

EUROPEAN UNIVERSITY INSTITUTE
Department of History
and Civilization

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Jan van der Harst

EUROPEAN UNION AND ATLANTIC
PARTNERSHIP: Political, Military
and Economic Aspects of Dutch
Defence, 1948-1954, and the
Impact of the European Defence
Community

Thesis submitted for assessment with
a view to obtaining the Degree of
Doctor of the European University Institute

Members of the jury:

Prof. A.S. Milward (supervisor), London School
of Economics and Political
Science

Prof. R.T. Griffiths, Vrije Universiteit Amsterdam

Prof. A. Kersten, Rijksuniversiteit te Leiden

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Florence, July 1987

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A C K N O W L E D G E M E N T S

When choosing the defence policy of the Netherlands as a topic for a doctoral thesis, I realized that thorough research in the Dutch archives would be necessary. Since the commencement of that research in the autumn of 1983, I have been very fortunate in the assistance afforded me in archives and libraries in the Netherlands and abroad. Without that assistance I would not have been in a position to complete this study. In an addendum to this thesis entitled Archivalia, I attempt to give an account of the nature, whereabouts and accessibility of all the documentary materials used. In the addendum is included the names of the archivists who were of particular help to me.

I wish to record a debt of gratitude to my supervisor, Professor Alan Milward, of the London School of Economics and Political Science (from 1983-1986, professor at the European University Institute in Florence). His valuable advice and kind encouragement during the preparation of this work are deeply appreciated.

I also appreciate the advice and assistance I received from Professor Richard Griffiths of the Free University of Amsterdam. I am grateful to my former colleague at the EUI, Jef Schram, for reading part of the text and providing a welcome critique.

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I dedicate this thesis posthumously to Mr J. Linthorst Homan (1903-1986), Dutch diplomat at the European negotiations during the 1950s. His sincere belief in the importance of the European cause impressed me and stimulated me in pursuing the research for this thesis.

J.vd.H

Cork, July 1987

P R O L O G U E

My original intention was to write a history of Dutch foreign policy-making towards the European Defence Community (1950-1954). I had two reasons for doing this. In the first place, present-day discussion on the creation of an independent defence pillar in Western Europe seems to justify a renewed interest in the European defence debate of the early fifties. In the second place, the current historiographic debate on the process of integration in early post-war Europe has so far been concentrated largely on economic issues (OEEC, Finebel, European Payments Union, Beyen plan etc.); this thesis does not deny the importance of economic aspects, but it attempts to shed a ray of light on the military and political areas.

Influenced by the ideas of the "revisionist school" on the history of European integration (1), I had always been surprised by the almost unconditional integrationist attitude attributed to Dutch politicians in relevant literature on post-war European history (2). The following questions emerged : Were the Dutch really as altruistic as it has often been pictured in works on European integration by historians and political scientists? True, Holland was the first country that ratified the EDC treaty, but was this decision born out of sheer conviction about the importance of the European cause, or were there other, less high-minded, motives involved? Was there really an autonomous post-war development towards European integration, a development which was enthusiastically supported not only in the Netherlands, but also in the other countries on the Western rim of the continent? Or should we talk rather, of an extremely laborious process towards European cooperation, whereby participating countries first and for all, fought for their own national interests, and whereby the few results booked in the field

of integration were a reflection of nothing more than the lowest common denominator of these national interests? In other words, how strong was the impact of both idealism and pragmatism in the foreign policy-making of the countries involved in the integration process?

The research which I have done in the Dutch archives (particularly in the Ministries of Foreign Affairs and Defence) on the EDC policy of the Dutch government, has reinforced my pre-supposition that the post-war integration process in Western Europe was not a historical necessity, an autonomous development which had to happen because the time was ripe for it. In reality, European integration was nothing more than the result of compromise solutions which were reached after laborious negotiations between the countries involved in the process. Integrationist idealism was almost absent during those negotiations.

The Dutch role in the creation of a united Europe appeared to be one of extreme scepticism and reluctance. In fact, the Dutch government successfully watered down the supranational features of the Schuman plan for a European coal and steel pool. Moreover, it was initially opposed to the idea of an integrated European army, because it preferred the reliance on American military leadership within NATO. Eventually, under strong moral pressure from the United States, the government changed its stance on EDC. Moreover, following the creation of the Organization for European Economic Cooperation (OEEC) in 1948, the government had attempted various methods to come to an advanced process of trade liberalization in Western Europe, but all these methods had failed. In 1952, it started to promote the removal of trade barriers within the framework of the then recently proposed European Political Community, an organization which was inextricably linked to the EDC. For the Dutch, the creation of a

customs union was the only thing that really mattered, and they were prepared to play the European card in other areas, even defence, on condition that their wishes in the economic field would be fulfilled.

When the EDC treaty was rejected finally in the French parliament, the Dutch felt no remorse. They had always remained in favour of an Atlantic solution for the ticklish question of German rearmament. Moreover, the economic issue was raised again shortly afterwards at the conference of Messina (June 1955).

A rather crucial development during the whole period was the growing antagonism between the political views of France and the Netherlands. At the time of the EDC discussions, the differences between the two countries became more obvious than ever before. When the French put forward the Pleven plan in October 1950, the Dutch were vehemently opposed; but after the signing of the Paris treaty in May 1952, the Dutch started to see the EDC (or more precisely the EPC) as a useful, or at least necessary, intermediate station on the road to a customs union. By now, the French came to regret their own European initiative, not only for political, but also for economic reasons. In this thesis, I attempt to prove that economic aspects played a more important role in the French rejection decision than has often been assumed.

In chapters 3 to 5, I deal with Franco-Dutch antagonism in EDC affairs. Emphasis is placed necessarily on the Dutch point of view because most of the French EDC archives are unfortunately still not accessible. What I write about France is based to a large extent on secondary sources. I would be interested to see to what extent the observations on the French position made in this thesis will remain valid after the opening of the files.

During my research on the EDC, I became increasingly interested in the more general aspects of Dutch defence policy in the late forties/early fifties. It was around this time also that the Dutch came to realize they could not possibly cling to their old policy of neutrality. Their so-called "zelfstandigheidspolitiek" (policy of self-reliance) which had worked remarkably well before the Second World War, received a serious blow in May 1940 when German troops overran the country. As an occupying power, the Nazis ruled the Netherlands for five years. After the war, the Dutch government returned initially to a policy of aloofness within the framework of the United Nations. However, it soon appeared that not only was the United Nations unable to provide the promised collective security, but also the strategic position of the Netherlands had changed. After 1945, security questions took on a different complexion, caused by modern technology and exemplified by the nature of warfare between 1940 and 1945. An independent Dutch defence had become very unlikely. This was all the more so because the maintenance of a stable European balance of power, one of the major pre-war foreign policy goals, could no longer be safely expected.

The increasing conviction that neutrality was dead was based initially on the assumption that Germany might pose a renewed threat to Dutch territory. But over the course of the next few years, and particularly after the failure of the London Conference of late 1947, the policy and ideology of the Soviet Union were recognized as more important destabilizing factors. Nevertheless, it took some time before the government finally decided to break with its much-prized neutrality. In the late forties, the Dutch were concerned more than anything else, about the economic position of Germany and about the refusal of the Big Powers to allow free Dutch access to German

markets. Economic reconstruction was considered more important than the build-up of a huge defence force in Western Europe. The troops which the Dutch had available at the time were sent to Indonesia to re-install colonial control there. Even after the signing of the Brussels Treaty in March 1948 (which constituted the formal break with neutrality), and of the Washington Treaty in April 1949, the pre-war policy of neutrality was hardly abandoned in the period 1948-51. The Dutch faced obviously difficulties in becoming accustomed to the altered international political situation; these difficulties were caused among other things, by a lack of experience in power politics. Their unwillingness to comply with the military demands made by the allies proved that there were still strong feelings of nostalgia for the good-old Pax Britannica of the pre-war period, when the integrity of the Dutch state fundamentally rested on protection by Great Britain.

It was not until after March 1951 that the Dutch made a serious start to build up their defence force in Western Europe. From that time onwards, not earlier, the Netherlands became a faithful NATO ally.

In subsequent years, Dutch loyalty manifested itself in strong support for US leadership, incessant pleas for German membership and in concentration on strategic deterrence. In 1957, when the North Atlantic Council decided to introduce nuclear weapons into the armed forces of the Western European nations, the Netherlands was the first ally to accept them.

Paradoxically, this had everything to do with a structural element of unfaithfulness in Dutch NATO policy: the unrelenting desire to economize on the defence budget. This is not just a problem we find in the past: the attitude of getting as much protection as

possible at minimal costs to the state, has remained up to the present. Retrenchment considerations have generally been more important than pacifist feelings.

In the 1950s, a European defence system was rejected, not only because of the great confidence placed in the United States, but also because of suspicion of French strategic conceptions ("French fortress strategy"). A parallel can be drawn with the present period : today, the Dutch are rather sceptical about French proposals on European defence cooperation because France, among other things, refuses both to integrate its forces, and to protect the territory of its neighbours. As far as the latter point is concerned, there is nothing new under the sun.

In general, we may say that rather than being a European policy, Dutch defence policy was atlanticist. Chapter 1 deals with political and military aspects of Dutch atlanticism. Very interesting material on this subject was provided by the archives of the "Raad Militaire Aangelegenheden van het Koninkrijk" (council for military affairs of the kingdom). In this chapter, emphasis is placed on the Dutch position in defence and defence strategies of Western Europe; for practical purposes, I have omitted the colonial struggle in Indonesia from account.

In chapter 2, attention is paid to the impact of the defence effort on the economic position of the Netherlands. How difficult was it for the government to slacken the pace of economic reconstruction, for the sake of building up a land army? Did the increase in the defence budget in 1951 contribute to the expansion of the Dutch armaments industry? If so, who took main responsibility for this expansion, the government, the industry or outside forces? I was fascinated by

these questions, and by a belief that the importance of the economic aspects of defence has often been underestimated in literature on post-war Dutch history. My main argument is that in the first decade after the war, the basis was laid for a modest but not insignificant defence industry in the Netherlands.

For this chapter, I have consulted the files of the Ministries of "Algemene Zaken" (General Affairs), Economic Affairs, Defence and Foreign Affairs (DMA archive).

In the Conclusions, a summary is given of the main arguments of the thesis and in the epilogue, an attempt is made to compare the European defence discussions of the early fifties with the present debate on the "European option". Apart from some remarkable similarities, there are many differences between the two periods. One of the most striking, is that the current dash for the creation of a European defence pillar around the axis France-Germany is more likely to succeed, than did the ill-fated attempt in the 1950s to create a supranational European defence community. The EDC was never very popular, mainly because it was not conceived as an alternative to NATO, but as an addition to NATO. Today, the development of a European pillar is largely the result of a crisis within the Atlantic union, and it is from that it derives most of its attraction. Moreover, the importance of the French "force de frappe" has gradually increased, and lends more credibility to the independent European stand.

It is difficult however to predict the end result of the current discussion, the more so as in the past twenty years NATO has managed to survive lots of similar crises. The attitude of France towards the European option will be as crucial as at the time of the EDC.

NOTES

1. These ideas are most clearly reflected in, A.S. Milward, The Reconstruction of Western Europe, 1945-1951, London 1984.
2. Reference may be made to the following works: P.H. Hommes (ed.), Nederland en de Europese eenwording, The Hague 1980; M. Jansen, History of European Integration, 1945-1975, Amsterdam 1975; I. Samkalden, 'A Retrospective View', in: 'European and Atlantic Cooperation. The Dutch attitude', special issue of the Internationale Spectator, The Hague 1965; P.E. Taviani, Solidarietà Atlantica e Comunità Europea, Florence 1954; D.W. Urwin, Western Europe since 1945, New York 1981; J.R. Wegs, Europe since 1945. A Concise History, London 1984; A.J. Zurcher, The Struggle to Unite Europe, 1940-1958, New York 1958.

C H A P T E R 1

**POLITICAL AND MILITARY ASPECTS
OF DUTCH DEFENCE,**

1948-54

C O N T E N T S

CHAPTER 1

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INTRODUCTION

When the Netherlands joined the Brussels pact and NATO, it had to adopt a defence policy which not only reflected internal views but also took the interests of the allies into account. Particularly during the first two decades of NATO's existence, Dutch defence policy gave priority to demands made by the alliance.

The general assumption has always been that, immediately following the foundation of the Western Union (in March 1948) and particularly of NATO (in April 1949), the Netherlands became a staunch supporter of military cooperation within an international framework, since such cooperation was considered the surest way of protecting the country against the expansionist policy of the Soviet Union. In the literature on post-war Dutch history also, it has been written that the Dutch forces which had turned to the uprising of Indonesia, in an effort to restore colonial rule, returned in 1949 'to a peaceful climate, in which they could modernize their training with American and Canadian assistance'; moreover, 'for this task the Netherlands government could count on a favourable public opinion, which was strongly anti-communist, pro-American and much less anti-militarist than was usual in Dutch history, because of the war experience and the military threat from the USSR'. (1)

Dutch involvement in Western defence did not pass off as quietly as has been assumed, however. In the early years of BTO and NATO the Dutch attitude was rather passive. This passivity was caused by five main factors: the priority which was given to the financial and economic reconstruction of the country; the military-strategic exposure of the country which was to remain as long as West Germany was not rearmed; the ambitious NATO plans for the build-up of the Dutch army, instead of the highly respected navy; the assumption

that Russia concentrated on the psychological and economic subversion of Western Europe, rather than on military aggression; the anti-militaristic sentiments of Prime Minister Drees who was reported to have an imbred suspicion of anything that wore a uniform.

We may say that the Dutch reluctance in the period 1945-51 to build up their defence force in Western Europe, constituted the last spasmodic attempt to cling to the pre-war foreign policy tradition of neutralist abstentionism. They appeared to be unfamiliar with the military aspects of modern international political thinking.

In 1948 and 1949 the Netherlands was undefended except for a few thousand air-defence troops. During this period tens of thousands of Dutch soldiers were sent to Indonesia, because at the time Indonesia received a higher priority in defence matters than Western Europe. In 1949 and 1950 the Dutch did not worry about the delay in the execution of the principles of the North Atlantic Treaty. The certainty of a permanent American commitment to the European continent was deemed more important than the immediate build-up of NATO. Maintenance of good relations with the United States was a dominant incentive behind Dutch defence policy. Moreover, in the meantime the Dutch could undisturbedly continue with the financial and economic recovery of their country. In fact, the only thing the Dutch military could offer their fellow-countrymen at the time was a highly questionable evacuation strategy.

After the explosion of the Russian atomic bomb (in August 1949) and, more precisely, after the outbreak of the Korean war (in June 1950), the American government put pressure on the Dutch to increase their defence efforts. From then on the American dominance over Dutch defence affairs was beyond dispute. The US government (taking into account the wishes of Congress) pressed the Dutch to: increase

their defence budget (in March 1951); to let the importance of their army prevail over their navy; to utilize counterpart funds for additional military expenditure (in June 1951); to comply with the terms of the so-called "McNarney-report" concerning the build-up of combat-ready divisions and army corps troops with regular personnel (in June 1952) etc. The American administration threatened to cut off economic and military assistance if the Dutch did not concede to its wishes. In the early fifties it was obvious that the Dutch government had little room of its own for manoeuvre.

NOTE

1. J.J.C. Voorhoeve, Peace, profits and principles. A study of Dutch foreign policy, The Hague 1979, p.121.

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1.1

THE WESTERN UNION, AND
THE SECRET MILITARY AGREEMENT WITH BELGIUM

In January 1948, the British Foreign Minister, Bevin, launched his plan for a military alliance consisting of five Western European countries: Britain, France and the Benelux countries. The Dutch government's response to Bevin's initiative was immediately favourable, although it regretted the idea of a bilateral treaty directed against Germany (as Bevin had proposed). The Dutch (together with the Benelux partners) urged instead the need to make reference in the contemplated treaty to the possibility of a regenerated Germany entering the European comity of nations. Moreover, they preferred a multilateral regional agreement, based on articles 51-54 of the United Nations Charter, to a bilateral treaty similar to that of Dunkirk (signed by France and Britain in March 1947, explicitly directed against Germany). Article IV of the treaty stated that should any of the contracting parties be the object of an armed aggression in Europe, the other signatories to the treaty would afford the attacked party 'all the military aid and assistance in their power'.

For the Dutch, the Brussels treaty meant the implementation of a line of policy which had already been presaged in the explanatory memorandum of the 1948 budget. In this memorandum, it was written that in the future an independent defence of the country would be impossible and that as a result, Dutch army units should be involved in an international framework. (1)

It is generally assumed that with the signing of the Brussels

treaty, Holland sacrificed its traditional policy of neutrality in foreign affairs. Before the Second World War the Dutch had always abstained from involvement in regional block-forming. However, although it is formally true that within the Western Union Holland had given up its neutrality, in practice the membership of the new organization meant absolutely nothing. In the first three years after the signing of the Brussels treaty, that is, from March 1948 till March 1951, the Dutch refused to build up their defence strength in Western Europe. Initially, priority was given to the retention of the position in Indonesia. In 1947 and 1948 the Dutch attempted two "politioenele acties" (police actions), which is a Dutch euphemism for "war", in order to discourage the desire for independence on the part of the Indonesian republicans.

At the same time there was undoubtedly a strong feeling of anti-communism within the Dutch cabinet. The likelihood of a Soviet invasion of Western Europe however, was not considered a serious possibility. It was thought that the Soviet Union lacked the economic resources to fight a successful war in Western Europe. Nevertheless, the cabinet certainly feared subversive activity on the part of communist parties in Western Europe supported by the Soviet Union. Such subversive actions were presumed to be directed against the social and economic stability of the Western European countries. In this respect the Dutch were particularly apprehensive of the political situation in France (2) and Italy where strong communist parties existed. Although in the Netherlands, fifth column infiltration was not considered a real danger, the Dutch cabinet was convinced that priority should be given to the reconstruction of the financial and economic stability of the country (3). This stability had been seriously affected by the damage sustained during the Second

World War. It was thought that military readiness could be postponed until a later date. This line of policy was initially supported by the whole cabinet.

Apart from the financial and economic recovery, there was a widespread feeling in the country that the American monopoly in the field of atomic armament would function as a credible deterrent against possible Soviet aggression. No one could have known at this stage, that in reality the Strategic Air Command (the organization which was responsible for the delivery of atomic weapons in the United States) faced critical shortages in both the number of atomic bombs stockpiled, and the number of aircraft and men capable of delivering the weapons to distant targets. Gregg Herken wrote that it was only with the 1948 crisis in Berlin,

that the bomb and America's atomic monopoly became integral to US war plans and to the administration's strategy for containing Russian expansion. But even then the shockingly small number of bombs in the US arsenal, and the continuing lag in adapting military doctrine to the atomic age meant that America's nuclear deterrent remained a hollow threat during the years that the United States alone had the bomb. And it is likely that the Russians, through espionage, knew well the emptiness of that threat. (4)

The Russian preponderance in the field of conventional armament was enormous. The Soviet Union could mobilize about 125 divisions (more than 25 of these divisions were elite troops stationed in the eastern part of Germany) against the paltry number of 14 divisions which were stationed in Western Europe (two of these divisions were American). Moreover, NATO formations were sited largely for administrative occupational reasons; many units were in barracks where they happened to end the war, and in no sense were troops in an operational posture. The balance of air forces was also disadvantageous to the West: 6,000 Soviet aircraft as opposed to

1,000 NATO aircraft. This situation was to remain unaltered until after the outbreak of the Korean war in June 1950.

It should be noted that some members of the Dutch cabinet were aware of the fact that the American atomic deterrent was not unassailable. After the coup in Czechoslovakia, Minister of Social Affairs, Drees, remarked that the Americans would not contemplate starting a nuclear war in Europe for fear of the complete destruction of Western European civilization. (5)

On the other hand, Foreign Minister Stikker writes in his memoirs that,

in this precarious period it was only the existence of the American atomic bomb, combined with Truman's pledge of American determination to help Europe, which enabled us to survive. In this period there was no discussion of how or when the bomb should be used; we in Europe had only a verbal pledge from President Truman of American support. There was, however, mutual trust, and from that mutual trust there emerged the sense of unity. This unity, together with our joint determination during the period of the Berlin airlift [June 1948 - May 1949, JvdH], gave credibility to our stated intentions to defend our freedom. It is this credibility which is, in the last analysis, the ultimate deterrent to war. And this credibility triumphed, in Russia's most aggressive years, when conventional Russian forces exceeded ours by far in numbers, in readiness and in equipment.(6)

From later research we know that at the end of the forties, President Truman's attitude towards the use of nuclear weapons was one of extreme reluctance.(7)

In the years 1948-50 the Dutch had hardly one standing division at their disposition in Western Europe. What Holland actually did for its defence concerned the build-up of its navy and air force, while the army was treated as the cinderella. The underlying problem was the geographical-strategic position of the Netherlands. In the event of a Russian attack (which, as noted earlier, was not in fact expected, since the Dutch thought that the Soviets were more

interested in expansion towards the east, that is, towards China (8)), the Netherlands would be exposed to the enemy's arbitrariness because it would be impossible to defend the country's frontiers without the existence of a German army.

At the time of the signing of the Brussels treaty, the Dutch Foreign Minister had already spoken (although not in public) of the possibility of a future German participation in the defence of Western Europe.(9)

It was realized however, that German rearmament was inconceivable in 1948. Apart from the fact that a proportion of the population in the Netherlands still feared German aggression, it was felt that for the moment the allies, and particularly France, would not consent to the build-up of German divisions. The Dutch thus considered it advisable not to provoke the Russians needlessly.

The government promoted the build-up of the navy and air force in those years because ships and aeroplanes were held to be useful instruments in the event of a possible evacuation. A vague plan existed where about 10,000 Dutchmen (ministers, parliamentarians, officials, army people) would be transported to Suriname and the Dutch Antilles in the event of a Soviet invasion. Given the Russian preponderance, Dutch soldiers would be slaughtered on the battlefield, so that the build-up of the overall divisional strength of the army could only be considered futile, even after the signing of the Brussels treaty. Within the army, emphasis was put on the build-up of a small number of territorial troops and national reserves which were assigned the following tasks:

- (a) protection of airfields and other key-positions;
- (b) the dislodging of hostile elements by local offensive action;
- (c) the maintenance of internal order;
- (d) the rendering of assistance in the event of a possible evacuation.(10)

In January 1948, it was argued that territorial troops would be replaced by divisions and army corps troops only if Dutch territory was assured of a strong allied defence.

However, in this period, with only a small number of Dutch soldiers under arms (about 48,000, inclusive of air force men), the allies appeared to have very little interest in securing the defence of the Netherlands (11). In spite of army chief Montgomery's plea (in January) for a continental strategy, the United Kingdom initially advocated a more traditional maritime/air strategy based on small and highly-mobile forces which could be deployed anywhere in the world where they were needed. And even after it was agreed (in May, after the signing of the Brussels treaty) that Britain should plan to fight a campaign alongside its allies in Western Europe, it was not until March 1950 that the British defence committee agreed to send reinforcements to the continent if Russia attacked.(12)

The Dutch wanted to do something for the benefit of their land defence, and they approached Belgium in an effort to arrive at closer cooperation between the two countries. On 10 May 1948, the Dutch and Belgian governments concluded a secret agreement regulating the technical aspects of defence. A Belgian/Dutch staff committee was created which met once every two to three months. In the inauguration speech, Lieutenant-General Kruls (chief of the Dutch General Staff) said that the agreement should not be seen as a form of cooperation between two neighbours, but as a part of the cooperation between the five WU allies. Kruls expressed the hope that the staff committee would not feel discouraged if its activities did not proceed at the desired pace as a result of the collaboration within the larger framework. At the meetings of the staff committee,

the discussion centred on: the preparation and demolition of bridges and other works of strategic importance; the communication between the headquarters; joint armaments production and joint procurement (issues which were generally delegated to the armament committees - see chapter 2.1); the joint use of training-camps and artillery-ranges; the contribution of Dutch troops to Belgian manoeuvres and vice versa; closer cooperation between Dutch and Belgian military schools; mutual exchange of military stagiaires etc.(13)

Within the allied framework of the Western Union, Holland and Belgium formed, together with Luxembourg, one air-defence sector. The staff committee regarded the build-up of a Benelux air-defence as a proper test-case for further cooperation. In the summer of 1948, the WU recommended that Holland and Belgium provide for six squadrons each (one squadron consisted of twenty-four aeroplanes). However, the WU recommendation met immediately with the heavy opposition of the Dutch cabinet, and particularly of Finance Minister Lieftinck. Lieftinck felt that the Netherlands should content itself with one squadron less. He pointed out that the WU had spoken of recommendations only, and not of obligations. Further, he indicated that since the task in Indonesia demanded such a high expenditure, it was impossible to make money available for a credible defence of the home country. In fact, apart from the extension of the skeleton-drill, and some reinforcement of the armed air force (which could be utilized for evacuation!), nothing happened in the Netherlands. Lieftinck said that improvements could be expected only if the involvement in Indonesia was brought to a conclusion. A majority within the cabinet agreed with Lieftinck's objections to the build-up of six squadrons, notwithstanding Defence Minister Schokking's plea for compliance with the WU recommendations (14). It

was deemed preferable to continue the plans for the financial and economic reconstruction of the country, and to keep the defence budget at a "low" level (f 850 mln for 1949, about 5.1% of GNP). The word low is placed between quotation marks, because the amount was probably higher at this stage than at any time since 1815. However, the Dutch army in Europe hardly benefitted from it, since the greater part of the money was spent on the navy, and on the two to three conscript divisions which fought in the Dutch Indies.

In November 1948, Field-Marshal Montgomery (the chairman of the commanders of chief committee of the Western Union) visited the Netherlands and urged the Dutch to start with the build-up of their army within the allied framework. He asked for an army corps of three divisions (of which one was a standing division) to be ready by the end of 1951. The Dutch General Staff (under the leadership of Lieutenant-General Kruls) thought it possible to carry out Montgomery's proposal through an increase in the term of military service (twenty-four months instead of twelve) as well as an increase in the defence budget for 1949 (f 1,100 mln in place of f 850 mln). Kruls disagreed with the government's perception of the Soviet threat. In his view, the possibility existed that the Soviet Union, for fear of the prospect of an atomic bombardment, would start the war suddenly and unexpectedly in order to penetrate as far as the coasts of the North Sea and the Atlantic Ocean in the shortest time possible. According to Kruls, the Russians would not wait until such time as the Western European countries would be sufficiently armed. He urged the government to build up well-trained and prepared troops, because only then could the Soviet Union be dissuaded from launching a surprise attack.(15)

However, in the cabinet, the prospect of a "hot" war was deemed

very unlikely. Instead, the fear existed of a "cold" war which the Netherlands would lose in the event of a further decline in living standards. The cabinet was sceptical about Montgomery's proposal mentioned above, mainly because the Field-Marshal had taken the Rhine-Yssel line (see Appendix A) as the main strategic defence line of the Western Union(16). This meant that in practice, a large part of the Netherlands, the north-eastern part which was inhabited by 2.5 mln Dutch citizens, would remain undefended in the event of war. Mansholt, the minister of agriculture, suggested the involvement of Germany in the plans of Montgomery in order to remove the defence of Western Europe as far to the east as possible (along the Elbe, in Germany). Without such involvement, he suggested, the Montgomery plan offered no satisfactory guarantees to the Dutch. Although the cabinet agreed with the principle of Mansholt's remark, it was also realized that a defence on the Elbe was still not feasible because of the international resistance against German rearmament. Drees, who had become Prime Minister in August 1948, felt that Holland could not pitch its demands too high in the present circumstances. He proposed to declare that the Netherlands agreed in principle with Montgomery's plan provided that its implementation would not interfere with the execution of the task in Indonesia. In this respect, the Dutch were very worried about the recent aggravation of the British embargo on delivery of military goods to south-east Asia. The cabinet in addition decided to re-activate the "Raad Militaire Aangelegenheden van het Koninkrijk" (council of military affairs of the kingdom). In this, Raad MAK, which came directly under the competence of the cabinet, would be represented the Prime Minister, the ministers of Defence, Finance, Foreign Affairs and Overseas Possessions, and the Chiefs of Staff. The Raad set itself the task of drafting a plan for

the coordination of various defence projects within the limits of what was financially possible.(17)

In reality, the financial scope was extremely limited. In March 1949, the cabinet approved of a defence plan which considered the estimated strength of Dutch forces in 1956. The idea was that this plan (called "Legerplan 1950") could be executed without an increase in the budget or in the term of military service. The estimates were as follows:

Army:

an army corps of four divisions;
territorial troops;
anti-aircraft artillery;
six infantry battalions per year,
for replacing the troops in Indonesia.

Air force

(planning for 1955):

11 squadrons of day-fighters)
4 " " night-fighters) 320 aeroplanes
6 " " tactical fighters)
9 bases (peace strength);
11 bases (war strength).

Navy:

1 aircraft carrier (the "Karel Doorman",
which had been purchased in 1948)
2 cruisers
12 sub-chasers
6 frigates
4 submarines
6 squadrons of aeroplanes
48 mine-sweepers
1 operational seadrome, and
1 operational auxiliary sea-drome.

It was estimated that after its build-up phase, the contribution of the Dutch navy would account for about three percent of the total number of sea forces of the North Atlantic pact.

Total peace-strength estimates (for 1953) amounted to 103,000

men (of which 38,500 men were regular personnel).(18)

Kruls and Schokking thought it impossible to execute this plan with the means available. Moreover, they felt that the plan did not go far enough. They referred to the Montgomery plan, whose execution, in their view, required an increase in the term of conscription from 12 to 18 months (this was a compromise, in view of the 24 month term originally suggested by Kruls), and the issuing of a defence loan of f 300 mln.

These proposals however, were completely disregarded. The prevailing opinion in the cabinet was that the money needed for the Montgomery plan should be found from within the existing budgets. Kruls was greatly disappointed and threatened to resign from the army, but Schokking encouraged him to do otherwise, by arguing in cabinet that Kruls was irreplaceable because his opinion was so highly respected in international military quarters (19). A few weeks later (on 1 May 1949), Kruls was even promoted to the rank of general by the government.

1.2

THE START OF NATO, AND THE PLEAS FOR GERMAN REARMAMENT

Why did the Dutch join the Western Union if they were not prepared to increase their military efforts?

Initially, the government wanted to utilize the Brussels Treaty Organization as a means to have a say in the German question. Moreover, it was felt that the signing of the treaty would benefit

the realization of the Marshall plan which had not yet been approved by Congress (20). Apart from this, the main reason for the Dutch participation in the BTO was an ardent desire on their part, that the United States would soon become involved in Western European defence affairs. Apart from the military benefits, the Dutch felt that the American contribution would have a favourable impact on the level of defence expenditure. This strong "Atlanticist" feeling was only temporarily called in question in the summer of 1948. In July, Lovink, the general secretary of the Ministry of Foreign Affairs, explained to the American ambassador in the Netherlands that it would not be in the interest of the Western Union, with its small military potential, to join the proposed Atlantic community. Lovink argued that the Soviets would interpret such a step as an offensive act. He was obviously impressed by the recently-started Soviet blockade of Berlin. Lovink said that the Soviet Union had not reacted against the creation of the Brussels pact and that it was preferable therefore to strengthen the Western Union first, before starting with a broader Atlantic union (21). Moreover, it would, in his view, be necessary to learn US intentions before reaching any conclusion about the extension of the Brussels treaty. This was in fact not the only jarring note on the part of the Dutch during the Washington security talks on the creation of the Atlantic pact. Early in 1949, the Dutch were highly angered by American policy on Indonesia. The Americans pressed for a Dutch retreat from Indonesia and insisted that Indonesian republicans be granted their independence. They threatened to cut off not only military assistance to the Netherlands, but also that part of Marshall aid which was meant for Indonesia. American diplomats felt that US arms sent to the Netherlands would be used to suppress Indonesian forces. The Dutch (and their partners in the

Western Union), considered US behaviour as a form of unwarranted interference in their internal affairs, reflecting inappropriate interpretation of UN obligations towards the Indonesian problem. (22) Nevertheless, the North Atlantic pact, and particularly American membership of this pact, was deemed so important in the Netherlands that government and parliament pushed aside their indignation concerning Indonesia. In any case, tensions were eventually pacified by a promise from the American Secretary of State, Acheson, that the Netherlands would not be excluded from military assistance.

According to the government, American participation in NATO was the more important because it would make German rearmament feasible in the near future. In Western Europe, it was assumed (in France it was feared) that the United States wished to use NATO as a way to include West Germany in the defence of Western Europe (23). The Dutch government welcomed the rearmament of Germany in the near future and this was an extra reason to support American membership of NATO.

This did not imply that the Dutch attitude towards German rearmament was free from ambiguity. In January 1949, Drees remarked that the first priority of the Germans was the reunification of their country. If the Russians offered their assistance to realize this aim, Drees continued, the Germans would not hesitate to accept Russian assistance (24). In May, the Government Commissioner, Hirschfeld, pleaded for an active contribution by West Germany to West European defence, although he added that such a contribution would only be possible in the longer term. In his view, Western defence should first come to terms with its enormous arrears, because the Soviet Union would consider the involvement of Germany 'a warlike deed'. He remarked that a German defence contribution would still have an unfavourable psychological impact on the countries of Western

Europe. The psychological reactions could be moderated only by strengthening first the security guarantees of the Brussels pact, the North Atlantic pact and the organization of the European recovery programme (25). The language used in an official government memorandum in June was even more guarded. With regard to Germany, the memorandum forwarded three principles to be adhered to:

- (a) The military occupation should be continued until the military and political position of Western Europe was considered strong enough;
- (b) Germany should not be allowed to have armed forces;
- (c) The manufacture of war materials should remain prohibited.

It was added that 'at the same time Western Germany ought to be integrated as closely as possible in Western European organizations', politically and, more especially economically (26). As far as defence matters were concerned, the view forwarded in the memo proved more rigid than the positions which were taken up by the individual ministers.

In its first year of existence, NATO did not meet the high expectations of those Europeans who had hoped for a fundamental change in American military strategy. The Americans continued to promote their global power interests and to develop their own national strategic plans without consulting the allies. This was made possible by the vague provisions of the North Atlantic treaty. Unlike the WU guarantee of automatic assistance with all the available means in the event of aggression against one of the members, NATO's only explicitly expressed requirement was that signatories should consult together if the territorial integrity or political independence of any member was endangered. In spite of the realization of NATO, Europeans feared that American strategy for Europe was still the so-called "peripheral strategy" which meant that in the event of an

attack on Western Europe, the Americans (who had two divisions stationed in West Germany) would beat a hasty retreat in the direction of the Pyrenees, Egypt or the United Kingdom. This fear appeared to be highly justified. According to the American strategic plans of 1948 and 1949 (called "Halfmoon" and "Offtackle"), the heart of Western Europe would be indefensible in a war. The US Joint Chiefs of Staff thought that defence operations on the Rhine or in the Alps would be possible at the earliest in 1957. Of the allies, only Canada and Great Britain were officially informed about the American strategic plans. Although joint NATO planning was far advanced, the JCS refused to disclose their plans with their partners in continental Europe. Greiner wrote that 'this attitude was quite understandable, as disclosure of those plans would have severely shocked and demoralized the European allies'.(27)

Greiner's observation is wrong here, as witness the lively discussion in the Raad MAK in consequence of a statement by the American Senator Tydings who had predicted that the defence of Western Europe would remain impossible for a period of 15 years. Moreover, the Raad MAK was informed of a remark by the American Secretary of Defence Johnson who had said that, in the event of war, the occupation of Western Europe was unavoidable (28). The United States urged Europe to do more for its own defence rather than to wait for American aid. Johnson even suggested that NATO might enable the American government to reduce its defence budget.

The Dutch did not worry too much about American aloofness. They could and did proceed with the economic recovery of their country. Initially, the political and psychological importance of an alliance with the United States prevailed. Drees felt that for the time being the formal link with the United States was sufficient to prevent the

Russians from an attack on Western Europe (29). Concerning the value of the North Atlantic treaty, the American General, Bedell-Smith, indicated his surprise at the importance which the Europeans attached to 'what the Americans would have regarded as simply a scrap of paper'. (30)

After the creation of NATO, the atomic bomb had become the key to US guarantees of European security. With it, the United States could counterweight Russia's military manpower. The bomb was in fact all that protected the people of Europe from another war. And although the usefulness of nuclear weapons in a European war was seriously questioned in military quarters in the US (and elsewhere), nevertheless the American atomic umbrella provided at least some relief for the countries of Western Europe. On both sides of the Atlantic there was an atmosphere of wishful thinking that nothing serious would happen.

The peaceful climate could not last for long, and in August 1949 the Soviet Union exploded its first atomic device. The explosion occurred much earlier than many had expected, and sent shock waves throughout the United States and Europe. At the same time the communists completed their conquest of China.

In the NATO council Dutch Foreign Minister Stikker asked whether the entire NATO territory would be defended in the event of a failed nuclear deterrent. Stikker, it seems, doubted American willingness to join in a conventional war in Western Europe. (31)

Dutch army officials had similar doubts. General Kruls for example, felt that the government should dissociate itself from the view that the build-up strategy for the Dutch army should follow those strategies agreed upon within the framework of international organizations. Kruls believed that the homeland could not expect

foreign aid in the event of war, so defence of the country would be purely a national concern, in fact, the only concern. He therefore rejected the Rhine-Yssel strategy. But he also rejected the evacuation plans of Drees and Liefstinck, considering it absurd to evacuate 10.000 prominent Dutch and expose the remaining 10 mln people to the enemy's arbitrariness. According to Kruls, the Netherlands should raise armed forces to such a degree as to have a minimum chance of defending its own territory. He asked for a serious execution of the "Legerplan 1950" (see p.13) which provided to begin with, the creation of four divisions.

The plan developed by Kruls was unrealistic, because a Russian attack could never be stopped at the Dutch border. But the people needed a psychological boost, and the general felt he had to take some form of action. Moreover, he expected that in the near future, foreign pressure would bring about the build-up of Dutch divisions in any case. For the execution of his plan, Kruls asked, as he had in November 1948, for an increase in the defence budget to the tune of f 1,100 mln (this concerned the budget for the year 1950). (32)

Once again, Drees and Liefstinck refused to accept Kruls' proposal. Liefstinck pointed to the risk of inflation if the budget were raised. He insisted that the Netherlands had to deal with high fixed charges such as the payment of interest, the discharge of the national debt and the war-damage indemnification. And if these were not enough to contend with, Liefstinck remarked, in the near future more children would have to receive primary education. And there was more. The end of the commitment in Indonesia (which was scheduled for December 1949), he noted, could lead to considerable financial problems in the year 1950, mainly because of the repatriation and demobilization of the Dutch soldiers who had fought in the Dutch

Indies. It was estimated that during a period of 13 months about 95,000 soldiers would be demobilized and repatriated.

This figure accounted not only for the men of the two to three conscript divisions which had been sent to the Dutch Indies in 1946 and 1947, but also part of the personnel of the Royal Dutch Indies Army which had cooperated with the conscript divisions in the struggle against the Indonesian republicans. In 1949, the RDIA (which had become an individual section in the Royal Dutch Army in the early nineteenth century) consisted of 15,500 Europeans (mostly regular personnel) and 50,500 non-Europeans (Amboinese, Menadonese, Javanese etc.). The expectation was that after the transfer of sovereignty to the Indonesian republic and the subsequent dissolution of the RDIA (in Dutch: "KNIL"), the soldiers would be either drafted into the new Indonesian army, or dismissed, with or without a claim to retirement pay, or (as far as most of the regulars were concerned) drafted into the Royal Dutch Army for the strengthening of the cadre. It was feared that the stability of the Dutch labour-market would become even more affected after the homecoming of a substantial number of volunteers who had been sent to the Dutch Indies in 1945 when a peaceful solution of the anti-colonial struggle had still seemed possible. Some 15% of the repatriates were considered for work in special government work-shops. (33)

Lieftinck urged a decrease in the defence budget to f 800 mln. In order to reach this aim, he proposed a retrenchment on demobilization benefits, on appropriations which were still not committed (particularly in the textile sector), and on the maintenance and enlargement of military buildings (34). He complained that the allocation of military equipment from the United States (following the signing of the Mutual Defence Assistance Act in

October 1949) left much to be desired. He thought it also unfair that in international quarters the Netherlands was expected to build up both its army and navy and air force, whereas Belgium did not have a navy and Britain abstained from building up an army. Lieftinck obviously held the evacuation strategy in favour, and Drees supported him in this. Drees remarked that Holland should restrict its efforts to only what was absolutely necessary for the obtainment of American support. He still refused to believe that the Russian military threat was pending. Instead, he felt that the Soviets would try to dislocate by political means, the social and economic stability in France and Italy. On the other hand, he argued that if the Russians decided to take the offensive, the hope of a credible resistance could only be illusory, because the Soviet Union had the use of technologically advanced V-weapons which would doubtless destroy the Dutch cities. Drees considered France the pivot of Western European defence but considering its domestic problems he did not nourish great hopes of this country.

Stikker agreed that the defence strength of Western Europe was entirely insufficient, and he wanted to do something about it. In his view, a conflict between East and West was unavoidable in the long run. Early in 1950, he pointed to the possibility of Soviet infiltrations in Yugoslavia, and the possible consequences which such infiltrations would have for the position of the West. In March, he remarked that the negotiations with the Soviet Union had come to a halt and that the possibility of war could not be excluded. He could not be certain about the scene of the battle: the Far East, the Middle East or Western Europe. Stikker feared that by adopting a passive attitude Western defence would remain ineffective for the next fifteen years, and so he therefore urged quick improvements

after the termination of the task in Indonesia. He even said in cabinet that he would disclaim all responsibility if the suggested improvements did not occur in time.

Defence Minister Schokking complained that the army was treated as the cinderella in Lieftinck's budget-proposal (allocated a mere f 800 mln). The build-up of the navy and the air force required a fixed expenditure of f 325 mln resp. f 160 mln a year, leaving only f 315 mln for the army. Schokking regarded this amount as entirely insufficient -it would yield only two highly simplified divisions, with territorial troops and anti-aircraft artillery inaccounted for. He also warned that American assistance would come to an end if the Dutch effort did not come up to expectations. Both in cabinet and in the Raad MAK, he urged a substantial increase in defence expenditure. Like Kruls, he pointed to the psychological importance of the military effort. He said that a neglect of the army would be entirely unacceptable to that part of the population 'which was not over-pleased with the idea of holding a post-mortem in Siberia about the utility of evacuation forces'. (35) Schokking asked for an increase in the defence budget to f 1085 mln (of which f 600 mln was designated for the army). The build-up of the army required unique additional expenses which should, he argued, be chargeable to the capital service (by means of a fund) instead of to the budget. Minister of Economic Affairs, Van den Brink, objected that the creation of jobs for the increasing population in the Netherlands absorbed nearly everything that was done in the field of capital formation. He also pointed out that the government had recently made a start to deal with the inescapable consolidation of the public debt. (36)

Notwithstanding the heavy opposition of Stikker and Schokking,

the policy of Liefstinck, Drees and Van den Brink carried the day. These ministers carefully ensured that the budget for 1950 would not surpass the amount of f 850 mln (5.1% of GNP) and that the number of soldiers would remain relatively stable: 52,000 men (as compared with 50,000 men in 1949).

Early in 1950 this number underwent a substantial decrease (from 52,000 to 30,000). In order to facilitate the transition from British to American equipment, the army authorities not only sent parts of the second draft of 1949 on long furlough but they also refrained from calling up the first draft of 1950 (except for those conscripts considered for skeleton-drill). According to the plans, a fresh start would then be made with the second draft of 1950. Despite this, the government urged an increase in the delivery of American stores to the Netherlands. With these stores it would, in their view, be possible to equip at least a part of the conscripts which returned from Indonesia. Liefstinck proposed to inform the allies that the Dutch were unable to reach the appointed targets. He expected either of two responses -(i) the allies would leave the Dutch in the lurch, or (ii) the Americans would increase their assistance. (37)

Schokking threatened to resign in May 1950 but did not do so, intimating that he would stay because the Netherlands was, in his view, one of the few stable elements in the Western Union. (38)

There was one logical outcome to the Russian nuclear test - the call for German rearmament became louder, particularly in military headquarters and in the United States Pentagon. The State Department was less convinced of the urgency of German remilitarization, and priority was still given to the economic reconstruction of Western Europe. It was also feared that rearmament would have a detrimental effect on the development of West Germany as a sound democratic state

(following its creation in September 1949).

Likewise, the Dutch government still harboured doubts. In January 1950 Drees and Stikker stated their objections to the remobilization of a German army, but did not exclude the possibility that in the near future they would reconsider their position (39). They might have been frightened by speeches of Leon Blum and Konrad Adenauer who had both pleaded in December 1949, for a German participation in a federal European army under the authority of supranational institutions. Unlike the Dutch parliament which ardently welcomed this idea (in May 1950), the government did not look for federalist solutions. It obviously waited for a change of opinion within the State Department in favour of German remilitarization within the framework of NATO. Although in May of that year, Stikker remarked that German rearmament was premature, he still believed that Germany should share in defence burdens through supply of materials (40). This idea was further explained in a government memorandum. There the suggestion was made that the primary task of the occupying troops in Germany should be the maintenance of the security of the German territory. The main aim of the government was to avoid the threat of occupying authorities placing too much emphasis on the imposition of economic restrictions on Germany. In order to attain this end, it was attempted to win over the allies by proposing that part of their occupation costs be replaced by a German contribution, in the form of materials and semi-manufactured goods, to European defence (41). This serves to confirm the priority which the Dutch government gave to economic reconstruction.

Early in 1950, the Americans, frightened by the loss of their nuclear monopoly, developed a new strategic plan designated NSC 68. Within this plan, Western Europe would be given more importance in

American strategic thinking. Moreover, the idea was so framed that the US and Europe together would start with the build-up of their conventional forces. NSC 68 proposed increases in military spending which President Truman had successfully fought to curtail since World War II. In mid 1950 the Americans looked for an opportunity to bring their new strategy into practice. This opportunity was presented in June 1950, with the outbreak of the Korean war. This was seen in the United States as Russia's first move: a feint in the east to mask an attack in the west. The Korean war even became a key turning-point in the post-war world and the central episode of the Cold war.

Ironically, later research on this event has shown that there is hardly any evidence of a close connection between the Soviet Union and the North Korean aggression. We know today that Moscow failed through miscalculations to prevent the aggression, thinking that South Korea lay outside America's security perimeter and sphere of interest. Much less was the Korean war a sinister prelude to a move by Stalin in the West. In essence, the Korean war was originally a civil war in a medium-sized Asian nation which threatened no one.

(42)

Nevertheless, the United States immediately increased its defence budget and considered the stationing of an extra four divisions in West Germany. Moreover, in August the State Department announced that German rearmament had become indispensable for the execution of a credible defence as far to the east as possible. The Dutch response to the outbreak of the Korean war was rather calm. Stikker did not think that the Soviet Union was considering an attack on Europe, but figured that it would rather try to infiltrate in the Middle East (Iran, Turkey). Holding these views did not reduce Stikker's concern about the state of military readiness in Western

Europe. In his view, something had to be done. (43)

Notwithstanding the strong pressure exercised by the Americans, the government refused initially to increase the defence effort. Unlike the British who immediately proceeded to action, the Dutch government adopted a wait-and-see attitude. In July, Stikker told US authorities that he alone in the cabinet had advocated a stepping up of the defence programme. He informed them of the violent opposition by Finance Minister Liefstinck and by the other members of the 'apathetic cabinet' to his recommendations and of Schokking's 'feeble' support. What Stikker told the US authorities was true. At the cabinet meeting of 24 July, Schokking's contribution was only to say that the Dutch population did not believe in the purpose of defence of the country if the Germans were not involved -he had not made mention of an increase in the military efforts. American authorities in the Netherlands had the impression that the greater part of the Dutch population showed more genuine concern for the necessity of strengthening the armed forces than 'such officials as the minister of finance'. In London, Stikker suggested a conversation between Drees and the British Foreign Minister, Bevin, because he believed that 'the only person who could fully convince Drees of the necessity of prompt action was another socialist'. (44)

Early in August 1950, the government decided to increase the budget for 1950 (which amounted to f 850 mln) by 15%, after it had been discovered that the United States was considering an increase in Marshall aid to the Netherlands. Moreover, those conscripts of the second draft of 1949 who had prematurely been sent on long furlough (see p.24) were now recalled into the army. Another important decision taken concerned the use of the greater part of the manpower of the conscript divisions which had served in Indonesia, in creating

two new mobilizable divisions in the Netherlands. And, last but not least, in sending a combat unit composed of volunteers, the Netherlands became one of fifteen countries that joined America in the UN forces to help South Korea repel the attack from the North.

In August, the government spoke publicly for the first time, in favour of German participation in the defence of Western Europe. It is interesting to note that the Dutch government, like the American, used the Korean war as a favourable opportunity to implement a policy which had been developed at an earlier stage. A rapid build-up of German armed forces was welcomed for military-strategic reasons (defence on the Elbe instead of on the Rhine-Yssel) as well as financial reasons (the build-up of German troops would reduce the urgency of having an expensive standing army in the Netherlands). However, the international resistance to German rearmament was still very strong. Early in August, Schokking said he was disappointed that the ninth conference of foreign ministers of the WU-countries in The Hague had 'not taken a positive decision' on the involvement of Germany in the defence of the West. As long as German remilitarization was not feasible, the Dutch urged for a substantial increase in the strength of the allied forces in Germany. In an aide-memoire to the US government it was stated that:

According to available information the allied armed forces stationed in Germany now total approximately 8 divisions.

As the strength of the armed forces of Belgium, France and the Netherlands increases, the inadequacy of the military forces now maintained by the three major Atlantic nations in Germany will become more apparent. The present military forces in Germany should therefore be increased as soon as possible by stationing along the borderline a sufficient force drawn from contributions by all Atlantic nations to meet the first onslaught of an aggressor. (45)

In the Raad MAK-meeting of 31 August, the discussion centred on

strategic aspects of West European defence. Should Western Europe be defended on the Rhine-Yssel or would it be preferable to move the defence line eastward?

