek ten aanzien van Duitsland drastisch te wijzigen. Tot dan toe hadden de Amerikaanse en Britse bezettingsautoriteiten, ondanks herhaalde verzoeken vanuit Den Haag daar een einde aan te maken, de Duits-Nederlandse economische contacten voornamelijk belemmerd. Washington en Whitehall wilden dat hun zones zelfvoorzienend zouden zijn omdat alle Duitse invoer, gegeven het feit dat de Duitse uitvoer stagneerde, uiteindelijk door die landen betaald zou moeten worden. Het viel in de Verenigde Staten en vooral in het straatarme Groot-Brittannië uiteraard moeilijk uit te leggen, dat nadat het eindeloos veel geld had gekost om Duitsland te verslaan, de bevolking nu krom moest liggen om dat verslagen Duitsland te voeden. De Westelijke geallieerden wierpen daarom allerlei belemmeringen op voor de Duitse handel van landen die Duitsland wanhopig nodig hadden als economisch partner. De Britten en Amerikanen waren niet geïnteresseerd in de import van Nederlandse goederen. Deze bestonden vooral uit luxe landbouwproducten en daar was geen vraag naar. Bovendien eisten de geallieerden betaling in harde valuta, in het bijzonder dollars, voor aankopen in Duitsland. Omdat Nederland die niet had en niet in staat was ze te verdienen door zijn handel met Duitsland of zelfs door die met de Verenigde Staten of Nederlands-Indië, kon het de kapitaalgoederen en grondstoffen niet kopen het nodig had voor zijn economisch herstel.

De Verenigde Staten en Groot-Brittannië beperkten importen uit buurlanden tot een absoluut minimum. De geallieerde bezetters van Duitsland hadden daarbij vooral politieke argumenten. Het valuta-argument kwam herhaaldelijk naar voren. Omdat Duitsland een inconvertibele munt had, moesten de Britten en Amerikanen de weinige importen in Duitsland

uit hun eigen schatkist betalen. Daarom waren zij extreem voorzichtig met het besteden van valuta. Dit had grote gevolgen voor de Nederlandse export, Rijnvaart en havendiensten. Omdat het nauwelijks kon exporteren naar Duitsland en geen essentiële buitenlandse valuta kon verdienen, moest Nederland zijn importen terugschroeven. De Amerikaanse politiek, die vanaf 1947 toen de Britse en Amerikaanse bezettingszones opgingen in de Bizone, bepalend was in West-Duitsland, veranderde in 1948. In dat jaar werd duidelijk dat zij en de Britten aan de ene, en de Russen aan de andere kant, het niet eens konden worden over de toekomst van Duitsland. De Verenigde Staten besloten daarop een West-Duitse, zelfstandig functionerende staat in het leven te roepen. De Marshallhulp was daar een belangrijk onderdeel van deze politieke ommezwaai. Samen met de munthervorming van 1948, was deze hulp essentieel voor het economisch herstel van Duitsland.

De Marshallhulp had ook positieve effecten voor Nederland. Het maakte een eind aan het Nederlandse dollartekort en bood daardoor Den Haag de mogelijkheid de politiek van economisch herstel, die op het deviezentekort leek te stranden, op dezelfde voet voort te zetten. Het Marshallplan bood bovendien het vooruitzicht op liberalisering van de inter-Europese handel. Van zo'n liberalisering was Den Haag uiteraard een warm voorstander. Nu Washington voluit koos voor het economisch herstel van Duitsland, maakte Nederland dezelfde ommezwaai. Den Haag concentreerde zich vanaf nu volledig op de normalisering van de Duits-Nederlandse economische betrekkingen en dat werd één van de belangrijkste doelstellingen van de verschillende naoorlogse kabinetten, waarmee ten dele een eind kwam aan de ambivalentie in de Nederlandse politiek van de eerste naoorlogse jaren. Toen eiste Nederland enerzijds annexatie, teruggave van gestolen goederen en herstelbetalingen, terwijl het anderzijds streefde naar een spoedig herstel van de Duits-Nederlandse handelsrelaties. De wens tot wraak botste met de noodzaak de economische betrekkingen op te starten. Bovendien bleef de internationale situatie en de toekomst van Duitsland lange tijd onzeker, wat het moeilijk maakte een duidelijk beleid ten aanzien van de voormalige vijand te formuleren. Pas toen de toekomst van Duitsland minder onduidelijk werd, kon het Nederlandse beleid eenvoudiger worden.