In Drees' view, the Yssel-line was indefensible: the river itself was not a credible hindrance, and the hinterland lacked the required depth. Kruls proposed that military actions should be conducted as far to the east as possible. This suggested that the number of immediately ready troops had to be increased. Moreover, Kruls' proposal required the contribution of German troops to the defence of the West. Stikker emphasized that the time was ripe for such a contribution. In his view, the resistance in France to German rearmament had to be overcome by means of international consultation. Drees stated that German remilitarization was not without danger, but that no other choice was left to the NATO countries in the present political situation.

The question raised was whether or not the United States and the United Kingdom would come to the rescue of Western Europe if the Russians attacked. Prince Bernhard, who regularly attended the meetings of the Raad MAK, said that he had heard from General Bradley (US army chief of staff) that the US considered the preservation of Western Europe essential for the course of the war. Stikker added that in the opinion of the American military, the industrial potential of Western Europe was of decisive importance. On the other hand, political circles in both the United States and Britain looked askance at France. According to Stikker, the British hesitated sending troops to France because they feared communist infiltrations. He spoke of how he advised the British that the best counter-measure would be the sending of British troops to West Germany. Kruls, on the other hand, argued that France had its doubts about British

intentions. Although the French did not expect a Soviet attack, they were obsessed with suspicions stimulated by World War II experience, whereby one believed that if an attack did occur, British (and American) strategists would be content to conduct the defence of Europe beyond the continent or behind the Pyrenees. The French urged the UK to increase the number of divisions on the continent from two to five. France had itself three divisions stationed in Germany, and two at home.

Concerning the role of the atomic bomb in the defence of Europe, Kruls said that during a recently-held WU manoeuvre, Montgomery had used the bomb as tactical weapon. It was however difficult to judge its value, because the Americans were highly reticent to disseminate information about atomic weapons.

According to NATO's Medium Term Defence Plan (MTDP) of which the first draft was approved by the North Atlantic Defence Council in April 1950, the Netherlands was asked to provide six divisions to be ready by the end of 1954. Lieftinck complained that this was too much to ask of a small country like the Netherlands, the more so as big countries like the US and Britain had each only two divisions stationed in Western Europe. At the time Holland had only one-and-one-third division at its disposal. Kruls replied that the gravity of the international situation required a maximum effort. He warned that the Rhine-Yssel would remain the main defence line as long as the MTDP (which projected initially a total of ninety ready and reserve divisions) was not realized. Drees, like Lieftinck, objected to the small Anglo-Saxon share in the MTDP-scheme. Moreover, the scheme did not make allowances for German and Italian participation. From the viewpoint of manpower and organization, Drees thought it possible to execute MTDP. However, the financial and economic consequences were,

in his view, incalculable.

The general assumption at the meeting was that the build-up of Western European forces would decrease any temptation on the part of the Soviet Union to launch an attack against Western Europe. It was felt that without an effective build-up of western forces, West Germany would more easily drift off in an easterly direction. In conclusion the Raad MAK decided to strive for a defence in depth, as far to the east as possible. In order to attain this end, a start would be made with the build-up of the required land and air forces. The Raad stipulated that the financial and economic consequences would be acceptable and that the greater part of the required equipment would be obtained from abroad (the United States). For the moment, the Raad refused to consider an increase in the term of military service (as the British had recently done). (46)

On 5 September the WU defence committee met in London to discuss a military plan according to which Belgium and the Netherlands should each build up seven divisions (two of these to be armoured) to be ready by 1954. In this plan financial and economic considerations were left out of account, the physical potential being the only thing that mattered. Minister Schokking was instructed by the government not to make any far-reaching commitments. In London, General Kruls tried to convince the Belgians, who had no naval obligations, of the necessity to build up eight divisions, so that the Dutch share could be lowered to six. However, the Belgians replied that this would exceed what they could physically cope with. As far as aircraft was concerned, both the Netherlands and Belgium promised to provide 450 planes. This amount was substantially less than the target originally imposed of 597 planes. (47)

In late summer 1950, Western Europe experienced a time of great

suspense. Stikker pointed out to Katz, US special representative in Europe, that the BTO had failed in its job and that the Council of Europe was achieving nothing. As for NATO, he felt that it was still in a 'talk' stage, and accomplishing little. He said that he was troubled by the feeling that the US was waiting on the Europeans to act, and that the Europeans were waiting for the US while leaving matters at dead centre. He stressed the futility of individual national defence programmes. He repeated the Dutch government's conviction that Germany should be brought effectively into the defence of Western Europe, and expressed concern at French slowness to face this need. He did find optimism in noting that the British government was gradually moving toward recognition of it. Finally, Stikker said that a unified command of the western forces was essential, and that such a command could only be American. (48)

In mid September 1950, when Secretary of State Acheson pleaded for German participation in an integrated Atlantic force, the Dutch government's response was very favourable, and from then onwards the government ardently supported the admission of Germany into NATO. It was felt that German rearmament could be more easily monitored within NATO (with American and British participation), than within a continental European federation under the leadership of France.

1.3

DUTCH UNWILLINGNESS TO INCREASE THE DEFENCE EFFORT

From mid 1950 on, the Americans put pressure on the Netherlands to increase its defence efforts. At the outbreak of the Korean war, the Dutch defence was still in a deplorable condition, although the

involvement in Indonesia had ended by the end of 1949. The army was completely disorganized, and only the navy (with 23,000 marines in its ranks) was reasonably equipped. The army authorities, who had about 45,000 men at their disposition (including the conscripts of 1949^{II} who had been recalled into service), appeared to be unable to draft this manpower into two proper divisions. Why? The Dutch conscript soldiers who had fought in the Dutch Indies returned to their home country demoralized and ill-equipped. Furthermore, they were unwilling to be re-educated in the techniques of modern warfare, an attitude encouraged still further by the lack of training facilities and equipment. Consequently, General Kruls refused to develop a plan of mobilization for these soldiers.

In 1950, the Dutch decided to standardize and train their army along American lines of combat, using modern American weapons. After the signing of the Mutual Defence Assistance Agreement between the governments of the United States and the Netherlands in January 1950, this decision seemed to take extra shape. However, the supply of American weapons which already left much to be desired, posed even more problems for army officials after the outbreak of the Korean war. The army had to accept obsolete weapons from Canada and the UK, and of course this delayed the execution of the modernization plans.

Nevertheless, had there existed a strong will in government circles to defend the country adequately, all these problems could have been solved. But this will was absent in 1950 firstly, because priority was given to the financial-economic recovery, and secondly, because of the already delicate strategic position of the country. In an Atlantic strategy paper drafted in mid 1950, there was still talk of a defence on the Rhine-Yssel. Apart from the fact that the north-eastern provinces of the Netherlands would be abandoned in the event

of war, the plan called for (a) the evacuation of large numbers of Dutch civilians into Germany, (b) the transit through Holland of British forces' civilians from Germany, and (c) the rearward redeployment of allied divisions from the forward part of Germany back behind the Rhine-Yssel line to areas freed by Dutch evacuation. As a finishing touch, all these actions would take place simultaneously. At the North Atlantic council meeting in New York in September 1950, Stikker said that the Atlantic strategy paper was 'sheer unacceptable nonsense from start to finish'. He supported the plan for a "forward strategy", which entailed a defence line as far to the east in Germany as possible (as was discussed in the Raad MAK-meeting of 31 August). Execution of the plan would demand either an increase in the number of British, American and Canadian soldiers in West Germany, or the rearmament of Germany. Stikker's wish for a "forward strategy" was backed by Acheson and subsequently in essence accepted in New York (49). It was obvious however that the execution of such a strategy demanded forces far exceeding the numbers then present. Moreover, it seemed difficult to catch up arrears as long as the French government persisted in its refusal to German rearmament. The French, of course, were less interested in military-strategic arguments than the Dutch because they could still feel themselves relatively safe behind the river Rhine.

The third reason for the Dutch reluctance to strengthen their defence concerned the traditional position of the navy as the most important service of the defence machinery. The Dutch had always concentrated on the build-up of their navy (for building programme, see p.13) which was far ahead of the army in terms of public esteem. They thought it of utmost importance to be represented in the defence of the Atlantic Ocean. Such a representation was, in their view, in

the interest of not only the home country and the overseas possessions (and particularly of the merchant fleet), but also of the joint maritime defence of the NATO countries. However, according to new American strategic plans, which were based on the system of balanced collective forces, the Dutch should begin to increase their land defence at the cost of their popular navy. This was another matter of concern to them, the more so since the navy often placed very lucrative orders with the Dutch shipbuilding industry. An increase in the army budget at the cost of the navy would be disadvantageous to the economy, because a Dutch weapons industry was nearly non-existent in 1950 (see chapter 2).

Kaplan has written that

despite the obvious fact that the Dutch could not really afford to maintain a large navy, the propitiation of their amour-propre required something better than the avuncular approach of Johnson [the American defence secretary, JvdH], who "clapped" Mr. Schokking on the shoulders and said that the US navy would be able to take care of Holland's defense. (50)

Strained relationship between civil and military authorities hardly helped matters, and the government began to lose confidence in the military who were responsible for the build-up of the army. In June 1950, this lack of confidence increased after it had been discovered that the Army had knowingly overlooked the possibility of repairing a substantial stockpile of British weapons which had remained behind at the end of the Second World War and which was deemed useful for the mobilization of army units. As far as the military organization was concerned, there was a lack of coordination between the department for material planning and the department which was charged with the execution of this planning. Furthermore, there were many inconveniences in the army personnel policy. After a recent reorganization both the Quartermaster-General and the Adjutant-

General had come directly under the command of General Kruls, the chief of the General Staff. However, both these authorities maintained also direct relations with the Ministry of Defence, as the links with that department were not entirely cut after the reorganization. This led often to embarrassing misunderstandings, partly resulting from the inability of the QMG to coordinate his department in an adequate manner. The government held Kruls responsible for the chaos in the army organization, and in June it decided to get rid of the general. This decision met with heavy opposition from Minister Schokking who argued that Kruls was not only irreplaceable at home, but that he was also an eminent representative abroad whose opinion was highly regarded in international headquarters. (51)

On 10 July, Kruls wrote personally a letter to the government in which he explained that it was in the country's interest that he remained in office. Kruls' letter can be seen as a most embarrassing attempt at self-justification and self-complacency. It appeared that the general was not only arrogant, but also extremely naive. He wrote that:

- (a) his organizational skill was above the normal;
- (b) the wrong estimations of the army concerning the required equipment were due not simply to him, but also to the Minister and the Under-Secretary for Defence;
- (c) his participation in international military discussions had always been very successful. In his view this was apparent in: the inclusion of the Netherlands in the defence of Western Europe, resulting mainly from consultations between him and the commanders-in-chief; American support for his initiative concerning the creation of a strong NATO institution charged with the build-up of balanced collective forces; the eminent relations he maintained with Field-Marshal Montgomery and Generals Bradley and De Lattre de Tassigny; and the wide-spread admiration for the manner in which he presided over the meetings of the WU chiefs of staff;

(d) his successful initiatives in an effort to establish close relations between public and army by supplying the people with information about the problems concerning the defence of the country.

In conclusion to his letter, Kruls sharply criticized the lukewarm defence policy of the cabinet. He argued that the present policy was entirely insufficient, both in terms of contribution to the allied defence of Western Europe, and in terms of maintenance of the nation's right to exist. In Kruls' view the bad defence situation was partly caused by the country's financial problems and partly by the government's irresolution. He urged the government to make a clearer defence policy in the future, and in order to facilitate the attainment of this end, to carry on with the present chief of the General Staff, 'because the latter's resignation would be to the detriment of army and country'. (52)

Curiously enough, in July the government dropped its intention to dismiss the general. Probably it was felt that a dismissal would make a wrong impression abroad.

On the other hand, it should be said that Kruls had good reasons to criticize the vacillating defence policy of his government. In spite of the American objections, the government decided to cut the defence budget for the year 1951. The budget amounted to f 800 mln (5.0% of GNP) compared with f 850 mln in 1950 (which had been increased to f 980 mln -about 6.2% of GNP- under the influence of events in Korea). This was a curious decision because in the Atlantic defence committee the Dutch had provisionally promised to build up 3 divisions to be ready by the end of 1951, according to the terms of NATO's Medium Term Defence Plan. It was obvious that the creation of these divisions would be a costly affair, far exceeding the budget.

Schokking, the minister of defence, who was generally seen as an amiable but weak politician, was bitterly disappointed with the policy of the government. He argued that Holland would never meet its international obligations under the prevailing circumstances.

However, in the country there was an enormous lack of confidence in Schokking's ability to lead the defence ministry in an adequate manner. The lamentable defence minister was criticized from all sides. During the debates on the defence budgets in parliament in mid September, Schokking's arguments were considered entirely inadequate. Parliament reproached him for conducting a vacillating policy. More than once Schokking reversed decisions which he had earlier put forward with firm conviction (for example, the conscripts of the second draft of 1949, who had been prematurely sent on long furlough, were a few months later already recalled into service). It was felt in parliament generally that the General Staff was over-organized. In the Ministry of Foreign Affairs the main complaint was that Schokking had no authority over Kruls. It was common knowledge that Kruls negotiated with military authorities abroad without any instruction (53). During a discussion on the term of military service at a meeting of the WU chiefs of staff (in September), Kruls had taken up a standpoint which was at variance with the official view of the government. In the Raad MAK, Drees argued that such a behaviour was unacceptable. In his view, the chief of staff should always take full account of the standpoint of the government. (54)

During internal discussions in the defence ministry, Schokking complained that he was unable to make a coherent defence policy because of the contradictory advice he received from his military consultants. He said that continuous uncertainty about the consistency of the recommendations had often obstructed him in the

execution of his duty, viz. the promotion of the defence cause within cabinet. He also felt that the army authorities acted insufficiently upon his orders. Furthermore, Schokking was angry about the regular leakage of secret information to the press. He said that the criticism of his policy in the press was not only destructive but also undermined his authority and was thus harmful for the army. In mid-September Schokking complained that he was heartily sick of the whole concern and that he was considering his resignation. (55)

The severest criticism of Schokking's policy was ventilated within the cabinet, by Finance Minister Lieftinck. In October 1950 the cabinet tentatively discussed an increase in the defence effort. Lieftinck, who was a member of the Labour party, thought that Schokking, member of the protestant CHU (before the war Lieftinck had been member of this party), would be unable to lead the defence effort successfully. He believed that the money would not be spent to the best advantage while Schokking headed the defence ministry and he was therefore reluctant to agree to any further increase in defence expenditure. The disagreements between the two ministers resulted in Schokking's forced resignation in October 1950. He was succeeded by 's Jacob, a confidant of Lieftinck. It was said that Drees had not got the nerve to tell Schokking personally the news of the dismissal, and that he left this unpleasant task to Vice-Premier Van Schaik. (56)

In retrospect we can say that although Schokking was a weak politician who lacked the confidence of the parliament, the army and the cabinet, he was not the only one who was to blame for the chaotic defence situation in the autumn of 1950. The chaos was caused by the retrenchment policy of Drees and Lieftinck and by the mismanagement of Kruls, rather than by Schokking's weakness. Schokking was merely the scape-goat for the vacillating defence policy of cabinet. In the

first months after his dismissal, nothing really changed. Until March 1951 Liefstinck succeeded in maintaining the defence budget at a stable low level.

In the meantime, the United States became increasingly worried about the lack of willingness on the part of the Dutch to increase their defence efforts. On 2 October 1950, Senator Connally said at a press conference that 'Holland was one of the countries that should be put under pressure by the US government in order to insure that it armed itself in a correct way'. The senator added that 'Holland should entrust its naval defense to the United States and Britain, and supply itself land forces and materials'. Subsequently the "Daily report of foreign radio broadcasts" reported that 'political circles in The Hague were surprised by what had been said by Senator Connally'. (57)

In comparison with the other countries, the Dutch effort lagged behind. In August, the UK had announced a new three-year defence plan, increasing expenditure to a new high total of £ 3,400 mln. Moreover, the British lengthened the period of national service from eighteen months to two years. The French also decided to increase their defence budget and promised to extend the length of conscript service from 12 to 18 months. Among other things, this would facilitate an increase of 15 in the number of their divisions available for Western defence. Luxembourg also announced increases in conscript service. Belgium did so too, as well as announcing proposals for an increased defence budget. In September, President Truman announced not only a greatly enlarged defence programme, but also a substantial increase in the strength of American forces to be stationed in Western Europe. Would the Netherlands follow suit?

Early in October, General Kruls drafted a note in which he urged

an increase in regular personnel, an extension of the term of conscription and an increase in the yearly contingent. Kruls' note was drafted in accordance with the obligations of the Medium Term Defence Plan. The execution of MTDP required the build-up of a total number of 56 divisions (of which 6 divisions were American, 6 British, 14 Benelux and 27 French; a German contribution was still excluded). On the eve of the meeting of the Atlantic Defence Committee in Washington (which started on 28 October) the Raad MAK discussed Kruls' recommendations.

Stikker was of the opinion that the forthcoming conference in Washington should deal with purely military aspects, free from financial and economic considerations. In his view, two factors would be of utmost importance in Washington: (a) the rearmament of Germany and (b) the position of the Dutch navy within the Atlantic framework. He considered German rearmament not only a strategic necessity, but also as a means of relieving the burden of the other participants. As far as the position of the navy was concerned, he had the impression that at least two members of NATO's Standing Group (consisting of the "Big Three" nations: United States, United Kingdom and France) would vouch for the maintenance of the projected strength of the Dutch navy. He hoped that this would have its influence on fixing the total war effort, in the sense that Holland would be allowed to supply less divisions than Belgium.

At the meeting, tentative mention was made of an increase in the Dutch defence budget by f 500 mln a year. With this money people thought that Kruls' plans could be executed, and that Holland would be enabled to play its part in an allied defence. However, Drees and Lieftinck feared the financial consequences of Kruls' plans. Drees was not very keen on having a tax-increase, but the alternative, a

defence loan, would, in his view, have inflationary effects. He also opposed an increase in the term of conscription. He pointed out that since France and Belgium had still not decided on such an increase, it would be pointless to act unilaterally. Drees also felt that the lack of financial data (even of rough estimations) made it very difficult to come to conclusions. Starckenborgh, Dutch permanent representative to NATO in London, disagreed. He urged the Raad MAK to provide finally, concrete figures in order to enable the Dutch army to make a real effort. He argued that without a military concept, it would be impossible to draw up financial and economic plans.

Starckenborgh proposed to provide directives for the delegation which would be sent to the conference in Washington. In his view, the Dutch should make a serious contribution to Atlantic defence and to the drafting of a programme for the division of national contributions. As far as the Netherlands was concerned, Starckenborgh emphasized that at the meeting in Washington, full account should be taken of the position of the Dutch navy and the possible share of Germany in allied defence, provided that both would be feasible in financial and economic terms. He concluded by saying that, subject to this feasibility, the delegation in Washington should be instructed to promise six mobilizable divisions (of which one should be immediately combat-ready), to be ready by 1954. In connection with Starckenborgh's remarks it was argued that the increase in the yearly contingent, the extension of the term of military service, and the increase in regular personnel should be realized as soon as possible.

Lieftinck felt however that Starckenborgh's procedure (the disconnection of military ends and financial consequences) was very dangerous. He preferred a plan in three stages: a speed-up of the three divisions which were already promised to NATO, and now to be

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ready by October 1951; keeping prepared one combat-ready division; a further increase in the number of divisions, sometime in the future. Lieftinck objected to the creation of six divisions in four years.

The Raad MAK concluded that the standpoint of the Dutch delegation at the Washington conference should be determined by the following directives:

- (a) the Netherlands will make three divisions mobilizable by 1952, provided that the US delivers the required equipment in time;
- (b) the Netherlands is in principle prepared to provide at most one standing division, provided that this division will be stationed in Germany and that the contribution of other countries to the ready military forces will bear a reasonable proportion to the Dutch contribution;
- (c) the Netherlands is in principle prepared to increase its term of military service, at least as far as the provisions under (b) necessitate such an increase;
- (d) in 1952 and following years, the Netherlands will continue with the formation of mobilizable divisions to a total number which will be in such proportion to the Belgian contribution as is deemed reasonable with a view to the substantial naval efforts of the country; if precise figures are required, the delegation is authorized to mention a total amount of five divisions, as presumably feasible;
- (e) if the pace of the build-up of the army requires it and if other countries make a similar effort, the Netherlands is in principle prepared to accept an increase (to be announced) in the contingent, provided that a solution will be found for the shortage of training facilities and barracks;
- (f) the Netherlands maintains its standpoint that West Germany be allowed to contribute to the armed forces.

The Raad MAK made the general reservation that an acceptable solution should be found for the financial and economic consequences of the directives mentioned above. (58)

The over-cautious conclusions of the Raad provided a clear example of the vacillating attitude of Dutch policy-makers in the autumn of 1950.

At the conference of NATO's defence committee in Washington (late October 1950), the target of the Dutch contribution to the allied forces was set at three divisions by the end of 1951 and five divisions by 1954. This meant a substantial decrease as compared with earlier plans which had mentioned the creation of seven divisions. However, Liefstinck remained dissatisfied. Unlike earlier statements which implied the contrary, he suddenly thought it impossible to have three divisions ready by the end of 1951; instead he proposed two. Stikker disagreed; he advocated the maintenance of three divisions because he feared that a decrease would result in a consequent reduction in the delivery of equipment from the United States and Canada. Stikker complained that the Netherlands was still not doing enough, given the fact that it refused to reconsider its term of conscription (which thus remained fixed at twelve months) (59). There was a good deal of work on hand for the Dutch since the creation of five divisions by 1954 could only be carried out by means of a substantial increase in the defence budget.

In a memorandum of the Ministry of Foreign Affairs, an impression was given of the defence state of the Netherlands in 1950. The memorandum demonstrated that Holland spent a larger part of the total budget on military affairs than Belgium, but that the impact of the Dutch effort was hopelessly inadequate. Belgium's defence efforts totalled 11% of the total budget (2.8% of GNP), the defence of the Congo not included. The Belgian defence force numbered about 74,000 soldiers. Nearly all of them belonged to the army, since the Belgian navy and air force did not play a prominent role. At the time, Belgium had one combat-ready division at its disposal (stationed in Germany), while the build-up of two other divisions was in an advanced stage. Holland on the other hand, did not have any complete

division. General Kruls even said that there were only 150 well-trained soldiers in the Netherlands. The existence of a combat-ready division appeared to be merely wishful thinking. Nevertheless, the Dutch defence budget was relatively high: f 800 mln for 1951, which meant about 23% of the total budget (5.0% of GNP). This amount was divided in the following way: f 325 mln for the navy, f 325 mln for the army and f 150 mln for the air force. As far as the army was concerned, the memorandum indicated that Holland did not get good value for its money. The British newspaper Manchester Guardian had calculated that an average British soldier cost the government f 743 (= f 7,000) a year. Starting from the same sum of money Holland could raise an army of more than 46,000 soldiers, but the real number was much lower. The memorandum concluded that the Dutch army was presumably topheavy, with relatively too many servicemen in high positions. (60)

This was not true; for a long time there was even a lack of cadre. The main problem was the effective build-up of the army in divisions. It appeared that General Kruls refused to admit Indonesia repatriates into the army because these people were only trained in guerilla-warfare. Moreover, he thought it useless to build up the army with British and Canadian material because he had already started with the execution of the standardization plans along American lines. (61)

Early in January 1951, the Dutch government stubbornly tried to resist increasing American pressure for a rapid build-up of the army. The Dutch argued that there could be no talk of a defence budget higher than the estimated amount of f 850 mln (this was a slight increase as compared with the original budget, see p.37).

In the US State Department, however, the general opinion was

that the NATO countries of Northern Europe (United Kingdom, Norway, Denmark and the Netherlands) could do much more for their own defence, because these countries,

have only small communist parties, and therefore have to deal with a relatively minor internal communist threat. These countries are law-abiding and have sound governmental structures, with the result that they are in a better position to establish the controls necessary for an all-out defense effort. In general, their public credit and internal financing is good, or at least sufficient to permit sound financing of a considerable part of their defense effort. They have been reluctant to make an all-out effort because their policies have heretofore placed greater emphasis on social advancement rather than on security. While it has thus far been difficult to get them to undertake as affective programs, it is believed that they are now prepared to face up to reality. (62)

In January, NATO published some figures on the defence budgets of the member countries. (63)

	FY beginning: (in mlns. of \$)			Percent of GNP		
	1950		1951	1950		1951
	Pre Korea rate	Post Korea rate		Pre Korea	Post Korea	
Belg.	187	187	250	2.9	2.9	3.8
Lux.	4	6	NA	3.5	4.5	NA
Den.	53	75	75	1.8	2.6	2.6
Fr.	1.640	1.640	2.451	7.3	7.3	9.7
It.	515	595	915	4.0	4.5	6.4
<u>Neth.</u>	<u>307</u>	<u>307</u>	<u>263</u>	<u>6.2</u>	<u>6.2</u>	<u>5.0</u>
Norw.	48	63	80	2.6	3.6	4.5
Port.	41	44	NA	1.8	1.9	NA
UK	2.237	2.380	3.108	6.4	6.4	8.0
Can.	493	950	950	3.3	6.3	6.3
US	15.124	25-30.000	NA	5.5	8.7-10.5	NA

As far as the Netherlands was concerned these NATO figures were not entirely precise, considering the fact that the Dutch government

increased the defence budget after the start of the Korean war. However, the figures rightly indicated that Holland appeared to be the only NATO country that lowered its defence budget for the year 1951. Nevertheless, it still spent a substantial amount of money on defence in comparison with other small countries like Belgium and Denmark. The reason why the United States was still dissatisfied had mainly to do with the persistent Dutch preference to invest their money in the navy rather than in the army.

The Americans wished to see concrete results from the assistance which they rendered to Europe. In March 1951, Congress was to debate the continuation of the European Cooperation Agreement and of the Mutual Defence Assistance Programme. In order to placate Congress, Van Royen, the Dutch ambassador to the United States, urged his government to make its position on defence policy clear. Just then the State Department was considering the recruitment and training of significant additional forces to be sent to Europe. This roused considerable political conflict in Washington. The Republican party, led by Senator Taft, insisted that the US contribution to Europe should continue to be primarily through air and naval forces. Officials of the Truman administration contended that such a role would be inadequate and that additional ground forces were necessary. The ultimate persuasive testimony was supposed to come from NATO's Supreme Commander Europe (SACEUR), General Eisenhower, who decided to make a rapid tour of NATO capitals in January 1951. Van Royen wrote to The Hague that Eisenhower's visit to the Netherlands should be used by the Dutch to counteract their bad image internationally. (64)

1.4

THE VISIT OF EISENHOWER, AND
THE IMMEDIATE AFTERMATH

On 10 and 11 January 1951, General Eisenhower, together with General Gruenther, visited The Hague where he talked with Prime Minister Drees, Foreign Minister Stikker, Defence Minister 's Jacob (the successor of Schokking) and with the chiefs of staff. Eisenhower opened his conversation with Stikker by stressing the view that the problem of holding adequate strength was manageable only if all the countries 'put their hearts into the job' and 'started to take the necessary steps to translate plans into action'. Referring to Chinese intervention in Korea, the threat from the "Bereitschaften" in East Germany, and a possible Soviet or satellite attack on Yugoslavia, Eisenhower thought it high time to increase the tempo of the defence preparations.

Stikker agreed and said that the Dutch had a real desire to take the necessary steps. Stikker then brought up the question of the Council of Foreign Ministers of the "Big Four" (France, United Kingdom, United States and Soviet Union). He feared the impact of this council because the Soviets might well exploit it for proposing the non-militarization of Germany. According to Stikker, this would appeal not only to very substantial elements in France which opposed German rearmament, but also to those elements in Germany which wished to stay neutral or which might see such a proposal as a new hope for reuniting Germany. Stikker stressed the importance of tieing West Germany in with the West. He said he wanted the Germans to join NATO at once, but he realized such an idea was still premature given

French opposition. Concerning the concept of a European army (in consequence of the French Pleven plan of 24 October 1950), Stikker used the talk with Eisenhower to ventilate all his grievances about it. His main worry about a European army conference at the time concerned his fear that such a conference would give rise to new disagreements on the German question (see chapter 3). On the subject of the price of raw materials (which had recently been increased as a result of the Korean war), Stikker pointed out to Eisenhower the importance of a satisfactory solution which would take into account the interests of the smaller countries. The rise of prices of raw materials had a very unfavourable impact on the balance of payments position in the Netherlands. Stikker was annoyed by the proposed creation of an International Materials Conference, to be composed of the United States, Britain and France, and to have powers of recommendation and of decision. He recognized that Americans, British and French would have a decisive voice in raw material control arrangements, but he urged that, whatever system would be set up, the smaller countries should be given the opportunity to voice their views prior to the final decisions of the "Big Three". (65)

At his meeting with Drees, Eisenhower stressed again the necessity of a rapid increase in the defence effort. According to Eisenhower's rapporteur MacArthur, 'Drees listened but did not react with enthusiasm'. Concerning the German problem, Drees expressed the view that the allied policy towards Germany had placed the Germans in a position in which they could blackmail the allies. Like Stikker, Drees appeared to be strongly opposed to the French plan for a European army. MacArthur wrote to Washington: 'Drees' stolid complacency contrasted unfavourably with the attitude of the other officers. Mr. Drees gave the impression of an exceedingly amiable

individual who was however unwilling to grapple with the urgent problems of this era with determination and energy'. (66)

During Eisenhower's visit the press reported some minor communist demonstrations in The Hague and Amsterdam, but these did not result in serious disturbances. (67)

Directly following Eisenhower's departure to Copenhagen the American ambassador to the Netherlands, Chapin, met with Defence Minister 's Jacob. 's Jacob informed the ambassador of his new plan to increase the defence budget by f 150 mln within the following three weeks. He also said that within the next three months, he intended to ask for two additional sums, in amounts he did not state. Chapin wondered why the defence minister had not mentioned his plans to Eisenhower.

According to Chapin, the visit of Eisenhower had been most helpful in that 'it would very likely give an extra stimulus to the Dutch defence efforts'. The Dutch chiefs of staff agreed with this view. They felt that the peoples of the countries of Western Europe as well as the chiefs of staff, were more aware of defence necessities than their governments were. (68)

On 13 January, Eisenhower wrote a letter to Chapin in The Hague, in which he gave his opinion on the state of Dutch armament. This letter was meant for distribution in the Dutch cabinet. Eisenhower stated that, on the purely official side, his impression was one of disappointment. He argued that the Dutch government did not seem to have a clearly defined goal commensurate with the obvious needs to be rapidly attained. Consequently, as Eisenhower continued, no description of the current programme would convince his government that The Hague was showing a sense of urgency, a readiness to sacrifice and a determination 'to put its full share of the load'.

General Gruenther and I did not, by any means, have the feeling that any Dutch official was blind to the existing threat. But we did feel that the struggle for efficiency, both in training and production, was over-emphasized to the point that it seemed to become the predominating factor rather than secondary to the overriding importance of providing the maximum security for the country at the earliest possible date. Frankly, we can see no reason for the rather restricted target that the Dutch set for themselves. We do not understand why a country of ten million people should not plan on regular training and on organizational framework (something on the order of four or five divisions), which would, over years, produce an additional group of reserve divisions and the necessary auxiliary troops.

Eisenhower also touched on two sore spots for the Dutch: ready troops and a longer period of conscription - he considered a twelve-month period of service as unsatisfactory. He finished his letter by writing that he did not want to interfere in the internal workings of any North Atlantic Treaty nation or to advise directly on the methods to be used in military affairs.

However the questions discussed in this letter are of tremendous importance, particularly at this time when the picture presented by each nation to all others should, if possible, be one showing a "higher than average" performance. This applies to the speed with which the plan is executed and, within reason, to the ultimate size of force. Consistent with these considerations, utmost attention to efficiency and economy should prevail, but both General Gruenther and I sincerely hope that the Dutch government will arrange these considerations in an order of priority that does not put efficiency at the top'. (69)

Eisenhower's complaint about the 'struggle for efficiency' in the Dutch army, obviously alluded to Kruls' reluctant attitude towards the admittance of Indonesia veterans in the army, and towards the acceptance of British and Canadian material.

Stikker said that he was much impressed by Eisenhower's letter and, although he thought that the letter would cause an enormous shock within the Dutch cabinet, he added: 'personally and very confidentially I will be indiscreet enough to say that I liked the

letter'. Chapin wrote to Eisenhower,

Although Stikker quite obviously worried about the domestic political situation since his own position was very much in danger because the lack of support of his own party, the VVD, on the New Guinea issue, he recognized the problem raised by you as over-riding and he wished me to assure you that he personally would do everything possible to obtain a pledge from the Dutch government to come to action.

Specifically, Stikker mentioned an initial additional increase in the defence budget of f 150 mln (like 's Jacob had promised) and a proposal to build 60 mine-sweepers (see chapter 2.4). (70)

Starckenborgh, permanent representative to NATO in London, also agreed with the prevailing tone of Eisenhower's letter. During a talk with Spofford (US deputy representative on the North Atlantic council), Starckenborgh said that Eisenhower's visit had been most timely and he hoped it would prove effective. He fully agreed with Eisenhower's remarks on public and official complacency in the Netherlands. He felt there had been too great a desire to relax, to lick the Indonesian wounds and to hide behind the view that not only would France and Belgium not really do what they promised, but also, that the United States exaggerated what it was doing. Nevertheless, in Starckenborgh's view, there were influential groups in Holland which were trying to develop a sense of urgency in the government and he believed that they were making good progress. Representatives of these groups argued that France and Belgium had awakened to the necessity of an urgent large-scale action and that the magnitude of the defence effort by the United States was obvious. 'Holland was lagging behind' and Starckenborgh hoped that the Dutch defence council (the Raad MAK) would produce concrete results. (71)

A lot of fuss and fury was created by an article in the American newspaper New York Herald Tribune (on 14 January), in which it was

written that Dutch Prime Minister Drees, 'an old-time doctrinaire socialist', was not prepared to take any effective action on rearmament because he 'was uninterested in the whole defense program' (72). On the same day the New York Times published a similar article. According to ambassador Chapin, Eisenhower's letter of 13 January had been leaked to the American press and 'there seemed to be only little doubt that this leak was caused by a catholic member of the cabinet defence council....to embarrass Drees [member of the Labour party, JvdH]; likewise, the Dutch General Staff had collaborated in the New York Times article'. (73)

In fact, in the Raad MAK it was discovered that the leakage of Eisenhower's letter was due not only to the indiscretion of the chief of the news service of the Ministry of Defence, but also to the American embassy (Chapin himself!) (74). Stikker told Chapin that Drees was 'deeply hurt' by the two articles. Drees even threatened to resign, stating that it would be much easier for the socialists to leave the government -in the opposition they could be sure of a much better showing at the next election. (75)

Although 'in some ways regrettable and definitely coming at an unfortunate time for Drees and his coalition cabinet' (consisting of two secular parties, PvdA and VVD, and two denominational parties, KVP and CHU), Chapin believed that the entire affair would have a positive and beneficial effect on cabinet thinking regarding the Dutch defence efforts.

Practically all the Dutch newspapers have devoted columns to the defense question -in general there seems to be unanimity that the Netherlands is not doing enough. Parenthetically, I have seen nothing in the press and I have heard nothing from our contacts with Dutch officials and diplomats which would indicate any criticism of General Eisenhower or this embassy. (76)

On 18 January the Second Chamber of the States General debated the

defence policy of the Netherlands. Stikker said that absolute priority should be given to the build-up of defence since the 'safeguarding of national existence was at stake'. He suggested that the Dutch had not done all they could up to this time. He warned that in the near future important decisions had to be taken and that such decisions 'would have far-reaching social consequences'. In the same debate even Drees stated that unwillingness to support the Atlantic defence would be 'absurd'. Drees added that the entire cabinet supported the North Atlantic pact and the Dutch responsibilities entailed in it. (77)

At its meeting of 19 January, the Raad MAK took a retrospective view of Eisenhower's visit and the General's letter. The general opinion was that Eisenhower had not been discreet in ventilating his criticism of Dutch defence. It was suggested that he had not even taken the trouble to go deeply into the current problems of the Netherlands. According to Drees, Eisenhower could have approached the Dutch government directly, instead of in writing. However, there was a shrewd suspicion at the meeting that the General had deliberately chosen this way in order to spare Dutch sensibilities. Drees wondered if Eisenhower had been well informed about the Dutch efforts. In this respect he pointed to the recently developed mine-sweeper and electronic plans (see chapter 2.4). Drees disagreed with Eisenhower's observations about the term of conscription in the Netherlands. In his letter Eisenhower mentioned an overall duration of conscription of twelve months, but Drees indicated that several categories (officers, non-commissioned officers, technicians, marines and air force personnel) served eighteen months or even more. Eisenhower's opinion about the lack of an organizational framework for the build-up of new divisions was also faulty. Drees thought it of great

importance to correct the wrong impressions which were the cause of Eisenhower's dissatisfaction. 's Jacob argued that Eisenhower had already formed his opinion before the consultations in The Hague had even begun. He said he had not mentioned the new Dutch defence plans to the General because the government had still not decided on these plans. 's Jacob further stated that he understood Eisenhower attached more value to a full utilization of the contingent, than to an extension of the term of military service. However, according to 's Jacob, the main problems concerning a full utilization of the contingent were the shortage of drill-sergeants, weapons and equipment. He held no objections of principle.

Stikker was annoyed that no preliminary consultations had taken place in the Raad MAK, and touched the sore by saying that the preparation of Eisenhower's visit had been entirely insufficient. He reproached 's Jacob for having regarded the visit as an internal military event, and in his view the importance of the matter had been totally under-estimated. An additional complaint was that the terms of the memorandum which had been presented to Eisenhower at his arrival had been too vague. The matter of the recall into service of the second draft of 1949 had not been mentioned at all. The meeting felt that it would have been more beneficial to give a comprehensive and objective account of the Dutch defence situation.

Starckenborgh said that what Eisenhower actually needed from the Europeans, was a demonstration of energy and mentality. These qualities were deemed even more important than drafts and plans. Eisenhower pressed for a cooperative attitude on the part of the European countries in order to appease Congress. Concerning the reply to Eisenhower's letter, Starckenborgh urged the Raad MAK to take full account of the 'psychology of the recipient'. Complaints about all

sorts of financial and economic problems should, in his view, be omitted.

The Raad hardly discussed the note which General Kruls had drafted (on 13 January) concerning the measures which had to be taken in the near future. Drees refused to talk about the note because of the lack of financial data. 's Jacob only complained about the publicity which Dutch newspapers gave to the conflicts between the government and the General Staff. He said that, although there were differences of opinion on vital issues, the personal contacts between Kruls and himself were excellent. He did not want to thwart Kruls' initiative to ventilate his ideas on governmental level, although he emphasized that he could not automatically agree with the General's opinion. At the time, 's Jacob had still not defined his standpoint on Kruls' note ('because he was hunting', as a bitter Kruls wrote afterwards in his memoirs (78)). Stikker complained that the Raad could not take a decision on the note because of the defence minister's carelessness. He said that considering the international circumstances, he agreed with the contents of the note. It was decided that the Kruls note would be deferred till the next meeting of the Raad MAK which was planned on 25 January. (79)

However, the note was never to be discussed because in the intervening period Kruls was fired by the cabinet.

The Americans wanted the Dutch to proceed from words to actions. On 19 January (the day of the Raad MAK-meeting), they decided to interfere in Dutch defence affairs by means of a memorandum and an aide-memoire. In the memorandum the Americans asked the Dutch for some data concerning their presumed need for aid from the United States for the fiscal year 1951-52. In the aide-memoire it was written:

The government of the United States, without in any way wishing to spell out the steps which the Netherlands government should take in respect of the collective defense effort, nevertheless feels it can properly observe that an immediate increase in the Netherlands military appropriations is a necessary prerequisite to concrete performance in executing its accepted tasks under the agreed Medium Term Defense Plan. To this end it is recommended that the Netherlands government should initially increase its defense guilder expenditures in an amount equivalent to approximately \$ 170 mln [about f 650 mln, JvdH] for expenditure in 1951. Should such an increase in the budget and expenditures be undertaken, the United States, for its part, would undertake assistance to an amount of from \$ 25 to \$ 35 mln in support of such an increased effort.

Regarding the division of the proposed \$ 170 mln the Americans made the following suggestion:

- approximately \$ 60 mln should be spent on the training of troops and the organization of divisions and
- approximately \$ 125 to \$ 150 mln should be spent on production (see chapter 2). (80)

In a telegram to Secretary of State, Acheson, ambassador Chapin proposed 'to follow up this aide-memoire with joint discussions on a working level to get the Netherlands over the hump'. (81)

The Dutch were not very pleased with the American interference. They calculated that the Americans wanted them to raise the budget to the total amount of f 1,650 mln net, consisting of: f 850 mln (already estimated for the year 1951) + f 150 mln (additional effort proposed by Stikker and 's Jacob after Eisenhower's visit) + f 650 mln (the amount mentioned in the aide-memoire). Starckenborgh thought it very curious that the Americans ordered a foreign government not only to increase its budget but also to indicate the way in which the extra amount should be divided. He said that 'it was a pity that the American note just came at a moment when the Dutch government was giving serious consideration to extra measures for the benefit of its defence'. (82)

In his criticism of Dutch defence policy, Eisenhower found the Dutch army staff on his side. It is easy to assume that, during Eisenhower's visit, General Kruls had left nothing undone in his efforts to strengthen the American doubts. Kruls did not have a high opinion of the competence of civil authorities on matters of defence. Moreover, his personal relations with Minister 's Jacob left much to be desired, in spite of the latter's attempt to deny this. There were many quarrels about which task fell under who's competence. Kruls complained at the time that Dutch troops could only be mobilized in the space of 72 hours. He urged an increase in the term of conscription, as an aid in the creation of a standing army. However, his plans were blocked by the government which argued that there was no equipment available for the training of combat-ready troops. In general, the government lacked confidence in the ability of the military authorities to lead the defence effort. It was, for instance, annoyed by the obscurity of Kruls' system of calling up reservists. The government was at that time considering an increase in the budget, but it was obvious that it did not want to take concrete measures as long as General Kruls headed the army.

The mutual irritation reached its summit when Kruls admitted in a public newspaper, De Telegraaf, that he fully agreed with Eisenhower's criticism of the government's defence policy. For the government, this was the last straw. Kruls was dismissed on 20 January (just over a week after Eisenhower's visit).

Kruls has written in his memoirs that he suspected Minister 's Jacob of wilful murder, and was convinced that 's Jacob, at his appointment in October 1950, had been forced by the government to accept a list of desiderata, one of which concerned the replacement of the chief of the General Staff. (83)

Be that as it may, Kruls was doubtless a curious character, whose unpredictable and self-willed actions had always been highly mistrusted in cabinet. Drees, who was opposed to excessive influence by the military, had never been on good terms with the general. Their discord dated already from the period at the end of the Second World War while the government was still in exile in London, and when Kruls was the head of a military authority which ruled arbitrarily over the liberated southern provinces of the Netherlands. Ever since, Drees feared strongly that Kruls would take matters into his own hands. Considering this, it was highly peculiar that in July 1950 the government had given up its plan to dismiss the general (see p.37).

The eventual dismissal was put off till January 1951 and this confirmed the impression that the cabinet's defence policy was on the brink of chaos. In its effort to deny such an impression, the government placed the blame on someone who had recently (in May 1949) been promoted "full general" (by the same cabinet!).

Kruls was succeeded by Lieutenant-General Hasselman, who had been inspector of the cavalry (as "only" lieutenant-colonel). Although Hasselman was universally admired as an outstanding officer, a lot of objections to his appointment were raised, because of the allegedly dubious role he had played in the Second World War. It was said that Hasselman had collaborated with the Germans in arranging the dissolution of the Dutch army in 1940. Moreover, immediately after the occupation of the Netherlands, he had added his signature to a summons by the Dutch army command which called on Dutch officers to report themselves to the German authorities. In 1945, Hasselman had been forced to resign but two years later he had already re-established his military command. One of the leading officers of the Dutch General Staff referred to Hasselman as 'a fighter, as hard as

nails'. (84)

By the end of January 1951, after the dismissal of both Schokking (in October 1950) and Kruls, Dutch civil and military authorities had to reconsider their army policy. The pressure exercised by the Americans was obvious and almost irrepressible. However, when the government fell on 24 January as a consequence of the problems between Foreign Minister Stikker and his own party, the VVD, about the Dutch colony of New Guinea, disorder in the Netherlands increased. Although the Dutch authorities tried to deny it, it was clear that the chaotic defence policy also played a part in the fall of the cabinet. At the parliamentary debate which preceded the overthrow of the government, Oud, the leader of the VVD, had said that

this is a weak cabinet. It is tired. It cannot cope any longer with the problems (...). As a whole this cabinet is much too weak for this grave period'. (85)

The outgoing Drees cabinet carried on till 15 March, when a new government was formed. During that period, it was however impossible to take such important decisions as increasing the defence budget.

The Americans were greatly disappointed with this delay. In their view the Dutch had made a poor showing. On 31 January, as he reported on his tour through Europe during a meeting at the White House, General Eisenhower observed that each country seemed to be trying hard to build up its defence except Holland. He could not understand the attitude of the Dutch: 'All they seemed interested in was their navy which did not make any sense, since the land defense was the only thing they ought to be worrying about'. And Eisenhower needed a substantial Dutch army contribution (of at least five divisions) in order to be able to execute his strategic plans in Europe.

I want to build a great combination of sea and air strength in the North Sea. I'd make Holland and Denmark a great "hedgehog" and I'd put 500 or 600 fighters behind them and heavy naval support in the North Sea. I'd do the same sort of thing in the Mediterranean, I'd put a great fleet of air and sea power in the Mediterranean and I'd give arms to Turkey and to the "Jugs". Then, if the Russians tried to move ahead in the center, I'd hit them awfully hard from both flanks. I think that if we build up the kind of force I want, the center will hold and they will have to pull back. (86)

At the time however, the Dutch had no ready division at their immediate disposal.

Comprehensive attention has been given here to the visit of Eisenhower and its immediate aftermath because the visit happened at a highly crucial time regarding the formulation of a long-term defence policy in the Netherlands. The government was just considering a change of policy, but doubts and hesitations still prevailed before and immediately after SACEUR's stay in The Hague. The FRUS-papers paid substantial attention to the Dutch case in January 1951, presumably because the Americans wanted to be able to present the Netherlands as an example for other countries. The defence effort expected from the Netherlands was huge in comparison with the efforts of other small NATO countries (mainly because of the Dutch naval interests). Eisenhower's image in the Netherlands was very good and it was felt that he would be able to convince the government of the necessity to comply with American wishes.

THE DECISION TO INCREASE THE DEFENCE BUDGET,
AND THE ENSUING PROBLEMS

In the long run, American admonitions turned out to be effective. The Netherlands was greatly dependent on US support in the economic and military field, so it was dangerous to risk losing any of that country's goodwill. On 1 February 1951, the Dutch embassy in Washington drew up a report concerning recent developments in the discussion on the defence effort. The report was obviously meant to convince American authorities of the sincere intentions of the Dutch. The embassy in Washington expounded the Dutch plans concerning the defence contribution within the framework of NATO. It was argued that the present "caretaker" government was,

- (a) considering plans to the effect that the defence budget for 1951 should be almost doubled and set at about f 1,500 mln (\$ 394.7 mln);
- (b) considering plans to extend the period for military training to 24 months for all military forces;
- (c) considering plans to use all available manpower which included not only the men who passed the test, but also the greater part of the conscripts who had returned from Indonesia;
- (d) considering plans to lower consumption, and thus the standard of living, recognizing that all groups would share as equitably as possible in this decrease.

Most of these plans were struck out by Stikker in his capacity of "informateur" (entrusted with the task to investigate the possibility of forming a new cabinet). If accepted, the plans could bring about a fundamental change in Dutch defence policy. It was certainly not a programme on which any political party could expect to become very popular. The purchasing power of wage earners would, for instance, go

down by five percent. The Labour party in particular, would run a heavy risk in the social policy area, if it accepted the programme.

The Dutch also supplied American authorities with some background information on their defence organization. On some points this information did not exactly reflect the existing situation, but the Dutch wanted the Americans to see their country at its best. It was mentioned that:

- (a) All able-bodied men having reached the age of 19 years, were called up for military service. The Netherlands having a population of over ten million [10,264 mln in 1951, JvdH] could annually make available 80,000 men in this category, of whom 50,000 were actually accepted for military service (20% were rejected on medical grounds, 8% were not examined because of holding tenure of an ecclesiastical office, another 8% received exemption on the ground of certain provisions in the conscript law, and 2% were deferred; 81% of the conscripts went into the army, 10% into the air force and 9% into the navy). The period of service as prescribed by law in peace time was 12 months for regular army service, 18-24 months for technical service in the army and 21 months for the navy. The current period of conscription of 24 months was an "extraordinary measure". A definite change of the law pertaining to the military service was under consideration.
- (b) No additional legislation was required for an extension of the period for military training from one to two years.
- (c) The percentage of the defence budget on the total national budget over the previous years had been as follows:
 - 1948: 19.2% (17% Indonesia excluded), 5.9% of Nat. Income
 - 1949: 23.8% (20% " "), 6.1% of N.I.
 - 1950: 27.3% (18% " "), 6.9% of N.I.
 - 1951: 23.0% (Ind. no longer involved), about 10% of N.I.;
- (d) In 1950, the number of training-camps had been increased with 100%. Moreover, in the same year 1,200 new instructors had been trained and another 1,000 would be added in 1951.
- (e) Since 1947, professional personnel in the air force had been increased with 700%. Airfields had been constructed or enlarged at the following rate: 6 in 1948, 17 in 1949, 22 in 1950.
- (f) Retraining in the use of US equipment took place for all branches of the armed forces.
- (g) At the defence ministers conference held in Washington in October 1950, the target for the Netherlands contribution

to the Western European armed forces was set at three divisions to be mobilized by the end of 1951, and five divisions by the end of 1954. In addition to those three divisions, the necessary territorial troops (27 battalions) and National Reserve (15,000 soldiers) would be mobilizable by the end of 1951.

- (h) The hundred or so troops that served in Indonesia would be recalled for active service, to be trained in the European type of warfare. (87)

It is hardly imaginable that the American authorities took the entire Dutch information seriously. The picture which was given was far too rosy. Concerning the formation of divisions, there were still many inconveniences as a result of the absence of the 1950 I draft and the backlog in the training of Indonesia repatriates.

On 15 March, the new (second) Drees cabinet was formed. Almost nothing had changed. The composition of the coalition government was similar to the former Drees cabinet, consisting of KVP (Catholic People's Party), PvdA (Labour Party), CHU (Christian Historical Union) and VVD (Liberal Party). Cornelis Staf (CHU) was appointed the new minister of defence. Although his war record was also far from irreproachable (as in the case of Hasselman), Staf was given the job because he was admired universally as an outstanding organizer.

Notwithstanding serious payments difficulties (see chapter 2.5), the new government began to act quickly. On 17 March, Prime Minister Drees announced a military programme which was to include the regulation of an eighteen-month period of military service, the definite plan for the creation of five rather than three divisions (by means of a special Indonesia veterans project), and above all, the provision of an extra two billion guilders (4 x f 500 mln) for defence over the next four

years (1951-54). The new defence budget was estimated to total about f 1,500 mln a year (as the embassy in Washington had announced on 1 February). The money was to be divided as follows:

Original budget		After the government declaration (in mlns of guilders)					
	<u>1951</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>Total 1951-54</u>	<u>Total 1945-50</u>
Navy	325	320	325	325	325	1,295	1,400
Army	325	908	887	872	776	3,443	900
Air Force	150	203	292	317	278	1,090	300
	800	1,431	1,504	1,514	1,379	5,828	2,600

(88)

These were only provisional estimations. The figures appeared to be open to modifications in the following four years. The enormous increase in the army budget was particularly remarkable. The navy budget remained more or less the same.

The new Dutch policy seemed perfectly in accordance with the demands made by Eisenhower in January. On 21 March, Secretary of State, Acheson, commented on 'the very heartening action' the Dutch cabinet had undertaken (89). It was thought that Holland would be able to meet the requirements set by NATO's Medium Term Defence Plan. The new figures concerning the defence budgets of the NATO member countries were as follows:

	<u>1951</u> (originally)	<u>1951</u> (after Eisenhower's visit)
	(as percentage of GNP)	
Belg.	3.8	4.3
Lux.	NA	3.3
Den.	2.5	3.0
Fr.	9.7	9.7
It.	6.4	6.4
<u>Neth.</u>	<u>5.0</u>	<u>7.6</u>
Norw.	4.5	5.0
Port.	NA	2.5
Can.	6.3	8.8
U.K.	8.0	8.7
U.S.	NA	15.0

(90)

By March 1951, not earlier, the Netherlands had become a faithful member of the NATO alliance, and the evacuation strategy was finally abandoned. However, the strategic problems would remain until 1955, the year that Germany entered the North Atlantic pact.

Field-Marshal Montgomery who visited the Netherlands early in April, said that he was satisfied with the new plans and with the increase in the budget. He did urge the Dutch to increase the number of regular personnel, particularly for the three divisions of late 1951 (91). Until then, the professional core of the Dutch army was extremely small, with consequently too much interchange of conscript and reserve personnel within the army units.

One of the first concrete results of the new defence budget was the announcement of a new building programme for the air force. This programme was based on the plan which had been approved by the cabinet in March 1949 (see p.13) but which had appeared to be far too ambitious. The new plan was explained in the Raad MAK by Major-General Aler, the chief of the air force staff. Aler said that a

distinction should be made between the air defence and the tactical air forces. The latter were mobile as distinct from the static air defence units, and the tactical air forces were intended for cooperation with the land forces. The Northern Tactical Air Force in which the Dutch tactical squadrons would be incorporated, was supposed to lend air support to the entire Northern army (including Dutch army divisions). The general rule was that the number of fighter-squadrons within a tactical air force should amount to three times as many as the number of army divisions which they supported. Aler indicated that the build-up of five divisions in the Netherlands thus required a corresponding contribution of fifteen squadrons to TAF. However, in the new plan it was estimated that by 1954, only 40% of the required contribution would have been realized. As far as the air defence was concerned the new plan provided for a commitment which amounted to 60% of what was originally deemed necessary in the programme of 1949. In the Raad MAK the question cropped up whether it was justifiable that the Netherlands confined itself to only 40% resp. 60% of the required strength (in 1954). Aler replied that during the first phase of MTDP the Netherlands would be a potential battle ground. In this event, air defence and tactical air forces would supplement one another.

It was planned that the total contribution by 1957 should amount to 374 aeroplanes, to be divided as follows:

- 9 squadrons of day-fighters;
- 6 " " night-fighters;
- 6 " " tactical fighters;
- 1 transport squadron;
- 2 observation squadrons.

(This was no real improvement in comparison with the 320 planes of the original plan because these had been scheduled to be ready by 1955).

Beyond these types of aircraft, the Dutch air force planned the formation of four A.O.P. (artillery observation plane) squadrons at 18 V/E = 72 aircraft. It was expected that the tactical, transport, reconnaissance and A.O.P. squadrons would be delivered from MDAP.

A large amount of money was asked for the creation and extension of airfields in the Netherlands. An increase in the number of airfields was apparently deemed more important than an increase in the number of aeroplanes. Aler pointed out that the allies attached great importance to the use of Dutch airfields. Eisenhower had hinted at this during his visit to The Hague. It was expected that in the first phase of the war, the supply of divisions from the other side of the Atlantic would present many difficulties, whereas air force units could be launched at all times. The new plan foresaw the build-up of thirteen airfields. Most of these airfields were already in operation then, though mainly used for civil ends. Three of the planned military airfields were situated east of the Rhine-Yssel line (Eelde, Leeuwarden, Twenthe). Of the ten airfields which were located west of the line, three were pre-eminently suited for air defence (Ypenburg, Valkenburg and Schiphol). The plan provided for two new airfields, Deelen and Woensdrecht (the latter being nowadays in the centre of interest because of the planned installation of American cruise missiles there). The geographical spreading of the airfields was deemed important because the Dutch airfields lacked traditionally any camouflage, while the possibility of dispersion on and outside these fields was extremely limited. It was thus hoped that geographical spreading would thwart any aggressive plans of the enemy.

The Raad MAK approved of the revised air force plan on the condition that the execution would remain within the financial limit

of the f 1.5 mld budget. (92)

On 21 April, the Raad MAK discussed a note concerning personnel policy within the army. Defence Minister Staf proposed utilizing the annually available manpower to the fullest extent. It was estimated that as from 1952, a yearly amount of 40,000 men (divided in three, rather than in two drafts) should complete military training (this concerned only the army). Starting from a term of conscription of twenty months, this would result in a permanent strength of about 53,000 men (as compared with 30,000 men in July 1950). In Staf's view, substantial investments were required for barrack-building and construction of training-camps. Only 6,000 men were considered for stationing in Germany. Finance Minister Lieftinck wondered whether the investments could be kept within the budget limits. In the note reference was made to an increase of 25% in the corps of regular officers and non-commissioned officers (in absolute terms, 500 officers and 3,000 non-commissioned officers). Lieftinck thought that these numbers were too ambitious for a peace organization. He preferred the possibility of having a short tenure of six years. (93)

The incorporation of Indonesia veterans in the Dutch army was accompanied by many problems. It was planned that these veterans would form two mobilizable divisions. At the end of April the so-called "Crescendo-manoeuvre" was held in the province of Gelderland. This manoeuvre was to be one of the first used to acquaint former Indonesia soldiers (most of whom belonged to the so-called "7th December division") with the method of the mobile conduct of war along American lines. However, the manoeuvre ended in a great failure. In groups of several men, the Indonesia reservists detached themselves from their units, ranged the moorlands, molested men and women and committed burglary in farm-houses and villages. Minister

Staf said that he was 'greatly disappointed' with the failure of the manoeuvre (94). It now appeared that there had been a substratum of truth in ex-General Kruls' objections to the inclusion of Indonesia veterans in the Dutch army.

During the entire year 1951, the Americans urged the Western European countries to maintain the priority of rearmament over economic advancement. This American pressure was received with much scepticism in Western Europe. By June 1951, countries were beginning to slow down the armaments commitments they had undertaken earlier that year. The actual course of fighting in the Korean war appeared to be important considering the effort they made. In January the Chinese communists had advanced far into South Korea, whereas in April the front-line coincided again with the 38th degree of latitude as if nothing had happened. Furthermore, the rearmament programme after Korea had caused a steep rise in the price of imported raw materials in relation to a slower rise in the price of manufactured exports and thereby created acute balance of payments deficits in the various countries. Concomitant with the balance of payments crisis was a renewed increase in inflation which affected the prices of raw materials and foodstuffs. This led governments to reduce investments and to pare down the expenditure for civilian consumption, if only to finance rearmament (for the Dutch case, see chapter 2). These economic repercussions created domestic problems, which were particularly galling to Great Britain. In that country, the government had committed itself to extensive social welfare programmes which were threatened by arms expenditures.

In the Raad MAK-meeting of 8 June, Stikker pointed to the political instability in France, Italy (where the results of recent elections were, in his view, unfavourable) and West Germany. During a

conversation with Hoffman, administrator of the ECA, Stikker said that the rearmament of Western Europe had practically come to a standstill. In reply, Hoffman pointed to the substantial war effort of Britain, but Stikker noted that in the United States, political developments were considered more acute: allowance was made here for eventualities in 1952. According to Stikker, the 'level-headed' Frenchman Parodi (permanent under-secretary at the Quai d'Orsay) was of the same opinion.

There appeared to be a considerable divergence of priorities. The main problem for the United States was the immediate threat of Russia to the collective security, whereas the main problem for Western Europe was the immediate threat to its standard of living. Stikker indicated that the position of the American government vis-a-vis Congress had become very difficult in June, also because of the decline in prestige of Secretary of State Acheson. The course of the deliberations in Congress (concerning assistance to Western Europe) might, in Stikker's view, jeopardize even more Western European defence plans. (95)

On 11 June Montgomery again paid a visit to the Netherlands. He said that NATO strove for maximum military preparedness in 1954. However, as he added, the year 1952 was considered 'critical', because German rearmament would then become visible. In that year, the Russians would have to decide on whether or not they would launch an attack against the West. Montgomery advocated the build-up of immediately ready divisions. According to SHAPE the Netherlands should call up by autumn 1952, one conscript division, one reserve division (for a period of one month), a (the) headquarter of an (the) army corps, and the tactical air forces belonging to the forces mentioned above. The Dutch were better off than the Belgians who were

expected to build up three divisions in the same period of time. Montgomery needed the ready divisions for certain combined manoeuvres in the German western zone. He said that the Dutch would be able to execute the appointed task only if they decided to increase the term of conscription to twenty months. Staf asked Montgomery for more equipment. He said he would try to convince the government of the necessity of an increase in the term of service only if the required equipment were delivered by the United States. (96)

In reality, Staf's attitude towards Montgomery's proposals were not unfavourable. On 23 June he urged the Raad MAK to call up the drafts for an initial training of twenty months. He said that a speed-up in the execution of the Dutch defence plan was possible because of the prospect of improvement in the delivery of American materials.

Lieftinck regarded the mentioning of the critical date of 1 September 1952 as a means of pressure used by the allies to enforce the required speed-up. He objected to Staf's speed-up plans. Staf replied that in the light of the international situation, it would make more sense to create two immediately ready divisions by September 1952, than to stick to the original defence plan whose execution would take many years. Stikker agreed to this point but Drees refused to accept the inevitability of an increase in the term of conscription to twenty months. (97)

Nevertheless, one and a half weeks later the cabinet decided to accede to the wishes of Montgomery and Staf by raising the term of service from sixteen to twenty months for all troops. It was pointed out that this decision applied to all levies from 1951-I onwards. Furthermore, one division of Indonesia veterans would be called back into active service for a short period so that the army would be able

to participate in allied manoeuvres as an organized division. It was also decided that the provision of accommodation for troops on Dutch territory would be improved.

The Dutch would participate in NATO's September manoeuvres with one active division and one reserve division, plus corps headquarters, corps troops and four squadrons of tactical fighters. They pointed out to the Americans that if the speed-up programme were realized, the Netherlands would reach a state of readiness in September 1952 which had previously been targeted for the summer of 1953. American authorities were told that the gain of almost a year, achieved in this fashion, would be possible only if end-item deliveries from the US were quicker and larger. (98)

Eisenhower was satisfied with the decisions of the Dutch government, and indeed he promised more equipment. However, General Gruenther condemned the poor strength of army corps troops in the Netherlands. He also felt that the general conception of Dutch defence plans should receive more publicity so that public opinion would become more interested.

At the time, Hasselman, the chief of the army staff, announced an increase in the number of regular officers from 2,300 to 3,000 (99). This increase had been made possible by the return of KNIL-officers from Indonesia.

At the end of July 1951 the first Dutch division was ready. It consisted of former Indonesia soldiers and was equipped with Canadian materials.

Meanwhile, military consultations within the framework of Benelux continued, although the the staff committee discussions were dull and unproductive. In June 1951, Staf proposed to breathe new life into the secret military agreement of 1948, particularly in the

field of exchange of military stagiaires. However, his initiative was without results. The staff committee appeared to be less important than the two armament committees (see chapter 2.1).

One of the few interesting notes which were drafted by the staff committee concerned a joint Belgian/Dutch analysis of the possible performance of hostile paratroopers and fifth column elements in the event of war. It was expected that in the event of an attack on the northern ring of the Rhine defence, the Soviets would try to speed up a concentric advance of their ground troops by launching their airborne troops behind the Rhine-Yssel defence (in cooperation with those ground troops). It was estimated that the Soviet Union had at most ten divisions of airborne troops (at about 7,000 men each) at their disposal. The use of these troops was presumed to be limited because of the proportionately low number of transport planes in the Soviet Union (estimated at 1,000 to 1,200 planes). The Russian capacity was rated at only two airborne divisions in one lift. The Dutch thought it essential to strengthen their Yssel defence in order to prevent the Soviet ground troops from supporting their airborne troops in good time.

As far as the presence of a fifth column in the Netherlands was concerned, the staff committee estimated the number of militant communists at 10,000. The militant elements were for the greater part located in Amsterdam and its environs, and in Twente. It seemed justifiable to expect that the communists still possessed weapons from the occupation period. However, according to the note, there could hardly be talk of the existence of a subversive organization. Nevertheless, the fear existed that 10,000 militant communists would be able to carry out a great deal of sabotage. (100)

The Dutch obviously thought in terms of a possible conventional

attack on their country. The possibility of a nuclear attack was excluded, at least until 1952. In the government's view, there were no military targets in the country that could tempt the Russians to use the atomic bomb. (101)

At the North Atlantic council meeting in Rome, in November, considerable attention was given to the question of the Soviet Union and war. General Gruenther gave an overview of the proportions of strength on both sides of the Iron Curtain. The conclusion was that at the time, the West was still unable to counter the enormous volume of Soviet forces. Gruenther added however that this situation would change in the near future; for the moment it would be possible to inflict losses on the Russian lines of communications in the hinterland. To Stikker, all these views were highly speculative. Two months earlier, at the NAC-meeting in Ottawa, he had analyzed the "pax sovietica" saying that the Soviets regarded politics as war by other means and that their peace campaign was a real act of war in the Soviet sense of the word (102). After the meeting in Rome, he argued that the Soviets had presumably the power to a war on a large scale in different areas. On the other hand, there was Acheson who analyzed Soviet tactics saying: 'Why cut a man's throat if you can poison his soup?' (103)

As far as military strategy was concerned, the fear existed in the Netherlands that the French military wanted to set up a rampart consisting of France and North Africa, where the defence would take place. The Dutch viewed the French doctrine as rather defensive, and in 1952 it was discovered that there was a element of truth in this supposition (see sub-chapter 1.7).

The Dutch were highly uncertain about the British strategic conception. It was presumed that in the field of air defence the

British had an interest in moving their air-bases further towards the east in order to intercept the enemy's aeroplanes far away from the home country. Concerning the role of the army, the Dutch feared that in the event of war the British intended to reach the continental coastal ports as quickly as possible, in order to beat a hasty retreat to England. Although according to the current plans, British soldiers had to defend a crucial sector of the Rhine-front, the Dutch military were uncertain that the British would fight to the last ditch.

In the Dutch view, the German military wanted to have their land defence removed in an easterly direction. From later research we know that this was indeed true (104). The Germans thought in terms of an offensive defence with quick, relatively small and highly mobile armoured divisions. Moreover, in the event of a retreat, they wanted to put the emphasis on the flanks in order to curb or even cut off a hostile action by taking the enemy in the flank. In the German concept it was assumed that the enemy would attack from the east westward, with big concentrations of men and equipment and that it would direct the attack to the geographically most suitable and historically most utilized break-through points, north and northeast of France. In that event, the Germans felt that the West should hold the flanks as long as possible, so that key-points would be created to the north of the North German lowland and north of the Alps. In the Netherlands it was thought that the German strategy served Dutch interests most, more than French or British doctrines, but that such a strategy was only feasible through a German military contribution. (105)

Dutch military doctrine was slightly different. The Dutch military wanted to concentrate the great force in the centre and to

have mobile parts on the flanks, as far to the east as possible.

(106)

The Dutch kept pressing for a direct German involvement in NATO. During the discussions on the contractual arrangements with Germany, in September 1951, the Dutch ambassador in Washington, De Beus, said:

The Dutch have no deep love for the Germans, but consider that there is no choice in the matter of German rearmament. Since the Germans must rearm, they must be given a sense of equality in their participation, and the occupying powers should go as far as possible in dropping controls in order to enlist German cooperation.

On the issue of a military agreement with Germany, De Beus said:

The Federal Republic should be admitted to NATO in the not too distant future; it would then have a security guarantee and would be prevented from making any agreement contrary to the North Atlantic treaty. The contractual arrangements should, accordingly, be conformable to the NATO arrangements. At present, Germany is protected by the provision in the treaty which declares an attack on the occupation forces to be an attack on the signatory powers, and by the statement of the Foreign Ministers, made in September 1950, that an attack on the Federal Republic would be treated as an attack on the three occupying powers. These safeguards would be formalized by membership in NATO. (107)

However, French support for these ideas was not to be expected in the short term.

1.6

THE McNARNEY PLAN

In the second half of 1951 the Americans remained dissatisfied with the Dutch attitude towards defence matters. They complained about Dutch reluctance to fulfil the military obligations as embodied in NATO document DC 28. In this document it was written that on D-day, that is the first day of the war, the total Western European army

strength should amount to 49 1/3 divisions. On D-day + 30, that is after a lapse of thirty days from the start of the war, the required total strength should amount to 78 1/3 divisions. On D-day + 90, 95 1/3 divisions should join up.

Early in 1952, NATO had 25 divisions at its disposition: 6 American, 5 French, 4.5 English, 3 Italian, 1 Belgian, 1 Dutch and 5 French reserve divisions. The Dutch contribution to MTDP would consist of 5 divisions, planned for 1 July 1954. One of these divisions would be under arms at D-day (a so-called combat-ready division), and another would be mobilizable within three days, with the consequence that this division would also be considered as available at D-day. The current Dutch army plans would result in a total mobilizable army force of 190,000 men at 1 January 1955. For the air force the total number was estimated at 20,000 men at the same date. Moreover, the air force would then dispose of 21 squadrons and 13 airfields. Concerning the navy it was decided that Holland should deliver more ocean and coastal escorts and more mine-sweepers. The total number of marines on 1 January 1955 was estimated at about the level of the air force.

(108)

However, in practice, it appeared to be far from easy to fulfil the obligations mentioned above. At the end of 1951 there was an appalling lack of instructors, training-camps, equipment and funds. In November an estimation was made of what the State paid yearly for an average Dutch soldier:

- Housing, clothing and nutrition:	f 3.000
- Training and equipment:	f 12.000
	<hr/>
	f 15.000
	<hr/>

(109)

In the long run these costs were considered intolerably high (compare the calculations of the Manchester Guardian, see p.45).

In October 1951, during the Congressional hearings on the Mutual Security programme for the year 1952 in the US House of Representatives, General Olmsted gave an account of the state of Dutch defence. Olmsted started by saying that the Dutch morale had been building up notably and that they were pretty well on schedule as far as the manning and training of forces for NATO was concerned. In his view, Dutch manpower on active duty within Europe (9.7 per thousand of population) was above prewar figures for all armed forces, which included troops and naval units in Indonesia. The General was less satisfied with the financial efforts of the country however. He felt that an increase in the defence budget to \$ 525 mln (about two billion guilders) was feasible. According to Olmsted, there had been recent indications that the Netherlands would meet commitments, 'but it could and should support greater forces than these commitments now represent'. He said that the Dutch army strength at 1 June 1951 represented the equivalent of two regimental combat-teams which was only two thirds of a division. (110)

Foreign Minister Stikker was vexed regarding the amount of \$ 525 mln which Olmsted had mentioned at the Congressional hearings. In a letter to US Under-Secretary Foster, Stikker argued that this amount did not correspond to what the Netherlands government had decided to spend annually (viz. f 1.5 mld). Moreover, he thought it regrettable

that such figures were circulating without the slightest consultation with the Dutch government. He worried that the work of NATO's Temporary Council Committee (TCC) would be endangered by Olmsted's public statement (111). It was the task of TCC to reconcile the requirements of collective security with the political and economic capabilities of the member countries.

On 5 November, Hirschfeld, the government commissioner, headed a Dutch delegation which discussed the problems related to another increase in the defence budget, at a meeting with General McNarney in the executive bureau of the TCC in Paris. As far as the military part of the discussion was concerned, McNarney sharply criticized the Dutch system of army organization. According to him, there was a great backlog in the recruitment of regulars in the Netherlands. He said he wanted to promote the creation of immediately ready troops mainly because the amount of available end-items fell short of expectations. Hirschfeld replied that the Netherlands had recently increased the number of regular officers from 2,300 to 3,000 which brought the total number of regular personnel up to 9,000 men, but in McNarney's view this was not enough. He asked for 20,000 regulars. Furthermore, he emphasized that of all divisions, 30% of the core should be present. The Dutch delegation thought this an impossible task in the present circumstances (aftermath of Indonesia). McNarney threatened to restrict the distribution of American equipment to only those units which were, in the American view, well-trained and well-organized. (112)

In the "Legerraad" (army council) Staf said that the Netherlands had only one division at its disposal which could meet McNarney's requirements. The Raad MAK worried that McNarney proposed a system of army-formation which differed substantially from the original 5-

division plan. The Raad expected that NATO's Standing Group would opt for the Dutch plan. The main question was which side SACEUR Eisenhower would take. Staf thought it essential to adhere to the original 5-division plan, even if some of these divisions remained excluded from material support. He urged NATO authorities to understand that at the time, the Netherlands could not have many ready troops at its disposal. Initially, Staf had hoped that the Dutch D + 3 division would be considered a ready division, but McNarney classified this division as only D + 15. Staf said that it was impossible to realize McNarney's proposal within the budget limit of f 1.5 mld. He pointed out that the Netherlands was unable to train 20,000 regular soldiers (as McNarney had mentioned) because of the shortage of camps and terrains. In comparison with Belgium, the Dutch situation was most unfavourable because the Belgians utilized bases in Germany. In Lieftinck's view there was also a technical objection to the increase in ready troops. This objection concerned the difference in salary. In Belgium the pay amounted to 16 (Belgian) francs per day, in the Netherlands to 10 (Belgian) francs. The low salary thwarted the enlistment of new recruits.

Hirschfeld explained to the Raad MAK that, according to provisional calculations of McNarney, the execution of MTDP until 1954 required a total expenditure of \$ 200 mld (for the whole of Western Europe), inclusive of the American aid which was rendered to the European NATO countries. It was estimated that at the time there was a deficiency of \$ 8 mld which accounted for only 4% of the total expenditure. On the grounds of these calculations Hirschfeld thought it possible to remain within the budget limit of f 1.5 mld.

Hirschfeld pointed further to the organizational problems within NATO. In his view, the organization worked stiffly and presented many

duplications, particularly the work which was done in the Defence Production Board (see chapter 2.5). Hirschfeld argued that bilateral consultations with the United States were much more productive. He made also a plea for a more central position of Eisenhower's headquarters. (113)

Early in December 1951 the TCC managed to draft a report, in which the European allies were told how to increase their defence efforts. The report contained a section on finance (see chapter 2), and on the military (McNarney report). For the Netherlands, the financial part was not too exigent, but the McNarney report urged for an increase in the number of regulars and for improvements in the organization of retraining. Staf thought it impossible to realize the McNarney plan in the short run. According to him, the plan asked for more regular personnel than was consonant with the original Dutch plans. (114)

Which were the main ideas of the McNarney plan? The plan suggested:

- (a) A simultaneous build-up of corps troops and divisions.
- (b) A change in the system of calling-up according to the lines of the so-called "J-system" (filler system): every two months 1/6 of the yearly draft should be called up, instead of 1/3 every four months.
- (c) The creation of a "divisional slice" (the manpower employed to support effective fighting divisions) at full strength (with "slice" a division comprised 36,000 men instead of 18,000).
- (d) An increase in preparedness by means of the permanent presence of the core (50-75%) of the divisions.

Apart from the lack of drill-grounds, barracks, instructors and equipment, the main objection put forward against the McNarney plan by Dutch military authorities concerned the continuous interchange of military units within the regimental combat team

(which would be result of the implementation of point (b) mentioned above). (115)

Early in January 1952 the Raad MAK discussed the drafting of a reply to the executive bureau of the TCC. Staf remarked that, notwithstanding all the objections, the Dutch reply to McNarney should be constructive. In fact, Staf's attitude towards the plan seemed to have become a bit more favourable. He said that in September 1952 (the critical period) two divisions would be under arms of which one consisted of former Indonesia soldiers who would be called up for retraining. Staf agreed with McNarney's criticism of the weakness of corps troops in the Netherlands. The build-up of these troops should, in his view, receive priority. He thought that this build-up was even more important than the formation of a fifth division. A provisional restriction to four divisions, as Staf concluded, would to a certain extent meet the problem of the small war-stores.

Drees objected to an excessive increase in the number of regulars. He thought it uncomfortable that the required remodelling of the reconstruction plan of the army would result in a decrease in the mobilizable strength. The McNarney report had made mention of a term of conscription of 24 months. Drees doubted whether another increase in the term of service would benefit the morale and skill of the troops. Staf remarked that the increase to 24 months had been omitted in the Dutch paragraph of the McNarney report; he presumed that the Netherlands would not be affected by this provision in the report. He thought it possible that a definite decision on the term of conscription would be taken within the framework of the

European Defence Community (which was under discussion then in Paris).

As far as the regulars was concerned, Staf announced an increase of 25%. This was less than McNarney had asked for. Staf said that he would strive for a short tenure of six years (as Lieftinck had proposed in April 1951). (116)

The North Atlantic council meeting in Lisbon, in February 1952, passed a resolution (which accrued from MTDP and the McNarney plan) providing for a military force of no fewer than 96 divisions, to be ready by 1954. Although this aim soon appeared unattainable, the United States was pleased to see that the countries of Western Europe had tied themselves down to something, so that they could no longer disclaim their responsibilities.

In the Netherlands, the "Algemene Verdedigingsraad" (general defence council), which replaced the Raad MAK in May 1952 (117), announced that as a result of the McNarney report (and the subsequent decisions in Lisbon), a change in the original army plan could be envisaged. The tentative conclusion was that the Netherlands should strive for two or three immediately ready divisions at a strength of 70% (the remaining 30% would be mobilizable within four days), instead of one ready division up to full strength. Apart from this, the army should continue with the build-up of three mobilizable divisions. The "Algemene Verdedigingsraad" (AVR) estimated that these changes would financially not amount to much. It was only feared that the problem of training facilities would become even more acute because the new plan, if executed, required that an extra amount of 6,000 men a year be called up for

military training (118). At the same meeting a note was distributed concerning the build-up of professional cadres within the army and air force. The Dutch expected that by the end of 1954, 20% of the required cadres destined for the war-organization would consist of regular personnel. It was added that 20% was too low according to the standards applied by SHAPE. As far as the costs were concerned, the note said that as a result of the increasing expenditure on social benefits, the Netherlands had almost reached the stage that regular personnel was becoming less costly than conscripts and reserve personnel. The number of regulars had substantially increased in the preceding years, as the following figures show:

Regular personnel army				
	Present	1/1/50	1/3/52	Increase in %
Officers	1468	2650	80	
Non-commissioned officers	3907	8690	123	
Corporals and ratings	1211	4850	300	
Regular personnel air-force				
	Present	1/1/50	1/3/52	Increase in %
Officers	225	640	190	
Non-commissioned officers	298	2140	614	
Corporals and soldiers	243	3300	1223	

(119)

In June 1952, the Dutch decided to accede in principle to the terms

of the McNarney plan. It was realized that McNarney's "J-system" (filler system) would, if necessary, be transferred to the framework of the EDC (the EDC treaty was just signed on 27 May 1952).(120)

Once again, the Dutch had, after initial opposition, fallen in with American wishes.

1.7

DUTCH OPPOSITION TO THE FRENCH FORTRESS STRATEGY

In June 1952 the Dutch were informed of NATO's priority system for combat units. This system was split up as follows:

- (a) first priority: units deployed or scheduled to be deployed to arrest and counter the main initial Soviet land, naval and air attack;
- (b) second priority: units for the immediate reinforcement of the first priority units, and units for the remainder of the tasks to accomplish the initial NATO objectives;
- (c) third priority: other NATO forces not covered by the above priorities.

Dutch objections to this priority system were twofold.

First, as the General Staff argued, the troops which were lined up on D (start of the war) + 15 and D + 30 (for example, Dutch mobilizable divisions) should receive a higher priority than the units on D + 15 and D + 30 which were ready for shipment to the operation theatre (for example American divisions in the United States and French divisions in North Africa). According to the GS, the former units should receive first priority instead of second. Secondly, air force authorities urged that first priority should be given to the ground troops which protected airfields. Likewise, the navy wanted to have first priority for the aeroplanes which were

appropriated for the protection of harbours against mines and submarines. In the present situation, these ground troops and aeroplanes received only second priority. The qualification "first priority" was important for the delivery of American equipment. (121)

In practice, the Americans did not take much account of Dutch objections.

In the AVR-meeting of 30 May, Minister Staf remarked that General Eisenhower took an optimistic view of the Dutch inundation plans (these concerned inundation of the territory east of the Yssel in the event of a Soviet attack). Lieutenant-General Hasselman explained the consequences of the inundations: removal of the civilian population away from inundated areas; difficulties in the water-supply of the big cities and in the supply of cooling-water to the industries in the western part of the country; impracticability of waterways in the direction north-south. Considering these consequences, Hasselman warned that inundations should be executed only if the worst came to the worst. He said that, once executed, it was technically impossible to undo inundations. SHAPE had suggested that inundations should be executed as soon as the Soviets crossed the demarcation line in Germany. As long as difficulties would be confined to West Berlin, there was room for consultation. Staf said that SHAPE had responded enthusiastically to the Dutch inundation plan. He added that in the event of war it was SHAPE's intention to hold Holland west of the Yssel as a firm base. (122)

In the second half of 1952 however this intention was called in question several times. At his installation as Supreme Commander of Europe (in April 1952), General Ridgway hinted that it would be more important to keep the forces together in order to withdraw to a bridgehead and to launch a counter-attack from that point, than to

maintain at any price certain strategically exposed parts of Western Europe. (123)

In the summer of 1952, the Central Command Europe of NATO (including Benelux, French and British forces) came under the supervision of a French commander, General Juin. The general assumption was that a Frenchman was chosen because, within NATO, American air forces were not allowed to operate under American command. The Dutch were far from pleased with the appointment of Juin. They feared that the appointment of a French general would bring out the EDC in full relief (what the Dutch had always tried to avoid). Concerning strategic and political questions it was decided that EDC forces would come under the control of Atlantic organs, but the appointment of Juin would, in the Dutch view, loosen the connection between EDC and NATO, in the sense that SHAPE's control over EDC affairs would become more difficult. The Dutch feared an increase in political contradistinctions. However, their main worry concerned the suspicion that in the event of Russian aggression, Juin would concentrate on the defence of France, at the cost of the Netherlands. (124)

In August 1952 the Dutch government was startled by an article in the New York Times (written by Drew Middleton) about the French idea of European defence. Middleton wrote that,

French defensive concepts include a series of counterpunch battles in Germany east of the Rhine preparatory to a prolonged battle on the river line, which, in the north, would follow the line of the Rhine up to the line of the Waal in the Netherlands. This means the surrender of most of the northern Netherlands, including most of the industrialized section of the country, and of north-western Germany to the aggressor.

Middleton added that 'French planners were not interested in Britain's strategic position or the importance of the Low Countries

in protecting that position'. He concluded by writing that in the event of hostile actions, the defence of the Netherlands within the allied framework was not an unassailable fact.(125)

The Dutch vehemently protested against this idea of creating a French fortress. They said they had not joined NATO to surrender the nation at first attack. The Dutch General Staff complained that French strategists did not appreciate the importance of the Ruhr and the Low Countries to the fighting strength of Western Europe. The Dutch generals preferred the plan drawn up by the German General Speidel, which pictured the main battle to be fought east of the Rhine. Speidel also proposed the creation of a defence belt formed by Denmark, North West Germany and the Netherlands. Holland would be linked up with Denmark by means of the Dutch inundation system. The Dutch generals made a plea once again for rearming West Germany at the earliest possible date. They proposed that the German troops along with those of the Lowlands and Scandinavia, would take position along the Elbe. French and British troops could then be prised out of their positions to the rear, and sent forward to join in the immediate defence. These ideas, however, remained wishful-thinking as long as the French opposed German rearmament within NATO, and as long as the EDC treaty was not ratified. The Dutch feared that the "French fortress" idea would be acceptable to the English, to the Americans and to NATO's General Ridgway. They thought that the United States 'would not shed a tear if north-western Europe was trampled under the feet of the Russian hordes'. Minister Staf made it clear to SACEUR Ridgway in Paris that the Dutch joined NATO to repel foreign troops, not to be first overrun in order to be later "liberated". It was Staf's conviction that the Dutch deserved allied guarantees for their defence, particularly after the enormous increase in the defence

budget of March 1951. In the parliament, the question arose whether the Dutch people would continue to pay their high taxes, if they did not receive the slightest protection in return. Staf tried to reassure the parliamentarians by saying that the heavy Dutch defence effort within the allied framework should be indissolubly connected with the certainty about allied defence of the Netherlands in the event of an invasion (126). He could not however allay prevailing doubts in the country.

It was not before 19 September that Staf explained in the AVR what had actually happened in the preceding month. This delay was caused among other things by the formation of a new cabinet following the elections in June. On 1 September the third Drees cabinet was inaugurated, consisting of PvdA, KVP, CHU and ARP (the latter party replaced the VVD in this new coalition). Staf said in the AVR that in the summer of 1952 General Juin had drafted the "ALFCE (Allied Forces Central Europe) Emergency Defence Plan". This plan originally indicated the existence of two firm bases, Holland and the Ardennes. Although SHAPE had approved the original version of EDP, it was discovered in August that Juin had arbitrarily introduced changes in the plan. In his version, there was only talk of the Ardennes as a firm base, whereas 'the passage through the Netherlands would be thwarted by inundations and demolitions'. Subsequently, in the Netherlands the surmise was raised, whether the defence of the country behind the Yssel had been seriously considered. The Dutch knew very well that in French strategic conceptions, a defence along the Yssel did not play a prominent part. It was presumed that the French thought instead of a defence along the big rivers which ran east-west (Rhine and Waal; see Middleton's statement above). Staf remarked that Juin was a representative of this strategic conception.

He also said that the Dutch presumptions were confirmed by the way in which the commander of the Northern army group, Harding, wanted to line up the Dutch troops which were placed under his command. On several occasions (during talks with NATO authorities) Staf and Hasselman protested against this course of events. They emphasized that the "heart of the country" should be kept as a firm bridge-head. They pointed out that in the event of a hostile break-through south of the big rivers, it would be of great advantage:

- (a) To win use of air-bases from which the enemy's communication lines could be harrassed.
- (b) To refuse the enemy the right of using those bases which were pre-eminently appropriate for the launching of air-raids and attacks with guided missiles (whether or not supplied with atomic charge) against strategic air-bases on the British islands.
- (c) To refuse the enemy the use of the Dutch coasts with its numerous harbours and sea-arms which lent themselves admirably to the creation of submarine-bases. The possession of those bases would enable the enemy to exploit its superior submarine power.

In a letter to General Ridgway, Staf emphasized the importance of Rotterdam as a supply port. According to ALFCE, the harbour of Rotterdam was of no use militarily because of: the enemy's superior air-power in this region; the possibility of laying mines in order to make the harbour unapproachable; and the insufficient defence of the harbour and its approaches. At the allied staff-talks, Dutch representatives pointed to the necessity of maintaining Rotterdam as a supply port. They feared that without Rotterdam, the Yssel-front would be sacrificed. They added that in the event of war, the supply from harbours in the south (Zeebrugge and French ports along the Channel) would be almost impossible. In the Dutch view, these harbours should be considered additions rather than substitutes. At the allied discussions, the Dutch insisted that priorities shifted in

such a way that Rotterdam and also Antwerp, would retain their function as supply ports.

In his reply, General Ridgway was not entirely clear about the status of Rotterdam. He proposed the development of an alternative line of communications by land to the Channel ports. Concerning NATO plans, Ridgway argued as follows:

- (a) I hasten to re-assure you at once that I have no intention whatever of allowing Netherlands territory west of the Yssel to be overrun due to inadequate deployment of Netherlands forces on the Yssel.
- (b) I am firmly determined (and so is Marshal Juin) under the EDP to defend the Rhine-Yssel line to the last. I do not countenance any thought of failure to this strategy and therefore no planning for withdrawal into national redoubts is possible.
- (c) Adequate deployment of Netherlands forces to cover the inundation and demolitions on the Yssel line will be planned as first priority in order that the major portion of Netherlands territory shall be secured. When this has been achieved, plans must be made to deploy a portion of the Netherlands forces for the defence of the Rhine in the Nimeguen area. This is as important to the Netherlands as it is for the defence of Western Europe as a whole.

In conclusion to his letter, Ridgway urged that these views be explicitly reflected in all Emergency Defence Plans.

Hasselmann informed Ridgway that in the event of the front being broken, Dutch army authorities thought it fit to prepare a retreat to a firm base.

On 11 September, Fock, the general secretary of the Ministry of General Affairs (a ministerial post held automatically by the Prime Minister), wrote to Drees that he had received a lengthy letter from Juin. In it, the General explained that the objectives of EDP had been substantially changed in the sense that the plan had been adapted in many areas, to Dutch wishes regarding the defence of their territory. Fock was under the impression that the plan had undergone



considerable improvements. As he wrote, however, the fact that substantial changes had been necessary was a cast-iron proof that the existing plans up to then had been unacceptable, 'notwithstanding the optimistic view of Minister Staf' (in response to questions in parliament). Nevertheless, in Fock's view, 'the black ball could be struck down'. Staf said that the letters of Ridgway and Juin had reassured him that Dutch troops would be used for the defence of the Yssel. He remarked that for the moment there could be talk only of delaying actions east of the Rhine-Yssel line. Only the availability of German troops could put a different face upon this problem. In this respect Staf said that NATO would put into rehearsal the possibility of a defence on the river Weser in Germany. (127)

Notwithstanding the letters of Juin and Ridgway, the Dutch remained concerned about the vagueness of NATO's operational plans. At the so-called "ambassador's conference" in September 1952, it was assumed that two operational plans existed: the Emergency plan, which attempted to rectify the dilemma of what should and could be done in war with curtailed finance outlay; and a plan which would come into operation at the time that the NATO countries would have reached the peak of their military preparedness (estimated at late 1954). The Dutch complained that they were insufficiently informed of these plans. They said that a certain familiarity with the plans would be of great importance not only for the morale of the troops but also for the planning of infrastructure works. It was hoped that NATO would develop into a solid community capable of giving guidance to the 'European organization' (which was in fact the EDC). (128)

THE BUILD-UP OF DUTCH DEFENCE,
1952-1954

Early in September 1952, the third Drees cabinet announced (just after its installation) a new army reconstruction plan (called "plan-1952"). The original commitments as agreed on in Washington in October 1950 (five divisions) and in Brussels in December 1950 (three divisions in corps organization and two independent divisions) were abandoned as a result of the impact of the McNarney plan (see 1.6). According to this plan, NATO countries should put emphasis on the build-up of corps troops. Improved quality was seen as more important than additional numbers. In conformity with the new doctrine the NATO council modified the "provisional" and the "planning" goals accepted at Lisbon. The Lisbon goal for 1954 was reduced from 96 divisions and 9,000 aircraft, to 70 divisions and 7,000 aircraft.

However, in the period 1952-54 it appeared that even these reduced goals could never be realized. There were several reasons for this, the continuing frustration on the score of a German contribution; the economic expansion which increased the attractions of civilian life with its employments opportunities and its high wages; the stoppage in the delivery of American aid; the "smile" policy of the Kremlin (from mid 1953); and the adoption of atomic weapons as a part of the NATO strategy (the so-called "New Look" of late 1953).

These elements will be dealt with in this sub-chapter.

The new Dutch army reconstruction plan provided for three "strong" divisions in place of five "weak" ones. The build-up of these strong divisions would take place according to the provisions

of the filler-system. This meant that every two months (instead of every four months) parts of the yearly levy would be called up. These parts would receive an initial training of four months (instead of eight months) and subsequently, a continued training within a divisional framework. In this system, it would be impossible to demobilize an entire unit at once and to replace it by a new unit without any experience. Within smallest units, the men would relieve each other individually (per soldier, instead of per regimental combat team) every sixteen months. Emphasis was put on effective but expensive ready troops, as contrasted with less effective and less expensive units in the old system. The main objections to the old system were that, in some ranks, there was little experience with war organization, and that at the outbreak of the war, one-third of the divisions would have practically no fighting-value. (129)

In the AVR, Staf argued that the new reconstruction plan would improve the position of the Netherlands regarding the acquisition of weapons and equipment. He presumed that the new plan would not lead to any increase in costs. Drees wondered whether the new system made any sense, considering the fact that mobilizable troops could be put rapidly on a war footing in any case. Staf replied that the immediately ready armed forces formed only one-fifth of the total strength; mobilizeable troops remained of utmost importance.

Staf further argued that the military objections to the system of McNarney were mainly concentrated on the qualification M (which had replaced D as code for the start of the war) + 30 (for divisions of which 20% of the total strength was present). As far as the Dutch contribution for 1952 was concerned, SHAPE spoke of six loose infantry regiments instead of two divisions (which was the Dutch qualification). SACEUR General Ridgway fixed the Dutch contribution

for 1952 at only one effective division between M and M +30. It was obvious that NATO's judgment of the Dutch army was still not very favourable. Dutch army authorities wanted to have their mobilizable divisions qualified as M + 15 divisions, but they discovered that in the present circumstances SHAPE was not kindly disposed towards this idea.(130)

According to Staf, the end result of the modified army plan should be that by the end of 1954 the Netherlands would have three divisions in corps framework at its disposal. One of these divisions would be immediately ready and two would be mobilizable. Furthermore, there would be two divisions from which important elements would be withdrawn in behalf of the build-up of the army corps. These divisions were planned to be ready by the end of 1956. In October, Staf urged a continued build-up of Dutch forces after the termination of MTDP (in 1954) because only then the delivery of American equipment would remain assured (131). It was clear that SHAPE would not object to the delay in the formation of five divisions, because it favoured the creation of an army corps of high quality.

In the AVR meetings, Staf and Drees often held different views. Staf was inclined to talk of NATO obligations by which he often meant his own ideas. Drees always tried to unmask these tactical manoeuvres of the defence minister. He considered some of Staf's ideas political humbug, because in his view, it was impossible to determine NATO contributions in an objective manner. He also felt that Staf's apprehension of international tensions was somewhat exaggerated. This did not however imply that Drees remained entirely unperturbed by developments abroad. In October 1952, he supported the creation of the national "commissie voor algemene verdedigingsvoorbereiding" (committee for general defence preparation). This Committee was

charged with the professional preparation and coordination of all provisions in the field of general defence. It was provided that the execution would be left to the ministerial departments which were directly concerned with defence preparation. The committee was accountable to the AVR.

In October the AVR also discussed a report of the committee "oorlogsalarmeringen" (war alarms). Moreover the yearly budget for civil defence was increased from f 80 mln to f 105 mln. These were all signs that the Dutch were not totally immune from the threat of a foreign invasion. (132)

In the course of 1952, the cooperation between the Dutch and Belgian General Staff appeared to be increasingly futile. The new Minister for Foreign Affairs, Beyen (Stikker's successor), wondered whether the Belgian-Dutch military agreement of May 1948 should remain classified as secret. Beyen proposed discuss the agreement in parliament in order to rid it of its secret character. However, Staf replied in November that although the agreement should be adapted to current international circumstances, it should for the time being maintain its secret character. Staf did not exclude that in due time he would re-consider his standpoint, namely in the event of ratification of the EDC treaty (133). At the time, most of the military discussions were influenced by uncertainty about the fate of the EDC.

The Belgians were not pleased with the new Dutch army plan. They preferred the Dutch to continue with the build-up of five divisions. The Belgian standpoint was shared by Drees who, during a cabinet meeting in November, re-emphasized his opposition to the plan. He thought it preferable to form small divisions of 13,000 men (as was required within EDC) instead of stronger divisions inclusive of corps

troops (134). Obviously, Drees did not relish the idea of an increase in regular personnel.

By October 1952 the figures for regular personnel, personnel in various stages of training and fresh recruits were as follows:

Navy	22.000 (20.000, July 1950)
Army	75.000 (30.000, " ")
Air force	17.000 (9.000, " ")
	<hr/>
	114.000 (59.000, July 1950)

(135)

These figures reflected an overall doubling of manpower over a period of two years. The final aim was the mobilization of 250,000 to 300,000 men. The share of the defence budget in the total budget for 1953 amounted to 28.6% (1951: 25%) and 7.53% of N.I. (136).

The build-up of Dutch divisions within the framework of NATO continued to be accompanied by many problems. Military authorities experienced difficulties in the organization of regiments and divisions in one big army corps. In 1953, the Netherlands announced its first combat-ready division, but NATO authorities remained annoyed at the Dutch lack of motivation concerning the build-up of more combat-ready troops. On the other hand, the Dutch were rather piqued by the continuous delay in the supply of American equipment.

These delays were caused among other things by the fact that early in 1953 American authorities still oriented themselves to the old Dutch army plan, both for the programming of new assistance and for the delivery of current assistance. This meant that not only was much superfluous work done, but that also certain units, which according to the new plan should be formed at short notice, ran the

risk of not being supplied with materials in time (137). Another complication was that American aid was allocated on a yearly basis, whereas the Dutch defence budgets were framed for more than one year.

In February 1953, the Dutch drafted a memorandum of protest which was sent to the United States. In this memorandum, the government expressed its concern about the programming and timely delivery of MDAP end-items aid for:

- (a) Units which according to the new army plan (based on the Lisbon decision) would be formed in the near future, especially corps support units.
- (b) Territorial troops which were in many respects to act as lines-of-communication troops; these troops were in urgent need of anti-aircraft artillery.
- (c) The 44th regimental combat team (parts of the draft 1949 II) and the two Q-regiments (consisting of former Indonesia soldiers who would be called up after the dispatch of "telegram Q").
- (d) Reserve units which formed an integral part of the Dutch defensive system and which, in case of war, would almost certainly have to fight in the actual battle area within a very short time after the outbreak of hostilities.(138)

The Dutch were particularly concerned about their territorial troops and reserve units which were entirely excluded from MDAP aid.

In June, they received the satisfactory answer from the United States that the supply of materials for these troops and units would be placed under the command of SACEUR. This meant that the territorial troops were now considered to be in direct support of the NATO forces. However, soon afterwards, it appeared that the actual impact of this American answer was delusory. Ultimately, only a few battalions were equipped with anti-aircraft artillery of American origin.

After turbulent discussions on the position of the harbour at Rotterdam in the allied strategic plans (see 1.7) in August/September 1952, the Dutch concerns about the problem of the provisioning of

their country in war-time still ran high. In April 1953, Drees remarked that in the event of war the protection of supply-lines to the Netherlands would be of decisive importance. He asked himself how these lines could actually be kept open, and he pointed to the threat posed to Rotterdam. According to Vice-Admiral De Booy, chief of the navy staff, ALFCE saw the threat resulting from the fact that (a) the enemy's airfields were only a short distance from Rotterdam and so their bombers could be escorted by jet-fighters (Channel ports like Le Havre were further away and thus less exposed); and (b) because the shoal of the southern part of the North Sea rendered the port unsuitable for waging a war with all types of mines. Staf remarked that the Dutch should bear in mind that the French military were inclined to favour Le Havre above other ports. In his view, Rotterdam would remain vulnerable until the anti-aircraft artillery was satisfactorily organized (the delivery was expected in 1955 or 1956). Further Staf urged that more mine-sweepers should become available and that Germany should become rearmed. He also pointed to the connection between the position of Rotterdam and the delivery of MDAP aid. In his view, ALFCE's intention to exclude Rotterdam from the allied military convoys was very unfavourable, mainly because the consequence would be that MDAP aid and infrastructure plans remained concentrated on the ports in northern France. Consequently, he feared that the Dutch requests for anti-aircraft guns and shallow-draught mine-sweepers would not receive the 'condign support' of allied military quarters. Drees wondered whether Rotterdam would be defensible against the technologically far-advanced V-weapons. Nevertheless, he was convinced that the protection of Rotterdam and Antwerp should receive first priority in international military quarters. (139)

About a year later, in April 1954, Staf remarked that the provisioning of the Netherlands from French ports appeared to be insufficient. He added that international discussions on this problem seemed to benefit the Netherlands. (140)

However, in mid 1953 the Dutch strategic position was still highly vulnerable. The Dutch ambassador to the United States, Van Royen, tried to rouse President Eisenhower's interest in the strategic importance of the Netherlands to the defence of the British isles. Eisenhower appeared to be impressed by Van Royen's account, and made some promises to the Netherlands.(141)

At the North Atlantic council meeting in April 1953, the foreign ministers formally recognized and sanctioned the relaxation of NATO's defence effort. This relaxation was caused among other things by the fact that maintenance of large peacetime forces proved to be a difficult problem for the Western democracies. In most European countries, the conditions of service were far from attractive, and pay levels were traditionally low. In times of economic expansion, with employment opportunities plentiful and incomes rising, military service, whether compulsory or in the regular forces, ran an increasingly poor second to the attractions of civilian life.