Bevredigende Duits-Nederlandse economische relaties werden echter pas realiteit in september 1949, toen de Amerikanen plotseling besloten de Duitse importen uit Nederland te liberaliseren. Het zou één van de twee belangrijke keerpunten in de Duits-Nederlandse economische relaties na 1945 blijken. Hoewel de redenen voor de Amerikaanse beleidswijzing onduidelijk zijn, waren de resultaten spectaculair. Binnen enkele maanden was Duitsland, dat tot die tijd nauwelijks in de naoorlogse handelsstatistieken was terug te vinden, weer de belangrijkste Nederlandse afzetmarkt. De toegenomen Duitse vraag gaf tussen 1948 en 1950 een impuls van 8

procent aan het Nederlandse BNP, ongeveer vier maal zoveel als de Marshallhulp had gedaan. Daarom kan worden geconcludeerd, dat het opengaan van de Duitse markt voor Nederlandse goederen van veel groter belang is geweest voor het Nederlandse economisch herstel dan de Marshallhulp, die traditioneel als de belangrijkste oorzaak wordt gezien.

Na het tot stand komen van de Bondsrepubliek in mei 1949 en het begin van de normalisering van de Duits-Nederlandse economische relaties een paar maanden later, werd het Haagse beleid nog altijd gekarakteriseerd door ambivalentie. Aan de ene kant wilden de Nederlanders uit economisch en veiligheidsoogpunt samenwerken met West-Duitsland en was Den Haag was een groot voorstander van de volledige integratie van de grote buur in de NAVO en in het proces van Europese samenwerking. Deze houding kwam voort uit economische belangen en ook uit het feit, dat als West-Duitsland onderdeel werd van een militair bondgenootschap, een slagveld tussen Oost en West in Duitsland zou komen te liggen. Als het evenwel aankwam op de bilaterale politieke betrekkingen, waren de meeste Nederlanders lang niet zo tegemoetkomend en wilden ze niks hebben van de gehate Moffen. Den Haag hield niet op de Duitsers voor de voeten te werpen dat zij de overwonnenen waren, dat zij zich hadden beladen met schuld en dat ze zich onderdanig en boetvaardig dienden te gedragen. Deze ambivalentie was kenmerkend voor het Nederlandse beleid tussen 1945 en werd na 1949 en feitelijk voortgezet. Tussen beide landen bleven aanzienlijke economische en politieke spanningen bestaan en ook de liberalisering van de economische contacten was nog verre van compleet. De sterke Nederlandse afhankelijkheid van Duitsland en het belang voor Bonn van politieke steun van Den Haag voorkwam evenwel dat de betrekkingen zo belast werden dat ze onherstelbaar beschadigd raakten.

Niet alleen was Duitsland onmisbaar voor Nederland, andersom gold dit ook. De haven van Rotterdam en de Rijn, de natuurlijke aan- en afvoeroute van het Ruhrgebied, waren onmisbaar voor het belangrijkste Duitse industriële gebied. Bovendien leverde Nederland Duitsland grote hoeveelheden landbouwproducten en had het op grote schaal geïnvesteerd in de Duitse industrie, vooral in de jaren 1920. De sterke economische relaties tussen beiden landen hadden politieke consequenties. Als de interdependentietheorie klopt, dan heeft het economisch belang van Nederland voor Duitsland eerstgenoemde wellicht een sterkere politieke positie gegeven dan verwacht zou worden op basis van zijn geografische en demografische omvang. Uit dit onderzoek blijkt dat Nederland inderdaad economisch te belangrijk was voor Bonn om de betrekkingen tussen beide landen teveel te belasten. De voortdurende Nederlandse toespelingen op het recente Duitse verleden en de verwachting dat Bonn zich als verslagene en boetvaardige zou gedragen, irriteerden de Duitsers vaak. Ze begrepen deze houding echter wel, of deden in