In the Netherlands, the army faced an appalling shortage of technicians because of the power of attraction exercised by the civil industry.

In the meantime, dissatisfaction with the hold-up in the delivery of American equipment remained. The Dutch complained that at the start of the defence effort, Holland had been the only country which had proceeded to an active reduction in consumption (by a tax-increase at f 250 mln). Moreover, after the announcement of the defence programme, government expenditure on house-building and on

the maintenance of dykes, roads and bridges had been cut. Staf lamented that the decrease in American end-item aid in 1953 had to be regarded as a 'punishment for this faithful cooperation'.

Early in July, Drees mentioned in cabinet that Congress were considering the termination of all military support to Europe within a few years. He feared that if this consideration was really put into practice, the defence of the West would be seriously weakened because the costs of maintenance of the received equipment would become intolerably high. (142)

Drees urged cutting the defence budget, after the termination of the build-up programme planned at the end of 1954. Apart from financial considerations, he was favourably disposed to recent changes in the international political situation following the death of Stalin (in March 1953), anti-communist rioting in East Berlin (in June), and the fall of MVD chief Beria (also in June). The concomitant "smile policy" of the Kremlin did not fail to impress the Dutch prime minister, whose changed perception of Soviet intentions was shared by the greater part of the public. In 1948, 71% of those polled in the Netherlands had expected a new world war within their lifetime. This percentage decreased to 31% in 1953. In both years, the fear of war was clearly a fear of the Soviet Union. (143)

Defence Minister Staf appeared to be much more sceptical about changes in east-west relations, and he objected to a decrease in defence expenditure. He pointed to some factors which had thwarted the implementation of the f 6 mld programme (for the years 1951-1954). He mentioned the increase in costs as resulting from: the Korean war (particularly the high prices of raw materials); the depletion of levies; the rapid military-technical obsolescence of jet-fighters destined for air-defence; improvements in social

circumstances and the subsequent costs of the increase in salary and separation allowance; the infrastructure works etc. All these extra costs had to be funded from the fixed defence budget. Staf said that this had been made possible through an intentional slowing-down of the build-up itself. The changed military-political insight into qualifications for preparedness and the system of army-building (McNarney plan) had also contributed to this delay. Nevertheless, Staf expected that by the end of 1954, Holland would have met 80% of its military needs.

As far as the armed forces establishment was concerned, Staf said that by 1957 Holland could in principle dispose of five mobilizable and one immediately ready division with army corps troops. However the eternal problem of material supply caused anxiety to such an extent that he thought it more appropriate to plan four divisions with army corps troops. This meant in fact a continuation of the build-up of the Dutch army after 1954 (after the termination of MTDP). Unlike Drees, Staf held the view that after the termination of American deliveries, the Netherlands should be able to maintain and replace on its own steam, the stock-on-hand. He felt that if the Dutch refused to continue with the build-up of their forces, they would be unable to fulfil their "bridge-head function" as long as Germany was not rearmed. For the period 1955-57, Staf asked for f 4,300 mln (about f 1,430 mln per year). This went contrary to the wishes of Drees who had hoped that after 1954 (with the barracks being built, the procurements being made and the stocks being replenished) the defence ceiling could be lowered from f 1,500 mln to f 1,000 mln per year.

In the end, Staf carried the day. The cabinet decided that:
(a) a fourth division would be promised in the next "annual

review" (NATO's yearly survey of defence plans, budgets and plans for production and purchase of arms and equipment);

- (b) for the period 1955-57 the budget would amount to f 1,350 mln a year (this was f 80 mln less than Staf had asked but f 350 mln more than Drees had stipulated). In this period, defence expenditure, inclusive of the resultant local currency (about f 200 mln), should not exceed the amount of f 5 mld. (144)

At the end of September 1953, Staf talked with SACEUR General Gruenther (the successor of Ridgway) about the stoppage in the delivery of equipment. According to Staf, the Americans lacked confidence in the Dutch army. Gruenther denied this; in his view Dutch troops had given a good performance during the recent NATO manoeuvre "Grand Repulse". Staf was not entirely re-assured though. He feared that in the delivery of weapons, the United States gave first priority to Indo-China. He warned that Europe, and in particular the Netherlands, should be prepared to expect an overall decrease in supplies (145). Nevertheless, Gruenther promised the Netherlands MDAP aid for the new infantry division which was proposed by Staf at the cabinet meeting of 21 September. Early in 1954, plans for the build-up of Dutch army units were as follows:

- (a) one corps of three divisions with slice;
- (b) a so-called "7th December division" (grouping of "Q" regiments without divisional troops);
- (c) the 44th regimental combat team;
- (d) 96th and 97th separate regiments.

The plans for 1955 included:

- (a), (b) and (c) as mentioned above;
- (e) a new infantry division which might operate under corps indicated in (a) above.

The American MDAP plans provided for meeting the equipment

deficiencies in (a) and (d). Moreover, it was said that the US government endeavoured to provide the equipment deficiencies for (c) and (e). The "7th December division", which included former Indonesia soldiers, required only regimental equipment, a substantial part of which was already on hand from Dutch resources. Its eligibility for consideration for any available MDAP support with respect to equipment deficiencies had a lower priority than those of (c) and (e). In November, it appeared that the "7th December division" would receive no MDAP aid at all.

Early in December 1953, Dutch defence policy was debated in parliament. The tone of the debate was rather emotional. The Catholic party (KVP) initially urged Minister Staf not to promise the allies more than three divisions. However, Staf thought this unacceptable and after some lobbying he carried his point: the KVP-members finally agreed to the announcement of four divisions. (146).

At that time, plans for the build-up of the Dutch army changed continuously. As a result of all these changes one could sometimes not see the wood for the trees. Late in 1953, the Dutch decided to create a big army corps of five divisions, and in addition to this, one regimental combat team to be ready by the end of 1956. This was said to be in full accordance with the requirements of SHAPE. How would the five divisions be drawn up in the event of war?

It was planned that one of the mobilizable divisions would be stationed on the river Rhine (between Nimeguen and Rees), while the other three mobilizable divisions would occupy the river Yssel line. One infantry regiment of the ready division would defend the dykes between Arnhem and Nimeguen (see note 16); another infantry regiment of the same division would be sent ahead to the Dortmund-Eems canal for delaying the advance of the enemy; the remaining part of the

ready division would be held in reserve in the Veluwe. After fulfilling their tasks, the two infantry regiments mentioned above would also come in reserve in the Veluwe, so that the army corps reserve would then consist of one complete division. The decision to use three divisions for the occupation of the long Yssel-front was deemed justifiable because of the possible execution of inundations east of this river (see p.87). In the meantime, the territorial troops would be available as general reserve in the centre of the country, to be used either in the hinterland or on the Yssel. (147)

In mid December, the foreign ministers of the NATO countries met in Paris where they discussed the actual strength of the Soviet Union. They concluded that the danger of a Soviet invasion had become less imminent mainly because of agricultural problems in the Soviet Union. On the other hand, the meeting was concerned about the still existing shortage of D-(or M-) day divisions in Western Europe. Van Tuyll, the secretary general of the Ministry for Foreign Affairs, stated that the military threat should still be considered extremely serious.

In January 1954, the strategic problems of the Netherlands were mentioned again, this time in a response of the Department of Foreign Affairs to the defence note of 1953/54 (drafted by Minister Staf). Foreign Affairs argued there should be a distinction made between the period before the presence of some twelve German divisions (by about 1956) and the period after. Before 1956 NATO forces would be able to do nothing more than cause a delaying action in the event of a Russian attack. It was deemed very likely that the Yssel line would soon be outflanked in a southern direction. Foreign Affairs wondered whether NATO authorities considered the retention of the Netherlands territory to be of crucial importance, in view of the possibility of

using the country as a bridge-head for operations in other NATO countries. It had not been clarified in the defence note, whether the protection of the Netherlands was only wishful thinking, or a clear NATO decision. Foreign Affairs saw the sacrifice of the Rhine-Yssel as automatically implying the abandonment of the Dutch territory.

(148)

In February, Minister Staf published a sequel to his defence note. He wrote that even after the creation of German divisions it was doubtful whether the total strength of the NATO forces would be sufficient for the execution of the so-called "forward strategy". He said he did not believe in the conception of keeping a bridge-head in the west of the Netherlands. However, he added that if the strength of the NATO forces were eked out with non-conventional arms, the situation would become more favourable because the battle-field could then be moved to the east. The introduction of new weapons would benefit the defensive power of the ready units. As a result, the defence would become more mobile, and could be conducted much further in the precincts. Staf said that in the event of war, NATO would consider the use of tactical nuclear weapons in order to stop a hostile attack (as was announced in NSC 162/2 in October 1953). In the meantime, the Rhine-Yssel line would, in his view, maintain its importance of being the rallying-place of the reserve divisions which were required for the support of the ready units. (149)

The possible use of tactical nuclear weapons, to which Staf alluded in his defence note, sprang from a remarkable turn-around in American military strategy. This change found its roots in the Korean war. In 1951 the American people and Congress had begun to show a lack of patience with a deadlocked conventional war in north-east Asia. Secretary of Defence, Lovett, realized that the public

consensus behind defence spending was rapidly eroding. In the period 1951-52, Lovett presided over a process that designed a military force which would be smaller in its ground component and would rely much more on the strategic nuclear deterrent of the Strategic Air Command. These forces and the basic military doctrine for their use, would be passed on to the new Republican administration of Eisenhower early in 1953. Eisenhower continued these general trends and baptized the approach as the "New Look", referring to its strategy as massive retaliation. The "New Look" rejected the premiss of NSC 68 that the United States could spend 20% of its GNP on arms; it rejected deficit financing; it maintained that enough of NSC 68 had been implemented to provide security for the United States and to support a policy of containment.

At his visit to Washington in February 1954, Staf informed Eisenhower of the Dutch concern about the American "New Look". Staf said he feared a fundamental change in American strategic plans which might mean a shifting of attention from Europe to Asia (Indo-China) and to the United States itself. Eisenhower replied that the "New Look" only meant a stronger emphasis on the strategic air force in the United States at the cost of the prominent position of the army. As far as American troops in Europe were concerned, he said he hoped that in the long run he could bring about a decrease in the total number of American soldiers, but certainly not at that time.

Eisenhower was pleased with the recent Dutch decision to build up five divisions within one big army corps. He promised his support for the execution of the 5-division plan. The "7th December division", having been accepted by SHAPE as a NATO commitment, now even received an equal priority with other Dutch units. Furthermore, Eisenhower agreed to the stationing of a squadron of American

fighters in Soesterberg (in the province of Utrecht) and to the training of Dutch air force pilots in the United States. Concerning the maintenance of equipment, the American government confirmed that as long as the threat of war existed, American aid would be continued. The formation of the fourth and fifth division would cost about f 1 mld of which only f 185 mln would be chargeable to the Dutch budget. The Americans would provide for deficiencies in materials which were needed during the execution of the defence plan (at f 815 mln.) (150). The Dutch were greatly satisfied with their successes in Washington. Nevertheless, they remained pessimistic about the possibility of holding adequate strength in the event of a sudden termination of American support.

Moreover, in spite of Eisenhower's re-assurances, the effect of America's "New Look" was to discourage rather than encourage the Netherlands to build up its army. For if the richest and most powerful ally felt compelled to rely more upon nuclear deterrence and less upon ground resistance for reasons of retrenchment, why should its less affluent partner continue to sacrifice its economic advancement for the construction of a large ground force?

Remarkably, very little thought was paid at the time to the fact that the other side was capable of producing nuclear weapons as well. Nor was much thought given to the likelihood of escalation.

Unlike the army, the build-up of the Dutch navy after the Second World War had been enacted in a rather undisturbed manner. In January 1954, it was forecast that in 1956 the Dutch fleet would consist of (compare with expectations in 1949, see p.13):

1 aircraft carrier (the "Karel Doorman", which later became known as the "Veinticinco de Mayo" in the Falkland war);
2 cruisers ("De Ruyter" and "De Zeven Provinciën", both built in the Netherlands; costs: f 160 mln);
12 sub-chasers (all built on Dutch ship-yards; costs: f 240 mln);
17 frigates;
7 submarines (of which 4 were built in the Netherlands; costs: f 80 mln);
82 mine-sweepers (of which 32 were built in the Netherlands; costs: f 176 mln);
6 patrol boats (built in the Netherlands with offshore dollars).
127 SUB-TOTAL
18 smaller ships of various types
145 TOTAL

A problem to be met was that at that time, half of the fleet had to be held in reserve because of the lack of personnel (as a result of the relatively low navy budget: f 300 mln a year).

The total costs of the naval building programme amounted to f 1.6 mld. The American contribution to this totalled f 600 mln. (151) This amount was substantial, considering the American doubts about the usefulness of the Dutch navy.

Like the navy, the build-up of the air force passed off quietly. As compared with the army and navy, the air force had hardly been involved in the struggle in Indonesia, and more time could therefore be spent on the build-up of this service in the Netherlands. The basis for such a build-up was lacking at the end of the war. However,

in the late forties, the air force started a development which led in 1953 to its recognition as an independent service beside army and navy. From the beginning, the build-up of the air force was based on the certainty that a possible action would take place within the allied framework. Belgium and the Netherlands were considered one strategic area for air defence. (152)

In April 1954, the French government relieved General Juin from his military commands in France. Juin had openly declared his opposition to the EDC and had said that some new alternative solution was necessary. Although the Dutch in principle agreed with Juin's opposition to the EDC, they nevertheless felt that Juin should now also resign from NATO. They still considered Juin the representative of the French strategic conception (the idea of a French fortress). However, Juin remained in office because Gruenther took the side of the French general. (153)

At the meeting of the foreign ministers in Paris in April 1954, the appraisal of Soviet strength was as follows:

From 1947 to the present time, the numerical strength (175 divisions) of Soviet ground forces has remained fairly constant. Nonetheless, significant changes have been made in favor of increased mechanization with sturdy and efficient modern equipment; they also now have organic tanks and additional artillery. Thus, the mobility and fire power of all Soviet divisions has been increased through the introduction of improved weapons and equipment.

It was further estimated that the USSR, East Germany and the East European satellites had over six million men under arms.

Approximately 4.5 mln of these were in the ground forces. It appeared that the number of satellite divisions had almost doubled since 1947, bringing their total to about 80 divisions. It was also suggested that the USSR had a ready-made spearhead for a rapid advance into Western Europe. This spearhead was composed of 22 divisions in

eastern Germany. (154)

NATO did not desist from putting pressure on the Dutch to increase the amount of immediately ready divisions. It was argued that the Dutch contribution of one ready division contrasted unfavourably with the Belgian contribution which amounted to three M-day divisions. General Gruenther urged the Dutch to provide a second M-day division, but the government immediately replied that this was impossible. On the contrary, it would consider a decrease in the term of conscription from 20 to 18 months, following the termination of the "old" army plan in October 1954. Moreover, the government were already contemplating a decrease from 24 to 21 months for cadre and specialist functions. The general aim was to reduce the combat-ready strength of the army from 110,000 to 90,000 men (155). The American "New Look" policy, it seemed, was proving its impact on Dutch defence planning.

In July, the government decided to put all these ideas into practice. This time, the Drees-line carried it against the Staf-line. In the AVR, it was argued that at the EDC discussions agreement was reached on a unitary term of conscription of eighteen months. The 18-month term was already practised in France and Belgium, whereas the term in the Scandinavian countries and Italy was even shorter. As a result, Drees said in the AVR-meeting that there was no reason for the Netherlands to maintain a longer conscription period. Another consideration, in view of the current situation of full employment in the Netherlands, was the necessity to come to a certain relief of the labour-market. Finally, Drees remarked, the increase in the defence budget from f 1 mld to f 1.5 mld (decided to in March 1951) had never been regarded as a permanent measure, but was a plan to span the four-year crisis period of 1951-54. (156)

The decision to reduce the term of service was not at all welcomed in the United States, where the conscript term was twenty-four months. Long disagreements between the American and Dutch authorities ensued, about the drafting of troop lists (in which an enumeration was given of all the units which would be built up in the following years). For the rest of the year 1954, the Dutch remained uncertain about the delivery of equipment from the United States. In September, Congress decided on another cut in support-funds for Europe. This decision was deeply regretted in the Netherlands. At the end of 1954, the Dutch doubted whether they would be able to maintain their army corps of five divisions, following definite termination of American assistance.

However, in after-years, these doubts appeared to be somewhat out of place because American military aid, though drastically cut, was to continue until 1961. In that year, the Minister of Defence (Visser) decided to increase the defence budget by a yearly amount of about f 420 mln for the period 1961-63 (see Appendix B, table IV). It was clear that military aid exercised a permanent pressure on the defence budget, as was the case in the fifties and again in the early sixties, after American assistance had been terminated. (157)

In 1960, a modernization was taking place in the Dutch army: the army was transformed from a five-division force that relied heavily on mobilization capacities (in spite of the implementation of the McNarney plan), to a three-division force consisting of two combat-ready divisions and one mobilization-ready division. This process involved a reduction in manpower, especially in the number of conscripts, and the acquisition of new material in order to make the army more mobile.

In the meantime, in May 1955, West Germany had become a member

of NATO. Italy and West Germany acceded to the Brussels pact, and the Western Union of 1948 was thereby transformed into the West European Union. The United States and the United Kingdom made historic pledges to keep their troops on the European continent. Dutch government and parliament accepted these developments with little objection. Even the Social Democrats, once the centre of a pacifistic tradition, now tried to persuade the German Social Democratic party (which at the time still followed a policy of neutrality, or at least one against rearmament) of the need of a West German military contribution against the Soviet military threat. (158)

One of the main goals of Dutch foreign policy, German rearmament within NATO, had been finally reached, and as a result, the strategic position of the Netherlands improved substantially. The north-eastern provinces of the country were henceforth assured of protection.

CONCLUDING REMARKS

In March 1951, the Netherlands became a faithful member of the North Atlantic treaty. Why? Because it rejected European federation? Or because of its westward orientation?

The general conviction was that the United States with its enormous economic and military resources, was the only power which could really defend Europe against possible aggressiveness on the part of the Soviet Union. Not that a Soviet invasion of Western Europe was to be expected immediately, but the Dutch felt that a strong Atlantic organization would dissuade the Russians from starting a war in the future.

At the same time, the Dutch were reluctant to spend any more guilders on defence than was absolutely necessary. Priority was given to the financial and economic recovery of the country; it was felt that such a recovery could be endangered only by increases in the defence budget. The Dutch carefully ensured that they paid just enough to remain assured of American protection. This was however not an easy task because the Americans asked for an enormous increase and they did not shun methods of unprecedented pressure to reach this aim. The Netherlands was left with minimal room of its own for manoeuvre.

At the same time, Prime Minister Drees attached great value to the American nuclear umbrella, and he realized that the Dutch had to pay (in terms of conventional arms) for the protection they were provided by this umbrella. He liked the idea that the Americans were bearing total costs of the nuclear stock-pile themselves. This did not imply that Drees unconditionally believed in the usefulness of

nuclear weapons in war, but he considered these weapons valuable for their deterrent effectiveness. The fact that Holland participated in NATO was more important for him than the question of how it participated. Drees considered NATO an insurance company. This however did not restrain him from being very critical towards the North Atlantic organization. Drees complained not only when the Netherlands had to pay too much, but also when the "Big Three" refused to take account of the position of smaller countries. He was, for instance, annoyed that the Americans attached little value to the position of the Dutch navy.

Retrenchment policy played an all-important role during the years that Drees led the Dutch government. The influential Finance Minister Liefstinck carefully ensured that the defence expenditure was kept within bounds, because he feared unfavourable effects on the balance of payments position of the Netherlands. In the first half of 1951, and especially after the increase in the defence budget in March, the balance of payments position was heavily strained. Even then, the Americans put pressure on the Dutch government to increase the budget. The Dutch responded by requesting as much foreign aid as possible from the US, to help meet their economic problems, in order to mitigate the strains of rearmament. There appeared to be a big difference in priorities. The main problem for the United States was the immediate threat of Russia to collective security, while the main problem for the Netherlands was an immediate threat to the standard of living. Liefstinck tried to economize by all means open to him. This was also the main reason why he advocated German rearmament: the more the Germans were involved in the defence of Western Europe, the less the Dutch had to pay for their own defence.

Of course, German rearmament was welcomed also for strategic

reasons. The Dutch were extremely annoyed by French military plans, whereby Dutch territory would remain undefended in the event of war. Neither were they not convinced of the American will to fight east of the Rhine-Yssel line. Even some politicians feared an overall retreat of American troops from the continent. Foreign Minister Stikker, for example, worried about unconditional American support (from the summer of 1951) for the creation of the EDC, and Defence Minister Staf was very sceptical about the "New Look" strategy of the Eisenhower Administration. Only a German contribution to the defence of Western Europe would provide the desired buffer. West Germany's entry to the NATO alliance thus brought relief. Dutch hopes for an Atlantic solution of the German problem, rather than an integrated European solution (see chapter 3), were realized in the new German membership.

The military crash programme which the Dutch government had announced in March 1951 was so ambitious that during the first four-year period it appeared an impossibility to spend all the monies allocated for defence. During the subsequent four-year planning period (1955-58), defence ceilings were reduced from 1,500 mln guilders to 1,350 mln guilders per year. Apparently, the fear of an imminent military attack had waned. And, more important, the American retrenchment policy resulting from the "New Look" approach, discouraged rather than encouraged the Netherlands to keep up high defence budgets.

Nevertheless, during the period 1955-57, actual outlays exceeded defence ceilings, since money that had not been spent in the first planning period could be transferred to the second four-year period. As a consequence, real defence outlays increased uninterruptedly between 1951 and 1957 (see Appendix B, table IV).

In Chapter 2, attention will be given to the economic implications of the defence effort for the years 1948-54. Was the increase in defence expenses harmful for the process of economic reconstruction, or did it benefit industrial development in the Netherlands?

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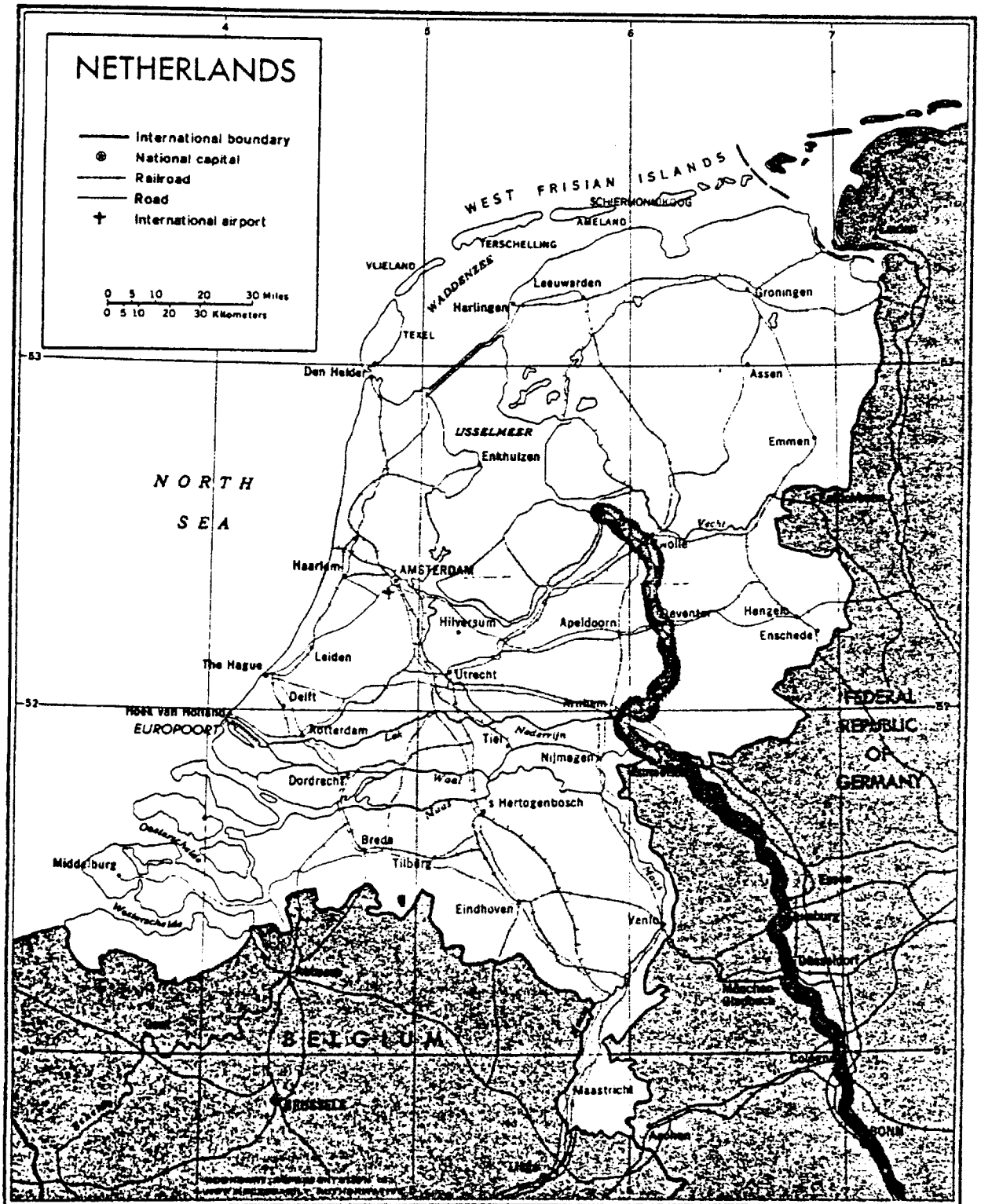
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APPENDIX A



 = Rhine-Yssel line.

APPENDIX B

I

Defence expenditure in the Netherlands, 1949-54

	<u>Total expenditure</u> (in mlns. of guilders)	<u>% of GNP</u>
1949	680	4.5
1950	901	5.4
1951	1,060	5.6
1952	1,253	6.3
1953	1,333	6.3
1954	1,583	6.7

Source:

NATO Facts and Figures (NATO Information Service, Brussels, January 1976), pp.294 and 296.

In the NATO figures, expenditure on civil defence and on defence of overseas possessions is omitted.

II

Dutch army forces, 1949-54

1949:	50,000 men (incl. air force, excl. Indon. soldiers);
1950:	39,000 men (incl. air force);
1951:	53,000 men;
1952:	75,000 men;
1953:	92,000 men;
1954:	110,000 men.

These figures concern the regular, reserve and conscript personnel in active service.

III

National shares in NATO's defence expenditure, 1951-55

Percentage of total expenditure in constant prices,
and exchange rates of 1973.

Excl. US defence expenditure.

<u>Country</u>	<u>1951-1955</u>
Belgium	3.1

Canada	10.4
Denmark	1.2
France	22.6
Greece	0.8
Italy	6.7
Luxembourg	0.1
<u>Netherlands</u>	<u>4.1</u>
Norway	1.3
Portugal	0.7
Turkey	1.4
United Kingdom	30.9
West Germany	16.7

Total	100.0

Source:

Stockholm International Peace Research Institute, World Armaments and Disarmaments: SIPRI Yearbook 1973 (New York 1973).

IV

Total Defence Expenditure of the Netherlands, 1950-1980
(in mlns of guilders).
Deflated by Index for Consumer Prices
(1975=100).

1950	2,694	1960	4,020
1951	3,008	1961	4,580
1952	3,861	1962	5,078
1953	3,793	1963	5,298
1954	4,285	1964	5,442
1955	4,578	1965	5,418
1956	4,684	1970	6,309
1957	4,405	1975	7,524
1958	3,879	1980	8,262
1959	3,642		

Source:

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C H A P T E R 2

ECONOMIC ASPECTS OF DUTCH DEFENCE,

1948-54

C O N T E N T S

CHAPTER 2

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INTRODUCTION

In existing literature on early post-war history, the importance of the economic aspects of Western European defence policy has often been underestimated. This is somewhat surprising given that defence procurement and defence production played such a significant role in international and domestic discussions, particularly during the period 1950-54. It appeared that the military aid provided by the United States in this period was by no means less important than the vaunted Marshall aid for economic reconstruction. Following the outbreak of the Korean war in June 1950, the US administration took immediate steps to increase military assistance funds available to its allies through the Mutual Defence Assistance Programme (MDAP). Approved by Congress in October 1949, this programme was designed to assist European rearmament. On 26 July 1950, the Military Assistance Bill (amounting to \$ 1.2 billion) for the fiscal year 1950/51 was passed. Just six days later, President Truman asked Congress to approve a supplementary appropriation of \$ 4 mld MDAP. Of this sum, the administration designated \$ 3.5 mld for Western Europe, despite the fact that military assistance and supplies were desperately needed in Korea at that time. Congress quickly responded favourably to the request, and the President signed the completed legislation on 27 September. Just over a year later, on 10 October 1951, Congress passed legislation abolishing the Economic Cooperation Administration, and replacing it with the broader Mutual Security Agency. The shift from economic to military assistance is clear from an analysis of the figures. In the period 1945-51, American aid totalled up to \$ 25.9 mld, and in the period 1951-57, to \$ 29.3 mld. Military aid averaged 9.4% of the total aid in the first period, and 56.3% in the second period. The substantial change in assistance

appears also from a comparison between various years. In 1950, the share of military assistance in the total assistance budget still amounted to only 12.6%; 1951 showed an increase to 31.8, while in 1953, military aid accounted for two-thirds of the total aid.

In the period 1949-61, the Netherlands received military assistance from the United States to the value of \$ 1,187.6 mln. This was less than the economic assistance which totalled \$ 1,243 mln for the same period. From 1952 however, even economic assistance had frequently to be justified as contributing towards effective military defence. The strict divide between economic and military aid had in fact, disappeared.

American assistance appeared essential to the building and the maintenance of the Dutch army in the early fifties.

Although American assistance greatly stimulated the build-up of the Dutch defence industry after the Second World War, it was not the primary cause of this build-up. By 1948, the Dutch government had already decided to breathe new life into the defence industry, mainly because of the tight foreign exchange position of the Netherlands. This decision was thus taken before the start of MDAP. Nevertheless, the enormity of American support after 1950 (especially in the form of offshore orders) doubtless gave new impetus to the Dutch defence industry whose performance was at the time still rather weak. And although in the period 1951-54 the share of defence production in total industrial production was never exceptional (always less than five percent), it could be said that in this period Dutch defence industry was placed on a firm footing, a position which it has managed to maintain up to the present.

2.1

THE SECRET TREATY BETWEEN BELGIUM AND THE NETHERLANDS

In the early post-war period, defence industries in continental Western Europe were infant industries or industries destroyed by war. Initially, the continent was highly dependent on Great Britain, the United States and Canada for the delivery of tanks, guns, jet-fighters, etc. It was not before the mid 1950s that Western Europe succeeded in struggling out of the Anglo-American dominance, although even then continental defence industries were still unable to compete with their American counterparts.

In the first two years after the Second World War a national defence industry in the Netherlands was almost non-existent. The government-run concerns, "Fokker" (aircraft) and "Artillerie Inrichtingen" (portable weapons and ammunition), two of the best-known representatives of the Dutch defence industry before the war, lacked the money, equipment and know-how to be competitive after the war. During the war years, the greater part of the machines and tools of Artillerie Inrichtingen (AI) had been transferred to Germany and Belgium, while in 1945, the Fokker factory was looted. The total war damage claim of the Ministry of Defence amounted to f 1.7 mld (as compared with the civil claim of f 25.7 mld). (1)

In the first post-war years, the Dutch economy was in such a bad state that the government thought it unwise to breathe new life into a costly defence industry.

As far as the aircraft industry was concerned, the build-up in 1945 had to be started from scratch. There was hardly any material available, and only very few personnel. Initially, materials and

equipment were bought from the British Royal Air Force, and the first operational planes (Meteors IV) were purchased in Britain (2). After the war, the construction of combat-planes at Fokker's was considered undesirable for several reasons: the development of a new type was highly expensive, the desired international cooperation in the field of defence required standardization of armaments rather than national efforts, and it would be possible to produce in small quantities only (the Dutch Air Force being the only customer). The fear existed that the procurement of new machines and tools for Fokker and AI would worsen the foreign exchange position of the Netherlands which was already tight at that time. Originally, it was hoped that Holland would receive equipment from Germany by way of reparations, but it soon became clear that the occupying authorities in Germany would not take kindly to the idea of war-damage claims. They simply refused to agree to claims put forward by the Dutch Ministry of Defence. (3)

By the end of 1947, the government came to realize that it had to choose between either the build-up of a modest defence industry in the Netherlands which in the short-term entailed high expenses both for investments and new machinery and for production of articles in small series, or alternatively, total dependence on foreign countries for the delivery of all the military equipment which the Dutch army needed.

The government discovered that the second choice was the less attractive because it would put a heavy structural strain on the country's foreign exchange position. The first choice would require extra investments in the short run, but it was hoped that in the long run it would reap returns in the form of an increased production capacity. The government realized that the build-up of a domestic defence industry was essential for the safeguarding of repair

possibilities and of spare parts supplies. Above all else, though, it wanted to support the reconstruction of the national industry, and pitched their hopes particularly on the aircraft and shipbuilding industries. The shipbuilding industry was the most successful branch in the early post-war years, especially after the approval of the naval building-programme in 1947, which embraced the construction of 2 cruisers, 18 destroyers, 4 submarines and 13 mine-sweepers. It was planned that the execution of this programme, which had a total value of about f 900 mln, would be spread over a period of ten years, 1947-56. (4)

The aircraft industry was given an impetus: the "Nederlands Instituut voor Vliegtuigontwikkeling" (Dutch institute for the development of aircraft) was set up, receiving several government subsidies. This soon resulted in the construction of different types of training-planes by Fokker.

In November 1947, the government decided to revive the firm AI. It presented reasons for doing so: (i) the manufacture of ammunition in the Netherlands was not only cheaper than abroad, but it would in the long run lead also to substantial local currency-savings, and (ii) production in the Netherlands was considered preferable for political and strategic reasons.

In March 1948, a decision was taken to buy an American cartridge-factory in order to support the build-up of AI military production. AI, which had been a government undertaking before the war, was now given the status of a limited liability company. It was stipulated that direction of the company be under daily control of a board of commissioners, consisting of representatives of the ministries involved. Two plans were developed for the reconstruction of the firm: a project for the manufacture of ammunition for small

arms, and a project for the manufacture of artillery. Execution of these plans required a substantial capital outlay estimated at f 31 mln, the greater part of which was foreign exchange. (5)

The government realized that it would be unrealistic to concentrate on a small-scale build-up of the defence industry. It was deemed preferable to approach Belgium in order to arrive at closer cooperation between the two countries. This was, however, not an easy task, because in the field of military production Belgium had advanced far more than the Netherlands. The Belgians had the firm "Fabrique Nationale d'armes de guerre" (FN) which was able to produce many different types of military equipment (particularly small arms). The presence of heavy industry in Belgian territory was one of the reasons why the balance of payments position of that country was much more favourable than that of the Netherlands.

Notwithstanding this disparity, Belgium and the Netherlands concluded a secret treaty on 10 May 1948. This treaty, which regulated the technical aspects of defence cooperation, provided for a joint Staff Committee (dealing with purely military affairs, see chapter 1.1) and two Armament Committees. The armament committees were set-up in January 1948, four months before the signing of the treaty. Armament Committee A occupied itself with matters of standardization and research, while Committee B dealt with the maintenance of the existing equipment of both countries. According to Dutch Labour Minister, Drees, the military treaty with Belgium was to be seen as an agreement to study the foundations of military cooperation. He refused to consider it a secret military agreement. Drees was obviously concerned about the possibility of creating a strong independent defence organization. (6)

Early in March, the two armament committees met for the first

time. The hope was expressed that some means would be found to equilibrate the military trade balance of the two countries.

In the field of artillery and ammunition, it was expected that the joint production capacity of the Dutch AI and the Belgian FN could, at least in peace-time, cover a large part of the minimum demands of the two national armies. Concerning the manufacture of defensive hand-grenades, it was agreed that Belgium would construct the fire-gears and the Netherlands the shell cases (7). At the time however, this was seen as a dream of the future because in the first phase (until late 1951) when the AI factory was not in full operation, the Netherlands was highly dependent on Belgium.

Another joint venture concerned the cooperation between Fokker and FN in the production of Meteor jet-fighters. In the Netherlands it was realized that the Dutch aircraft industry on its own would not be able to produce a competitive product, particularly after the failure of the merger talks between Fokker and two smaller aircraft factories "Aviolanda" and "Diepen" (which both specialized in aircraft repair). Although the official version purported that the merger had failed because of the lack of return on Fokker's war damage claims, it was obvious that the main reason was the smaller companies' mistrust of the managerial ability of Fokker's board of directors. Another argument concerned the distance geographically between the three factories (Amsterdam, Papendrecht and Ypenburg) - it was feared that even in the event of a merger, the companies would each continue to make their own independent policy.

In May 1948, negotiations started between the Dutch and the Belgian governments concerning the construction of 300 Meteor jet-fighters by Fokker and FN. This was against the will of the Dutch army which urgently needed jet-fighters and feared that the joint

production would be overly time-consuming. The army authorities argued that it would be much cheaper and quicker to place the order for the fighters with the British firm Gloster. However, the government refused to sacrifice Fokker, and decided to buy the licence for the production of the Meteor from Gloster. The Dutch and the Belgians agreed that Fokker would undertake to construct the frames of the fighters, while FN would deliver the engines (the licence for which was bought from Rolls Royce). The conclusion to this arrangement was plagued with difficulties. The Dutch protested against the high price which had to be paid for the Belgian engines (£ 5,100: instead, the Dutch had proposed a price of £ 4,800), while the Belgians tried to lower the price of Dutch frames (£ 20,900 instead of £ 21,900). The Dutch considered this price too low, given the prospect of a twenty percent wage-increase in the Netherlands. (This figure may have been somewhat exaggerated for tactical reasons.) Further, they argued, they had undertaken a greater risk than the Belgians, considering the fact that the construction of Meteor frames was still then in an early phase, while the engines were already in full production. After long deliberations which lasted till June 1949, the Belgians said they were prepared to lower the price for the engines to £ 5,000 while the price of the frames remained fixed at £ 21,900. (8)

The collaboration between Fokker and FN, and between AI and FN were the most successful ventures to result from the secret Belgian-Dutch treaty. In the armament committees, the following semi-official rules were developed:

- (a) The Dutch government pledges itself to procure in Belgium all the required small weapons, as well as the ammunition belonging to these weapons (as long as the Dutch AI is not in full operation);
- (b) The Belgian government pledges itself to procure in the

Netherlands not only all the required signal communications equipment such as radar, radio and telephone materials (produced by Philips), but also the required regimentals;

- (c) If preponderating objections to (a) and (b) arise, consultations will take place between the two countries;
- (d) The Belgian and Dutch governments pledge themselves to support each other in their dealings with other countries for the obtaining of orders. With respect to small weapons, the Dutch will support the Belgian position and with respect to signal communications equipment the Belgians will support the Dutch position. (9)

After a hesitant start (mainly caused by the foreign exchange shortage in Belgium), Belgian-Dutch cooperation started to produce some modest results by the end of 1948. The Belgians gave assistance to the Netherlands in the form of:

- a loan of 2 mln ball cartridges;
- a loan of 4,000 tear-gas hand-grenades;
- an order placed with the Office for Mutual Aid: for 600,000 cartridges calibre 30;
- an order placed with FN for the delivery of 2 mln ball cartridges and 1.85 mln blank cartridges, etc.

The Dutch gave assistance to Belgium in the form of:

- a loan of 10 Harvard aeroplanes;
- the transfer of 100 cartridges of 7.92 mm short;
- the transfer of 6 radar-lamps of the Navy;
- training of Belgian technical personnel at the technical school of the Dutch air force in Deelen, etc. (10)

Problems arose as far as the procurement of military equipment abroad was concerned. Although the Belgian and Dutch armies were equipped with British material, their organizational systems were greatly at variance with the British organization of military units. This led sometimes to serious difficulties in the supply of materials.

Dutch delegates at the armament committees advocated a fundamental change from standardization along British lines, to standardization along American lines. According to these delegates, American weapons were not only the most modern, but were also technically the best. With only limited manpower available, the

American weapons generated a much greater firepower, and it became a world-wide tendency not only in WU countries, to switch over to American military supplies. In the Netherlands, it was hoped that a part of the supplies would be delivered from the United States through military aid programmes without charge. The Dutch suggested that Belgian industry apply itself to the manufacture of American weapons built under licence. The Belgian response was rather unfavourable. Their main objection was that American weapons were more expensive than British weapons. Moreover, to bring about a profound change in the method of standardization and combat was deemed too risky. The Belgian army was more oriented to British equipment than the Dutch (despite the Dutch dependence on British arms in the Dutch Indies), and for a considerable period of time, the Belgians feared the simultaneous existence of two types of armaments.

(11)

Ultimately, the problem solved itself for the Belgians because until 1951 the allocation of American stores left much to be desired.

Another vexing question concerned the dissimilarity between the Dutch and Belgian rules concerning the levying of import duties on weapons and ammunition. On imports of Belgian military goods into the Netherlands, the following duties were levied:

- (a) an import-tax (to be compared with purchase tax) of 6 percent of the import value;
- (b) a statistics duty of 1 promille;
- (c) a permit duty (on behalf of the government's purchasing-board) of 1 percent.

For import of Dutch weapons and ammunition into Belgium, only a purchase tax ('taxe de transmission') of 4.5 percent was levied.

In Armament Committee B, efforts were made not only to equilibrate the percentages of import-taxes in the short-run, but to

abolish these taxes in the mutual traffic in the long-run. Such a development, it was thought, would be in perfect accordance with the broader contemporary policy of extending the customs union between Belgium and the Netherlands into an economic union.

However, the Dutch Ministry of Finance, headed by Minister Liefstinck, opposed these plans. Liefstinck was prepared to agree to the mutual abolition of import-taxes and statistics duties only in the event of a loan of military equipment from one army to the other (with absolute certainty about the return of this equipment). However, in the event of an arrangement concerning either exchange of goods or sale, Liefstinck insisted on the settlement of import-taxes and statistics duties. (12)

In the Netherlands, the department of the "Kwartiermeester Generaal" (Quartermaster General) and more particularly, of the "Directoraat Aanschaffingen" (Directorate for Purchases) which came directly under the control of the QMG, were in charge of the purchase of the greater part of stores which the Ministry of Defence needed for the equipment of troops, staff, and services. The DA attempted to maintain the closest possible relations with Dutch industry. Apart from procurement, the DA occupied itself with the inspection of delivered materials.

Before the Second World War, the three usual procurement methods had been (a) public tender, (b) tender by private contract, and (c) purchase by private contract. Of these three methods, the first was hardly used in the first years after the war. There were some substantial differences between Belgian and Dutch procurement methods:

- (a) In the Netherlands, procurement belonged to the sphere of the QMG; in Belgium this was not so;
- (b) In Belgium there was a separate department which was in

charge not only of inspection of delivered equipment, but also of control during the manufacturing process; in the Netherlands this was generally the responsibility of the procurement authorities if desired, with the help of some experts of the "technische staf" (technical staff) and TNO (Institute for Applied Scientific Research).

Armament Committee B proposed the establishment of a joint Belgian-Dutch inspection department. (13)

In the annual report of 1948, the director of DA, Backer, complained that Dutch firms did not show much enthusiasm when they were asked to work for the army. Backer said that in several cases it was still necessary to place so-called "coercive orders". The ensuing result was that it was almost impossible to re-introduce a system of public tender. Backer hoped that in 1949, Dutch industry might no longer view the manufacture of military stores reluctantly. Such a change in attitude would have a favourable effect on price levels. (14)

Apart from AI (ammunition and shells), Fokker (training-planes and jet-fighters) and Philips (radio, telephone, radar and radio-meters), the principal firms which took to defence production early in 1949 were: -

N.V. Hollandsche Signaalapparaten:	fire-guidance systems;
Van Doorne's Automobielfabriek:	trucks, armoured cars, artillery tractors, trailers and weapon-carriers;
Optische Industrie Oude Delft:	optical equipment such as tele object-glass, night object-glass and infra-red object-glass;
Rotterdamsche Droogdok Mij.N.V.,)
N.V. Nederlandsche Dok- en Scheeps-bouwmij,))
Dok- en Werfmij. Wilton Feyenoord,)
N.V. Kon. Mij. De Schelde:)
	cruisers, destroyers, mine-sweepers and submarines.

(All these firms were involved in the building-programme of the Navy, see p. 135.)

'Ned. Springstoffenfabriek N.V.': explosives. (15)

Although there were other troublesome questions to be faced by both governments, collaboration between Belgium and the Netherlands in the field of arms production was not without success, particularly during the first two years after the signing of the Treaty. In December 1949, Luxembourg joined the Belgian-Dutch committees, thereby extending the scope of Benelux to military affairs.

2.2

THE ADDITIONAL PRODUCTION PROGRAMME OF THE WESTERN UNION

The Belgian-Dutch cooperation in the field of defence production was initially more successful than the attempts which were made in the same field by the competent authorities of the Western Union (WU). This organization was established in March 1948, following the signing of the Treaty of Brussels by Great Britain, France and the Benelux countries. One of the WU committees, the Military Supply Board (MSB), endeavoured to make an analysis of the material needs of the five countries and to work out methods to meet these needs. Closely connected to the MSB was the Finance and Economic Committee which dealt with military deficits, new production programmes, and the means of financing them.

However, it soon turned out that the five countries, and the Netherlands in particular, were hardly prepared to increase their military production, let alone to come to an advanced level of standardization within WU.

During 1948 and the first months of 1949, the part of the

defence budget which was reserved for military procurement remained at more or less the level it had been before. In the Netherlands, the procurement budget amounted to about f 500 mln per year (of which f 300 mln was spent in the Netherlands; one-third of the latter amount was appropriated for the build-up of the navy). In these circumstances, it became clear that only American assistance could make a reality of European military cooperation. In November 1948, the American government informed the WU countries of its willingness to render military aid to Western Europe by means of:

- (a) the transfer against book-value (10-15 percent of the purchase value) of ready-for-use equipment from American stores (total value was estimated at \$ 1,000 mln); and
- (b) the supply of dollar credits (estimated at \$ 350 mln) for dollar expenses resulting from specific projects in the WU countries (mainly concerning the construction of airfields and training-camps).

This aid was designed to bring into full combat readiness such forces as the Western Union could maintain without affecting the economies of its members.

The Americans made their offer dependent on the will of the five countries to do more for their own defence. 'A prerequisite for military aid was a European initiative and formulation of a request which would symbolize both the desire and the ability of European nations to help themselves as well as to be helped by the United States' (16). The approach had to come from the Brussels powers themselves in order to answer the communist and nationalist taunts of US imperialist interference, as well as to pacify congressional fears that the United States would waste its money and resources on a reluctant Europe.

However, difficulties arose even before requests were filled, as each member jockeyed to avoid being the first in line. 'Britain hesitated for fear that if it should make commitments ahead of its

allies, the others would assume that it would bear the brunt of future sacrifices. France dallied, presumably because of forthcoming regional elections in March which might expose friends of the Alliance to excessive public criticism'. (17)

National pride and political opportunism were the most sensitive issues that faced the US negotiators, and in one instance it almost upset the entire programme. When it appeared that the United States might refuse military aid to the Netherlands until the settlement of its conflict with Indonesia, Dutch Foreign Minister, Stikker, was for tactical reasons prepared to absent himself from the next Consultative Council (WU's inter-governmental executive organ) meeting.

Ultimately, a response to the United States was made at a meeting of the Finance and Economic Committee of the WU on 11 March, at which each member identified its needs. This was not what the Americans had expected, since no plans would accompany the request to show how the aid would be used. The formal requests did not take into account, methods of correcting deficiencies in current programmes. In fact, member countries of the Western Union submitted their requests not as individual members on a bilateral basis, but as a single unit that would distribute aid according to the needs of individual states. However, although the Europeans did not thus comply fully with American requirements, they were clever enough not to rule out some form of bilateral agreement in the near future (see p. 165).

Appended to the main body of the text of the requests, a confidential annex showed arrangements for the distribution of new military production in fiscal years 1949 and 1950. At a ministers' conference in London on 14 and 15 March, the five countries agreed to

increase their military production by means of an additional effort, provided that such an effort would neither hamper their financial and economic recovery, nor lead to a delay in the plans for the realization of an intra-European transfer of payments. The decision was made to increase production by a total of \$ 200 mln for the year 1949-50 and \$ 400 mln for 1950-51. These amounts were divided as follows:

	1949-50 (mlns. of dollars)	1950-51
United Kingdom	105	210
France	55	110
Belgium and Luxembourg	30	60
Netherlands	10	20
	200	400

Whatever contribution the United States would make toward this extra expenditure would be used primarily to reimburse the WU powers for their new dollar costs.

The Dutch Minister of Finance, Liefstinck, was greatly dissatisfied with the results of the London meeting, especially because the amounts mentioned above were considered to be minimum amounts. Liefstinck thought it unwise to increase expenditure as long as Holland was involved in the expensive colonial war in Indonesia. He further believed that Dutch defence industry was too small to be able to absorb the additional money for production. The fixing of the additional sums for military production was based on the pro capita income of the WU countries. According to Liefstinck, this was not a fair method because real purchasing power was not sufficiently taken

into consideration. Furthermore, he pointed out in cabinet that population growth in the Netherlands was much higher than in the other countries. (18)

Population growth figures in 1948 as compared with
1937 and 1944
(in %)

	As compared with:	
	1937	1944
Belgium	102.5	103
France	99.0	107
Netherlands	114.0	107
United Kingdom	106.0	102

Lieftinck argued that a country like the Netherlands with a population growing at 1.5 percent per year, should devote a greater part of its national income to new investments in order to sustain its standard of living. This appeared also from a prognosis which was made by OEEC (for the year 1949).

Estimated investments as % of the national product

Belgium	7.7
France	12.4
Netherlands	16.5
United Kingdom	13.2

Lieftinck had another argument. He pointed to the comparatively high percentage of Dutch military expenditure in relation to total governmental expenditure:

Belgium	12
France	17
Luxembourg	9
Netherlands	23
United Kingdom	20

(19)

However, in spite of all his efforts, Lieftinck did not manage to lower the Dutch share in the additional production programme. The WU allies argued that the Dutch share was already rather low in comparison with the amount they themselves had promised to spend. They also indicated that the reason for the unusually high rate of military expenditure in the Netherlands, in relation to governmental expenditure, was as a result of the expensive campaign in Indonesia. The Belgian effort seemed modest in comparison, but unlike the Dutch, the Belgians had spent the entire defence budget on the build-up of their army in Europe. A part of the Belgian budget was even appropriated for domestic defence production, whereas the Dutch wasted the greater part of their money on shipment of soldiers and equipment to south-east Asia.

The Dutch cabinet was split in two on the issue of production within WU. Lieftinck's attitude of reluctance met with heavy opposition on the part of Defence Minister Schokking and Foreign Minister Stikker who both pleaded for an additional effort of a minimal \$ 10 mln resp. \$ 20 mln. In January 1949, Schokking had already proposed the issuing of a loan in order to stimulate defence production. He had been scored off then by Lieftinck, who had pointed to the priority which had to be given to the industrialization plan and the social welfare programme (20). This time however, on the issue of additional production, Schokking

refused to yield an inch. Stikker argued that if the Netherlands decided to have only a small share in the total additional effort, it would receive less surplus materials and dollar credits from the United States than the other countries. Those countries would be enabled to bring about a lasting growth of their industrial capacity without additional costs in dollars. In the long run, this increased capacity could be used for non-military aims also. According to Stikker, the Netherlands would be surpassed by the allies if it remained reluctant to fulfil its duty within WU.

It was obvious that the other countries were more prepared to comply with the imposed target. By July 1949, Belgium had already committed its full share of \$ 30 mln. (21)

Ultimately, the Netherlands agreed to the spending of \$ 10 mln for 1949/50 and \$ 20 mln for 1950/51. Lief tinck still considered these amounts the maximum the Netherlands could afford under the circumstances. A programme was drawn up concerning the distribution of the money which was made available:

	1949/50	1950/51
	(in mlns. of dollars)	
Ammunition	0.080	1.600
Land-mines	0.070	1.541
Motor vehicles	1.000	1.000
Radios	1.200	1.300
Aircraft	5.000	5.000
Mine-sweepers	2.000	4.000
Non war-like materials	1.230	4.459
	10.580	18.900

The Belgian/Dutch cooperation in the construction of Meteor jet-fighters seemed to receive a new impetus by the \$ 10 mln which Fokker would receive over the years 1949-51.

In the course of 1950, however, it appeared that the commitment of the relatively small amounts of \$ 10 mln resp. \$ 20 mln from additional funds faced the country with nearly insurmountable problems. In the end, the programme was largely confined to the production of four mine-sweepers. The government gave priority to the financial and economic recovery of the country, and it felt that the WU plans only endangered the execution of this recovery. In the field of military production the Dutch preferred the small Benelux framework to the larger WU, mainly because within Benelux, it was much easier to maintain control over national affairs. Likewise, the Dutch excluded an exchange of views on economic problems within WU. Minister of Economic Affairs, Van den Brink, thought it useless to discuss for example the making of a joint policy for the reduction of the unemployment level in Western European countries if the United States did not participate in such a discussion. (23)

Was the recently created North Atlantic Treaty Organization (with the United States participating) to offer a more convenient framework for the solution of these problems?

2.3

NATO'S STANDARDIZATION EFFORTS, AND AMERICAN MILITARY AID

In April 1949, when the major nations of Western Europe and America joined together for the purpose of mutual defence by signing the

North Atlantic treaty, the Western Union shrank to a Western European Regional Planning Group and thus became even less important than it had been before. NATO created two agencies to address the standardization question. It was the opinion of many of NATO's early leaders that standardization would result in real military and economic advantages for the alliance. Inter-operability of fuels, ammunition and parts would allow the combined NATO forces to operate more efficiently, and standardization of equipment would lead to a common doctrine resulting in a more precise definition of the NATO mission. Through standardization, NATO could reap the benefits of economies of scale as well as specialization, reaping substantial savings for the allies. At least, that was the original intention.

The early years were marked by a series of institutional efforts. NATO's leaders envisaged a system of international administration within the framework of NATO, whose task would be to amalgamate the many different requirements and orders, while simultaneously monitoring any research and development programme within the alliance. The agency would select appropriate designs as needed; the final steps would govern the standardization of systems. In an attempt to find the key to coordinated organizational control, several experiments were undertaken. The titles of the original organizations, the Military Production and Supply Board, and the Defence Financial and Economic Committee, were directly adopted from the Western Union. The former sought to survey the production capabilities of the allies, while the latter was charged with the development of overall economic and financial guidelines for defence programmes. (24)

What mattered most for the Europeans during this period was the execution of article 3 of the North Atlantic Treaty which committed

the signatory states to mutual assistance. On 4 April 1949, the day that the treaty was signed, the eight Western European countries called on the United States for more military assistance. In doing so they placed the emphasis on the development of each individual nation, rather than on multilateral arms production or cooperation. Within a year following the creation of NATO, the United States concluded treaties of bilateral assistance with all Western European NATO countries. Thus, NATO's first attempt to bring about standardization and cooperation soon proved abortive. The bilateral approach was welcomed by Congress which, at the time, was not at all satisfied with the course of events within the framework of ERP.

The bilateral treaty between Holland and the United States was signed on 27 January 1950. This happened shortly after the termination of the Dutch colonial involvement in Indonesia. The end of the struggle in Indonesia did not lead to increases in the quantity of military stores in the Netherlands, because for the most part, the equipment which was used in south-east Asia was too old to be used for the build-up of the Dutch army. Moreover, the army authorities feared that the more (mainly British) equipment the Dutch brought back from Indonesia, the less they would receive from the Americans under the mutual defence assistance programme. The Dutch were eager to see the American aid coming into operation as soon as possible. (25)

However, the amount of American military assistance was initially limited. It was certainly of minor importance compared with ERP aid. Early in 1950, the American government was still of the opinion that a revival of the economy of the countries of Western Europe would provide credible protection against the threat of the Soviet Union.

In the Netherlands, it was none the less expected and estimated

that over the following ten years the United States would render military assistance to the tune of f 1 mld (f 100 mln per annum) (26). The first shipment of American equipment which arrived in the Netherlands was of the value of about f 115 mln (of which f 50 mln was appropriated for the navy, f 50 mln for the army and f 15 mln for the air force). Part of this equipment was new, and part was issued from surplus stores. Equipment issued from surplus stores, valued at ten percent of the procurement value, was overhauled in the United States and it arrived in the Netherlands in working condition. There remained a little American assistance, for which methods of transfer and sites of production were still to be arranged. The United States promised the delivery of thirteen mine-sweepers for example, and the Dutch hoped that the Americans would agree that construction of these mine-sweepers would take place in Dutch shipyards as an additional military production project. It was calculated that a Dutch mine-sweeper would cost only half the price of an American mine-sweeper. Production in the Netherlands was deemed important not only to save transport expenses, but also to advance employment (27). Although American authorities were not against this idea, they became irritated when they learned of Minister Lief tinck's plan of December 1949 to economize on the naval programme by cancelling the construction of six destroyers. Lief tinck had drawn up this plan after having been informed of new American strategic plans according to which the Dutch had to increase their land defence at the expense of their navy. Lief tinck's persistent reluctance to increase defence expenditure induced him to transfer money from the navy budget to the army budget. Originally, the naval programme provided for the construction of eighteen destroyers (needed for sea patrolling duty) in the Netherlands, but Lief tinck refused to finance more than

twelve. He hoped that the Americans would deliver the remaining six destroyers under the military assistance programme.

The Americans objected that Lieftinck's attitude undermined the purpose of mutual aid; in their view, a country receiving military aid was obliged to increase its efforts at self-defence, not to relax them.

In the end, instead of destroyers, the Dutch received only six destroyer-escorts (which were less powerful) from the United States. Under-Secretary for the Navy, Moorman, reproached Lieftinck for endangering employment in the Netherlands. He argued that an increase in the army budget at the expense of the navy would be disadvantageous to the economy because a Dutch armaments industry was nearly non-existent, whereas a naval-building programme on a limited scale fitted in with the industrialization plan. (28)

Early in 1950, discussions centred on the fixing of the defence budget for that year. Lieftinck mentioned a total amount of f 800 mln, while Defence Minister Schokking made a plea for a substantial increase to the tune of f 1,085 mln. According to Schokking, this amount represented the minimum which was necessary for what he saw as a credible build-up of army (f 600 mln), navy (f 325 mln) and air force (f 160 mln) within the international frameworks of the Western Union and the North Atlantic pact. With this money the air force would be able to execute the contract concluded between Fokker and FN, the army would be in a position to obtain the required equipment, and the navy would be able to continue the execution of its (temporized) building programme (29). In Schokking's proposal, more than half of the extra f 285 mln, viz. f 150 mln, was appropriated for support of the defence industry. At

the time, total spending for this branch of industry was estimated at about f 300 mln. (30)

Lieftinck, who feared inflationary tendencies, vehemently opposed Schokking's proposal and, backed by Drees, he carried the day (in April 1950). Schokking, army authorities and industrialists were greatly disappointed with the cabinet's policy of reluctance towards defence procurement. General Kruls, the chief of the General Staff, pointed to Dutch responsibilities following the arrival of American military assistance in the Netherlands. Kruls argued that since the Dutch had to bear the costs of complementary materials, maintenance of received equipment and construction of military training-camps and air-fields themselves, the implementation of a mutual defence assistance programme necessitated an increase rather than a decrease in the defence budget. (31)

At the same time Stikker reproached Drees, Van den Brink and Lieftinck for neglecting the advancement of social and economic cooperation within WU. (32)

In June 1950, following a government discovery that the army had deliberately turned a blind eye to a parcel of military equipment with a replacement value of f 1,000 mln, army authorities came in for severe criticism. The discovery concerned deliveries from Britain to be used for the repair of war materials which the British army had left behind in 1945. With these materials repaired, it would be possible to equip one division. Drees was furious when he was informed of this army wile.

It was one of the signs that suggested a lack of mutual understanding between civil and military authorities at that time. In cabinet, there was little faith in the efficiency of the military

organization. In mid 1950, Drees pointed to the delivery by the United States of twenty-four radar-installations, while there were only four men in the Dutch army who knew how to operate them. (33)

In the international field, one of the most sensitive uncertainties to face Europeans was the potential subordination of economic aid to military aid, despite US professions to the contrary. This sensitivity accounts for Dutch and British cries of alarm when the United States responded to a request from the Defence Financial and Economic Committee to examine economic and financial potentialities of the NATO governments. Although nothing specific was recommended, Stikker and Bevin were disturbed over the wording of the US resolution which observed that 'the making of additional military expenditures must be judged, not only in light of economic and financial conditions, but also in light of the needs of defense'. The wording was changed to read: 'While the making of additional military expenditures must be judged in the light of economic and financial conditions, adequate consideration must be given to the needs of defence'. (34) This small incident furnished proof of a serious change of strategy in the US State Department. In accordance with the basic ideas of NSC 68 (see chapter 1.2), the build-up of defence forces became more important than economic reconstruction. In mid 1950, the Americans looked for an opportunity to bring this new strategy into practice.

When the Korean war broke out in June 1950, the Dutch cabinet refused initially to agree to the American request for a substantial increase in war production. Drees feared that such an increase would automatically lead to a decrease in consumption. He argued that in a prosperous country like the United States it was much easier to economize on consumption than in the Netherlands. In this respect

Drees pointed to the fact that as a result of the price increase of meat, margarine etc., it would be impossible to disregard the general request in the country for a new wage increase. (35)

Nevertheless, in August 1950, cabinet could no longer resist the moral pressure which was put on it by the United States, and it decided to increase the budget for 1950 (which amounted to f 850 mln) by fifteen percent, to the amount of f 980 mln. This decision was more or less a gesture of gratitude to the United States which had promised to render additional economic aid to the Dutch to the tune of \$ 20 to 30 mln. The military authorities felt relieved when Lieftinck made known that the greater part of the fifteen percent increase would be spent in the defence industry. However, Drees, cautious as ever, warned that he accepted the build-up of a war industry in the Netherlands only if, in due course, this industry could be easily converted to civilian production. In Drees' view, the creation of an industry which was pre-eminently geared for war was highly objectionable. (36)

In this respect, he differed from Lieftinck who saw certain advantages in the creation of a small but technologically-advanced defence industry. Lieftinck welcomed the appropriation of budget money for research purposes. He believed in the favourable influence of research in the military field, on industrialization in general. Lieftinck's main worry was that in the long run, defence production would surpass all limits in a new tendency to emphasise quantity at the expense of quality.

DUTCH RELUCTANCE TO INCREASE PRODUCTION

In September 1950, the "Raad Militaire Aangelegenheden van het Koninkrijk" (council for military affairs of the kingdom), which was directly subordinated to the cabinet, studied the possibilities of utilizing the surplus capacity on hand for the production of war materials. The newly-created Council of Deputies of NATO had recently proposed the High Priority Production Programme, comprising a series of actions to initiate production on certain critical items, and the Dutch felt that they had to respond to this proposal. Considering the recommendations of NATO's council, the Raad MAK decided that:

- (a) Concerning those articles which had been approved by NATO's Standing Group and for which there was a substantial demand with due regard to the existing production capacity, orders would be placed with the industry to full production capacity (for example: Fokker's frames for the Meteor jet-fighters).
- (b) Concerning those articles which had not been approved but for which there was a substantial demand, with due regard to the existing production capacity, orders would be placed with the industry to full production capacity as soon as the type would be determined (for example: Van Doorne's trucks and Philips' electronics and radar installations).
- (c) Concerning those articles of which the production capacity was high in relation to the demand, orders would be placed with the industry for additional production as soon as the sale of such production was ensured (for example, the mine-sweepers built on Dutch ship-yards, Philips' radio sets, AI's proximity fuses, and the AT mines of the Nederlandsche Springstoffenfabriek).

These Raad MAK standpoints were very carefully formulated. It was clear that the Dutch were using their existing industry for exactly what they wanted.

Moreover, the hope was expressed that the decisions taken at

this meeting would not lead to a decrease in American military aid to the Netherlands. (37)

However, to the disappointment of the Dutch, the delivery of American equipment, which had already left much to be desired in the first half of 1950, encountered even more difficulties after the outbreak of the Korean war. The Dutch were forced to accept British and Canadian materials. These stores were rather obsolete in comparison with the more modern American equipment. Dutch military authorities feared that their recently developed standardization plans along American lines, would be endangered in the event of the re-introduction of British and Canadian equipment (38). Pressure was exercised on the United States to continue with the military assistance programme. However, the Americans were directing their attentions to Korea, and the Dutch remained empty-handed.

General Kruls thought this was another reason to make an extra effort in building up the national defence industry. He was much concerned about the lack of signal communications in the Dutch army. The equipment available for normal training was still sufficient, but for the retraining of troops there was an appalling shortage of signal communications. This could not be blamed simply on the absence of American equipment, because the Dutch had a large electronics industry (Philips) at their disposal which was itself able to produce the goods that were in short supply. However, fundamental disagreements between Defence Minister Schokking and the military authorities, as well as between the military authorities among themselves, interfered with plans for the build-up of the native industry. Schokking reproached the military for giving him contradictory advice on procurement matters, which made it very difficult to present a consistent policy in cabinet. Military

authorities pointed to the procrastination of the Quartermaster General's department as the main reason for inefficiency in the placing of military orders. At the end of August 1950, only twenty-one percent of the amount which was reserved in the 1950 budget for the purchase of stores, had actually been spent. Likewise, the money which was appropriated for revision of materials was still far from committed. Kruls signalled that recent delays in the placing of orders with the clothing and footwear industries had led to severe financial losses for the state. The QMG took his stand on the grounds that the continuous uncertainty about the delivery of American goods had induced him to adopt a wait-and-see attitude, but Schokking thought this argument entirely inadequate. (39)

In its first year of existence, NATO had been unable to draw up a satisfactory standardization programme. The two agencies which were created for this purpose, the Military Production and Supply Board and the Defence Financial and Economic Committee, lacked competent people with organizational skill to address the standardization question in an adequate way. The agencies appeared to be unable to provide proper statistics for measuring national defence production capacity, and for determining an equitable system of financing. The Council of Deputies, which was created in 1950 for the supervision of MPSB and DFEC, failed to bring about a simplification of the unwieldy structure of the North Atlantic pact. Moreover, American involvement in the Korean war made the standardization issue even more problematic.

In the meantime, the ministers for finance of the countries of Western Europe, grew more concerned about American pressure to increase the defence budgets. The reaction of the French Minister, Petsche, was to make a public commitment not to increase defence at

the expense of living standards. Yet, if expenditure on defence would have to be increased, the extra money would have to come from somewhere. It seemed hardly possible to avoid the subsequent danger of inflation. One possible solution for this problem was contained in a French memorandum of 5 August, in which Petsche proposed that a common defence fund should be set up, which each western power should contribute to in proportion to its national income (40). In mid August, Petsche's idea was developed at length in a top secret memorandum presented to Bruce, the American ambassador in France. The main argument of the proposal was that 'since France had suffered on account of the lack of a co-ordinated defence effort at the beginning of the first and second world wars, it was necessary and desirable to set up the structure and organization for a common defence while there was still time' (41). Petsche suggested that the Atlantic council should set up an organization (an Executive) with powers to draw up a joint defence programme, standardize production, allocate raw materials and means of transport, and manage the joint budget, so that the financial burden would be spread equitably between members. The defence funds would thus serve as a clearing house for the mutual contributions of the various countries.

Two months later, Petsche explained further that one of the purposes of economic and financial integration was 'to spread the burden of financial assistance onto other countries besides the United States, and at the same time to rationalize the defence programmes of individual countries'. This, he felt, would 'enable economies of scale to be exploited and produce similar rates of inflation in member countries'. (42)

The Dutch response to Petsche's plan was not very favourable, although Lieftinck saw certain advantages in a central system of

accountancy. Boon (general secretary of the Ministry of Foreign Affairs) feared that through this proposal, France would try to become the leader of a continental group of countries, because it was clear from the beginning that the United States and the United Kingdom would refuse to take part in the plans for a common defence fund. In simple terms, Boon continued, Petsche's plan boiled down to a military revival of the "economic" Finebel which had deceased a few months earlier.

Drees warned the Raad MAK that the French plan would complicate the intricate organizational structure of NATO even more. He preferred an organization which would work along the lines of the OEEC. Furthermore, Drees feared the powerful position of the Executive, which would endanger the process of independent policy-making in the Netherlands. He pointed out the danger in the future, of the Executive interfering in the national tax-systems. In this respect, he remarked that French taxes were considerably lower than Dutch taxes. Finally, Drees wondered how the Executive would operate without the participation of the United States and the United Kingdom.

The Raad MAK concluded that in reply to Petsche it should be said that the Netherlands agreed to a simplification of the organization of the Atlantic pact. However, this was not meant to imply that wide powers would be conferred on the Executive. (43)

All in all, Petsche's proposal and the Dutch reaction corresponded strongly with later discussions on the creation of a common budget and a common armament programme within EDC (see chapters 3 and 5).

In the end, the French plan failed mainly because of American reluctance to participate. The Americans suspected that the French

were attempting either to minimize their own contribution, or to achieve a position for themselves equalling that of the British in NATO planning. Moreover, the French proposal failed to take into account 'the historic role of Congress' both in the management of monies, and in the control over their use. (44)

Early in October 1950, the position of the defence industry in the Netherlands was strengthened by the settlement in Breda of a subsidiary company of the Swiss firm "Hispano Suiza". This firm, which was obviously attracted by low wage-levels in the Netherlands, produced precision-instruments and specialized in the manufacture of ammunition and guns (20 mm). It was planned that these weapons would be used in the construction of Fokker's Meteor jet-fighters. The decision to agree to the settlement of "Hispano Suiza" (HS) followed long debates in the Raad MAK.

Lieftinck objected to the ammunition project of HS because, in his view, it would threaten the position of the Dutch firm AI. It was clear that the guns HS produced, were more important to the Netherlands than the ammunition. Lieftinck was also irritated that HS had made its settlement dependent on the placing of certain orders which had to be financed by the Dutch government. Under-secretary Moorman (of the Navy), feared that HS would withdraw qualified people and specialists from the firm "Holland Signaal Apparaten" which produced fire-guidance installations. Drees worried that HS would concentrate only on military production, thereby excluding any form of civil production. He argued that the entire company should be carefully monitored since HS also delivered equipment to countries behind the Iron Curtain.

Minister of Economic Affairs, Van den Brink, was a fervent advocate of the HS settlement in the Netherlands. He argued that the

defence budget would be relieved by foreign exchange savings gained from domestic production. Furthermore, he pointed to another advantage of having a firm for precision-fabrication: the concomitant training of skilled labourers would, in his view, doubtless have a favourable impact on further industrialization plans. General-Major Aler, the chief of the air force staff, argued that the 20 mm guns of HS were very effective weapons. Ultimately, the HS settlement in Breda was approved by the Raad MAK, on the conditions that a Dutchman would serve on the direction of the firm, and that no personnel would be withdrawn from firms which were involved in the defence effort. (45)

In November, Canada announced the supply of materials for the equipment of two divisions. The Dutch were in urgent need of these materials because, in accordance with the terms of NATO's Medium Term Defence Plan, they had recently (in October) promised to build up five divisions to be ready by 1954. Nevertheless, the Dutch army accepted the Canadian offer with only great reluctance - it still feared new delays in the American standardization. Moreover, the Canadian offer did not include motor transport, signal communications or engineering equipment. In the view of Dutch army authorities, the delivered materials had the character of a scratch collection.

Additions to Canadian equipment could be expected only from Britain, since no American aid was forthcoming. Minister Van den Brink urged the Dutch to rely less on foreign countries, and to develop more initiatives of their own, particularly in the field of training facilities (barrack-building and construction of training camps). (46)

In December 1950, the Dutch finally made an attempt to proceed from words to deeds. Spierenburg, "waarnemend regeringscommissaris

voor het economische en militaire hulpprogramma" (deputy government commissioner for the economic and military aid programme), presented a memorandum to the Raad MAK in which he made mention of the creation and financing of additional military production projects. These projects were initiated and supported by the United States, using gratis raw materials, parts, freights and technical assistance. Spierenburg proposed the setting-up of a guarantee-fund for industrial investments at f 100 mln, and of a financing and development fund for research purposes at f 20 mln. It was planned that both these funds would be cleared in due course by means of the counter-value account. Spierenburg's proposal included a motor-transport plan and an ammunition plan. An electronics plan was in preparation. The ammunition plan provided for what was called 'a justified stock of ammunition in peace time' (a stockpile of sixty days). Although it was realized that American requisitions (ninety days stock) would not be met, the general opinion was that Spierenburg's plan meant a substantial improvement.

The Raad MAK appeared to be satisfied with the contents of Spierenburg's note. It was felt that here was, finally, sufficient insight into what was needed, and what could be obtained from foreign countries. The decision was taken to start negotiations with the defence industry on the basis of Spierenburg's plan. It was hoped that in the near future, industry would be prepared to take more risks, even if these risks were not covered by guarantees from the government. Until then, Dutch manufacturers had often refused to accept orders because there had been no certainty about the delivery of raw materials. Moreover, there had been problems concerning estimates of what was needed. The Raad MAK decided to take a firm line with the industry and, whenever possible, to re-introduce the

competitive element. (47)

Late in 1950, the government sent a "Progress Report on the Implementation of the High Priority Production Programme" to NATO's Council of Deputies. (This programme had been developed after the start of the Korean war, and comprised a list of actions to initiate production on certain critical items: tactical aircraft, anti-aircraft equipment, anti-tank weapons, tanks, mines, escort vessels, and field artillery.) The Dutch progress report was deemed useful not only as an exposition of the production capacity which the Netherlands could place at the disposal of NATO, but also as a starting-point for negotiations with the electronics and shipbuilding industries. The government considered the construction of ships and electronics as an incentive for further production.

However, the North Atlantic council and the United States criticized the Dutch report for not providing for a sufficient covering of shortages in some articles of Dutch defence equipment (particularly mine-sweepers and walkie-talkies) which should, in NATO's view, have received the highest priority. The North Atlantic council and the United States government reproached the Dutch for promoting exports rather than rearmament. (48)

Despite this, it should be noted that the American position was not free from ambiguity. The original intention was that arms production in Europe could take place only if the expanding arms industries did not destroy the economies of the countries involved. Congress failed to appreciate this line of reasoning, and in 1949 and 1950, it eliminated sums provided to encourage arms production in Europe. None of the funds could thus be used to offset losses in export trade or to pay subsidies for increased production. The funds were primarily for materials and machine tools needed by European

factories for arms manufacture. The underlying fear in Congress was that the funds would be used to finance building of new plants which might compete with their American contemporaries. (49)

In January 1951, the Americans increased their pressure on the Dutch who still refused to build up an adequate defence. The Americans were particularly piqued by the Dutch government's decision to decrease the defence budget for 1951 (as compared with the 1950 budget).

The 1951 budget contained the following estimations:

(A)

Total defence budget 1951
(in mlns. of guilders)

Army	427
Air Force	153
Navy	279
	859

This was the revised budget; the original budget amounted to only f 800 mln.

(B)

The share of the item procurement
in the total budget:
(in mlns of guilders)

Army	196
Air Force	96
Navy	128
	420

The item procurement thus accounted for about 50 percent of the total budget.

(C)

Of the amounts mentioned under (B), Dutch industry accounted for:

Army	f 143 mln
Air Force	f 67 mln
Navy	f 128 mln
f 338 mln	

(50)

This meant that more than seventy-five percent of the defence orders were placed with Dutch industry.

On 10 and 11 January, General Eisenhower, Supreme Allied Commander Europe, visited The Hague where he stressed the view that the problem of holding adequate strength in Western Europe was manageable only if all the countries put their hearts into the job and 'started immediately to take the necessary steps to translate plans into action'. (51)

Concerning production, Eisenhower felt that in the Netherlands, the struggle for efficiency 'was over-emphasized to the point that it seemed to become the predominating factor rather than secondary to the over-riding importance of providing the maximum security for the country at the earliest possible date'. (52)

The government appeared sensitive to Eisenhower's criticism of Dutch defence policy. In the Raad MAK-meeting of 19 January, the decision was taken to create an advisory committee in which

representatives of trade and industry would receive the opportunity to give their opinion on the "high priority production programme". Also represented in this committee were the chairmen of the four employers' organizations, the chairmen of the trade unions, the commissioner for military production of the Ministry of Economic Affairs, the president-director of the directorate for the economic and military assistance programme, the coordinator of the chiefs of materials, and the chiefs of materials of the army, the navy and the air force. The first meeting of the new committee took place on 21 March. The Raad MAK discussed another note presented by Spierenburg concerning the production of military stores in the Netherlands. This note, which dealt particularly with the construction of sixty mine-sweepers (according to a plan developed by Rear-Admiral Stam and DPB representative Schoenmaker), provoked a lively discussion. Minister Van den Brink remarked that an increase in military production was indispensable not only to remain assured of American assistance, but also to receive a satisfactory share in the allocation of raw materials. The rise of the prices of raw materials following the outbreak of the Korean war, had an unfavourable impact on the Dutch balance of payments position. Van den Brink argued that a decrease in production in the civil sector would be unavoidable in the near future. If such a decrease was not met by an increase in military production, the result would be, in his view, a considerable level of unemployment in the Netherlands. Van den Brink thus pointed to the importance of social aspects in this discussion. He recommended the Raad MAK to give its blessing to Spierenburg's proposal concerning the construction of the sixty mine-sweepers. In his view, this proposal was very attractive for a country like the Netherlands, with its experience in the field of ship-building. He

argued that Dutch shipyards had some extra capacity at their disposal, since the construction of tankers for the Soviet Union (according to a trade agreement in 1949) had been cancelled because of the US ban on export licences (within the framework of Cocom) resulting from the deterioration in the relations between east and west.

The 60 mine-sweepers were divided in the following categories:

- (a) 12 mine-sweepers for the Dutch navy. As the construction costs (f 144 mln) were not included in the defence budget, these mine-sweepers would be financed through additional expenses.
- (b) 36 mine-sweepers for the United States to be utilized either by the American navy or by one of the NATO allies. The hope was expressed that the Americans would consider this an offshore order, and that they would pay for the mine-sweepers in dollars (this was the first time that the Raad MAK actually discussed the possibility of receiving offshore orders from the United States).
- (c) 12 mine-sweepers to be produced in stock. It was intended to divide the costs of these mine-sweepers between the government and the ship-yards.

The financing of the mine-sweepers mentioned under (c) was not without risk, because at the time there was no certainty at all about sale. Nevertheless, Van den Brink thought it justifiable to run these risks if the plans mentioned under (a) and (b) were accepted. He expected that the United States would render more assistance to the Netherlands if the plan for the construction of twelve extra mine-sweepers was executed. Likewise, Spierenburg remarked that the additional expenses mentioned under (a) would open the possibility of substantial dollar aid from the United States.

Lieftinck accepted the mine-sweeper plan with great reluctance because he feared its consequences financially. He said he would agree to additional expenses only if the government economized on other projects which were less in the centre of American interest. According to Lieftinck, the Americans were interested less in total

budget figures, than in the way the money was actually spent. He proposed an increase in the contemplated retrenchment in the civil sector (which amounted to f 10 mln then).

In conclusion, the Raad MAK decided to approve Spierenburg's mine-sweeper plan. (53)

At the same meeting, Defence Minister, 's Jacob, who had replaced Schokking in October 1950, informed the Raad that at the next meeting, he would present a definite plan containing the amounts by which the defence budget would be increased. For the moment, he said he would ask for f 150 mln within the next three weeks (which would send up the total budget to the tune of f 1 mld), and for two additional sums within the next three months. (54)

However, the American authorities were not at all satisfied with this tentative promise, and they decided to interfere directly in Dutch defence affairs by means of an aide-mémoire. In this aide-mémoire, the Dutch were recommended to increase their defence guilder expenditures by an amount equivalent to approximately \$ 170 mln (about f 650 mln) for expenditure in 1951. Should such an increase in the budget and expenditures be undertaken, the United States, for its part, would undertake to provide assistance to an amount of between \$ 25 and \$ 35 mln in support of such an increased effort. The Americans suggested that approximately \$ 125 to \$ 150 mln of the \$ 170 mln mentioned above should be spent on production, 'in meeting large deficiencies in the Netherlands' armed services, particularly in the field of production of high priority programme items and other items, including uniforms, infrastructure to their own needs'. (55)

Moreover, in order to augment the pressure, the American ambassador to the Netherlands informed the Dutch deputy at the North

Atlantic council, of his recent visit to the Fokker factory where he had discovered that Fokker could produce more aeroplanes than was generally assumed, if the government was prepared to bear the costs of working with night-shifts. Likewise, American authorities in the Netherlands visited the Philips works in Eindhoven where in their view, production level lagged behind capacity.

The Dutch deputy appeared to be greatly annoyed by American meddling in internal affairs, the more so as the minister of defence was just then giving serious consideration to extra measures for the benefit of Dutch defence. (56)

Once again, American pressure failed to bring about the desired change in Dutch defence policy. However, this time Dutch inactivity was not caused by unwillingness, but by the fall of the government on 24 January as a consequence of the problems between Foreign Minister Stikker and his own party, the VVD, about the colony of New Guinea. During the subsequent period of governmental crisis, it was virtually impossible to take such important decisions as increasing the defence budget. Needless to say, the Americans were greatly disappointed with this delay.

2.5

THE INCREASE IN DEFENCE AND THE GROWING DISSATISFACTION

The growing disequilibrium in 1951 in Western Europe was a matter of deep concern to the Dutch. Skyrocketing prices of raw materials were reducing standards of living, bringing about new economic and social troubles, causing payments difficulties (especially in the Netherlands and Germany) in EPU, interfering with integration and

making rearmament more costly and difficult. The Dutch feared that a continued degeneration might have grave economic and social consequences with the possible result of an undermining of the purposes of NATO's defence programme. (57)

During a discussion on 1 March with Bissell (deputy ECA administrator), Porter (assistant administrator of MDAP) and Prud'homme (director of the office of German economic affairs), Foreign Minister Stikker stressed the special dangers of the German EPU crisis to the Netherlands. Stikker expressed the fear that any permanent abandonment by Germany of trade liberalization might cause a chain reaction throughout Europe which would not only cause an abandonment of liberalization but which would seriously affect the defence efforts of the NATO countries. (58)

Nevertheless, on 17 March, two days after the second Drees cabinet had been formed, Prime Minister Drees announced a military programme which was to include the provision of an extra two billion guilders (4 x 500 mln) for defence over the following four years (1951-1954). The new defence budget was estimated at a total amount of about f 1500 mln a year. This was a substantial increase placing a heavy strain on the financial position of the Netherlands which was already affected by the payments deficit in EPU. The additional f 500 mln a year would be financed partly by (inflationary) loans and partly by tax increases. Furthermore, Finance Minister Lieftinck announced a retrenchment on government expenditure to the tune of f 150 mln. The government also decided to reduce consumption by 5 percent and investment by 25 percent (at the expense of the housing programme). (59)

The greater part of the defence budgets for 1951-1954 would be spent on the defence industry. Of the total amount of f 6 mld,

f 4.5 mld was allocated to military procurement. The value of the orders placed with the Dutch industry was estimated at f 3 mld. This amount would be used mainly for the procurement of non-warlike equipment such as uniforms, means of transport, signal materials and gas-masks, because war production in the Netherlands was still rather insignificant. The execution of Spierenburg's mine-sweeper plan seemed to be safeguarded.

Early in April, the Raad MAK approved a programme for the build-up of the air force, according to which the government undertook an increase in the contribution of the Dutch air force to NATO. The Dutch contribution was fixed at a total of 374 aeroplanes (instead of the original number of 320) in the first line, to be ready by 1956. Of this number, 150 day-fighters were already in production at Fokker's. It was hoped that the greater part of the required night-fighters, reconnaissance planes and transport planes would be delivered under MDAP. In the air force programme, the Dutch promised to make available thirteen airfields also. The total financial outlay of the programme was estimated at f 1,264 mln, but it was expected that with MDAP aid, this amount could be lowered to f 944 mln. (60)

In spite of the efforts made by the Dutch after the announcement of the new defence programme, the Americans remained dissatisfied, and they urged the Dutch to increase the defence budget again, to an amount even higher than the recently estimated f 1,500 mln. They suggested that the government finance additional production by means of local currency which emanated from the counter-value of the economic assistance. (61)

This meant a substantial change in the nature of military aid. The bulk of the assistance was no longer to be end-items offered from

surplus American stocks at home or abroad; these had been almost exhausted. Nor was it to be products exclusively of US plants; domestic military needs used up most of this category. Hence, the emphasis was put on the use of counterpart funds. In the Raad MAK, the economic assistance for the fiscal year 1951/52 was estimated at \$ 250 mln, of which the counter-value would amount to \$ 50 mln.

Lieftinck objected to the American suggestion because he feared the financial consequences of an additional production effort. In his view, the f 1,500 mln budget represented the absolute maximum the Dutch could afford. Spierenburg voiced the opinion of the "Bureau of the Government Commissioner for the Military Assistance Programme" which strongly favoured the new American proposals concerning defence production in Europe. He pointed out to Lieftinck that it would be preferable to spend the amount of \$ 50 mln at home, rather than to have the same military goods delivered from the United States as end-items under MDAP. Spierenburg warned that the government was faced with the choice of either the utilization of counterpart funds for additional production, or the possibility of a substantial decrease in the size of economic assistance. Offshore procurement (already discussed at the Raad MAK-meeting of 19 January) was surely the best answer. But the United States, though studying the possibility of letting contracts directly to European factories, was still unwilling to assist in building up a European defence industry with American dollars (at the cost of the American defence industry).

Lieftinck finally admitted that, if the forthcoming assistance rendered to the Netherlands came up to expectations, he was prepared to release \$ 50 mln (62). At the end of April, Spierenburg wrote a letter to Hunter, chief of the ECA special mission in the Netherlands, in which he explained that the defence budget at f 1,500

mln a year represented the maximum burden the Netherlands would be able to bear over the four year period. In his letter, Spierenburg made no mention of the discussion in the Raad MAK on the utilization of counterpart funds for additional production. According to him, the government's decisions concerning the budget were based on the following three assumptions:

- (a) That sufficient and synchronised aid in the form of end-items would be forthcoming.
- (b) That the possibilities of assistance in the form of raw materials, machine tools, etc. for military production, as provided for in the United States legislation, would be utilized on behalf of the Netherlands to the fullest extent.
- (c) That, as in previous years, the United States would reach a full understanding with the Netherlands, on the need to support the increased effort through assistance in the civilian economy; such assistance would benefit the Netherlands economy, especially in view of its serious balance of payments difficulties. (63)

However, in June American authorities let it be known that in the long run an increase in the Dutch budget up to f 2 mld would be justifiable. They recommended the Dutch to make an additional effort regarding forthcoming debates in Congress on the allocation of assistance to Western Europe.

Lieftinck was highly indignant at the renewed American meddlesomeness. He argued that the Dutch were already at great pains in order to reach the budget of f 1.5 mld. In this respect, he pointed to:

- (a) retrenchment on government expenses to the amount of f 150 mln;
- (b) retrenchment on consumption (reduction of real wages) by five percent;
- (c) retrenchment on investments by 25 percent (this concerned particularly the building industry: in 1951, the number of construction workers decreased from 54,000 in March, to 37,000 in December; industrial investments however, had not been affected); the proposals for credit-restriction; tax proposals at f 250 mln (particularly indirect taxation); difficulties in the transfer of payments with West Germany; the unfavourable

effect of dissaving on the balance of payments; and the deficit within EPU (f 0.5 to 1 mld in FY 1951/52).

Lieftinck complained that on top of the budget of f 1.5 mld, the Americans wanted the Dutch to utilize a part of the counterpart funds for the financing of end-item production. He feared that the increased purchasing-power created by the use of counterpart funds would fully absorb the foreshadowed dollar aid (which was estimated at \$ 50 to \$ 60 mln). In Lieftinck's view, such a policy would be purely inflationary if not accompanied by additional dollar aid. But he wanted an increase in dollar aid, before taking the risk of raising the budget. Hirschfeld, the government commissioner, proposed to increase the budget to f 1,550 mln, and to add to this amount the "overflow" of the preceding years: he thought that it would be possible to reach the target of f 2 mld by adding the money which had not been committed earlier. Concerning the placing of orders with the defence industry, Hirschfeld thought it absolutely necessary to take certain risks in order to remain certain of economic assistance from the United States. Defence Minister Staf (the successor of 's Jacob) agreed with Hirschfeld saying that American aid would be allocated only if Dutch industry first took more initiatives of its own. Lieftinck opposed Hirschfeld's "overflow-procedure" because a temporary speed-up would, in his view, lead to intolerable exploitation of costs in a short period of time, with the result that Dutch efforts might be adversely affected in 1953. Lieftinck received little support for his stance, but he managed to postpone the final decision on the budget increase, notwithstanding the pressure put on him by Hirschfeld, Stikker and Prince Bernhard, who regularly attended the meetings of the Raad MAK.

(64)

A few days after the meeting, Lieftinck conceded finally to the

appropriation of f 230 mln from counterpart funds for military production, but he successfully resisted the increase of the budget to f 2 mld. The formal application for the release of local currency counterpart funds was not signed until August 1951.

The Dutch drafted an aide-mémoire on 18 June, in which they pointed out the critical economic and monetary situation of the country to the Americans:

During the last six months the monetary reserves have been reduced by about one-third. The position in the European Payments Union is growing more and more critical every day. The balance of payments position is disheartening and in comparison with the volume of trade, the position of the monetary reserves gives cause for great anxiety. In its programme the Netherlands government has proposed a number of drastic measures seriously affecting the levels of both consumption and investment. The Dutch are determined to go on carrying out this programme resolutely but fear that the precarious situation calls for still further measures. ... The economic situation, as it has developed during recent months, induces the Netherlands government to infer that its forecasts at the time of drawing up the government declaration (in March 1951), and figures submitted to the US representatives during the discussions, were too optimistic. (65)

In these circumstances, it was deemed impossible to execute Dutch defence plans, unless the US government furnished the Dutch with adequate assistance for the benefit of their military production. This meant, in reality, the speedy approval of the release of local currency to an amount of approximately f 200 mln (as an advance payment out of the local currency funds derived from the aid to be furnished for the fiscal year 1951/52) for investment in, and production of, common use items. In conclusion, the Dutch warned:

Should the US government be unable to see its way to furnish such adequate assistance, the Netherlands government would then be faced with a situation in which it would see little chance of preventing serious disruption in economic and social relations. In that event it would be obliged to reconsider its whole programme, including the military sector. (66)

The Americans appeared to be rather irritated by the contents of the

Dutch aide-mémoire. They pointed out that,

- (a) They wanted to have a more concrete description of the actual military effort, particularly of organizational measures, which should ensure that by the end of 1952, the Netherlands would have two ready divisions at its disposal.
- (b) They accepted the Dutch argument that the f 1.5 mld limit could not be overstepped for political reasons, but they refused to accept that this would be impossible for economic reasons. In the American view, the Dutch had been unable to prove that their economic situation had deteriorated since the start of the negotiations on military assistance.
- (c) They were disappointed with the Dutch refusal to increase the level of military expense to the amount of f 2 mld for the FY 1951/52.
- (d) They repudiated the passage in the Dutch aide-mémoire, in which mention was made of the appropriation of f 200 mln from local currency funds as an advance payment out of the local currency derived from the aid to be furnished for FY 1951/52. This would imply an anticipation of decisions by the American legislator 'to whom all freedom should be reserved'.

Drees and Lieftinck were still not prepared to yield to American pressure. According to them, the f 1.5 mld-budget should continue to be the limit, although they conceded that parts of the "overflow" of preceding years would be added to the level of expenditure. In anticipation of the hearings in Congress, Hirschfeld estimated that for the FY 1951/52 Holland could expect assistance to an amount of \$ 150 mln inclusive of \$ 30 mln as increased initial aid within EPU. The Raad MAK considered using the forthcoming assistance for the pre-financing of jeeps, artillery-trailers, weapon-carriers, radio- and radar-equipment, and ammunition. (67)

At the Raad MAK-meeting of 23 June, Defence Minister Staf remarked that the defence plans needed a speeding-up by the creation of two combat-ready divisions by the end of 1952. This required an increase in the term of military service from sixteen to twenty months. SHAPE had made known that it considered 1 September 1952 the

date of greatest danger, because German rearmament would then become visible. The Americans utilized this date in order to convince European countries of the necessity of a speed-up of their defence efforts. Unlike Staf, Lieftinck disagreed with the speed-up plans. He considered the mentioning of the critical date of 1 September 1956 as only a tactical move by the Americans to bring about the desired speeding. Nevertheless, he appreciated Staf's plan concerning the placing of orders by the government with the defence industry. The plan provided for orders which could be spread over a number of financial years. Lieftinck agreed with this idea although he felt that the government should not involve itself too much in defence affairs. He complained that Dutch defence industry often adopted a wait-and-see attitude instead of taking initiatives of its own. In this respect, he mentioned Hispano Suiza which, unlike Dutch firms, was prepared to take certain risks by putting its production in force on the basis of a small initial order. However, in Lieftinck's view even the domestic Dutch initiatives, once taken, should not lead to a reduction of MDAP aid. It was expected that under the speed-up plan, Holland would produce 300 jeeps by June 1952, but for many other critical items the country would remain highly dependent on end-item aid from the United States.

Van den Brink feared that the military speed-up plan was developed by the Americans with the intention of monopolising defence production. In covert terms, the Americans had made it clear that on the basis of relative prices (in Europe and the United States), it was preferable that as much of NATO's needs as possible would be produced in the United States. Moreover, at the time, European production was far from encouraged by the high prices which had to be paid for American capital goods (machines, etc.) In the end, the

increase in the term of military service to 20 months was approved. It was generally hoped that this decision would improve the chances of an increase in the allocation of American aid. (68)

However, between June and October 1951, European governments had still no idea what American assistance to expect, what the future relative roles of NATO and OEEC would be, nor how the increased defence spending was to be shared. In 1951, NATO created two new agencies to help in its search for the right organizational scheme. The Defence Production Board (DPB) replaced the Military Production and Supply Board; NATO hoped that the new agency would be better able to coordinate armament production on an alliance-wide basis. At the same time as the creation of DPB, NATO established a Financial and Economic Board (FEB) which replaced the Defence Financial and Economic Committee. The Dutch were satisfied with the provision that DPB would come under the authority of FEB as far as financial and economic problems were concerned. Concerning the weak economy of the Netherlands, it was feared that a supreme position for DPB would endanger the level of prosperity, since the main task of this agency was to stimulate war production. With the creation of FEB which was expected to work closely with OEEC, the Dutch hoped that the defence effort would be restricted to what was financially and economically feasible. (69)

In addition, in an attempt to find the most efficient and effective modes of cooperation between the alliance armed forces, the military committee of NATO established the Military Agency for Standardization (MAS). To aid the process, MAS instituted what became known as "Stanags" (standardization agreements). Through the Stanags, MAS and NATO were confident that a consensus on procedural and material issues eventually would lead to greater cooperation in

other areas. The operationalism of the Stanags agreement was a highly complex procedure requiring consensus at every level. It is little wonder that only one major operational system - the Breguet Br 1150 "Atlantique" ASW aircraft - has resulted from a standardization agreement. (70)

In the Netherlands, the conclusion was drawn that it would be better to concentrate on the bilateral contacts with the United States than to wait for action on the part of DPB. The DPB appeared to be an unwieldy institution because the national representatives on this board were all tied by the instructions of their national governments. Decision-making by unanimous vote blocked further progress.

Throughout 1951, the Dutch government refused to concede to continuing American pressure to adhere to the NATO directives which urged an increase of the budget to f 2 mld. The decisive factor underlying the Dutch reluctance was the rapid decline in the fear of aggression, which had led NATO to rearm. It soon appeared that the Korean war was a limited war confined to the Korean peninsula, and not the prelude to further aggression instigated by the Soviet Union. As the incentives for expanding the build-up of the armed forces thus sharply declined, the incentives for cutting back the whole post-Korea defence effort became overwhelming.

The strains of rearmament had aggravated the financial and economic problems not only of the Netherlands but also of its West European allies.

In order to discuss these problems in a wider forum, Stikker arranged an informal meeting with the foreign ministers of the various OEEC countries, in July 1951. At the meeting, Stikker

expressed his concern over the degree to which apathy and uneasiness seemed to persist in many European countries. In the Netherlands, according to Stikker, there were widespread doubts whether recent social and economic developments were sufficiently under control and whether the country really knew where it was going. Other OEEC countries were also faced with enormous problems. Stikker pointed to the communist strength in the recent elections in Italy and France.

It was the general conviction at the meeting that the leaders of Western Europe had made the mistake of allowing, to an unfortunate degree, the NATO plans and the build-up of defence to arouse unfavourable feelings in public opinion. Despite majority support for the defence programme, even among strong supporters there was an excessive tendency to regard it as a 'kind of castor oil' which had to be taken. Almost everyone in Europe wrestled with questions as to how long the defence build-up would go on, what it would do to the economy, and where it was leading. On the part of the European leaders there had been no adequate attempt to answer these questions. In point of fact, the problems had even split the Labour Party in Britain.

At the end of the meeting, the foreign ministers agreed to develop a more positive orientation which would be centered on the following principal elements:

- (a) Great potential for increasing European production and productivity. After the indispensable capital investments in military requirements, the defence effort could be reduced to a maintenance basis, and the expanded production capacity developed in the course of the defence build-up could be turned to a renewed expansion of the European economic strength, and to a higher standard of living.
- (b) Balanced time-phasing. During the period 1947-50, the Western world had neglected its defence. As a compensation, during the period 1950-54, intensive attention should be given to the build-up of defence. Over the period 1947-57 then, Europe could achieve both the necessary guarantees for its security, and the resumption

of the upward trend in its standard of living.

- (c) The build-up of defence, and the development of economic strength were not only mutually consistent, but also mutually necessary. Military security was essential to economic recovery, since no effective planning or investment could be carried on under the shadow of a possible invasion or war. At the same time, economic strength was equally necessary for a real defence of Europe. (71)

At the meeting, there was general agreement that rearmament had to come out of increased production, rather than affect living standards. But opinion was sharply divided over whether individual countries should determine the nature of their own efforts to increase production without taking account of the programmes of other countries (the British view), or whether European production should be rationalized (the French view). The Dutch stressed that the sacrifices due to rearmament would exceed for a long time any benefits derived from economic expansion. (72)

Stikker sought to solve this problem by developing his concept of a North Atlantic community on a wide and long-term basis. This meant, in practice, an increase in NATO's responsibility in economic affairs, in accordance with the tenor of article 2 of the North Atlantic treaty. With this concept, Stikker hoped to draw together, current discussions on the creation of (a) a common armament programme, and (b) a common budget within the EDC (see chapter 5). At the seventh session of the North Atlantic council in Ottawa (in September), Stikker argued that NATO should have four main objectives in the future:

- (a) common defence;
- (b) political coordination and frequent consultations on foreign policy;
- (c) (Stikker accentuated this:) economic, financial and social cooperation towards full employment, progressive elimination of trade barriers, stability of balances of payments, equitable production and distribution of raw

materials, and price stabilization for essential commodities;

(d) coordination of information and cultural activities. (73)

Stikker's ideas were, at least verbally, approved by the other members of the North Atlantic pact. The Ottawa conference appointed a ministerial committee which would recommend what could be done, within the framework of NATO, in the social, economic and cultural fields. Foreign Minister Pearson of Canada, became the chairman of the committee and the ministers of Belgium, the Netherlands, Norway and Italy were added. After a few months, however, it turned out that despite the great labours of this committee the results were scarce. Apart from Stikker, few people were really enthusiastic and the idea of an Atlantic community soon fell flat. The committee found itself handicapped by the fact that none of the larger powers was represented on it. The American government in particular was very little disposed to giving attention to Atlantic arrangements in the economic field. The Americans feared, among other things, that the MDAP would come under NATO control and permit the European nations to raise their defence efforts in the knowledge that they could direct American money and arms to take up the slack. Another reason for the failure of the Atlantic community was that the appropriate grouping of nations for specific cooperative purposes never coincided with NATO. Either it was smaller, as in the case of Benelux or the ECSC or it was larger, as in the cases of the OEEC, GATT, IBRD or IMF. To force the work now carried on by these other international organizations into the mould of NATO's twelve-nation membership, would sacrifice some of the assets of the more appropriate membership groupings without any corresponding gains. Stikker was greatly disappointed to see his dream vanish in the course of time.