ieder geval alsof. Als het op belangrijke zaken aankwam, speelden de Duitsers het in de contacten met Nederland niet hard. Dat Bonn Den Haag nooit zijn plaats wees, heeft hoogstwaarschijnlijk te maken met het economische belang van Nederland en het feit dat West-Duitsland de steun van de kleine buur nodig had voor zijn integratie in Europa en de NAVO.

Het beleid van de West-Duitse regering met betrekking tot de Nederlandse deelname aan de interne Duitse Rijnvaart is daarvan een sprekend voorbeeld. Nederlandse Rijnschippers werden lange tijd geweerd van de interne Duitse waterwegen. Toen het Ruhrgebied tussen 1954 en 1957 eindelijk weer op volle kracht begon te draaien, veranderde Bonn onmiddellijk zijn politiek en gaf buitenlandse Rijnschepen volledige vrije toegang, zoals het volgens de Akte van Mannheim (1868) ook verplicht was te doen. Vanaf dat moment kon West-Duitsland eenvoudigweg niet meer zonder de Nederlandse vloot die groter was dan de Rijnvloot van alle andere Rijnstaten samen. Ook kon het niet langer zonder Rotterdam of de Nederlandse transitohandel. De afhankelijkheid was wederzijds. Naast de liberalisering van de Duitse import van Nederlandse goederen in september 1949 was deze beleidsverandering van Bonn het tweede grote keerpunt in de naoorlogse Duits-Nederlandse relaties. Economische belangen gingen boven politieke.

Andersom was het plaatje grotendeels hetzelfde: economische- en veiligheidsbelangen domineerden het Nederlandse beleid ten aanzien van Bonn. Hoewel vlak na de oorlog de nadruk had gelegen op wraak en genoegdoening, waren politici, zakenmensen en zelfs het Nederlandse publiek al heel snel overtuigd van de noodzaak ondanks alles wat er gebeurd was goede economische relaties met Duitsland te onderhouden. Nederlandse bedrijven en de zakenwereld speelden een belangrijke rol in het bepalen van het Nederlandse beleid ten aanzien van Duitsland. Den Haag en het bedrijfsleven werkten vaak samen om de Duits-Nederlandse handelsrelaties te herstellen. De invloed van het Nederlandse bedrijfsleven op de Nederlandse regering, vooral die van de vier grote multinationals – Royal Dutch/Shell, Unilever, Philips en AKU – was al voor en vooral tijdens de oorlog groot geweest. Vertegenwoordigers van deze bedrijven vergezelden de Nederlandse delegaties bij de naoorlogse onderhandelingen met de geallieerden. Ze hadden een sterke lobby in Den Haag. De invloed van deze Grote Vier bleek uit het feit dat de Nederlandse kabinetten na 1945 de belangen en investeringen van deze multinationals furieus verdedigden. Terwijl Den Haag deze belangen en investeringen (FDI's) in Duitsland voorop plaatste, had het voldoende begrip voor de Duitse onmogelijkheid alle schadeclaims te voldoen, om zelf van andere van zulke claims, bijvoorbeeld de eis tot teruggave van illegale bezettingskosten en betalingen voor vooroorlogse Nederlandse investeringen, te laten vallen. Toen het Nederlandse politici duidelijk werd dat er weinig kans was de illegale bezettingskosten of vooroorlogse

investerings terug te krijgen, richtten zij al hun inspanningen op het verdedigen van de omvangrijke bezittingen van Royal Dutch/Shell, AKU, Unilever en Philips in Duitsland.