A more successful result of the Ottawa meeting was the establishment of a Temporary Council Community (TCC). The TCC was given the task of reconciling the requirements of collective security with the political and economic capabilities of the member countries. It had become clear that the FEB, originally seen as the most appropriate organization in this field, was unable to carry out the task mentioned above. The TCC had to decide whether military authorities were asking too much, or whether the governments were offering too little. The "Three Wise Men" chosen to lead the task, were Harriman (United States), Plowden (United Kingdom) and Monnet (France). At the meeting of the Raad MAK on 19 October, Hirschfeld discussed the suggestions which NATO's Standing Group had made to the TCC. As far as the Dutch army was concerned, the advice of the Standing Group was that the execution of the current five-division plan would suffice. Concerning the navy, the suggestion was made to increase the number of escorts and mine-sweepers. Hirschfeld recorded that the mine-sweeper project (see p.169) still hung in the balance. He proposed the construction on Dutch ship-yards of 32 mine-sweepers, earmarked for the Dutch navy and paid by the United States. The suggestions concerning the air force were not altogether clear but Hirschfeld assumed that the air force plan which was developed in April 1951 (see p.174) had been accepted by the Standing Group. (74)

Early in November, Hirschfeld headed a delegation to discuss the Dutch unwillingness to increase the defence budget at a meeting with the "Three Wise Men" in Paris. The Dutch delegation was recommended to finance an extra defence effort of f 600 mln by means of the local currency emanating from the counter-value of the newly received American assistance. Hirschfeld defended Dutch defence policy by

pointing to the severe economic problems which the Dutch had experienced after the Second World War. He supported the government's position that the yearly budget of f 1,500 mln was the absolute maximum the Dutch could afford under the circumstances. Moreover, foreign assistance was deemed indispensable to achieve the appointed task.

Hirschfeld said he was concerned about the very high tax-level in the Netherlands, which had already been increased because of the ambitious military programme. He warned that a new tax measure would endanger the whole economic structure of the country because it would inevitably lead to an unwarrantable level of inflation. The Dutch housing-policy also played a role in Hirschfeld's arguments. It was obvious that without the defence programme, both public and private investment (including low-cost housing) could have gone ahead far more rapidly.

Monnet agreed with Hirschfeld that the whole military effort should be seen in reasonable proportions: each country should contribute according to its capacity. Monnet even stated that the decision of the French government to take the initiative for the creation of a European army was actuated by these considerations. Nevertheless, he tried to convince the Dutch delegation to use local currency funds for defence purposes. In his view, the Dutch efforts were rather low in proportion to their national income. (75)

The Raad MAK meeting of 1 December analyzed the talk with the Three Wise Men, and particularly the suggestion by TCC to increase military expenditure by f 600 mln (over a period of four years), by means of the newly created local currency funds. In June, the government had already declared itself in favour of the use of f 230 mln from existing local currency funds, and Lieftinck in

particular, refused to accept any further commitment. Once again, the meeting was characterized by strong differences of opinion between the monetarists (Lieftinck and Drees) and the economists (Van den Brink and Hirschfeld). Van den Brink was convinced that the appropriation of local currency would give a new impetus to the domestic economy. He indicated a substantial contraction of activity in the civil sector which had come about faster than had been expected. The recession was reinforced by reservations regarding new investments on the part of entrepreneurs who were not involved in military production. Van den Brink noted that the appeal of Dutch orders decreased as long as foreign countries refrained from placing their orders in the Netherlands. The unemployment rate in the Netherlands amounted to 85,000 then, but this amount was expected to increase in the next years if no further action was taken. Van den Brink therefore advocated the utilization of at least f 600 mln from local currency funds. Drees proposed to appropriate the greater part of the local currency for use in the civil sector, but it was obvious that the Americans would never agree to such a policy. Hirschfeld thought it impossible to deny the spending of the newly created local currency on military purposes. In conformity with Van den Brink's suggestion, he urged the utilization of f 600 mln over the next four years. He argued that the Americans would not feel sorry for the Netherlands given the fact that the Dutch balance of payments position had substantially improved in the second half of 1951 (it showed a surplus of f 500 mln, compared with a shortage of f 500 mln in the first half of 1951). (76)

Lieftinck refused to give in, but at the next meeting of the Raad (on 11 December), he said he was prepared to agree to the appropriation of the amount of f 600 mln (on top of the budget of f

1.5 mln a year) provided that: Holland remained assured of substantial dollar aid, the monetary balance was not endangered, the budget underwent only a short-term increase so that a future government's hands would not be tied by incidental decisions of the present government.

In the following years, Liefstinck appeared to be rather unwilling to commit the whole amount of f 600 mln for military purposes but, to his regret, the Americans remained adamant.

In December, the Three Wise Men managed to draw up a draft report which was submitted to the TCC. The report urged the European allies to expand production by an average of 14 percent by June 1954, and to increase military expenditures by from 5 percent for France to 50 percent for Belgium. The Netherlands was recommended to raise the budget for the fiscal year 1952/53 to an amount of f 1.8 mld, and for the fiscal year 1953/54 to an amount of f 2 mld. These amounts were exclusive of local currency funds. The report assured the allies that the goals could be achieved without increasing taxation or reducing standards of living, and it suggested that the way to accomplish this feat was for Western Europe to pay for rearmament out of increased production and for the United States to buy more defence supplies abroad. The United States promised a substantial contribution to Europe's military expenditures notably by means of support in common infrastructure costs (77), and by means of offshore procurements (a procedure whereby the United States purchased equipment from one European member to be given to this member or to another member as aid under MDAP). It was felt that the drain on American resources and industrial facilities should be relieved at a time when so many demands had to be met (Korea!). The primary objectives of the offshore procurement programme were: to assist in

effecting an increase in the ability of the European NATO countries to equip and maintain their own forces; and, to help bring about a rapid provision in Europe of equipment needed to meet NATO requirements. This was also deemed preferable from a strategic point of view. Offshore production, as Richard Bissell has noted, was a means of providing the European central banks with dollars to meet the full costs of items procured from European factories. This meant that the adverse impact of their production on the balance of payments would be fully cushioned, with additional dollar resources left over to offset the impact of domestically funded military procurement. The removal of the European balance of payments problem through foreign exchange permitted accelerated military production abroad without damage to the national economies. (78)

A large part of the offshore orders was appropriated for the American army in Germany. (79)

For the Netherlands, the recommendations of the TCC meant an increase in expenses by 18 percent. This percentage was low in comparison with that of Belgium (36 percent) but, according to the Raad MAK, it nonetheless put a considerable strain on the country. Drees pointed to the heavy tax load in the Netherlands. He said he expected no improvements in the Dutch economy in the near future.

Hirschfeld recommended no mention be made of the taxation burden in the Dutch reply to the TCC report. He argued that in the report the increase of charges was in a great measure motivated by future expectations of an expanding economy. (80)

In general, it could be said that the Dutch were pleased with the contents of the TCC report, mainly because the report elucidated the NATO planning for a period of three years, a period in which it

would be impossible to cross the existing NATO plans by experiments with a European plan (for EDC, see chapters 3-5).

At the Raad MAK meeting of 8 January 1952, Hirschfeld announced that Congress had finally assigned the amount of \$ 100 mln to the Netherlands as economic aid for the FY 1951/52. This amount was less than the Dutch had originally expected (see p.175). The \$ 100 mln did not represent purely economic aid, but was also earmarked for the advancement of military production. The assistance was made dependent on the actual Dutch performance in NATO in the forthcoming year. As far as the mine-sweeper project (which was still in a preparatory stage) was concerned, Hirschfeld proposed a revision which was caused by the provisions concerning offshore procurements in the TCC report. Hirschfeld's new proposal contained:

- 18 mine-sweepers as offshore procurement for which the orders would be placed through the medium of the Navy office;
- 14 mine-sweepers, to be built by government order and to be financed from counterpart funds;
- 5 mine-sweepers, to be built in the USA and to be delivered in accordance with the terms of the Mutual Security Act.

The original plan for the 12 mine-sweepers to be produced in stock (see p. 170) was thus abandoned.

The Raad MAK agreed to Hirschfeld's proposal concerning the construction of 32 mine-sweepers on Dutch ship-yards. It was hoped that the United States would take 18/32 of the total expenses for their account which would reduce the Dutch share to 14/32. The construction costs of the 14 mine-sweepers to be built by government order were estimated at f 76 mln which would be financed from counterpart funds. (81)

In December 1952, the government concluded a contract with the firm "Wilton-Feyenoord" which was to become the main contractor.

By the start of 1952 the local currency was committed as follows:

Military vehicles (Van Doorne) ...	f 175 mln
Mine-sweepers (various ship-yards) ...	f 76 mln
Ammunition and weapon-parts (AI) ...	f 28 mln
Radio equipment (Philips)	f 25 mln
	f 304 mln

This implied that by 1952 the Dutch had committed half of the total amount of f 600 mln which they promised to spend additionally in the period 1951-54 (82). The orders placed with Van Doorne were of particular importance, given the acute shortage of jeeps in the Dutch army. The firm AI which had encountered great difficulties since its "revival" in 1948 (mainly because its prices were not competitive) received a new impetus by the appropriation of counter-value funds. Remarkably, Philips which did quite well within the framework of NATO, also benefited from the funds.

Early in 1952 the Belgian Foreign Minister, Van Zeeland, proposed the creation of some form of military EPU (beside the already existing EPU) for the financing of military production. According to the proposal, the financing pool would receive its resources from the placing of loans in hard currency with the various NATO countries. The Dutch Ministry of Finance opposed the Belgian proposal because it foresaw a transfer of the existing problems within EPU to the military EPU. Moreover, it was feared that a country like Belgium, which had earlier been forced to slow down on exports because of its creditor position within EPU, would be enabled within the military EPU to increase its exports again on payment of

cash by other NATO countries. (83)

In April, the Ministry of Finance drew up a report concerning the influence of the defence effort on the balance of payments. This influence was distinguished as follows:

- (a) direct influence;
- (b) indirect influence via the internal monetary sector;
- (c) indirect influence via the internal industrial sector;
- (d) indirect influence via other countries.

(a) Direct influence of the military effort:

Could be found in -

1. The increased foreign exchange budget of the Ministry of Defence (in 1951 amounting to about f 92 mln for procurement of goods and to about f 48 mln for services; in 1952 these figures were f 128 mln resp. f 76 mln).
2. The foreign exchange element in the end-products (either manufactured in the Netherlands or imported) which were bought by the Ministry of Defence; The foreign exchange expenses on defence (that is the sum of the two factors mentioned above) were estimated at f 400 to 500 mln a year. On the other hand, the defence effort also brought in foreign exchange revenues, viz.:

- (a) On account of so-called "infrastructure works" (export of services). These were fixed capital investments (e.g. airfields, headquarters and communications) which were financed from joint account of the NATO countries or a group of NATO countries. For that reason the Netherlands received an amount of f 15 mln in 1951. For the years 1952 and 1953 the forecasts were as follows:

1952	receipts: f 97.5 mln
	expenses: f 40.5 mln

1953	receipts: f 132 mln
	expenses: f 41 mln.

- (b) On account of military products which were manufactured in the Netherlands and for which offshore dollars were received. On 31 March a contract was concluded concerning the construction of 18 mine-sweepers (according to Hirschfeld's proposal, see p. 212) under offshore procurement. This yielded the Dutch a profit of \$ 26 mln.

(b) Indirect influence via the internal monetary sector:

This concerned the inflationary influence which resulted from the high defence expenditure (f 1.5 mld a year). In normal circumstances, with a comparable burden of inflation, this expenditure could for the greater part, if not entirely, be accounted for by increasing consumption.

(c) Indirect influence via the domestic industrial factor:

Military production made great demands on the capacity of firms which normally exported civilian products.

(d) The influence of military efforts of other NATO countries:

On the sale of Dutch civilian products. The efforts of Britain and France had influenced negatively the balance of payments position of those countries with the unfavourable result of a decline in the process of liberalization.

The report of the Ministry of Finance concluded that the defence effort had a substantial influence, both direct and indirect, on the production structure in the Netherlands, particularly in view of the circumstance that there existed a situation of full employment at the start of the defence programme (March 1951). In the report it was written that a decrease in industrial activity in the civil sector should be met by an increase in industrial activity in the military sector (as Van den Brink advocated, in contradistinction to Drees). In the Netherlands, this change in activity was still in a transitional form, because of the apparent technical impossibility of committing the whole amount of money which was made available through the enormous defence budgets. As a result, public expenses lagged considerably behind the programme (84). Of the total budget of f 1,500 mln, only f 1,060 mln had actually been committed in 1951. This amount was divided as follows:

Military personnel	f 309 mln
Major equipment	f 211 mln
Military construction	f 151 mln
Operation and maintenance	f 304 mln
Miscellaneous	f 85 mln
f 1060 mln	

The committed expenditure for major equipment embraced:

Aircraft	f 24 mln
Ammunition and explosives	f 62 mln
Electronic and common equipment .	f 10 mln
Weapons and small arms	f 13 mln
Engineering and military railroad equipment	f 1 mln
Transport and non-combat vehicles	f 18 mln
Ships and harbour craft	f 83 mln
f 211 mln	

(85)

Officially it was said that the delay was due to the lack of technical personnel (because of bad pay and conditions), the non-availability of the required specifications and the lack of an efficient organization. However, internally the finger of blame was pointed at the "Directoraat Materieel Landmacht" (directorate materials of the army) which seems to have been slow in concluding contracts.(86)

THE OFFSHORE PROCUREMENTS, AND
THE IMPROVEMENTS IN DEFENCE PRODUCTION

The American authorities were dissatisfied with the Dutch performance in 1951, particularly when they became aware of the recovery of the Dutch economy and finances in the second half of that year, a development which was consolidated and even strengthened in 1952. The balance of payments deficit of f 500 mln (first half of 1951) was transformed into a surplus of f 500 mln (second half 1951) and even into a surplus of f 1,900 mln (1952). Likewise the position in EPU improved substantially: from a debit of 270 mln units of account in July 1951 to a credit of 300 mln units of account by the end of 1952. The dollar shortage was gradually eliminated: the shortage of \$ 100 mln (second half 1951) was lowered to \$ 60 mln (first half 1952) and even transformed into a surplus of \$ 10 mln (second half 1952) (87). So, in spite of serious apprehensions in the first year after the start of the Korean war, it eventually appeared that the crash programme of the expanding NATO national defence effort had neither resulted in serious economic dislocations nor significantly impeded the progress of Dutch postwar recovery. (88)

In the field of production of military stores, the Americans wished to see quick improvements particularly following their decision to place offshore orders with the Netherlands to the value of \$ 40 to 45 mln. With this substantial amount Holland was initially third on the list of beneficiaries of offshore aid, after France (\$ 225 mln) and Italy (\$ 65 mln). (89) Other figures show that in 1951 offshore procurement orders were placed in Western European countries to a total of more than \$ 700 mln, of which France

received contracts totalling \$ 335 mln, Italy 140 mln and the UK 75 mln. In 1952 orders for a further \$ 1 mld were placed, of which France was allocated more than half (90). It was said that with these orders the Americans wanted to buy French support for the EDC (see chapter 3).

Apart from the 18 mine-sweepers already mentioned, the orders placed in the Netherlands embraced five patrol boats, 200 rapid refueling trainers and 80 oil tank-lorries. Another aspect of offshore procurement was that US aircraft were serviced in Dutch repair depots (Aviolanda and Avio Diepen) instead of being ferried back to the United States. Moreover, there were orders for the production of foodstuffs on behalf of the American army in Germany. The execution of the orders was to be spread over several years. In general, offshore orders concerned goods that were already in production in contradistinction to counterpart funds which were also used for the initiation of new production.

In the course of 1952 the Dutch defence industry started to perform better than it had done before. The industry was still unable to produce very heavy equipment but in many other fields it disposed of ample capacity to meet home requirements and it sometimes even offered possibilities for production for other countries. Against the yearly procurement budget of f 1,030 mln contracts were placed with the indigenous industry for about 85 percent (f 850 mln); 60 percent of these orders went to the metal-working industry, 25 percent to the building industry and the remaining 15 percent was spent on foodstuffs, textiles, chemicals, rubber, leather etc.

The Ministry of Defence placed orders with the metal-working industry to the tune of f 500 mln a year. As the total gross production of Dutch metal-industry in 1952 was estimated at f 5 mld,

the share of military production in the metal sector accounted for about 10 percent of this gross production.

The remaining f 350 mln which the Ministry of Defence spent in the Netherlands, was appropriated for non-warlike materials (mainly barracks but also uniforms, foodstuffs, footwear, pharmaceutical products, etc.). The total gross production of the branches of industry which manufactured those articles amounted to f 16 mld a year. The defence share in the total gross production thus accounted for less than three percent. (91)

About fifteen percent of the procurement budget (f 180 mln) was spent abroad.

Taking the line that Dutch and foreign military orders represented a military-industrial activity worth f 1,030 mln per year, it was assumed that one-third of this amount (f 343 mln) was spent on wages and social costs. This implied that with an average wage in the Netherlands of f 4,000 per year (including social costs), the defence industry employed 84,000 workers per year.

A substantial part of the amount of f 850 mln (the budget for domestic procurement) was spent on imports. About ten percent (f 85 mln) went directly to Dutch importers. Moreover, about one-third of the total activity as a result of military spending (including foreign purchases in the Netherlands) was needed for the procurement of raw materials and semi-manufactured articles from abroad.

Assuming that domestic procurement amounted to f 765 mln (f 850 mln less f 85 mln), and that foreign purchases in the Netherlands amounted to f 225 mln (total amounting to f 990 mln), then the one-third needed for imports would amount to f 330 mln.(92)

The Dutch were rather satisfied with the performance of their defence industry in 1952. They recalled to mind the situation in

March 1951 when the decision was taken to implement an ambitious defence programme under unfavourable circumstances such as the rise in prices of raw materials after the outbreak of the Korean war and the wage and price increase at the rate of 25 percent. However, in the summer of 1952 it was announced that the Dutch defence effort was pretty well on schedule, partly as a result of the offshore contracts. (93)

In the meantime, the supply of American stores remained indispensable. It was beyond doubt that the domestic efforts resulting from offshore procurement were outstripped by the value of the end-item deliveries from the United States. From 1951-54, the Americans promised military end-items to the tune of \$ 1400 mln. The end-item aid concerned mainly heavy equipment which the Dutch were unable to produce themselves. In June 1952, 115 British Centurion tanks arrived rather unexpectedly in the Netherlands as a result of an offshore order which the United States had placed with British industry. The delivery of these tanks meant a financial godsend of f 500.000 for the Netherlands; in military respect the Centurion tanks were technically better than the American Patton tanks which had originally been destined for the Dutch army. In the view of Defence Minister Staf the Americans were well-disposed towards the Dutch army because of their contentedness about the performance of Dutch soldiers. (94)

In 1952 and 1953 the Dutch received also 207 Thunderjets on behalf of their command tactical air forces and 62 F-86 K Sabre machines for the command air defence. It was clear that without these American deliveries, a rapid build-up of the Dutch air force in the postwar period would have been impossible.

Dutch optimism concerning defence production was checked when it

appeared once again that it was nearly impossible to use up the whole amount of money which was yearly assigned for procurement. The problems related to the realization of the defence budget emerged from figures which were published in August 1952. These figures concerned the budgets for 1951 and 1952.

**REALIZATION OF THE DEFENCE PROCUREMENT BUDGETS,
1951 and 1952
(in mlns. of guilders)**

	[a] Total planning 1951 and 1952	[b] Realization at 31.12.51	[c] [d] Committed in:- first quarter, second quarter, 1952 1952		[e] To be committed, second half, 1952
Army	1,395	557	139	109	590
Air Force	395	147	44	21	183
Navy	396	181	158	15	42
Total	2,186	885	341	145	815

To be committed 1952:- $([a] - [b])$ = f 1,301 mln
 Total realization, first half 1952:- $([c] + [d])$ = f 486 mln
 To be committed, second half 1952:- $(f 1,301 \text{ mln} - f 486 \text{ mln})$ = f 815 mln (= E)
 Total realization, 1951 and first half 1952:- $([b] + [c] + [d])$ = f 1,371 mln.

(95)

The figures specifying the budget realization by the various branches of industry were as follows:

State of Realization at 30.6.52
(in mlns. of guilders)

INDUSTRY GROUPS	Total Planning 1951 and 1952	Committed	To be committed
Chemical	96	51	45
Metal-working	123	87	36
Shipbuilding	200	197	3
Transport	302	232	70
Aircraft	91	77	14
Electronics	116	50	66
Rubber	18	13	5
Textile	132	81	51
Leather	21	10	11
Wood	17	12	5
Building	474	354	120
Ammunition	306	106	200
Optical	11	5	6
Foodstuffs	87	41	46
Paper and cardboard	9	6	3
Miscellaneous	126	49	77
Not divided	57	-	57
	2,186	1,371	815

(95)

As the figures show, shipbuilding was one of the few branches of industry which performed really well. This could not be said of the electronics industry, the leather industry, the optical industry, the foodstuffs industry and particularly the ammunition industry which after a year and a half, had committed less than 50 percent of the total budget for 1951 and 1952. In the "annual review" of 1952 (which was a continuation of the TCC procedure), NATO authorities paid extra attention to the insufficient realization of the defence budget in the Netherlands. They were suspicious of Dutch intentions, especially when it became clear that monetary considerations rather than physical impossibilities had led to the backlog. It was estimated that by the end of 1954 there would be a backlog of

f 500 to 600 mln. According to Defence Minister Staf, this would be acceptable with a view to the total amount of f 6 mld which was appropriated for defence in the period 1951-54, but an increase in the amount of f 500 to 600 mln should, in Staf's view, be avoided. In its reply to NATO, the government stated that the money which was not yet committed, would be transferred to the following year, so that the total effort would not decrease. Such a transfer was made feasible by a special clause in the "comptabiliteitswet" (accountancy act).

Concerning the general contents of the "annual review", Staf remarked that the idea of sharing the burden which was developed by TCC's Three Wise Men fell more and more into the background. (96)

One of the reasons for the backlog in the realization of the budget was given by Van der Beugel, the president-director of EMHP. He wrote in August 1952, that Holland found itself in a vicious circle: on the one hand, foreign countries refused to place orders with Dutch industry because the Dutch did not have ready prototypes at their disposition; on the other hand, the Dutch government was not prepared to finance these prototypes if there was no certainty about receiving foreign orders. Van der Beugel believed that, as far as the financing of prototypes was concerned, industry could be much more active; but it would be difficult, he suggested, to change this passive attitude, the more so as public authorities lacked the means to push through such a change. (97)

Nevertheless, Hirschfeld warned the government in August 1952, that it should take more initiatives of its own in the placing of orders with national industries. He argued that the Americans would place offshore orders with Dutch firms only if the government set the

example. In this respect, he advocated the utilization of funds of f 20 mln for the stimulation of certain defence production. On the other hand, Hirschfeld also urged Dutch industries to produce more new prototypes. (98)

The government appeared to be sensitive to Hirschfeld's warnings. It decided, for instance, to give financial support to the firm "Artillerie Inrichtingen" in order to lower the price of ammunition. The Dutch explained this step to Hunter (chief of the ECA special mission to the Netherlands), writing that,

The assistance of the Netherlands government will not constitute a subsidy. You are aware of our concern about this aspect of the whole offshore programme because we feel that competition is already difficult for the Netherlands in view of the limited production facilities in this country, and the relative heavy costs of the investment which is new and on which amortisation has as yet hardly been possible. Indeed, if other countries would decide to grant open or hidden subsidies, there would be a danger that orders would not come to Holland which would be most unfortunate. (99)

At its meeting of 19 September 1952, the "Algemene Verdedigingsraad" (general defence council, which had replaced the Raad MAK in May 1952 (100)) discussed the production of Swift interceptors by Fokker under offshore procurement. Until then, the Americans had always refused to spend their offshore dollars with the European aircraft industry, but apparently they had changed their mind. The interceptors were to take the place of obsolete Meteor fighters, which had also been produced by Fokker in collaboration with the Belgian FN. Hirschfeld explained that the Swift was not only technically better than the Meteor, but that it was also an aeroplane which lent itself admirably to the purpose of production under licence. The new project embraced the construction of 212 interceptors to be financed by the government, and 85 interceptors under offshore procurement (paid with American dollars). The

production of the 212 aeroplanes would only partly be financed from the defence budget. An additional amount of f 40 mln would be chargeable to the counter-value account by a substantial dollar aid for the fiscal year 1952/53. In this respect, reference was made to the increase in dollar aid in 1952, following the placing of a considerable order (at the rate of f 175 mln, financed from counterpart funds) with the firm Van Doorne (see p.192).

The Minister of Economic Affairs, Zijlstra (the successor of Van den Brink in September 1952), argued that the production of Swift interceptors was essential to the employment situation at Fokker. Given the forthcoming termination of the Meteor contract (estimated at late 1953), Fokker was in urgent need of new orders.

Zijlstra's remark was characteristic of the different argumentation which was used by the government to justify the placing of orders with Dutch industry. In the early post-war years the government had always pointed to the foreign exchange advantages of a domestic order, but from the start of 1952 the employment factor became of utmost importance. The "Algemene Verdedigingsraad" concluded its debate on the interceptors by the appropriation of an additional amount of f 40 mln. This decision was hardly challenged, primarily because Finance Minister Van der Kieft, unlike his predecessor, Lieftinck, participated in none of the discussions.

(101)

However, early in 1953, it appeared that the Americans refused to spend their offshore money on products which were manufactured in one single country. Instead, they urged the implementation of integrated production programmes with more than one NATO country participating. It was said that the integrated programmes made a favourable impression on public opinion in the United States which

was far from satisfied with the progress made in NATO's Defence Production Board.

American pressure resulted in a renewed collaboration between Fokker and FN. A plan was drawn up for the construction of 460 Hunter Hawker interceptors, to be divided as follows:

- 156 aeroplanes, to be financed by and on behalf of the Netherlands;
- 192 aeroplanes, to be financed by and on behalf of Belgium;
- 112 aeroplanes, to be financed with offshore dollars.

The offshore order would be divided between the Netherlands and Belgium in proportion of 3/7 : 4/7, both in terms of monetary value and in number of aeroplanes. The Netherlands would receive \$ 18 mln for the construction of 48 aeroplanes, while Belgium would receive \$ 24 mln for 64 aeroplanes. The total programme represented a value of \$ 172.5 mln, to be divided as follows:

	In mln. \$
Engines (produced by FN)	65.0
Frames (produced by Fokker)	72.0
	137.0
Armament) Electronics) (produced in the US): Further accessories)	35.5
	172.5

The Dutch share in the programme would amount to \$ 60 mln (3/7 of \$ 136 mln), while Belgium would be entitled to produce up to the amount of \$ 78 mln (4/7 of \$ 137 mln) of which \$ 65 mln would be used for assembling turbines for the jet engines (in the area of engine design, Rolls Royce still held undivided sway). Initially the Dutch

feared that Belgium would use up the remaining \$ 13 mln for the production of frames and for the build-up of its own aircraft industry which might become a future rival of Fokker. The Belgians however allayed Dutch fears, promising that they would only concentrate on the construction of engines.

It was estimated that, starting from mid 1954, the Hunter Hawker order would employ for a period of three years, the full personnel not only of Fokker but also of two firms which collaborated with Fokker, Aviolanda and De Schelde. For the moment, American involvement saved the Dutch aircraft industry.

The Americans made their offshore order dependent on the procurement of fifty-six all-weather fighters by the Dutch government. The Dutch decided that the costs, which amounted to f 35 mln, would be paid from the counterpart fund of f 600 mln (102). As a result, the local currency money which was appropriated for the procurement of aircraft, increased to f 151 mln (108 interceptors: f 82 mln; 20 jet-trainers, type S14: f 34 mln; 56 night-fighters: f 35 mln). This amount came on top of the f 304 mln which was already committed in 1952 (see p.192). This implied that of the total programme of f 600 mln, the substantial amount of f 145 mln was still not committed. This amount even increased as a result of the cancelling of the radio project (f 25 mln). Moreover, in 1954 it appeared that the night-fighter project could not be financed from local currency. (103)

In April 1953, a report was drawn up by the "Commissie Overheidsbestellingen" (committee for government orders) which dealt with the general procurement policy of the Dutch government. The report showed that the government placed its orders for military equipment with Dutch firms unless a firm abroad submitted a quotation

of fifteen percent or more under the Dutch tender. The committee thought this policy was too protectionist and it recommended the government to reduce the preferential percentage by five percent.

As far as the cooperation with the Benelux partners was concerned, Dutch military procurement authorities were formally not committed to the "gentleman's agreement", which was embodied in the Benelux pre-union settlement. This arrangement aimed at equal treatment for the Benelux partners concerning tender of works and procurement of goods by the government agencies of the three countries.

In practice, Belgian military authorities held mostly public tenders and preference was given to Belgian firms if their prices were not more than ten percent higher than the price of the lowest foreign tenderer. On the other hand, in the Netherlands the military procurement organizations (with the exception of the military engineers) held only private tenders. Foreign industries could at their own request be invited to compete but this did not exclude the possibility of giving price advantages to Dutch industry.

The choice between the submitted quotations was determined by price, quality, time of delivery, possibility of inserting the product in existing apparatus, and country of origin (regarding supply in wartime).

The Quartermaster General's department ordered the required dress materials and articles of clothing almost exclusively from Dutch industry. Moreover, it was attempted to use Dutch-manufactured nylon yarn rather than foreign yarn, in the making of both clothes and parachutes.

Notwithstanding the preference for Dutch products, it was sometimes far from simple to change from a foreign to a Dutch

commodity, because normal supply had to be continued. Furthermore, standardization was generally seen as more economical. It was a general rule that foreign materials should be supplemented with foreign parts. The indigenous industry was unable to specialize because the marketability of its products was generally insufficient. Nevertheless, the government tried to place as many orders as possible with domestic firms because,

- (a) foreign countries often stipulated a long delivery period;
- (b) imports from, and contacts with foreign countries presented various difficulties;
- (c) from the point of view of defence and strategy it was recommendable to be less dependent on foreign industries.

For the placing of orders, the government often enlisted the services of intermediate trade. The industries for their part, generally referred procurement authorities to their special representative, the selling-agent. Direct contact took place only in the case of big orders (e.g., for Philips' electronics).

It sometimes appeared that Dutch firms established mutual agreements in order to eliminate competition. It was commonly accepted that, were these agreements to go too far, the government's purchasing authorities would have no scruples in placing the relevant order with a foreign country.

The particular reasons for the government placing its orders with the indigenous industry differed from time to time. Initially (until late 1951), the foreign exchange problem was decisive. Early in 1952, after most of the monetary problems had been solved, the employment situation became the dominating factor. This change was caused by the obvious fact that the balance of payments crisis had been solved by 1952, whereas at the same time unemployment rose to about three percent, the highest percentage since the war. The

report of the "commissie overheidsbestellingen" stated that in the near future other motives might play a role as well, such as the necessity of recommending Dutch products to the attention of the procurement authorities of NATO and EDC. (104)

An adequate procurement policy required close contacts between army and industry. The importance of such contacts was increasingly emphasized in 1953. It was said that previous inability of Dutch industry to manufacture outstanding products was to be blamed on the following circumstances: only limited cooperation between army and industry took place, and Dutch products did often not meet the requirements which were determined by NATO. (105)

As far as the continuous problem of American military assistance was concerned, the Dutch were rather piqued by the negligible value the American authorities wished to attach to Dutch territorial troops and reserve units (those meant to defend Dutch territory, and not belonging to NATO). The Americans felt that Dutch territorial troops were too numerous and that the Dutch contribution to NATO would increase if the task of these troops were reduced. As a result, the territorial troops, which were in urgent need of anti-aircraft artillery, tanks and heavy mortars, received no MDAP aid at all. According to Dutch military authorities, this was a dangerous situation because of the highly crucial strategic position of the Netherlands. In the event of war, the troops on Dutch territory would immediately be involved, perhaps even earlier than NATO troops stationed elsewhere. In March 1953 the Dutch drew up a memorandum in which the importance of their territorial troops was stressed. They felt they had the right to speak because US Secretary of State, Dulles, had explicitly promised American aid for the build-up of a solid military organization in the Netherlands. Dulles made this

promise after the voluntary declaration of the Dutch government that it could dispense with American economic aid for the fiscal year 1952/53. Moreover, the Dutch expected additional local currency receipts, following the disaster caused by the floods in the province of Zeeland on 1 February 1953.

In the end, however, only half of the battalions of the territorial troops were equipped with anti-aircraft artillery from the United States (106). In general, the Dutch remained concerned about actual American assistance which lagged behind the original promises. This concern was increased after the announcement of a breakdown of American end-item aid to the European countries. The amount allocated to the Netherlands for the fiscal year 1954 (\$ 93.6 mln) meant a reduction of more than 50 percent in comparison with 1953. From 1950-54 the Americans spent the following amounts on end-item aid to Holland:

Fiscal Year	\$
1950 and 1951	451.4 mln
1952	494.7 mln
1953	206.0 mln
1954	93.6 mln
	1,245.7 mln

The Dutch were discontented since they had originally estimated a total amount of \$ 1,400 mln.

Although it was not only the Netherlands which was hit by the American retrenchment measures, the Dutch feared that the impact on their country would be far more serious than on other NATO countries.

The government had just asked for an increase in the end-item programme after the termination of economic assistance from the United States. The Dutch felt discriminated against and wondered why they received less aid for 1954 than for instance Belgium.

The Americans explained that the total allotments to Belgium and the Netherlands, seen in the perspective of four years (1951-54), were of about the same amount. They pointed also to the big part of military stores which was still in the "pipeline", a term used to refer to equipment which was still in production or already on the way, and which would certainly arrive in Holland, although later than originally planned (107). By early 1953 it was clear that fulfilment of MDAP was running at least eighteen months behind schedule. Delays in completing the programmes could be attributed to the fact that current military production in the United States had not yet reached the point where it could provide all the equipment needed simultaneously for foreign aid and for operations in Korea. Closely related to this was the increasing material requirements worldwide for America's own forces in these critical times and the relative priority that had to be assigned to MDAP.

In May 1954, it was announced that for the fiscal year 1955, American military aid to Europe would decrease again. The Dutch could count on only \$ 28.4 mln. Moreover, the Americans predicted a definite termination of their defence assistance by the start of 1957. In the Netherlands, the fear existed that the Americans would increasingly benefit their own industry. The Dutch also indicated a shift of American interest from Europe to Asia (mainly Indo-China). As early as 1954 they were convinced that such developments would seriously endanger the creation and maintenance of five divisions in the Netherlands. Drees remarked that the costs of maintenance of the

received equipment would become intolerably high. He thought it an opportune moment to lower the national defence budget. However, Defence Minister Staf disagreed. Given recent technological developments, the replacement of obsolete equipment would, in his view, become increasingly expensive.

The decrease in American supplies was caused, among other things, by persistent doubts in the US about the adequacy of Dutch defence policy. In 1953 and 1954 the Dutch remained unable to commit all the money which was assigned for defence procurement. In August 1953, DMA came with the following figures:

Commitments as per 31 August 1953
(in mln. guilders)

	Total planning 1951/1952/ 1953	Committed in:-			Still to be committed in 1953
		1951	1952	first half, 1953	
Army	1,985.8	556.9	565.1	274.9	588.9
Air Force	699.0	146.5	136.4	141.2	274.9
Navy	758.2	180.5	346.5	152.6	78.6
	3,443.0	883.9	1,048.0	568.7	942.4

(108)

In March 1954, figures were released which specified the budget realization by the various branches of industry:

Commitments as per 31 MARCH 1954
(in mlns. of guilders)

Sectors of industry	Appropriated 1951-1954	Committed in -		Total	Still to be committed
		The Netherlands	Other Countries		
Chemical ind.	217.6	124.2	20.8	145.0	72.6
Metal	305.7	160.5	14.3	174.8	130.9
Shipbuilding	555.2	498.2	31.5	529.7	25.5
Transport	421.6	329.4	6.0	335.4	86.2
Aircraft	227.9	125.5	44.8	170.3	57.6
Electronics	325.4	152.9	24.5	177.4	148.0
Rubber	35.0	24.3	0.1	24.4	10.6
Textile	244.6	152.2	1.0	153.2	91.4
Leather	25.2	13.7	-	13.7	11.5
Wood	35.7	26.3	0.1	26.4	9.3
Building	995.8	651.9	3.5	655.4	340.4
Ammunition	727.8	394.1	97.4	491.5	236.3
Optical	17.1	10.6	0.9	11.5	5.6
Foodstuffs	187.3	117.2	3.1	120.3	67.0
Paper	15.3	11.6	0.2	11.8	4.5
Miscellaneous	139.8	95.7	6.3	102.0	37.8
TOTAL	4,478.0	2,888.3	254.5	3,142.8	1,335.2

If we compare these figures with the table on page 201, we see that there was hardly any improvement since June 1952. The shipbuilding industry still performed well but the money appropriated for other sectors of industry remained far from committed.

In an effort to explain their inability to commit the money which was appropriated for procurement, the Dutch made the distinction between the mutual relationship "appropriated-committed" and the mutual relation "committed-paid".

As far as the relationship "appropriated-committed" was concerned, it was argued that the task of the military-commercial

procurement apparatus had undergone a substantial change since the start of the defence programme in March 1951. Up to that time, procurement agencies had directed the greater part of their attention to the purchase of war-surpluses. However, after the announcement of the new programme, they had to change over to a deliberate acquisition of new production, particularly of national production. Furthermore, mention was made of the lack of acquaintance with American equipment, regulations and documentation material, the difficulty to interpret the received documentation in the right way, the necessity to make modifications which were based on Dutch circumstances, but which would not endanger the acquisition of American equipment. The Dutch also pointed to the continuous uncertainty about American assistance, not only concerning what would be obtained but also when the equipment would be delivered. They received, for example, trailers for American Patton tanks, but these appeared to be useless because of the ultimate delivery of British Centurion tanks to the Netherlands (see p.199).

Moreover, the Dutch indicated a backlog in the execution of infrastructural work in other countries, as a result of which the amounts owed by the Netherlands could not be determined and paid. Finally, it was said that the shortage of land in the Netherlands hampered the construction of building-works.

The problems concerning the relation "appropriated-committed" was mainly influenced by internal factors.

This could not be said of the mutual relationship "committed-paid": the backlog in physical realization (deliveries and achievements) was for the greater part determined by external causes. First, there was the initial absence of an established war-industry geared for the production of specific military stores. The

subsequent build-up of such an industry was accompanied by many growing pains. Moreover, in some cases it was deemed unjustifiable to force firms into building up a temporary top-production, when it was highly uncertain on which level such production could be stabilized. Secondly, the relationship "committed-paid" was influenced by difficulties related to the estimation of budget amounts. Many firms refused to accept payment in the form of pre-financing because of their high hopes of a forthcoming tax decrease. Finally, there was the circumstance that the material procurement (more than f 800 mln per year) led to an average transfer of f 70 mln for every month's term of delivery, so that in the event of terms of delivery of about two years for certain types of equipment, a great part of the transfer had to be made permanent. (110)

The efforts to achieve a system of integrated production within NATO remained unsuccessful. The Defence Production Committee (DPC) established in 1954, represented the final NATO standardization effort during the original phase. Its purpose was to coordinate work on standardization and to handle the exchange of technical information and know-how. Comprised of top-level policy spokesmen from each nation, the DPC tried to exercise control over standardization questions, but did very little toward actual implementation of any system.

By the mid 1950s, NATO appeared to have exhausted most of the institutional avenues to greater standardization. The alliance had presided over an organizational progression from the loosely-structured Military Production and Supply Board to the Defence Production Committee; the final change was the creation of a subministerial level of the DPC. In the process, however, each successive attempt at a more centralized approach met with increased

resistance. Carlton wrote that,

The nations that signed the treaty in 1949 were not the same in nature or number in 1950 let alone 1957, and centralized control proved to be almost impossible given the NATO composition of fifteen sovereign and rapidly evolving nations. During the economic recovery it was inevitable that emphasis would be placed on the development of each individual nation, not on multilateral arms production or cooperation. As long as America's nuclear umbrella provided protection, the other NATO allies were free to pursue single-minded recovery strategies. (111)

In spite of all this, it should be noted that during NATO's incipient phase, the alliance came closer to comprehensive standardization than at any time in its entire history. Coupled with an initially prostrate continental defence industry, the American Military Assistance Programme had the overall effect of creating de facto standardization. In the period between 1951 and 1954 the Western European NATO countries received more than \$ 8 mld in the form of end-item aid. This was about the same amount as those countries together spent on "major equipment" (aeroplanes, tanks, artillery, electronics, light weapons, transport and ships). In 1953 the position of the continental countries was still highly inferior, as compared with the Anglo-Saxon group (US, UK, Canada).

Material defence expenses
("major equipment", Q.M. goods, ammunition, loose parts,
national constructional works)

	<u>In mld \$</u>	<u>As %</u>
Total	34.4	100.0
Anglo-Saxon group	31.7	92.2
Continental group (excl. Germany)	2.7	7.9

As far as the production proportions of some "major equipment" items

and some other items were concerned, the percentages were as follows:

	Total	Anglo-Saxon	Continental
Aeroplanes	100	98	2
Ships	100	91	9
Transport	100	86	14
Light weapons	100	79	21
Ammunition	100	93	7
Loose replacement parts	100	91	9
Other equipment	100	85	15

(112)

Kaplan has written that,

Europe's record in promoting defence production provided a sharp contrast with its progress in developing civilian economies. The GNP for all NATO European countries had risen from \$ 126 billion in fiscal year 1951 to \$ 133 billion in fiscal year 1952; the Marshall plan goals had been more than exceeded as Europe's economy boomed. Such was not the case with the growth of military production. Even when their efforts were combined with US MDAP deliveries of military equipment, Europe accomplished roughly only thirty percent of the estimated total four-year costs of the MTDP. (113)

It was however not only the Europeans who were to blame for this backlog. Notwithstanding the offshore procurement contracts, the Americans still tried to dissuade the European countries from building new plants which might compete with their American contemporaries.

THE INFLUENCE OF DEFENCE PRODUCTION ON THE ECONOMY,
SOME CONCLUDING REMARKS

In 1953 and 1954, the government directed its attention to discussions on the creation of a European armament programme within the EDC, and, after the failure of the EDC in August 1954, to Mendès-France's proposal for the creation of an armament pool (see chapter 5).

During the discussions on the armament pool many reports were drawn up concerning the position of the defence industry in the Netherlands, and the importance of foreign industry to Dutch military supplies. In one of these reports it was stated that in the field of military production, free competition was accepted less willingly than in many other areas of the international economy. Protectionist as well as purely military arguments still played an important role. The general assumption in 1954 was that the Netherlands was more prepared to accept the principle of competitive bidding than other countries. Dutch competitiveness was not unfavourable, mainly because basic wage-rates in the Netherlands were substantially lower than those of other countries.

Nevertheless, even Dutch procurement authorities still favoured domestic firms. Orders were placed in foreign countries only if there were not proper quotations from Dutch firms, or if Dutch quotations were more than ten percent up on foreign quotations. (The claim of the "Commissie Overheidsbestellingen" to reduce the preferential treatment of 15% by 5%, had apparently been admitted.) The defence industries of Belgium and Luxembourg were the only

exceptions to this rule; as a result of the Benelux agreements, they were in principle, equally capable of commanding Dutch orders.

In the period 1951-54, orders were placed with the Dutch defence industry to the tune of f 3,380 mln. The total expenditure on defence procurement in the same period amounted to f 3,700 mln. This meant that only f 320 mln (8.8%) was spent on the placing of defence orders with foreign industries. These amounts did not include orders which the Netherlands received under the offshore programme. In the period 1951-54, the Americans placed offshore orders with the Dutch industry to a total amount of f 200 mln (used for the construction of mine-sweepers, aeroplanes, quick refueling trainers etc.). This figure should be added to the amount of f 300 mln which was the value of the defence orders placed in the Netherlands by foreign countries (inclusive of non-NATO countries). Generally, these orders concerned goods which could also be produced by the country which placed the order. All in all, the total stake of Dutch industry in the production of military stores in the period 1951-54 was estimated at f 3,880 mln. The total value of net industrial production in the same period amounted to f 80 mld; this implied that defence production accounted for less than five percent of total industrial production in the Netherlands.

Although this percentage was rather modest, one should not jump to the conclusion that defence production was unimportant for the national economy. It had certainly its value as a marginal addition to the gross national product. Moreover, because of the high standards of quality exacted for the production of military stores, a new element of advanced training for factory-workers emerged. The influence of such professional training on industrial development in general should not be under-estimated.

Concerning the branches of industry which were involved in the military effort, it could generally be said that there were little or no orders placed with the wood-working industry or the paper industry, while of the entire chemical industry only the powder and explosive mills were of definite importance. Of all the products manufactured in the textile and leather industry, only 3% had a military destination. The greater part of defence orders benefited the metal-working/electronics industry. However, even in this area of production, military orders absorbed no more than 5% of total production. The dependence on defence orders can be more appreciated by making distinctions within certain areas. The military share in the shipbuilding industry was, for example, estimated at more than 10%, while the aircraft industry participated in defence orders at the rate of about 90%. The Philips firm was less than 20% dependent on military orders (see p. 222).

Apart from these and some other remarkable exceptions (see table 1 on page 222), it appears from the figures that industrial activity in the Netherlands was determined only to a small extent by military orders. This did not alter the fact that the production of certain industries would come to a standstill if no defence orders were forthcoming. Some other industries would find themselves in great difficulties either because of the problem of finding new buyers, or because of difficulties in beginning production of civil articles. Moreover, defence expenditure certainly stimulated "infant industries" (jeeps, electronics etc.).

From another viewpoint, the importance of military production to the Dutch economy was illustrated by the relationship between industrial investments in the manufacture of military stores and total investments. In the period 1948-52, military investments were

estimated at f 130 mln, while the total investments amounted to f 6.5 mld. The investments in military production thus accounted for only two percent of total investments. The imports of military goods in the Netherlands totalled up to f 320 mln. These were goods which could not be produced in the Netherlands, as distinct from the Dutch export goods (at the rate of f 300 mln) which could generally be produced by the country which placed the order. In 1954, Dutch orders for ammunition, weapons and weapon-parts were placed in the United Kingdom, Sweden, Belgium, Italy and the United States, for motor transport and components in the United States, Germany and the United Kingdom, for electronics and signal materials in the United Kingdom, Canada, Denmark, France and the United States, and for aeroplanes in the United Kingdom, Belgium, Switzerland and the United States. Dutch exports to foreign countries concerned the delivery of 18 mine-sweepers and 5 subchasers to the United States (at f 188 mln), various types of ships to Brazil, radar screens to Great Britain (at f 1.5 mln), radar screens, fire-guidance, asdic installations and artillery-radar to Sweden (at f 10.5 mln), artillery-radar and fire-guidance to Belgium (at f 5.5 mln), radar screens to France (at f 0.15 mln), etc.

By the end of 1954, the Dutch defence industry was still small, but no longer insignificant. It was estimated that it employed 84,000 workers per year.

In December, a classification was made of twenty-five of the most important firms, with reference to their dependence on defence orders:

(i)

FIRMS, more than 90 percent DEPENDENT ON MILITARY ORDERS

<u>NAME</u>		<u>MILITARY PRODUCTION</u>	<u>CIVIL PRODUCTION</u>
1. Artillerie Inrichtingen NV,	Hemburg	Ammunition, weapon parts	Tool-machines
2. Ned. Springstoffenfabriek,	Amsterdam	Gunpowder	-
3. Organisch Chemische Ind.,	Ossendrecht	TNT	-
4. Hispano Suiza,	Breda	Ammunition, 20 mm guns	-
5. Nefra,	Leiderdorp	Cartridge-case for ammunition	-
6. Franex,	Woensdrecht	Labouring activities	-
7. Holland Signaal,	Hengelo	Fire-guidance	Textile-machines
8. Fokker,	Amsterdam	Aeroplanes	Overhaul
9. Aviolanda,	Papendrecht	Aeroplanes	-
10. Avio Diepen,	Ypenburg	Repair of aeroplanes	Repair of aeroplanes
11. Wilton Feyenoord,	Schiedam	40 mm guns, gun-barrels	-

(ii)

FIRMS, 50 - 90 percent DEPENDENT ON MILITARY ORDERS

<u>NAME</u>		<u>MILITARY PRODUCTION</u>	<u>CIVIL PRODUCTION</u>
1. Van Doorne,	Eindhoven	Lorries	Lorries
2. De Kruithoorn,	Den Bosch	Ammunition	Sporting-cartridges
3. Verenigde Blikfabrieken,	Doesburg	Various	-

(iii)

FIRMS, 20 - 30 percent DEPENDENT ON MILITARY ORDERS

<u>NAME</u>		<u>MILITARY PRODUCTION</u>	<u>CIVIL PRODUCTION</u>
1. Philips Telecommunicatie,	Hilversum	Radio, radar and telephone equipment	Radio, radar and telephone equipment
2. Johan de Wit,	Dordrecht	Clock-work fuses for ammunition	Hot-air engines
3. Beckers Sons,	Brummen	Turnery for ammunition	Turnery-ware

(iv)

FIRMS, less than 20 percent DEPENDENT ON MILITARY ORDERS

<u>NAME</u>		<u>MILITARY PRODUCTION</u>	<u>CIVIL PRODUCTION</u>
1. Van Heyst,	Den Haag	Projectiles	Various
2. Philips,	Eindhoven	Radio	Various
3. Van der Heem,	Den Haag	Radio	Various
4. Oude Delft,	Delft	Optical articles	Optical articles
5. Various shipyards	...	Ships	Ships
6. Vredestein,	Deventer	Field tyres	Motor tyres
7. Hevea,	Heveadorp	Gas-masks	Various
8. Draka,	Amsterdam	Field-cables	Various.