Te grote claims op het verslagen Duitsland werden door Den Haag afgewimpeld. De wederzijdse economische afhankelijkheid van beide landen was te groot om deze op het spel te zetten, maar de investeringen van de grote Nederlandse multinationals moesten worden verdedigd. Nederland en West-Duitsland gingen bovendien steeds sterker deel uitmaken van hetzelfde West-Europese blok en werden beide lid van de NAVO. Zo kon de Nederlands-Duitse handel bloeien, terwijl politieke spanningen binnen de perken werden gehouden. Den Haag was een groot voorstander van de opname van Duitsland als gelijkwaardige partner in het Westerse blok. Dit diende niet alleen een veiligheidsbelang, maar ook economische belangen. Onder een Westerse paraplu, zo was Den Haag terecht van mening, konden de economische relaties met de Bondsrepubliek floreren. Nederland was bovendien één van de eerste landen die de herbewapening van West-Duitsland overwoog. Daarbij speelde een belangrijke rol dat met de opname van West-Duitsland in dit bondgenootschap, de defensiekosten over meer landen konden worden verdeeld, wat Den Haag fors in de uitgaven scheelde, en bovendien dat daarmee het mogelijke front in een oorlog tegen het Oostblok werd verplaatst van de IJssel naar de Oder-Neisse. Halverwege de jaren vijftig waren de Nederlands-Duitse handelsrelaties genormaliseerd en hadden hun vooroorlogse intensiteit bereikt. Dat was één van de belangrijkste doelstellingen van de naoorlogse Nederlandse kabinetten geweest. Zelfs de gruwelen van de oorlog en de Duitse bezetting konden dat niet veranderen.

Hoewel de relaties tussen beide landen vanaf de jaren '50 goed zijn, zijn het vooral de economische belangen die hen hun buurman doen waarderen. Ze hebben elkaar simpelweg nodig. Dit gaat zeker op voor de Duits-Nederlandse relaties in de eerste twaalf naoorlogse jaren. Als iemand Bonn en Den Haag zou kunnen vragen waarom ze zulke nauwe relaties hadden, zou het antwoord zijn: omdat we ze nodig hebben. Het is een verklaring voor de tegenstrijdigheden in hun politiek.

Curriculum Vitae

About the author

Martijn Lak was born on 8 December 1977, in Amersfoort, Utrecht. He studied Journalism at the Faculty of Communication and Journalism at Hogeschool Utrecht (HU) and History at Utrecht University. He specialised in Contemporary History and wrote his doctoral thesis on the Dutch-German political and economic relations in the 1945-1949 period ('Een zaak van primordiale betekenis'. De economische en politieke betrekkingen tussen Nederland en Duitsland, 1945-1949 / 'An issue of primordial importance'. Dutch-German political and economic relations, 1945-1949). From 2005-2006 he was a freelance journalist for Dutch historical journals. Since October 2006, he has been a PhD-candidate at Erasmus University Rotterdam, Erasmus School of History, Culture and Communication. His project is called *'Dutch-German relations after the occupation: economic inevitability and political acceptance, 1945-1957'*. This research is part of a larger research project called *'The Netherlands and Germany 1870-2000. Economic interdependence versus sovereignty'*. This project is financed by the Nederlandse Organisatie voor Wetenschappelijk Onderzoek – *The Netherlands Organisation for Scientific Research*. The central question of the project is, how between 1870 and 2000 the economic relations between the two countries evolved and what consequences this had for their political relations. Apart from Dutch-German relations, Martijn Lak's main interests include the Second World War, Nazi Germany, the Middle East, Modern German History, the Holocaust and military history. He regularly publishes in historical journals such as *Tijdschrift voor Geschiedenis*, *German History*, *Journal of Military History*, *Historische Zeitschrift* and *European History Quarterly*.

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