Nowadays, Holland has a few firms at its disposition which specialize in the field of military production: Muiden Chemie (Kon. Ned. Springstoffenfabriek), Fokker, DAF (Van Doorne), De Kruithoorn, Oldelft (Oude Delft), Philips Usfa, Holland Signaal (a daughter-company of Philips), and various shipyards. In the first years after the war, all these firms underwent a development which was crucial for their performance in later years (115). Dutch shipyards profited from American offshore orders for mine-sweepers and patrol boats and from the allocation of counterpart funds for mine-sweepers. Fokker survived in 1953, thanks to not only the offshore dollars for the production of Hawker Hunters, but also to the counterpart funds for interceptors and jet-trainers. Van Doorne benefited from an Additional Military Production project in 1950-51, and was further supported by an offshore order for oil-tank lorries. Moreover, that company was the main beneficiary of counterpart funds. De Kruithoorn began military production after receiving an American offshore order. Holland Signaal was the only firm which was not dependent on American or Dutch orders because it had an excellent reputation abroad.

We may say that the efforts of the Dutch government in the period 1948-54, combined with American pressure and money to increase production, resulted in the build-up of a small but significant defence industry which in later years offered ever-increasing possibilities of production for other countries on a larger scale. The Swedish research group SIPRI recently (1986) put the Netherlands in tenth place on the list of exporters of "large-scale weapons systems" to the Third World. Regrettably, highly objectionable (secret) weapon transactions with Iran and Iraq (during the period 1982-86) have contributed to the attainment of this high position.

Military orders placed with Dutch industry,
in the period 1960-80
 as compared with 1951-54
 (in mld. guilders, current prices)

	Dutch defence	Export orders	Total	Export as % of total
1951-54	3,380	300	3,680	9
yearly average 1951-54	845	75	920	9
1960	707	196	903	22
1965	712	358	1,070	33
1970	1,026	558	1,584	35
1975	1,921	1,104	3,025	36
1980	2,185	1,554	3,739	42

(116)

Despite the favourable impact of offshore procurement, it should be noted that not all elements of American support were beneficial to the development of the Dutch defence industry. It was obvious that deliveries of equipment under MDAP sometimes thwarted such a development. True, the allocation of American thunderjets and all-weather fighters to the Dutch air force, of frigates, coasting-vessels and mine-sweepers to the navy, and of tanks, guns, radar, radio equipment, military engineering materials and special vehicles to the army, were seen as crucial for the build-up of a credible Dutch defence throughout the Cold War period. Half of the Dutch military equipment in the 1950s had come from the United States. However, in terms of the build-up of a national defence industry, the impact of MDAP had been less favourable: Dutch industry could have produced part (not all!) of the goods which were delivered from the United States (mine-sweepers, some vehicles, radio, radar etc.).

Moreover, as a result of the American standardization system, the Dutch had become increasingly dependent on America for weapons and weapon parts, as well as for repair and replacement of obsolete equipment.

In conclusion, the inevitable question remains: what was crucial for the Dutch defence industry, the "favourable" impact of offshore procurement and counter-value funds, or the "unfavourable" impact of MDAP deliveries?

Although it is impossible to estimate how Dutch industry would have performed without the introduction of MDAP, one is likely to assume that offshore orders and counterpart funds were essential at the time, given the fact that cautious Dutch industrialists were prepared to take initiatives in the field of military production only in the event of encouragement or pressure from their government or from abroad. MDAP should therefore be considered an indispensable addition to the incomplete Dutch stock, rather than an insurmountable obstacle to the development of the indigenous defence industry.

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C H A P T E R 3

THE NETHERLANDS,
AND THE POLITICAL ASPECTS OF THE
EUROPEAN DEFENCE COMMUNITY



C O N T E N T S

CHAPTER 3

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INTRODUCTION

From 1950 until 1954, discussions within the framework of NATO were greatly influenced by the big debate on the creation of a supranational European defence organization.

The Pleven plan, which proposed the creation of such an organization, was a French answer to the problem of German rearmament which was urged by the United States after the start of the Korean war in June 1950. Without the contribution of German soldiers, it was deemed impossible to execute NATO's "forward strategy" (a defence as far to the east in Europe as possible) in a credible way. Such a strategy was advocated in September 1950 by Acheson and also by Stikker. The Dutch welcomed German rearmament for strategic as well as financial reasons. After the Atlantic council meeting in New York, the problem to be considered was how German army units could be integrated in the Western defence. The Dutch preferred an Atlantic solution to this problem, but in October, the French, who feared the remobilization of a national German army, proposed the build-up of an integrated European army. This proposal roused much suspicion in the Netherlands. Although it was clear from the beginning that a European army (later called European Defence Community) could never function properly without the operational guidance of NATO, the Dutch wondered to what extent the United States would remain interested in the defence of Europe after the realization of the EDC. Moreover, the Dutch feared the danger of a further delay of German rearmament. For a period of four years, the French proposal remained in the centre of European (and American) interest.

In this and the following chapters, the Dutch attitude towards the EDC will be considered from three different angles: political, military and financial-economic. For practical reasons, only scant

attention will be given to the institutional side of the EDC.

The present chapter deals with policy-making within the cabinet and within the Ministry of Foreign Affairs. Both institutions were hostile towards the idea of an integrated European army. Paradoxically, after the signing of the treaty, the Dutch parliament, supported by the government and the Foreign Ministry, became the first of the parliaments to ratify the EDC. The reasons for this apparent change of attitude will be dealt with in this chapter.

The criticism of the government and the Ministry of Foreign Affairs was shared by the General Staff. Chapter 4 attempts to give an impression of the arguments put forward against the EDC by the military authorities in the Netherlands.

Dutch industrialists were more divided among themselves, as will be shown in chapter 5 which focuses on the EDC views of the Ministry of Economic Affairs and of the business community.

A comprehensive analysis of the Dutch political attitude towards the EDC before the signing of the treaty, has been presented by Kersten in his valuable contribution to the EDC volume of the MGFA in Freiburg (1). Some of the arguments used in this chapter have been mentioned before in Kersten's article.

NOTE

1. A.E. Kersten, 'Niederländische Regierung, Bewaffnung Westdeutschlands und EVG'. In: Die Europäische Verteidigungsgemeinschaft. Stand und Probleme der Forschung, Ed. Militärgeschichtliches Forschungsamt (MGFA), Boppard am Rhein 1985, pp.191-219.

3.1

THE ANNOUNCEMENT OF THE PLEVEN PLAN, AND
THE DUTCH OBJECTIONS

After the start of the Korean war in June 1950, the Americans openly urged the necessity of German remilitarization. Although Secretary of State Acheson still harboured doubts, the State Department announced a "package deal" which contained the following elements:

- (a) an integrated NATO command under an American commander;
- (b) an increase in American troops in Europe;
- (c) the extension of military aid to the West European partners;
- (d) (in return:) an increase in the military expenses of the West European NATO countries;
- (e) a West German contribution to NATO in the form of troops, on the level of divisions, under German commanders.

At the North Atlantic council meeting in New York, in September, the American package deal was in principle accepted by all the NATO member countries, except France. Foreign Minister Schuman objected to what he saw as the uncontrolled disposition of a national German army. At the time, the French army had many non-European commitments, mainly in Indo-China, so the fear existed that, in the event of a German rearmament, Germany would soon have the biggest army in NATO. Until then France had hoped to solve the German problem by economic measures and the Schuman plan. However, given the results of the New York council meeting, this hope was no longer realistic.

At the end of September, as the discussion on foreign policy issues evolved, the French government appeared to be divided among itself. In the first place there existed a strong division on the issue of German rearmament. One section within the cabinet was

absolutely against any form of German remilitarization, but another was prepared to accept the disposition of German military units within the framework of an integrated army. The latter group advocated a supranational European organization (including West Germany) which should create the formal basis for French control and German dependence. This group also felt that the development towards such an organization would benefit the discussion on the European Coal and Steel treaty which was still not signed then.

Secondly, the French appeared to be highly dependent on American support, particularly with regard to the continuation of the colonial war in Indo-China. Between January 1950 and 7 May 1954, the day of the fall of Dien Bien Phu, US assistance in the French war effort amounted to about \$ 2.6 mld, which implied that the United States took about 70% of the costs of the war for its own account. The result was that, just at the time of the conflict about the rearmament of West Germany, French foreign policy consisted of two incompatible elements, viz. the conduct of a colonial war with American aid and the refusal of German remilitarization, a cause which was championed in the United States. Early in October, France found itself in an isolated and vulnerable position. Vulnerable, because American military aid was of great importance to France and because the presence of American troops in Europe and particularly in West Germany was regarded as a counterpoise to the rearmament of the Federal Republic which was in the long run considered inevitable, even in France.

In order to escape the isolated position, the French government decided to develop a new initiative. At the meeting of the French National Assembly on 24 October 1950, Prime Minister Pleven proposed the creation (for the common defence of Europe) of a European army -

which would include some German contingents- under the control of the political institutions of a united Europe. This proposal, Pleven argued, sprang directly from a resolution of the 11 August Assembly of the Council of Europe, which had called for,

the immediate creation of a unified European army, under the authority of a European minister of defence, subject to proper European democratic control and acting in full cooperation with the United States and Canada.

The Pleven plan in fact meant a supranational solution to the problem of a West German defence contribution. For the French, the integrative approach (on the lines of the Schuman plan) seemed the only way to ensure effective control over the reestablishment of a national German army.

Pleven argued that, as the simple joining together of national military units would only conceal a coalition of the old type, a united European army would 'bring about as near as possible a fusion of its human and material components under a single political and military authority'. A European defence minister or defence commissioner, who would be nominated by the governments involved, would be responsible to a council of ministers and a European assembly. The rearmament and equipment programme for Europe would be laid down and carried out under his authority. Furthermore, he would be accountable for obtaining the contingents, equipment, material and supplies from the various member states. The contingents provided by the participating countries would be integrated in the European army on the level of the smallest possible unit, that of battalions of 3-4000 men. The financial contributions would be harmonized by a common budget.

Those participating states which had part of their forces stationed outside Europe would retain their authority over that part.

The part declared available for integration into the European force would, however, operate in accordance with the undertakings of the Atlantic pact. Pleven reassured the NATO countries that the European army plan would not in any way delay the Atlantic council's plans which were designed to create national forces under unified command.

(1)

It was on this basis that the French government suggested inviting some Western European countries, which in Strasbourg had already agreed to share in the creation of a European army, in order to work out in common the implementation of the proposals at a conference to be held in Paris.

The United Kingdom was also invited although this country had only agreed to help in building up a European army (which excluded itself). Furthermore, it had supported the idea of a common defence of Western Europe, provided that the United States cooperated in the common plans.

The first comment on the French plan by the Dutch Ministry of Foreign Affairs was very unfavourable. In the Netherlands, it was felt that the plan would be more a hindrance than an aid in the attempt to improve the West European defence capability. Although in the course of 1950, the Dutch government had become an ardent supporter of the idea of German rearmament, it was convinced that the Pleven plan did not offer the proper framework for the implementation of such a rearmament. The Dutch thought that their interests would be better promoted within NATO and they feared that the French plan would bring about a cleavage in the Atlantic community. Moreover, they foresaw that Great Britain and the Scandinavian countries did not want to be at all involved in a European army. The fear existed that in a continental European army France would play the dominant

partner, mainly at the expense of Germany. The French tried for instance to oppose the creation of a federal recruiting agency in Germany and the installation of a German minister of defence. Moreover, they rejected the need of German tactical air forces meant to support German contingents. The Dutch immediately pronounced themselves in favour of equal rights for Germany. (2)

Foreign Minister Stikker warned that the 'pace of the military build-up in the North Atlantic domain would be needlessly slackened' (3). The Dutch had just recently started to organize their army in Western Europe along the lines of NATO's Medium Term Defence Plan. They had promised to build up five divisions which were planned to be ready by the end of 1954. These divisions would be furnished with American equipment and standardized according to the American system of combat. Dutch army authorities feared that experiments with an integrated European force would not only hamper the execution of the Medium Term Defence Plan but would also thwart the recently developed standardization plans. Another reason for the strong opposition to the French plan concerned the Dutch conviction that any attempt to form effective forces by mixing battalions of different nationalities into the basic army unit, the division, was military unsound and could never produce a fighting army. The Dutch suspected the French of trying to delay German rearmament. The Netherlands needed the rapid build-up of German armed forces for military-strategic (defence on the Elbe instead of on the Rhine-Yssel) as well as for financial reasons (the build-up of German troops would decrease the urgency of the preparedness of the Dutch army).

In the United States, it was mainly the Pentagon which looked askance at the purport of the French proposal. The American military rejected the idea of integrating small army units of different

nationalities. And although the official reaction by the State Department was likewise unfavourable, it soon became clear that some civil servants felt secretly relieved that, on the issue of German rearmament, they had not received a point-blank refusal from the French.

Stikker soon discerned that the American view on the Pleven plan was rather flexible. In November 1950, he warned the "Raad Militaire Aangelegenheden van het Koninkrijk" (council for military affairs of the kingdom, the cabinet's defence council) against a sudden change of opinion in the United States in favour of the European army. Once again, Stikker criticized the French plan, stating that the creation of a European army with political organs involved the construction of a completely federal state, consisting of France, Germany, Italy and the Benelux countries. He thought it objectionable to join such a state but, given the foreseen change of opinion in the United States, he feared that in the long run pressure would be put on the Dutch to take part. He did not place much confidence in the internal political stability of France, Italy and Germany. He looked askance at the size of the communist parties in France and Italy. (4)

In order to forestall the Americans, Stikker developed a plan which was meant as a compromise between the official American standpoint (German rearmament within the Atlantic framework) and the French plan for an integrated European army. The Stikker proposal sought to restrict the level of military integration to the troops which were stationed in Germany. These troops would come under the command of a NATO High Commissioner who would be appointed by and responsible to the Council of Ministers of NATO. In Stikker's plan, there was no talk of a parliamentary organization or a supranational framework.

In stark contrast to the Dutch principles, the proposal was obviously discriminatory against Germany, particularly in its initial phase. This was done deliberately in order to enlist French support. Although the proposal mentioned the creation of a German defence agency, it was intended that the powers of this agency would be limited. It could for instance recruit troops but only if it did not break the strict rules set by the High Commissioner. Moreover, the agency would train troops under the direction of the High Commissioner. It would have its own responsibility concerning pay, feeding, clothing and housing. Stikker's proposal provided that reserved powers could be shifted gradually to the German defence agency, 'in proportion as NATO's confidence in Germany increased'. The task of the High Commissioner would come to an end as soon as Germany would participate in the western defence on an equal footing with respect to other countries.

Stikker's main aim was to facilitate and speed up German rearmament, because he felt that his plan could be realized at short notice. The presence of German soldiers would be the only way to bring about the desired implementation of the "forward strategy". The proposal did not, however, gain any particular favour with Secretary of State Acheson, Chancellor Adenauer and French Foreign Minister Schuman. Adenauer made a stand against the discriminatory provisions against Germany. Acheson held the view that if, in the circumstances, the French leaders preferred their own idea, it would be better not to discourage them. In the meantime, much progress was made in NATO's Council of Deputies towards reconciling the American and the French views. Disappointed by the lack of interest abroad, Stikker decided in December to drop his plan.

Nevertheless, the Dutch maintained their opposition to the Pleven plan and they hoped that other countries would support them. They had placed their hopes on Great Britain. The British Foreign Minister, Bevin, had made known that he preferred an Atlantic confederation to a supranational European army. Stikker encouraged Bevin to develop his ideas of a more intensive cooperation within the Atlantic framework or within the so-called "Colombo-federation", because the Dutch government did not appreciate the idea of committing itself to a small continental bloc (5). However, to the disappointment of the Dutch, the British government appeared to be reluctant to become too much involved in discussions on European defence matters. In December 1950 the United States had conceded to the French wish to convene a conference in Paris in order to discuss the idea of a European army. The British thought it preferable to resign themselves to this American concession, the more so as they expected that the United States would not force them to participate in the discussions in Paris.

Moreover, the British did not have to feel entirely excluded: in December the United States, France, Germany and Great Britain agreed on the convocation of a meeting on the Petersberg (at the time when the conference in Paris was to convene) in order to study the possibilities of the immediate activation of national German troops within the framework of NATO.

Early in January 1951, General Eisenhower visited The Hague where he urged the Dutch to increase their defence efforts (see chapter 1.4). Stikker used the talk with Eisenhower to ventilate all his grievances about the European army plan. He thought it an error that the French were permitted to call, in February, a conference on the creation of a European army because, in his view, such an army

could never be realized and would only aggravate the existing disagreements and the divisions of opinion, not only with regard to Germany but also with regard to the French concept of European federation (which the United Kingdom, the Scandinavian countries and the Netherlands opposed). His main worry about a European army conference at that time concerned his fear that such a conference would give rise to new disagreements on the question of German rearmament. According to Stikker, German rearmament was indispensable to the execution of an "Elbe strategy". He argued that 'without the build-up of German forces, the Rhine-Yssel would be the main defence line which was totally unacceptable to the Netherlands'. (6)

3.2

OBSERVER AT THE CONFERENCE IN PARIS

Although the Dutch felt isolated, the government refused to accept the invitation by the French government (on 27 January) to participate as a full member at the conference on the European army. In spite of the fact that a majority of Dutch parliamentarians favoured the idea of a European army, the government decided to be represented only as observer in Paris. It justified its reticence by pointing to difficulties following the fall of the Drees cabinet on 24 January. It was obvious, however, that the government vehemently opposed the principles of a plan for a European army. Besides, it was strongly convinced that the French plan would never be realized.

In the first half of 1951, the Ministry of Foreign Affairs shared the government's criticism. It pointed to several inconveniences:

- (a) For financial and economic reasons it would be preferable to consider the fusion of the European armies as the coping-stone of the integration process, rather than as the starting point;
- (b) The traditional Dutch interests in the domain of finance, economics and politics would be insufficiently protected in a purely continental combination without the participation of Great Britain. The Dutch feared a revival of French hegemony over continental European affairs or a possible future domination by Germany;
- (c) Although before the start of the Paris conference the French had made the concession that the combat team (regiment with extra armour and artillery support) rather than the battalion, would be the smallest possible army unit, the Dutch felt that this concession was not sufficient. They urged that there should be no integration below the level of the (homogeneous national) division;
- (d) (the main argument:) German rearmament would be hampered by experiments with a European force. A further delay would be dangerous in view of the geographical position of the Netherlands. Moreover, if no quick answer to the question of incorporating a German contribution was forthcoming, then American enthusiasm for European defence might well wither.

The conviction held at the time that the Dutch interests would be sufficiently protected by choosing the position of observer, was strengthened by the full membership of the two Benelux partners. During the first months of the Paris conference, the French and the Germans appeared to be strongly divided about some essential provisions of the Pleven plan. The Dutch feared that as a full member they would be forced by the Belgians to take sides against France with the resultant risk that France would look for a coalition with Germany. By choosing the status of observer, the Dutch left the thankless task of criticizing the French plan to the Belgian delegation.

Early in 1951, a few officials in the Foreign Ministry, Kohnstamm and Patijn in particular, favoured the idea of a European army, but they represented only a minority with their "pro-European"

view.

Nevertheless, the events in Paris took a different direction from that which the Dutch had expected. This was caused mainly by an external factor. From the summer of 1951 onwards, after the failure of the Petersberg conference (on the re-creation of a national German army), the United States had become a staunch supporter of the plan for a supranational European army. Bruce, the American ambassador to France, McCloy, the American High Commissioner in Germany, and Monnet had managed to convert General Eisenhower who, in his turn, had exercised considerable influence on President Truman and Acheson. Consequently, the European army plan was accepted and supported by official United States policy as the only avenue open to German rearmament, since the French did not want to accept any other solution. The Americans also pointed to the positive influence the European army might have on the whole process of European integration. It would be much easier for the Americans to deal with Europe as a whole than with six separate countries. Furthermore, the idea had gained ground that the European army could bring about a repeal of the German occupation statute, as well as an opportunity to 'bring American boys home'.

Stikker was very much concerned about the possibility of an American retreat from Europe. He felt that any replacement of American forces in Europe by new German units would considerably weaken the defence of Western Europe. Once, he had asked Eisenhower what advice the general would give to his government, after the creation of the European army organization, on the question, 'so very important to all of us', of maintaining American forces in Europe. Stikker added that he had never seen Eisenhower so evasive as on this occasion. (7)

Apart from the American support, the conference itself made a lot of progress. At the end of June, the Military Committee managed to produce a draft interim report which was approved by the conference on 24 July. The report not only contained general outlines and objectives but it also gave an overview of the outstanding problems. The original Pleven plan was substantially modified, in that several discriminatory elements had been eliminated. Concerning the level of integration of army units, the French had again made concessions to Germany. They accepted the "unité de base" of 12,500 to 14,500 men as a homogeneous national unit. The basic unit was now much more equal to a single-nationality division. The Germans were also permitted to have their own recruiting offices. In return, Germany said it was prepared to refrain from a national German weapon industry.

The Dutch were highly suspicious of the developments made at the Paris conference. It became obvious that integration would not be restricted to army units but would also embrace sea and air forces, armament industries, defence budgets, legal systems etc.

In the Foreign Ministry, it was argued that the basic error of the idea of a European army resided in the effort to federalize a most vital public institution: defence. The consequence of this was not to be underestimated, according to the Foreign Ministry, because it would be impossible to federalize one sector while leaving other sectors to national control. It was feared that integration of the armies implicitly meant integration of the foreign policies. Such a process would eliminate the possibility of independent policy-making in the Netherlands, because it was unavoidable that within a supranational state the big powers would dominate the small powers.

The most important grievances of the Dutch concerned the American change in favour of the European army. In the Netherlands, there was a great deal of frustration arising from the 'vague' desire of the Americans for European unification. The Dutch ambassador to the United States, De Beus, wrote that he was annoyed by the fact that the Americans asked the European countries to transfer a part of their sovereignty to the European army institutions while the United States itself was reluctant to transfer any sovereignty to NATO. De Beus noticed a difference between the European and the American mentality: 'the first is more founded on principles and is directed towards long-term goals; the second is often inclined to be guided by motives of immediate practical and opportunistic importance'. De Beus' view was shared by the Foreign Ministry in The Hague. However, the ambassador warned the ministry not to overestimate the influence of the Netherlands. In his correspondence with The Hague, De Beus explained that the American governmental authorities did not have much notion of the Dutch objections to the European army. (9)

The American change of view compelled the Dutch to reflect on their position. In August 1951, an "Ambassador's conference" was organized in The Hague which was attended by Dutch ambassadors, ministers and some officials of the Foreign Ministry. Concerning the European army, the main objections were raised by Prime Minister Drees and Foreign Minister Stikker. Under Drees, the Netherlands had gradually recovered from the losses suffered in the Second World War and the Prime Minister feared that the laborious process of recovery would be endangered by experiments with European institutions, in which unstable countries like France, Germany and Italy would also participate. However, at the meeting there were also people who stressed the advantages of full membership at the Paris conference.

They argued that full participation would enable the Dutch to influence the discussions. One of the most ardent advocates was Spierenburg, representative of the Ministry of Economic Affairs and Dutch negotiator at the Schuman plan discussions. He argued as follows:

- (a) The current influence of the Netherlands on NATO affairs was very limited, mainly because of the dominating position of the Standing Group consisting of the "Big Three" nations. Presumably the Dutch influence would increase within a continental European framework;
 - (b) Europe should increase its efforts to promote its own interests because foreign policy-making in the United States was sometimes very imprudent;
 - (c) The creation of the European army presented the only way in which the French would accede to German rearmament. Similarly, many Germans considered the French plan the most acceptable form of rearmament;
 - (d) Given the political instability in France, Germany and Italy, it was necessary to lend strong support to the reliable and stable elements in these countries, viz. the parties which were pursuing a narrow continental cooperation (MRP in France, DC in Italy, CDU in Germany).
- (10)

Spierenburg's speech had a marked effect. Although many objections remained valid, it became increasingly clear that the Netherlands could hardly maintain its attitude of standing aloof at the Paris conference. Benelux cooperation was at stake and, more important, the United States might even have reconsidered the allocation of economic and military aid to the Netherlands if the Dutch had maintained their stubborn attitude. The question was posed whether Holland could afford in financial terms to remain outside the European army.

Nevertheless, in general, international pressure on the Netherlands was rather tame-spirited. It was seen as inevitable that the Dutch would in the long run participate. (11)

Though, the government still did not want to consider participation a matter of course. In order to give a clear

demonstration of the Dutch point of view, the government formulated a counter proposal which was presented to the governments of the "Big Three" (United States, United Kingdom and France). In the proposal, it was emphasized that 'NATO remained the best safeguard against aggression and therefore safety should in the first place be sought by strengthening the link between the members of that organization'. It was also written that NATO offered the most proper framework for preventing the resurgence of an aggressive Germany. This passage was evidently meant to propitiate the French.

The Dutch objections centered on the impracticability of three of the organizational aspects of the European army: the unified administration (High Commissioner), the common budget and the common armament programme. In their counter proposal, the Dutch sought to simplify the structure of the European Defence Community (from the end of July 1951, the term European Defence Community - EDC - very largely replaced that of European army) by a decrease of the importance of the High Commission(er) and a strengthening of the role of the Council of Ministers. In the Dutch view, the fixation and implementation of the common budget should have been the prerogative of the Council. The main aim of the Dutch was to avoid the relinquishment of certain essential sovereign powers. (12)

The counter proposal which might be seen as an act of despair did not gain much attention. The Dutch government was disappointed but not surprised when it noticed this. Early in September 1951, the Dutch received an aide-mémoire from the US government stating that the Americans attached the utmost importance to the creation of an effective EDC and that they hoped that an agreement could be reached in the immediate future.

Ultimately, Stikker came to realize that obstinacy was not the

best way to achieve the Dutch goals. However, his argument in favour of changing the Dutch position did not emanate from a more favourable attitude towards the European defence integration. Stikker wrote to Drees that he had noticed that the French had suddenly ceased to put such strong pressure on the Netherlands to become an active participant. According to him, the main reason for this changed attitude was the French fear that the Dutch, as full a member, would cooperate with the Italian and Belgian delegations, with a view to thwarting the French plans. For this very reason Stikker suddenly advocated an active participation at the conference. He added:

Unpleasant as it may be, we have to take into account the development of political events, since the "Big Three" have promised their support for the creation of a European army. It is hard indeed to accept the loss of independence in the making of our own foreign policy.

Stikker mentioned some new objections to the process of integration in continental Europe. He feared that a continental federation would strengthen the protectionist tendencies in France, Italy and Germany. He also complained about the harmful social and inflationary influence of France. Furthermore, in Stikker's view, there was no substantial basis for an advanced process of integration. He argued that if there existed a parliamentary majority at all in France, Italy and Germany in favour of the European army, it would only be a narrow one. He feared that a change of government in these countries would have disastrous effects on the whole idea of European integration.

In conclusion to his letter to Drees, Stikker showed much concern about the growing tension between the United States and the Soviet Union. In the event of an escalation of the tension, as Stikker argued, Western Europe would be victimized:

Europe must defend itself as adequately as possible.

German rearmament is necessary for a credible Dutch defence. It has been proved that such rearmament can only be realized within a European army. Whether we like it or not, we have to concede to it. However, our attitude at the conference will undoubtedly be critical.
(13)

3.3

DUTCH PARTICIPATION AT THE CONFERENCE

Early in October 1951, the Dutch cabinet reluctantly took the decision to change its status at the conference in Paris from observer to participant. Van Vredenburg, an experienced diplomat, was appointed head of the delegation. This function was originally intended for ECSC negotiator Spierenburg, who was the favourite of Minister Van den Brink of Economic Affairs, but he was passed over by the cabinet, presumably because he was regarded as an advocate of European integration. The government urged a careful strategy and put its trust in the "atlanticist" Van Vredenburg (14). The cabinet gave the following instructions to the delegates in Paris: firstly, the common budget should be limited to some EDC institutions such as the High Commission and the General Staffs, on the condition that important financial obligations could be concluded only with the approval of the national parliaments. Secondly, the small states must retain a substantial influence within the Community. They must be represented on a Board of Commissioners (instead of one Commissioner with broad powers, as the French had proposed). Furthermore, the authority of the Council of Ministers must be strengthened through the provision that important decisions must be taken with a unanimous vote. Finally, the administrative and strategic authorities of NATO

must be clearly defined vis-a-vis the EDC. (15)

In general, these instructions aimed at restricting military integration to an absolute minimum. In this form, the mission of Van Vredenburg et al seemed impossible. In practice, it appeared, however, that Van Vredenburg had some room for diplomatic manoeuvre. He carefully ensured that the Dutch contribution to the conference was as constructive as possible and he soon succeeded in removing the prevailing doubts about the sincere intentions of the Dutch.

The chairman of the conference, already from its start in February, was Hervé Alphand, surnamed 'le renard argenté', or the silver-fox. According to Van Vredenburg, Alphand deserved this "epithet" not only because of his wealth of hair but also because of his reputation of experienced diplomat and dyed-in-the-wool negotiator. (16)

The Dutch change of status was very important for Benelux cooperation. Earlier in the year, many small issues had worsened the relations between the countries. The Belgians resented the Dutch obstinacy, while the Netherlands complained about the self-willed, unpredictable policy of Van Zeeland, the Belgian Foreign Minister, and about the pro-French attitude of the Walloons. Moreover, Benelux payments problems had resurfaced with the Korean war. In 1950, the Dutch had a considerable trade deficit with Belgium.

Nevertheless, the Dutch had become convinced of the usefulness of an alliance with the Benelux partners in the struggle against the supranational provisions in the EDC plans. They noticed that, following the approval of the interim report in July, the cooperation between the French and the Germans had increased. The delegations of France and Germany often met in order to come to a prior agreement on essential issues before the plenary discussions at the conference.

The Dutch, fearful of isolation, felt relieved when the Belgians made known that they were not adverse to closer collaboration. The Belgian government said that it opposed the EDC treaty because of its reluctance to amend the constitution. Such an amendment was indispensable because of the transfer of sovereignty to supranational institutions. A more profound reason for the Belgian opposition concerned their fear that, within a European framework, Belgium would lose its national identity. This identity was already strongly affected by the conflict of language which divided the country into two separate parts. Although the Dutch were rather sceptical about the confused policy-making in Belgium (they even complained that the Belgians did not have their own standpoint concerning the EDC), they were very pleased to see the Belgians taking the Dutch side in the struggle against the EDC.

At the end of October, the governments of the Benelux countries met in Brussels. Drees summarized the Dutch objections to the single Commissioner and the common budget. Instead of the Commissioner he proposed a council of commissioners in which the Benelux countries would be represented in an adequate manner. Concerning the common budget Drees thought it unacceptable that an international organization, with 'flippant Frenchmen' and 'irresponsible Italians' in its ranks, would take over the control of one third of the national budget. He further argued that one could not deprive the national parliaments of their right to decide on the defence budgets. The Dutch preferred the simple juxtaposition of the national budgets without any influence by the High Commission(er), whereas France and Germany advocated a real merger of the budgets. Moreover, the Dutch headed for a long transitional period, during which the application

of the national regulations would be maintained.

In principle, the Belgians agreed with the Dutch objections but at the time they did not have an official opinion. Although there was no talk of a common EDC policy in the future, at the end of the meeting the Benelux countries decided to 'maintain the closest possible relations'. (17)

Following the Benelux conference, the Dutch were surprised to see that the Belgian delegation, more than the Dutch, became the "enfant terrible" at the Paris conference by its critical, almost destructive attitude. The Belgians proposed for instance to restrict the integration of armies to only the forces of the "Big Three".

The Belgian change of attitude raised suspicion. In consequence, the Dutch negotiating position improved considerably: Belgium became the scapegoat at the conference, which enabled the Dutch to come forward with constructive proposals. Alphand, the chairman of the conference, was obviously embarrassed by the creation of what he saw as a firm Benelux front against the EDC. It was remarkable that the original French-German controversy had disappeared and that it was replaced by a controversy between the "Big Three" (France, Germany and Italy) and the "Small Three" (the Benelux countries). The attitude of the German delegation appeared to be much more constructive than it had been at the start of the conference. In mid-November Germany and France expressed their common desire for the rapid creation of a supranational EDC. Together, they tried to undermine the position of the "Small Three".

The Benelux countries found themselves in a delicate situation. They were especially concerned about the prospect of being absorbed into an organization where the strength of the three larger partners would predominate. Van Zeeland and Stikker decided to band together:

at the meeting of the NATO council in Rome in November 1951, Belgium and the Netherlands for the first time took up a joint position. Both countries feared that the EDC plans would in the future be expanded into the political field far beyond the original concept. This fear was caused by several public statements De Gasperi and Schuman, the Foreign Ministers of Italy resp. France, had made about the creation of a European political association. Early in December, the Dutch noticed that the French started to take a dislike to their own European initiatives. Prime Minister Drees made the remark that the proposals of the French government for the creation of a political community became more and more radical. He felt that the French parliament would presumably never approve the radical pro-integration policy of its own government. Liefstinck, the minister of finance, said that according to his French colleague Mayer, France advocated German membership of the EDC mainly for financial reasons. A third of the French defence budget was spent in Indo-China and the French thought it indispensable that Germany should take a part of the French expenses for its own account. (18)

At the end of the Rome council meeting, the American delegation put forward a peremptorily worded resolution, in which the participants of the Paris conference were urged to finish their work with the greatest possible speed. The Benelux countries came immediately with a counter resolution in which Britain and the Scandinavian countries were invited to participate in the European army in order to contribute to the unification of Europe. The Benelux initiative was not welcomed at all because it was obvious that the recently installed conservative British government and the Scandinavian governments were not interested in active participation. The Benelux ministers were well aware of this, since Eisenhower had

made it known that from a military point of view it would suffice if the UK was simply associated with the EDC; their aim was to confront the Atlantic council once again with the apparent inevitability of the British abstinence. By doing this they manoeuvred Britain and the Scandinavian countries in a position, in which it was morally impossible to vote for the American resolution and thus to express an adverse opinion about the attitude of the Benelux countries. The Benelux approach succeeded because the immediate result was that the American resolution was substantially moderated. (19)

In the meantime, the Dutch had started their opposition to the common armament programme of the EDC which provided that the High Commission(er) would exercise strict control over the production, imports and exports of war materials. The underlying idea was to increase the efficiency in the production of war materials in Western Europe by means of an advanced process of standardization. The Dutch advocated the retention of their national production programme, at least for a long transitional period. Moreover they felt that the standardization policy should remain under the competence of NATO. The Dutch did not have a war industry at their disposition and they feared that the High Commission(er) would use up the Dutch contribution to the common budget by placing defence orders with foreign industries. Hence, the Dutch insistence on the involvement of the textile, food and footwear industries in the common armament programme. It was argued that Dutch factories were pre-eminently able to manufacture uniforms, blankets, tinned food and boots for the European army (see chapter 5).

Another cause of concern to the Benelux countries was the decision of the "Big Three" at the Ottawa council meeting to make the completion of the contractual arrangements with Germany conditional

on the creation of the EDC. Stikker said that this placed an extra heavy responsibility on the shoulders of the small countries, which had not been consulted about this decision and which were still thinking of trying to back out of the EDC discussions. Furthermore, it was feared that, without allied control, Germany would become too independent in making its own policy. Stikker urged a strengthening of the Atlantic Community (an increase of the responsibilities of NATO in economic, political and cultural affairs, see chapter 2) in order to keep a proper check on the Germans. He also pressed for closer links between NATO and the EDC. By contrast, France and Germany emphasized the independence of the new defence organization.

In December 1951, the Paris conference was on the verge of collapse. The Belgians were still the main antagonists of the EDC plans but the Dutch also refused to cede ground. Drees and Liefstinck said they had no scruples in sacrificing the EDC if the Dutch wishes concerning the High Commission and the common budget were not met. Drees added that he was not apprehensive of critical reactions in the Dutch parliament which had always been far more convinced of the desirability of creating the EDC. (20)

Stikker investigated the possibilities of a closer cooperation with the neutral countries Sweden and Switzerland. (21)

In Paris and Washington, there was much discussion about the possibility of creating the EDC without the Benelux countries. The Americans in particular were disappointed with the lack of progress. Acheson tried to persuade the Low Countries to assume a more compromising attitude. Bruce, who was a convinced "integrationist", advised Acheson to change the American policy concerning allocation of military assistance to Belgium and the Netherlands, 'if these

countries failed to join an EDC created by the remaining countries' (22). Acheson, realistic as ever, replied however that it would be inappropriate to distinguish between members and non-members of EDC as far as the amount or manner of receiving US aid was concerned. He thought it objectionable to penalize the Benelux countries in the event of their not joining the EDC. On the other hand, he also stated that the United States would approve an EDC composed of France, Italy and Germany, if the Benelux countries could not be satisfied in time. (23)

Chancellor Adenauer said that the time might come that Germany, France and Italy 'would have to have a showdown' with the Benelux countries, and if so, he trusted that the United States would back the stand of the former group in EDC. However, as Adenauer argued, if the Benelux countries persisted in being obdurate and the bigger countries were forced to take the decision to go ahead regardless of them, this would lead to difficulties in the German, French and Italian parliaments which would make ratification almost impossible (24). At the instance of the United States, the British government put pressure on the Netherlands to drop its resistance.

Several questions which could not be solved at the Paris conference were discussed at meetings of the foreign ministers of the six countries. At a conference of the six ministers in Paris at the end of December, the decision was taken to create a Board of Commissioners instead of a single Commissioner. In this Board, the Benelux countries would be represented in an adequate way. The Dutch were of course very pleased with this result. It was felt that the close cooperation between the Benelux countries on this issue had yielded fruit (25). In return, the Dutch had to make a concession on the question of the common budget. They said they were prepared to

accept the common budget from the first day, provided that during a short transitional period the budget would be unanimously approved by the Council of Ministers. This transitional period should, in the Dutch view, coincide with the duration of NATO's Medium Term Defence Plan (which covered the period until 1954). This meant that for some time the national contributions would be fixed according to the NATO procedures. In Paris the Dutch had abandoned their claim that the budget should be approved by the national parliaments.

By the start of 1952, the main problems concerning the EDC had been solved. The risk of an imminent failure of the Paris conference had disappeared. Early in January, the State Department declared that the EDC was not feasible without the participation of the Benelux countries. The Americans offered their services in order to solve the outstanding problems. The main Dutch problem concerned the liaison between NATO and EDC. The American ambassador to France, Bruce, urged the Germans and the French to make a joint declaration containing the acceptance of the overall authority of NATO in order to reassure the Dutch. Bruce also argued that in return for this Franco-German concession the Dutch should be able to agree that the European institutions have authority and responsibility from the first day, so that both the discrimination against Germany and the creation of a German national army would be avoided (26). As we saw, with respect to the common budget, the Dutch conceded Bruce's demand.

Other outstanding problems at the Paris conference concerned purely military questions such as the composition of the European army, the appointment of officers and the creation of the territorial organization. Moreover, a vexed question arose as a result of the American plans to change the way of lending financial, economic and military assistance to Europe. The United States came out in favour

of arranging these affairs with Europe as a whole, viz. by means of the new EDC. The Dutch attempted to safeguard the bilateral relationship with America, particularly in the field of financial aid. For some time, the Dutch maintained an obstinate attitude but in the long run they had to concede to American wishes. This concession was also urged by delegation leader Van Vredenburg, who had become increasingly irritated by the stubbornness of his government. (27)

In the meantime, many other obstacles had been removed at the Paris conference. After the successful London foreign ministers conference and the North Atlantic council meeting in Lisbon, both in February 1952, nearly everything seemed prepared for the signing of the EDC treaty. The Dutch government was pleased to see that the Atlantic council had provided for a close link between NATO and EDC. The council had decided that all members of the two organizations should be bound by reciprocal security undertakings. EDC nations would agree to consider an attack on NATO as an attack on the EDC and vice-versa.

In March, however, the Dutch came forward with new objections. The German delegation had raised the point that the EDC treaty should automatically commit all members of the EDC to resist an attack on any member of the Community. The Dutch refused to accept this as they could see themselves committed to fighting for a German (or Italian) interest without British forces alongside. Furthermore, this would go beyond the provisions of the North Atlantic treaty, because Germany was the only member of the EDC which was not involved in NATO. The Paris conference was once more threatened with breakdown. The only way out of this disagreement was by making an appeal to the United Kingdom for action.

The Dutch had always hoped that the British Conservative

government would some day decide to join the Community if the EDC plans were sufficiently watered down, but this appeared to be an idle hope. The British Foreign Minister, Eden, initially refused to give any guarantee but later he felt bound to concede to the desire of the EDC countries for a close association of Britain with the EDC. Great Britain entered into a formal relationship with the EDC in the middle of April (28).

The Dutch also pressed the United States to come forth with guarantees. The French even wanted a formal guarantee from the Americans but it was clear that this would require Congressional approval. Drees appeared to be sceptical about the value of such a guarantee. If Germany decided to withdraw from the EDC, he argued, the French apparently expected that the United States and the United Kingdom would take counter measures. He feared that the Germans would take the side of the Russians if they were dealt with severely. His scepticism was not shared by the other members of the cabinet (29). In the end, all fears were pacified with a joint Anglo-American declaration that 'if any action from whatever quarter would threaten the integrity or unity of the Community, the two governments would regard this as a threat to their own security'.

Concerning the duration of the term of military service within the European army, the Dutch cabinet made it clear that a uniform term of service (which was pressed for by the Belgian delegation) would be acceptable only if it did not interfere with the fulfilment of the NATO obligations. (30)

A perennial worry of the Dutch concerned the German financial contribution to the EDC. Experts at the Paris conference, including the Germans, seemed to share the view that Germany would contribute more than the cost of its own contingents in the first year but that

it would contribute less in subsequent years. The Dutch feared that Germany would spend more on occupation costs (the maintenance of American and British occupation troops) than on its own defence. The basic concern was that the rapid build-up and equipment of the German contingents would be attempted at the expense of the Dutch plans for the build-up of their own national army. The Dutch were also dissatisfied because they had not been involved in the discussions on the German contribution. Stikker complained that Holland was considered a "quantité négligeable". However, the Dutch dissatisfaction did not have much impact; ultimately they had to accept the decisions taken by the allies. (31)

Just before the definite signing of the EDC treaty, in May 1952, the Dutch showed their discontent at the planned 50-years duration of the EDC. NATO had been given an initial life of 20 years, after which period a member could withdraw at one year's notice. As the EDC was to fall within the framework of NATO, for how long would it be binding? The Dutch had the strong impression that some countries, particularly France, considered NATO as only a temporary affair. The Dutch government wanted to have some freedom of action within the EDC in order to be able to take its own decision after the termination of the first 20 years membership of NATO. Moreover, it was in favour of an extension of the duration of NATO to 50 years (just as the EDC). Although on this issue the Dutch were not backed by other countries, the government decided to remain intransigent. Stikker wanted to make this problem conditional on the development of the process of political integration and on the duration of the British guarantee (20 years). Acheson succeeded in easing Stikker's mind by proposing that, in the event of the premature demise of NATO (within 50 years), a 'new situation' would come into existence. Stikker was rather

satisfied with the clause 'new situation', because it would enable the Dutch to consult the partners. He thought the clause would also make it morally justifiable to withdraw from the EDC if international developments required it. Stikker's colleagues in the cabinet remained sceptical but there was no possibility other than to accept the new formula. (32)

On 27 May 1952, the EDC treaty and its associated protocols were signed by the governments of France, West Germany, Italy, Belgium, Luxembourg and the Netherlands. The scepticism in the Netherlands remained. Drees doubted the degree of sincerity in the rapprochement between France and Germany. In his view, the treaty still contained discriminatory measures against Germany, such as the provision that Germany, deemed a "strategically exposed area", was forbidden to manufacture heavy war materials. Furthermore, he thought that ratification of the EDC treaty in Germany would become very difficult in the event of a defeat of Adenauer at the elections of 1953. Finally, he distrusted the EDC provision concerning the establishment of military schools in North Africa. He felt that the French had added this provision with the preconceived intention to involve the other EDC countries in their colonial problems. The Dutch had originally proposed to restrict the stationing of EDC troops to the NATO territory in Europe but ultimately they had to accept that the European forces could also be stationed outside Europe. Defence Minister Staf made the remark that the advice of the military experts at the EDC negotiations had been fully neglected. In Staf's view, the EDC had become mainly a political affair (33). This view was shared by the military authorities in the Netherlands. The Dutch military had always vehemently opposed the European army plan, mainly because of their unwillingness to sacrifice national control over the

Dutch army. Within NATO they still had a considerable influence on national military affairs but it was feared that within the EDC this influence would be seriously curtailed. Besides the army corps, the army corps' command and the General Staff were also to be integrated. The Dutch army authorities feared that the Dutch voice would be neglected within the supranational framework.

Until the summer of 1951, the Dutch government had gratefully taken advantage of the critical arguments offered by the military authorities. However, with the approval of the interim report drawn up by the military committee at the Paris conference in June 1951, the government felt that the integration level of the military units had been so much improved that it would be better to direct the attention to other problems related to the European defence (common budget, common armament programme, board of commissioners etc.). The generals maintained their criticism with respect to the EDC and were very indignant about the neglect of their opinion shown by the government (see chapter 4).

The conclusions drawn up by the Foreign Ministry concerning the results which the Dutch delegation had produced at the Paris conference were not entirely favourable. Although it was generally acknowledged that Van Vredenburg had headed the Dutch delegation in the best possible way, there was some disappointment with the concrete results at the conference table. According to the report of the Foreign Ministry, the starting position of the French delegation had been so strong that it could often assert its will at the cost of the other delegations. Dutch efforts to stir up latent differences of opinion between France and Germany had not been very successful. The Dutch view was only occasionally accepted by the other countries; in the course of the discussions the Dutch often had to abandon their

own opinion. In their efforts to avoid the creation of the EDC, they had sometimes pointed to their obligations within the framework of NATO but they had not received any support from the representatives of SHAPE at the Paris conference. Likewise, the United States had been reluctant to make concessions to the Dutch.

The Foreign Ministry welcomed the fact that the navy and the naval industry would not form part of the EDC. Although the naval forces received European status, they would in practice remain under the command of the national or NATO authorities. (34)

The EDC treaty had come into existence but the real battle, the ratification procedure in the national parliaments was yet to begin.

3.4

THE DUTCH GOVERNMENT AND THE RATIFICATION PROBLEMS

After the second Drees cabinet, consisting of KVP, PvdA, CHU and VVD, had been dissolved, the general elections for a new Dutch parliament were held in June 1952. The PvdA (Labour party) of Prime Minister Drees won the elections and became the largest party in the country, followed closely by the KVP (Catholic People's Party). Drees himself was charged with forming a new coalition. On 1 September, the 3rd Drees cabinet was formed, consisting of the Labour party, the Catholic People's Party and two protestant parties, the CHU (Christian Historical Union) and the ARP (Anti-Revolutionary Party). The VVD (Liberal Party) of Foreign Minister Stikker was not represented in this new coalition and so after four years as foreign minister Stikker was replaced. Even if the VVD had remained in power,

he would not have maintained his job. It was clear that in 1952 his position vis-a-vis parliament had become untenable (35). Stikker was sent to London as Dutch ambassador to Great Britain.

In the new cabinet, an innovation was made with the nomination of two ministers for foreign affairs instead of one, Beyen (without party affiliation) and Luns (KVP). In reality, it was Beyen who devoted most of his time to EDC affairs. From the summer of 1952, the discussions on EDC were transferred from the Foreign Ministry to the cabinet.

After the signing of the EDC treaty, an Interim Committee was established at the conference in Paris. Its tasks were first to consider problems of concern to the Community and the necessary measures which signatory governments could take in advance of the institutions being established; secondly, to prepare executive texts for enforcement when the treaty had been ratified in order that the institutions could function; and finally, to carry out such work as would enable the Board of Commissioners, once constituted, to exercise its many responsibilities. The Dutch representative at this committee was Tjarda van Starckenborgh Stachouwer, who had succeeded Van Vredenburg as leader of the delegation. Like Van Vredenburg, Starckenborgh was not reputed to be a convinced "European". In Paris, his main task was to be watch-dog of Dutch national interests.

Which country would be the first to ratify the treaty? In the Netherlands, Defence Minister Staf thought it of great importance for the preparation and elaboration of the EDC treaty that the Dutch parliament would ratify the treaty as quickly as possible. He argued that by doing this it would be much easier to turn down new French proposals which were, in his view, predominantly of political purport. Drees remarked that the United States government was

convinced that the Dutch would ratify the treaty but that it expected problems in that connection in the French parliament. (36)

In France, opposition against the European army concept had always been present, but after the signing of the treaty the criticism was ventilated in an unprecedented way. In October 1952, the president of the "Assemblée Nationale", Herriot, a respected political veteran with great authority himself spoke out in public (in Bordeaux) against the EDC. Fursdon has written that,

Herriot's signal from Bordeaux prompted expression of strong views all round. The effect was to reveal a general latent opposition among all French political parties to the negotiated terms, if not all the principles of the EDC treaty. (37)

The most important French conditions were: adaptation of the treaty; British and American guarantees against the threat of German predominance; and a definite solution of the Saar problem. (From the end of the war, Paris had tried to attach the Saarland to France).

The French found themselves in an awkward position. On the one hand, they wanted to keep Germany in check by means of severe provisions in the treaty; on the other hand, they wanted to mitigate the supranational powers of the EDC in favour of France itself in order to give the French army a greater freedom of movement. The contradiction between these desires deteriorated the French negotiating position.

In October, the Belgian Foreign Minister, Van Zeeland, made the proposal to transfer the discussions on European cooperation to the institutions of the Brussels Treaty Organization which was dominated by Great Britain. Van Zeeland feared that France would never ratify the EDC treaty in the then present form and he therefore proposed the revival of the intergovernmental BTO. He considered the British membership of this organization a favourable accidental circumstance

for Belgium (38). He did not, however, receive support for his proposal, not even from the Dutch.

Foreign Minister Beyen appeared to be a moderate advocate of the EDC. In his view, the EDC would be a useful, or even indispensable, intermediate station to the attainment of the main goal of Dutch European policy: the realization of a customs union. In September, Beyen had made his first proposal for a closer economic union between the continental countries of Western Europe. He sought to realize this aim within the framework of the European Political Community which was under discussion then as a result of the insertion of Article 38 in the EDC treaty. This article foreshadowed the establishment of a long-term political structure which would govern the supranational elements of the new Europe. The EPC as envisaged was so closely tied to the EDC that it was generally assumed that a failure of the latter would automatically lead to the dissolution of the EPC. Beyen of course tried to avoid this because of his keen desire to promote the economic integration of Western Europe by means of the EPC. Beyen came out in support of the EDC and he refused to believe that the French parliament did not seriously consider ratification of the treaty (39). His colleagues in the cabinet were more sceptical about the French intentions. Although Zijlstra, the minister of economic affairs, and Mansholt, the minister of agriculture, were not adverse to an advanced process of European integration, particularly in the economic field, they felt that the EDC was not the right instrument to promote this process. Drees remained as reluctant as he already had been before the signing of the treaty. This reluctance even increased when he became informed of a statement of the French Foreign Minister, Schuman, who had expressed his hope that fascist Spain would soon become a member of

the EDC. Drees said he could not imagine how Spain under the then present régime could participate in a democratically elected Assemblée (40). Nevertheless, like Beyen, Drees was also convinced that the Netherlands should ratify the EDC treaty as soon as possible.

In January 1953, there was a feeling of uneasiness within the Dutch government caused by the interpretative (thus not affecting the treaty per se) protocols which the new Mayer government in France wished to attach to the EDC treaty. In Mayer's view, some modification to the EDC was necessary because it was becoming increasingly clear that the treaty in the then present form would never be ratified by the French parliament. The purpose of the interpretative protocols was to ensure the integrity of French forces and to produce Franco-German equality in a weighted voting procedure; to ensure French freedom to withdraw forces for use within the French Union, particularly in Indo-China; to ensure that the French forces which remained in Germany after June 1953 would have the same status as the British and American forces; and finally to ensure French freedom to produce and export war materials within the French Union without the possibility of a veto by the EDC Board of Commissioners.

The interpretative protocols increased the Dutch cabinet's conviction that the French were looking for ways of backing out of the EDC. Drees, who was obviously irritated by the 'unpredictable' policy of the French, remarked that the Dutch should follow the French example by proposing their own protocols concerning the maintenance of the national scale of salary and the maintenance of the national criminal law. The cabinet felt that the French proposals were so radical that the introduction of the ratification bill in the Dutch parliament should be accompanied with an enumeration of the

cabinet's objections to these proposals. (41)

However, in April the Dutch agreed to the signing of the French protocols, probably under strong American pressure. The Americans understood that the French wanted to have a greater freedom of movement for their forces, particularly with regard to the disastrous war in Indo-China. Drees had to accept this notwithstanding his persistent opposition to the protocol concerning the possibilities of withdrawing army units in case of emergency in overseas possessions. He saw this not as a different interpretation but an essential departure from the text of the treaty. (42)

In spite of the approval of the protocols, Drees remained pessimistic about the chances of ratification in France. In the Netherlands, Beyen carefully ensured that sufficient progress was made in preparing the parliamentary debate on ratification. He realized that the Dutch would build up a lot of goodwill in the United States if they decided to ratify soon. The American Secretary of State, Dulles, promoted the process of European integration in an unprecedented way. US policy and US prestige became increasingly identified with the ratification of the EDC treaty. Eisenhower and Dulles put emphasis on the political importance of the EDC, whereas in the past Truman and Acheson had always stressed the military-strategic aspect of the matter. Almost from the beginning of Dulles' taking over the Department of State, he used the threat of a reversal of America's European policy in the event of EDC failure. The Americans stressed the link between speedy ratification and the decisions by Congress and the Administration in the field of military and economic aid. The Netherlands proved very sensitive to the American threats. The country was in urgent need of American aid, particularly after the disaster caused by the floods in the province

of Zeeland on 1 February 1953.

Beyen pressed for a quick ratification in parliament. Even some "pro-European" parliamentarians, who had always criticized the government for its lukewarm attitude towards the EDC, were now quite worried by Beyen's attempt to speed up the ratification. His colleagues in the cabinet endorsed this policy. They saw that a pro-EDC attitude was welcomed by the United States and that it would thus yield fruit. Moreover, early in 1953 they came to realize that the EDC would presumably never be ratified by the French parliament and they therefore felt that the only way which would lead to the incorporation of Germany into NATO (which the Dutch ardently advocated) was to have the EDC treaty promptly ratified in the Dutch parliament. They hoped that the parliaments of Germany, Belgium, Luxembourg and Italy would soon follow this example because 'in that case the finger of blame for the failure of the EDC could be clearly pointed at France' (43). And even if the EDC treaty were ratified by France -but, again, this was considered very unlikely- then the Dutch could not be blamed for having been unreliable partners. Nevertheless, for the greater part of the Dutch cabinet the EDC was still a necessary evil. It was in fact only Beyen who welcomed the principles of the Defence Community. Paradoxically, his policy for a quick ratification happened to coincide with the general opinion in the cabinet.

Beyen was obviously more in favour of an advanced process of European integration than his predecessor Stikker. This appeared very clearly from an exchange of letters between the two in March 1953. Stikker, who had become Dutch ambassador to the United Kingdom, made it clear that Dutch participation in the process of European integration under the leadership of France would be futile. Stikker

doubted the sincerity of the French efforts to ratify the EDC treaty. Moreover, he continued, even if the treaty were ratified in France, it would soon appear that the creation of a common market remained unacceptable to the French. As a result of this, he dissuaded Beyen from advocating the European integration policy. Instead, he urged a closer cooperation with the United Kingdom and the Scandinavian countries, especially for economic reasons. An advanced process of European integration would only push the British towards an economic policy orientated more towards America, which could be very harmful to the European continent. Finally, he suggested that Beyen should find another framework for the integration of Germany into the defence of Europe. He knew that his suggestion would not be welcomed by the Dutch parliament which had 'never woken up to the fact that the French plans were weak and unsound'. (44)

Beyen appeared to be slightly irritated by the contents of Stikker's letter. He pointed out to him that the EDC had been signed by the former Dutch cabinet (with Stikker as foreign minister) and that, as a result of this, the Dutch had reached the 'point of no return'. Since the EDC had become reality, Beyen argued that Stikker's retrospective wisdom was useless. Beyen wrote that he personally welcomed the various initiatives for European integration. He thought that in this respect the European Coal and Steel Community had set a good example. According to Beyen, the European defence problems could only be solved by the creation of the EDC simply because there were no alternatives left. He wrote that he even preferred the EDC solution to the direct admission of German troops into NATO. He said he feared the internal political consequences of the reestablishment of a national 'Wehrmacht' in Germany. Unlike Stikker, he stated he still believed in the ratification of the EDC

treaty. He was convinced that the realization of the EDC would pave the way for a closer economic cooperation in Western Europe (viz. by means of his own Beyen plan). Beyen was not at all in favour of an advanced political integration of the European continent. In his view, this idea would be acceptable in the Netherlands only if enough progress were made in the economic field. He said he could not understand Stikker's plea for a closer cooperation with Great Britain. Until then the British had never shown any interest in developing such cooperation. He thought that any further attempt to involve the British in the process of European integration would only lead to disappointment, so it would be preferable to look for the desired solutions within the continental framework. (45)

However, in the meantime Drees continued looking for ways to get rid of the EDC. In June 1953, he pointed to new developments in the relations between the 'free world' and the Soviet bloc following Stalin's death in March of that year. Moreover, new Russian proposals concerning Germany in March and May, the anti-Soviet demonstrations in Berlin on 17 June, and changes in the Soviet hierarchy (particularly the dismissal of Beria as minister of state security) all combined to indicate that perhaps there was a slender chance of an east-west agreement in central Europe. Although Drees said he could not know whether the Soviet intentions were serious concerning the improvement of the contacts with the Western world, it was obvious that he had greeted recent changes in the communist world.

He argued that, if the Russians were prepared not only to withdraw from East Germany and Austria (which would create a non-communist Germany) but also to refrain from strengthening the German military potential, the possibility of an improvement of the mutual contacts should not be precluded beforehand. According to Drees, such

an improvement offered a good opportunity to bring about German reunification without risking a war. He pointed to the great importance of the reunification of Germany for the maintenance of universal peace. He thought it desirable to abandon the idea that German reunification should never be realized at the cost of the western military cooperation with Germany.

The cabinet agreed with Drees, although Beyen doubted the sincerity of the Soviet intentions concerning Germany. The Foreign Minister urged the cabinet to continue the present policy of speeding up the ratification of the EDC treaty in the Dutch parliament (46). In August, following the signing of the Korean armistice, Drees said that if the German reunification were realized and if the reunified country were free to make its own decision about participation in an international defence system, he would oppose Germany's inclusion in the EDC. He would then prefer the incorporation of Germany into NATO. (47)

The United States government put pressure on the EDC countries to ratify the treaty as quickly as possible. President Eisenhower made it clear that he would be very pleased if a country other than Germany were the first to ratify. It was obvious that he had placed his hope on the Netherlands. The Dutch conceded to American wishes. In May 1953, the Dutch constitution was revised, as a result of which the government was empowered to transfer sovereignty to supranational institutions.

At the instance of Beyen, the Second Chamber of the States General (Lower House of the parliament) said it was prepared to postpone its summer recess in order to discuss the EDC Bill. This postponement was also urged by the Dutch ambassador in Washington, De Beus. In a letter to Beyen, De Beus expounded the advantages of quick

ratification. First there was the argument regarding the goodwill the Dutch would earn in the United States. In the event of the EDC treaty not being ratified by other countries, a quick ratification would still have made, De Beus explained, 'a good impression'. Secondly, he warned that the United States threatened to reduce its defence commitments in Europe if the EDC treaty was not quickly ratified in the six countries (48). This was the result of the Richards amendment in the US House of Representatives which suggested a reduction of the military aid to a value of \$ 1,000 mln if the EDC did not come into force. Congress linked the Richards amendment to the Military Security Program for 1953-54. Half of the funds provided for European military aid could be made available only to the EDC or to its member countries. If the Community failed to come into existence the funds could not be made available by the executive branch unless Congress changed this provision on recommendation of the President.

The Dutch government was not very pleased when it learned about this new element of American pressure. Beyen feared that the American influence would be needlessly emphasized at the EDC debate in the Second Chamber. He thought it of great importance that during the debate the government would make it clear that ratification reflected the free will of the Dutch. Moreover, it was hoped that Eisenhower would ask Congress to suspend the relevant section (the special EDC clause) of the Mutual Security Act of 1953, in order to avoid the delay or the decrease of military assistance.

On 23 July 1953, the EDC Bill was discussed at a plenary meeting of the Second Chamber. The Treaty was ratified by 75 votes to 11. The noes belonged to extreme right and extreme left, i.e. to the Catholic National Party (KNP), the Political Calvinist Party (SGP) and the Communist Party (CPN). There was also one member of the ARP, a party

in office, who voted against the treaty: Gerbrandy, Dutch Prime Minister during the Second World War.

Just before the ratification decision, the Second Chamber adopted an amendment, according to which every future international commitment resulting from EDC would have to be submitted to approval by parliament. The government regretted this initiative but reluctantly it was forced to comply. During the debates, the government showed a lack of cogency while advocating its arguments in favour of the EDC. Beyen's persistent efforts to dispel misgivings about American influence on Dutch policy-making were not always very convincing. There was, for instance, the rumour that the Americans were considering an increase in the placing of defence orders with Dutch industries, if Holland were the first to ratify the treaty.

Dulles was very pleased with the 'constructive step' which the Dutch Lower House had taken. However, at the same time he became increasingly suspicious of French manoeuvres to delay the ratification in the Assemblée. In December 1953, he issued a clear warning to the European governments by stating that,

If the EDC should not become effective; if France and Germany remain apart, so that they would again be potential enemies, then indeed there would be grave doubt whether continental Europe could be made a place of safety. That would compel an agonising reappraisal of basic American policy.

With the term "agonising reappraisal", Dulles meant a major re-orientation of American policy towards the Far East. Concerning the defence of Europe, he probably thought of a complete reliance on the nuclear deterrent force provided by the United States and a withdrawal of American conventional troops from the continent (idea of "fortress-America").

Dulles obviously made his statement with intent to put pressure

on the French. In a private conversation with Adenauer, he reassured the Germans that American troops would stay in Germany even if there was a reappraisal. Adenauer actually did not need this re-assurance because he must have realized that Dulles did not have any choice in this matter (withdrawal of troops) as long as the German "occupation statute" was in force. Nevertheless, Dulles' speech awakened much criticism in Europe, particularly in France. The Dutch were disappointed with Dulles' statement that, for the moment, the American government refused to consider the possibility of suspending the special EDC clause in the Mutual Security Act. The Dutch urged the normal continuation of American military assistance to those countries which had ratified the treaty or were about to ratify. The government initially considered launching a protest against the American way of acting but, after full consideration, it decided against, realizing that Dulles' remarks were meant to impress the French (49). Paris, however, remained reserved, not in the least because a quick decision on the EDC, whether favourable or not, would endanger the forthcoming solution of the Indo-China conflict.

In January 1954, just before the start of the Four Power conference in Berlin, the First Chamber (Upper House) of the States General debated the EDC Bill. The Senate approved the Treaty by a large majority of 36 votes to 4. The discontented comprised the Communists, one member of the CHU and one of the VVD. This decision of the First Chamber led to the Netherlands, originally in 1951 the most hesitant, becoming the first participating nation to ratify the EDC. Taviani praised the Dutch decision as a proof of high political maturity. He was so fascinated by what he saw as the favourable Dutch attitude towards European integration that he even wrote that Queen Juliana had declared herself prepared to resign the crown if the

development of the process of European unification required it. (50)

The Dutch cabinet did not change, however, its attitude towards the EDC. Drees still considered the EDC a rather unattractive "pis aller" which was only devised as a means to make German rearmament feasible. With the exception of Beyen, the whole cabinet preferred a direct German participation in NATO.

From early 1953 on, the government became interested in the opinions of the industrialists. The greater part of the Dutch industry, "Philips" in particular, feared the predominant influence of the Board of Commissioners concerning the placing of orders with the defence industries of the six countries. It was thought that mainly France would profit from the common armament programme and its provisions concerning "strategically exposed areas" (which meant Germany). An independent Dutch weapons industry was almost non-existent. The "Artillerie Inrichtingen", "Holland Signaal", "Nederlandsche Springstoffenfabriek" and "Fokker" had limited capacity for the production of respectively ammunition, fire-guidance, gunpowder and aeroplanes. There were some branches of industry (nutrition, textile, leather) which welcomed the new opportunities presented by the EDC. The textile industry was in difficult straits then and it hoped to receive orders for the production of uniforms and blankets for the European army. In industrial circles there was much uncertainty about the practical effects of the common armament programme. The discussions on these effects were only speculative as long as the EDC had not been ratified by the other countries (see chapter 5).

The Four Powers conference in Berlin, in January 1954, which discussed among other things the reunification of Germany, produced little result. Beyen stated his impression that the Soviets needed a

few years rest. This impression proceeded from the fact that the Soviet Union refused to abandon any of its strategic positions in the world. According to Beyen, the Soviets feared that the abandonment of their position in East Germany would have an unfavourable influence on the satellite countries (51). Drees had to give up all his hopes of a rapprochement between the Soviet Union and the West. From then on, the Dutch cabinet held the view that the EDC treaty should either come into force within the months immediately following or that Germany should be directly involved in NATO. In the Dutch view, the rearmament of West Germany could no longer be delayed. This meant all-round ratification and a clear definition of the United Kingdom's commitment.

In November 1953, Defence Minister Staf had noticed that, as far as the air force was concerned, the British were prepared to integrate most of their forces in the EDC. Concerning the army sector, the British proceeded in the same direction (52). In January 1954, the Dutch had their doubts about the continuation of the British military commitment in Germany. The question cropped up whether Great Britain would withdraw divisions from the continent, at the same rate as Germany would build up its own divisions. Staf felt that the British plans were not aimed at a speedy evacuation but at a longer stay. He realized, however, that Britain experienced some financial problems. The British had their troops in Europe at the German expense. This would change at the moment the EDC would come into existence, because the British then would themselves have to pay for their occupation troops. Drees remarked that Britain would withdraw its troops from Germany only if the United States set the example. Furthermore, he thought that, if the United Kingdom managed to withdraw some of their troops from Egypt, it would be less

difficult to maintain its troops in Germany even if the costs were charged on its own account.

At the instance of France, the Dutch government asked the British for more information about the presence of British troops in Germany. The British replied that even if they were prepared to maintain their troops, they would refuse to inform the French of the size of the commitment, unless it was definitely established that the French would no longer try to attach new demands to the ratification of the EDC treaty. (53)

In April, the Dutch were satisfied when the agreement regarding cooperation between the United Kingdom and the EDC was signed. Beyen said that the British had even gone further than the Dutch had originally expected. Firstly, a UK minister would attend meetings of the EDC Council of Ministers and a permanent British representative would conduct day-to-day relations with the Board. Secondly, the government pledged to maintain on the mainland of Europe, including Germany, such armed forces as were deemed necessary and appropriate. Furthermore, there was no intention of withdrawing from the continent as long as there was a threat to West European and EDC security.

The United States soon followed the example set by Great Britain. In mid-April President Eisenhower reaffirmed the unequivocal American commitment to NATO and support for the EDC. Van der Beugel considers that French desires were largely satisfied by the British and American statements. After all, these had both 'indefinitely' extended their commitments beyond the North Atlantic treaty's limit of twenty years to encompass the thirty-year mismatch with the fifty years envisaged for the EDC, with which the French hitherto had been much concerned. (54)

By the end of April, four countries had ratified the treaty: the

Netherlands, Belgium, Germany and Luxembourg. Moreover, the ratification position in Italy seemed rather favourable. The French equivocated many hesitations. The Dutch regretted the French attitude towards the EDC. Besides, they mistrusted the French plans for the creation of a European Political Community which would only be the master organization of the ECSC and the EDC. The Dutch cabinet insisted on the involvement of economic regulations in the EPC in order to reach the desired customs union. For the moment, they said they would content themselves with the abolition or at least the reduction of tariff barriers in Europe.

The French, however, vehemently opposed any European proposal in the economic field. In the beginning of the fifties, the competitive position of the French economy declined sharply while at the same time the economic situation of most of the other countries in Western Europe, especially of Germany, improved substantially. By 1950, French industry was still competitive but between that year and 1954 economic developments followed a course which was strongly disadvantageous to France. It was therefore not surprising that the French criticized the economic provisions of their own plans and of the plans of others for an integrated Europe. The introduction of the Beyen plan (in September 1952) within the framework of the EPC was highly mistrusted because this plan was based on low tariffs (or even no tariffs). With the Beyen plan, the process of integration took a turn which was completely unacceptable to the French. To a certain extent they welcomed political and military integration, but economic integration was, in their view, quite another matter (see chapter 5).

Beyen noticed that, by 1954, France experienced a profound international conflict with respect to the supranational institutions of Europe. It was his opinion that the French found themselves in an

intellectual isolation. This feeling of isolation was reinforced by the French attachment to their glorious past. According to Beyen, this had led to the curious paradox that France had taken the initiative for a close cooperation between the six countries, but that for the same reason it had also become the strongest opponent of this initiative. (55)

In June 1954, there was an increasing uneasiness among the Dutch about the fate of the EDC treaty. In France, the Laniel government had fallen and the general expectation was that under the new Mendès-France government (with the "anticedist" General Koenig as defence minister) the EDC treaty would never be ratified. Mansholt predicted that the new French government would not last for long. Zijlstra assumed that Mendès-France would succeed in solving the Indo-China problem only if this problem were linked to a rejection of the EDC (56). The cabinet, which was almost reconciled to the idea of a premature death of the EDC, continued to advocate the direct entry of Germany into NATO. Beyen was the only dissenter. He felt that within NATO it would be much more difficult to keep a proper check on German rearmament than within the EDC. According to Beyen, NATO's main aim was to strive for a maximum increase of troops in Europe, without any restriction. He warned that in the event of a failure of the EDC, the German problem would be far from solved.

Beyen still believed that the French parliament would ratify the treaty. In his view, a small majority for ratification would be sufficient because the 'French people were less averse to the EDC than the politicians'. He resisted the idea of discussing "solutions de rechange". He thought that the situation would be much clarified if the French were confronted with the alternative either to ratify the treaty or to accept German membership of NATO. (57)

The cabinet decided to discuss the impasse concerning EDC matters with the Benelux partners. At the end of June, the Foreign Ministers of the Benelux countries, Beyen, Spaak and Bech, proposed the convocation of a conference of the foreign ministers of the six EDC countries, but Mendès-France immediately replied that for the time being he had neither time nor inclination to discuss the EDC.

The Dutch parliament rejected the suggestion made by the United States on the creation of a small EDC without France. (58)

On 21 July, the Geneva conference on the Indo-China problem was brought to a successful conclusion. Mendès-France was considered the main architect of the final solution. His prestige on the international political scene increased immensely. Beyen welcomed this because he thought that the strengthened position of Mendès-France would increase the chances of ratification of the EDC treaty in the French Assemblée. He was convinced that the French Prime Minister was no longer inclined to sacrifice the EDC.

On the other hand, Beyen wondered why the Soviets had made concessions to the West in Geneva. Were they apprehensive of an extension of the Indo-China conflict into a world-wide conflict; or did they consciously head for the solution reached in Geneva in order to be able to interfere in the process of European integration? Beyen was inclined to choose the latter motive because immediately after Geneva the Soviet Union had proposed the convocation of a European conference.

Unfortunately, until now historical research in France has failed to give a satisfactory answer to the question of whether there was talk in Geneva of a transaction between the Soviet Union and France, implying Russian approval of the Indo-Chinese solution in exchange for a French rejection of the EDC treaty.

Concerning the ratification position of France, Beyen argued that in the French Assemblée there was a group of undecided parliamentarians and a group which felt itself tied by decisions taken in the past. He thought it possible to induce these groups to ratify the treaty. However, for the moment he opposed any modification of the text of the EDC treaty. He disagreed with Drees who argued that Holland should continue its efforts to change the treaty to the Dutch advantage by introducing new solutions. Drees thought that the forthcoming conference of the six EDC ministers in Brussels in August would present a good opportunity to put forward new Dutch proposals (59). His strongest grievances against the EDC at that moment concerned the idea of mixed army corps troops and of a uniform system of salary and promotion. (60)

Just before the start of the Brussels conference, Mendès-France introduced his "Projet de protocole d'application du Traité instituant la CED". The Dutch cabinet felt that the tenor of these new French proposals was strongly anti-supranational. Moreover, they were openly discriminatory against Germany. It was stipulated that the military integration would be restricted to the troops which were stationed on German territory. One of Beyen's main objections concerned the proposal which provided that for eight years after the treaty came into force, a member state could suspend (in effect veto) any decision of the Board of Commissioners or Council which it considered as affecting its vital interests. In his opinion, it would be pointless to involve the Netherlands in a community of six countries if such an involvement were not attended by the general acceptance of a joint responsibility. Furthermore, he objected that the French protocols were not aimed at solving the German question. Even if the Germans decided to accept the obligations resulting from

the protocols, he argued that at a later stage they would doubtless try to back out of those obligations.

Finally, he reproached the French that concerning the delivery of war material they sought to exclude themselves from competition with the other five countries. Beyen was appalled at the change in the fundamental nature of the treaty envisaged. He was obviously disappointed: for the first time he even said that it would be better to dismiss the whole idea of creating an EDC than to continue the deliberations on the French terms.

Apart from the reasons mentioned above, Beyen's disappointment might have been caused by the protocol concerning Article 38 of the Treaty. In Mendès-France's "projet", the principles of this article could be interpreted neither as limiting freedom of action nor as prejudicing the decisions of governments or parliaments in regard to the operations of a future EPC. It was clear that in this version the provisions of Article 38 regarding the future EPC (including the Beyen plan!) would be dead.

Staf remarked that according to the French protocols integration of ground force units would be limited to those stationed in the "zone de couverture" (forward zone) and to air force units supporting those forward troops. He argued that concerning the air units such a limitation would serve no useful purpose: the Belgian territory would fall outside this forward zone, while a part of the Netherlands would also be kept out of it.

Drees thought it curious that the French proposal contained a provision which held that all decisions related to defence policy should be taken jointly by the EDC council and the NATO council. In Drees' view, this proposal implied that Germany would be involved in NATO. (61)

The Brussels conference turned out to be a big failure. Mendès-France met with a solid front of refusal. Beyen reproached the French Prime Minister that he did not want at all an organization with joint responsibility. He further warned that the protocols could never be sanctioned without a renewed ratification procedure in the parliaments. The other delegations supported Beyen in his resistance to Mendès-France and, notwithstanding a mediatory effort by Spaak, the conference was adjourned without results.

Soon afterwards, the Dutch cabinet reviewed the Brussels conference. Although Mendès-France's attitude at the conference was subject to much criticism, it was also hoped that the French cabinet would not fall as a result of the EDC problem. It was feared that an early fall of the Mendès-France government would have unfavourable effects. Drees supposed that Mendès-France personally did not welcome the ratification of the EDC but that he also did not dare to scuttle the treaty. Drees continued that, if this supposition were true, Mendès-France's declaration about the alternative of the EDC, viz. Germany's involvement in the Western Union, was of great importance. Drees presumed that Mendès-France had gone to London to discuss this alternative with Churchill.

Beyen said he did not expect that Mendès-France would stake the existence of his government on the question of the EDC, if he were not sure of a majority in the Assemblée (62). He was put in the right. At the end of August 1954, when the French National Assembly took its final decision on the EDC, Mendès-France refused to put a question of confidence. The Assembly, voting not on the treaty itself but on a Gaullist motion to remove the treaty from the agenda to pass to other business, rejected the treaty by 319 against 264 votes with 43 abstentions, some of whom included members of the government. In

short, the EDC was buried.

The decision of the French parliament did not confuse the Dutch. Beyen was the only member of the cabinet who voiced feelings of disappointment, particularly concerning the 'lukewarm attitude' of Mendès-France. Beyen had always preferred the EDC to the direct participation of Germany in NATO.

The cabinet raised objections to the convocation of a conference of five countries plus the United States which excluded France (as was desired by the American government). A conference of eight countries (the EDC countries plus the United States and the United Kingdom) was deemed preferable to a smaller meeting.

Early in September, the government occupied itself with the question to which extent the French could obstruct German membership of NATO. Drees argued that a French refusal would certainly make German membership very difficult. France could for example use its veto on a decision of the NATO council and, being an occupying power, it could also refuse to agree with Germany's inclusion in the western defence. Concerning limitations on German rearmament, Drees thought it desirable that Germany should not have atomic bombs at its disposition. He felt however that the Netherlands should not stipulate for a limitation of the number of German divisions. Luns, the minister without portfolio, objected that the renouncement of such a stipulation might be dangerous in view of the strong German desire for the reunification with and the liberation of East Germany. Drees replied that any form of German rearmament would be dangerous but added that the West German government was well aware of the fact that a policy of adventures would inevitably lead to the destruction of the entire country. (63)

The aborting of EDC stirred great diplomatic activity aimed at

solving the problem of German rearmament. In September and October 1954 the Brussels pact countries met in London and Paris with the United States, Canada, Italy and Germany. The resulting Paris Agreements regularized relations between members of NATO and the Federal Republic. In May 1955, West Germany became a member of NATO. Italy and West Germany acceded to the Brussels pact, and the Western Union of 1948 was thereby transformed into the West European Union. The United States and the United Kingdom again promised to maintain troops on the European continent. Britain even committed itself to the maintenance of its four divisions and tactical air force in Germany and not to withdraw them unless with the majority approval of the enlarged Brussels Treaty Organization.

The Dutch government and parliament welcomed the London and Paris Agreements because one of the main goals of Dutch foreign policy, German rearmament, had finally been reached. Moreover, the presence of American conventional forces in Europe was secured.

CONCLUSIONS

The weird history of the European Defence Community shows that in 1950 when France proposed the idea of a supranational European army, the Netherlands was the greatest opponent, but that four years later the roles were completely reversed: in 1954 Holland was the first country that ratified the EDC treaty, whereas France, after long hesitations, rejected its own brainchild.

Between 1950 and 1954, attitudes towards the process of European integration had, mainly for economic reasons, fundamentally changed: the Dutch economy began to prosper, while the competitive position of the French economy simultaneously deteriorated. Participating within supranational European institutions with low tariffs, the Dutch hoped to take advantage of their favourable position. This did not imply that the government was in favour of an advanced process of defence integration. Although in October 1951, the Netherlands became an active participant at the EDC conference in Paris, the government maintained its preference for a quick German rearmament within the framework of NATO. The EDC was considered a necessary evil which had become inescapable after the United States had spoken out in favour of the European solution. It then became clear that one of the main aims of Dutch foreign policy, the rearmament of Germany, was possible only within the supranational framework of the EDC which was supported by the United States. The Dutch were left with no other choice but to participate in the discussions in order to try to modify the French proposals to Dutch advantage. In practice, this appeared to be extremely difficult, not in the least because on fundamental issues, France could count on American support.

The Dutch mistrusted American pressure in the field of European defence integration. It was feared that the United States would use the new EDC as an excuse to withdraw its conventional forces from the continent. Their main concern was that in the event of war, continental countries would directly involve their ground forces, whereas the United States could remain in the background with its more indirect, nuclear capacity.

Furthermore, the Dutch worried about the loss of national sovereignty within an integrated European organization. Drees, Stikker and Liefstinck were extremely suspicious of sharing control over national budgets and armament programmes with 'irresponsible' governments like those of France and Italy. The history of the negotiations in Paris shows that the Dutch government was not at all in favour of an advanced process of European integration. Considering the EDC story, it is remarkable that in the literature on post-war European history, the Netherlands is often mentioned as the champion of European federation. The history of the negotiations on the European Coal and Steel Community (when the Dutch delegation urged the creation of a strong Council of Ministers as a counter-weight to the supranational High Authority), on the European Defence Community and on the European Political Community (which the Dutch would accept only if the Beyen plan was included (64)) are witness to the fact that in reality, the opposite was true. The Dutch were prepared to sacrifice small pieces of national sovereignty for the benefit of the country's economic interests. However, in general, the attitude of the government was strongly anti-supranational.

True, large sections of the Dutch parliament welcomed the process which marked a move towards European unification, but in the field of foreign policy-making the government was emphatically in the

driver's seat. This appears to be clearly the case, when Stikker made known that the Netherlands would be represented only as observer at the start of the Paris conference, and parliament hardly even protested. Moreover, the change towards active participation in October 1951 was urged by the altered international situation and particularly by the American approval of the idea of a European army, rather than by parliament.

After the signing of the Treaty in May 1952, the government's attitude towards the EDC seemed to become somewhat more favourable. This was mainly caused by the "pro-European" policy of Foreign Minister Beyen who had succeeded the "atlanticist" Stikker in September 1952. Beyen saw the EDC as a useful intermediate station on the road towards the economic integration of Western Europe. He felt that a quick ratification of the treaty by the Dutch parliament would improve the chances of his own Beyen plan (within the framework of the EPC). Other members of the cabinet remained rather sceptical, but since the EDC was by now a reality, they felt it useless to thwart the ratification procedure, especially since it was expected that the United States would reward a cooperative attitude in the form of military and economic aid. Moreover, the introduction of the strategy of massive retaliation, and Dulles' remarks about a policy of 'agonising reappraisal' implied to the Dutch that the Americans were indeed willing to recall their men from NATO unless Western Europe surrendered the quid pro quo of EDC.

Besides, the installation of the Mayer cabinet in France in January 1953 convinced the government that the EDC treaty was dead. The traditional "cedist" section within the French government, led by Schuman, was replaced by "anti-cedist" Gaullists. The implications of the integration process had gradually become unacceptable to the

French, particularly after the introduction of the Beyen plan in September 1952. The growing awareness in various European countries of the necessity of economic integration caused confusion in France and led ultimately to the French rejecting their own brainchild, the EDC.

In fact, even before the signing of the treaty, the Dutch government had questioned the sincerity of French plans for an integrated Europe. In November 1951, Drees said for the first time that the French parliament was far less convinced of a radical European integration policy than its government, and that it would never approve of the government's policy in the then present form. The French government subsequently moderated its policy, but after the signing of the treaty, dissatisfaction raised its head again, although this time for a completely different reason. From then on, criticisms concerned the sacrifice of national sovereignty within supranational institutions. The French worried about the prospect of being locked up in those institutions. Early in 1953, it was realized that the link between the EDC and the EPC (with its economic implications) would in the future be detrimental to French interests.

It was, however, not before August 1954 that the Treaty was finally rejected in the French parliament. The reason why the ultimate decision was taken after a year and a half of hesitations was due to the fact that the French needed American support for their colonial war in Indo-China. A premature decision on the EDC would doubtlessly have endangered this indispensable support.

It was indeed clear that Dulles was highly interested in helping the French, not so much because he wanted to contain Communism in Asia, but mainly because he hoped to prop up a government which might deliver the vote on EDC. However, after the Geneva resolution of the

Indo-China conflict, French rejection of the EDC had become predictable.

Unlike Dulles, whose European policy had utterly failed, the Dutch government did not worry too much about the French decision.

In chapter 5 further attention will be paid to the question, why, after 1952, the French decided to get rid of their own plan. I argue that economic and, to a lesser extent, political reasons played a decisive part. Chapter 4 deals with the less important, military views.

NOTES

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15. Min.BuZa, EDG 921.331 doos 8, Instructies voor Van Vredenburg, 8 Oct.'51. Apart from Van Vredenburg, the Dutch delegates in Paris were Mathon for military affairs, Blaisse for economic affairs, De Groot van Embden for financial affairs and Riphagen

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23. *Ibid.*, Tel. Acheson to American Embassy in France, 20 Dec., pp. 976-977.
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C H A P T E R 4

MILITARY ASPECTS OF THE NEGOTIATIONS ON
THE EUROPEAN DEFENCE COMMUNITY.

THE DUTCH CASE.

C O N T E N T S

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INTRODUCTION

The present chapter deals, in particular, with the very outspoken negative attitude of Dutch military authorities towards the creation of the EDC. Furthermore, research is directed towards determining the extent to which the stances of the military were taken into account by the Dutch government. It appears that the government was not much more in favour of the European army than the General Staff, but that civil authorities were only for a short time really interested in the critical remarks made by the military. After the announcement of the EDC interim report of July 1951, in which mention was made of the approval of the nationally homogeneous division as the basic army unit of the EDC, the government directed its attention to political, financial and economic aspects of European defence integration, and it neglected the military arguments.

The attitude of Dutch military authorities bears a slight resemblance to the vehement criticism of the EDC by French military authorities. Both wanted to safeguard the traditional, nationally-organized army institutions, and both wanted to integrate German army units directly into the NATO framework, because in military terms, the EDC was considered inexpedient. The views of the French General Staff have been accurately described in an article by the French historian Pierre Guillen. (1)

NOTE

1. P. Guillen, 'Les Chefs militaires français, le réarmement de l'Allemagne et la CED (1950-1954)'. In: Revue d'histoire de la deuxième guerre mondiale, no.129, Jan. 1983.

Apart from the French view, the German view deserves attention. Some aspects of the German attitude towards the military provisions of the EDC are reflected in the following articles:

- W. Meier-Dörnberg, 'Politische und militärische Faktoren bei der Planung des deutschen Verteidigungsbeitrages im Rahmen der EVG'. In: MGFA (ed.), Die Europäische Verteidigungsgemeinschaft. Stand und Probleme der Forschung, Boppard am Rhein 1985, pp.271-290.
- N. Wiggershaus, 'German Rearmament, 1949-1952', paper given at the EUI Florence, October 1984. Later published in: O. Riste (ed.), Western Security: The Formative Years, Oslo 1985.

4.1

THE ANNOUNCEMENT OF THE PLEVEN PLAN, AND
THE FIRST COMMENTS

In the course of the year 1950, and especially after the meeting of the North Atlantic council in New York in September of that year, the idea of a direct participation of German troops within NATO became more and more acceptable in Western Europe. France alone continued to oppose German remilitarization; such a stance could only increase the country's isolation. The French government was fully aware of its delicate position, and ardently attempted to find a solution which would be acceptable to both the Assemblée and the people. It was obvious that many Frenchmen who had still not forgotten the cruelties of the German occupation, resisted any form of German remilitarization.

On the other hand, military authorities in France were all in favour of a quick German rearmament. Most generals wanted to integrate German divisions within the framework of NATO in order to strengthen the defence of the West against possible Soviet invasion.

French civil authorities felt that the problem of German rearmament was essentially a political problem which required a political answer. Early in October, Jean Monnet decided to put the same faithful and devoted Schuman team to work on a new concept in the marges of the continuing Coal and Steel conference. Deliberately, he included no military expertise whatever, feeling confident that what he sought was, first and foremost, an acceptable political solution - one to which he later felt the military fraternity's expertise could be applied in order to turn it into a workable and

effective defence plan. (1)

Monnet's team soon produced results. It developed a plan which was presented to the French Assembly on 24 October 1950.

The so-called Pleven plan (named after the French Prime Minister) was not directed against the disposition of German troops, but it attempted to prevent the establishment of an independent command by the Federal Republic. The plan proposed the creation of a European army in which the West German contribution would be integrated in the form of small units (battalions of 800 to 1,200 men), lower down in the command structure. In Pleven's opinion (and thus the opinion of Monnet), the European army should fall under the authority of a European minister of defence, a member of a European Council of Ministers and responsible to a European parliament. West Germany should have the disposal neither of its own ministry of defence, nor of a national supreme command. Finally, the disposition of German troops should not take place before the realization of the proposed supranational structure.

The first comments on the French plan by leading Dutch politicians and military officers were very unfavourable. In the Netherlands, it was felt that for the improvement of West European defence capabilities, the plan would be an obstacle rather than an aid. The Dutch were in favour of a quick German rearmament for financial and strategic reasons (see chapter 1), and they feared that the plan for a European army would needless cause delay in the build-up of German troops.

In their efforts to avoid the development of a European army, the Dutch hoped to convince the allies of the imperfections of the Pleven plan, by initially pointing to the military regulations. They knew that all the military Chiefs of Staff of the twelve NATO powers

- including France - shared the opinion that any attempt to form effective forces by mixing battalions or companies of different nationalities within the basic army unit, the division, was militarily unsound and could never therefore, produce a fighting army. The Dutch government fully supported this opposition to integration below the division level.

Likewise, the State Department and the Pentagon highly distrusted French intentions. In Washington, the Pleven plan was regarded as an attempt to delay the disposition of a West German army.

At the meeting of the Defence Committee of the Atlantic pact in Washington (28-31 October), the military objections of the Dutch were put forward by the recently appointed Minister of Defence, 's Jacob. The minister pointed to,

the smallness of the German units; the amalgamation into a unified force of various national contingents of a small size; the existence, at least for a considerable period, of national armies to which several national standards were applied, alongside the European army which would necessarily be organized on the basis of some assumed general European standard; the denial of the need for a German recruitment and administrative agency; the position of the European Ministers of Defence.

Finally, 's Jacob warned that 'the German cooperation was attainable and valuable only if willingly given'. (2)

The Dutch stressed the necessity of equal rights for Germany and opposed the discriminatory provisions in the French plans.

In November 1950, the French and American standpoints seemed irreconcilable. The United States even threatened to levy two German divisions arbitrarily, before the end of 1951. On the other hand, French Defence Minister Moch stated that France would never agree with the creation of a West German army.

In November/December, two attempts were made towards reconciling the American and the French plans for German rearmament: firstly, the Stikker plan (see chapter 3.1), which did not gain any particular favour with Secretary of State Acheson or French Foreign Minister Schuman, and secondly, the Spofford plan, named after the American permanent representative of NATO. The Spofford plan, which was launched within the framework of NATO's Council of Deputies, contained the provision that the core of the joint European forces would consist of combat teams (regiments with extra armour and artillery support) of 5,000 to 6,000 men.

In December, the French approved of the Spofford plan, and they thus forsake the battalion as the greatest possible unit. However, in return, they stipulated that there would be five European combat teams to every German team, and that German units would not have the disposition of heavy weapons. Moreover, the Germans were forbidden to have their own independent General Staff.

At the meeting of the NATO council in Brussels on 18 and 19 December, additional solutions were found. A decision was taken which provided for the integration of the NATO forces. Moreover, at the request of the council, General Eisenhower was appointed Supreme Commander Europe by President Truman, and the necessity of the disposition of German troops was emphasized again.

With the approval of the Spofford report, the French had been obliged to accept a serious compromise: they were allowed to pursue their own proposal, but, at the same time, they had to consent to provisional measures for the immediate activation of West German units within the framework of NATO. These measures to bring about a rapid improvement of security, envisaged a purely military integration based on the American ideas. However, despite its

similarity to the NATO approach, it was in principle possible that the Spofford proposal could develop into either a NATO solution or a supranational European solution. The outcome was, on the one hand, a series of exploratory talks between German and Allied military experts, the so-called "Petersberg talks" which had aimed at strengthening West European defence as soon as possible; and, on the other hand, the Pleven plan conference in Paris which was concerned with the preparation of a supranational arrangement (3). It was decided that the Paris conference would begin in February 1951, one month after the start of the talks on the Petersberg.

The Dutch government (second Drees cabinet consisting of KVP, PvdA, CHU and VVD) was disappointed, especially with the convocation of the conference in Paris. It persisted in opposing the concept of a supranational European army of only six countries. Despite the criticisms of the military imperfections, the government, from December 1950 on, became interested in the political aspects of the Pleven plan. According to the government, the traditional Dutch interests in the domain of finance, economics and politics would be inadequately protected in a purely continental European army, since it was clear that Great Britain did not want to join. The Dutch feared a revival of French hegemony over continental European affairs. Another objection raised by the Dutch concerned their conviction that economic, trade, financial and foreign policies first had to be harmonized, before a federation of defence could be achieved.

The opposition of Dutch military authorities was centred on the military-technical regulations in the Pleven plan. In their view, a delay in the rearmament of Germany would paralyse the Dutch defence effort. Moreover, they held that the interests of the Netherlands as

a maritime nation would be insufficiently safeguarded if the Dutch navy became involved in a continental system. Early in 1951, the critical views of the General Staff were still shared by the government. At the time, the government felt that the Pleven plan was completely unrealistic, and it therefore welcomed any form of opposition.

4.2

THE GENERAL STAFF, AND
THE DISCUSSIONS ON THE EUROPEAN ARMY

"La Conférence pour l'Organisation de l'Armée Européenne" was opened in Paris on 15 February 1951, with the nations of France, West Germany, Belgium, Italy and Luxembourg participating. The Dutch, who decided to send only official observers to the conference, justified their reticence by pointing to difficulties they faced following the fall of the Drees cabinet on 24 January. It was obvious, however, that the government, and particularly the "atlanticist" Foreign Minister, Stikker, vehemently opposed the principles of the French Pleven plan.

At the start of the Paris conference, the French presented a memorandum to the participants, giving a resumé of the history, essence and subsequent developments of the original Pleven plan. The memorandum stated that the aim of the military sector was the creation of a European army with a homogeneous unity, structure and administration. This would come about in two phases: first, the passing of national contingents to a European army at the same time as the creation of the first German units; second, the progressive

integration of training and administration, leading to a fusion of European divisions and European reserves, which would be accompanied by controlled central recruitment and basic training.

However, one of the working committees at the conference, the "Comité Militaire", soon ran into difficulties over the size of the German unit of contribution. Although at the North Atlantic council the French had accepted the combat team as the basic unit, the Germans felt that this did not go far enough. They urged the approval of the "unité opérative" (consisting of either a combat team infantry with tank support plus a combat team tanks with infantry support, or two combat teams of same type, embracing about 11,000 men) as the greatest national homogeneous unit. Arguments at the committee dealt with the terminology, the political implications and the military realities of divisions, brigades and combat teams. The French and the Germans could not agree, and the pace of the conference slackened.

(4)

In April, Dutch Major Modderkolk met the French Lieutenant-Colonel Le Corbeiller in Paris. On this occasion, Le Corbeiller remarked that, in the long run, it would be impossible to avoid the re-establishment of German divisions. Le Corbeiller appeared to be against military integration at a lower level than a division. Moreover, he made it known that all the French army authorities, as well as the members of the government, shared his opinion. According to him, only Defence Minister Moch dissented. Le Corbeiller argued: 'Ou bien on fait confiance aux Allemands et on les réarme, ou bien on n'a pas confiance, et alors on ne les réarme pas du tout'.

Like Le Corbeiller, the Dutch hoped that the problems of integration could be solved in accordance with existing NATO plans

(5). Meanwhile, the Dutch Army Staff did not at all deplore the

impasse in the discussions of the Military Committee in Paris.

Nevertheless, events in Paris did not develop in accordance with Dutch expectations. This was mainly caused by the fact that, from the summer of 1951 on, after the failure of the Petersberg conference (6), the United States had become a staunch supporter of the idea of a supranational European army. In Washington, the idea that the creation of a European army could in the long run lead to a reduction of direct American involvement in Europe, had gained ground. The American ambassador in Paris, Bruce, said,

I assume that all of us would like to see the withdrawal from the continent of as large a number of our forces as possible, if not in their totality.

And this the EDC could help to bring about. (7)

Apart from the American support, the Paris conference itself made a lot of progress. At the end of June, the Military Committee managed to produce a draft interim report. This dealt with many operational, organizational, training, administrative and logistic questions, but reserved initially as a matter for political decision, the vexing question of the size of unit, and the level of integration of forces.

However, in the final report which was presented in July, it appeared that on this point, the Germans had obtained again considerable concessions from the French. The latter accepted the "unité de base" of 12,500 to 14,500 men as a national homogeneous unit. Such a unit, called "groupement" was much more equal to a single-nationality division than the combat team which had been mentioned in the Spofford report.

According to Fursdon, the introduction of the term "groupement" was a deeply-laid invention of the negotiators in Paris; for the new term, 'although to nearly all intents and purposes a division, saved

French "face" vis-a-vis domestic opinion because it was new and carried none of the emotive political stigma attached to the idea of a German division'. (8)

It was felt that this new French concession would take the sting out of one of the main objections by the military experts.

In return for French magnanimity, the German delegation showed itself willing to refrain from building-up a national defence industry on German territory.

Another important aspect of the interim report concerned the provision of NATO's assuming overall operational responsibility, in other words, the assumption of operational control of the European army by NATO. The operational command of the Atlantic Supreme Allied Commander Europe (SACEUR), and the proposed close co-operation between NATO and the European army in the fields of organization and instruction, training, armament programmes, arms production and distribution of the European units, offered certain guarantees for the fighting strength of the Western European forces (which were planned to consist of 600,000 to 700,000 men).

Concerning the creation of a national German recruiting agency, the German delegation carried the day, following initial opposition by the French. Likewise, the Germans wanted to have their own Minister of Defence, but on this point, French resistance was stiffer.

The discussion on the size of the German contribution - initially planned at one-fifth of ten European divisions - had, by July, progressed to what was regarded in military sectors as somewhat more realistic figure of one-fifth of twenty divisions. (9)

The Committee's report was approved by the Paris conference on 24 July, and circulated to the governments with a recommendation that

a European army be established. The original Pleven plan had been substantially modified, in that some of the most awkward discriminatory elements had been eliminated. The Dutch government was satisfied with this development, and decided to drop most of its initial military objections to the French plan.

The Dutch Army Staff, however, did not see any reason to change its attitude of dissent. On the contrary, the General Staff felt the time was ripe to draw up counter arguments. In August, the Chief of the General Staff, Lieutenant-General Hasselman, wrote down his personal views on the European army.

In Hasselman's view, the French plan had not initially deserved much attention, but after America's change of opinion in favour of the European army, he thought it necessary to make a more careful analysis of the plan. According to Hasselman, the obvious reasons for United States support of the European army plan were,

- (a) The plan presented a brilliant opportunity to promote German rearmament; the Americans had become convinced that this could only be realized by creating a European army.
- (b) In the future, it would be much easier for the Americans to deal with one European Commissioner than with the independent Defence Ministers of the various countries.

Remarkably, Hasselman did not mention the argument of Bruce, who had stressed the importance of 'bringing the American boys home'. Hasselman feared that in the European army, France would try not only to exercise a strict control over the German army, but also to regain its influence in Western European affairs. As far as the Lieutenant-General was concerned, the French plan was very unattractive to the Netherlands for the following reasons:

- (a) It would be preferable to continue the build-up of the armed forces in Western Europe according to the existing national plans, instead of a new, integrated European plan.

The requisite coordination was already ensured by NATO and SHAPE.

- (b) The creation of a European army would lead to confusions and duplications. The whole process of developing the integrated army into a workable, effective organization would be too difficult, and would take up too much valuable time.
- (c) A European army would be impracticable because of the differences in language, mentality, manners and customs.

It was feared that the realization of a European army would lead to drastic changes in the Netherlands, and this country would have to integrate into the European framework, nearly all of its land forces and air forces, as well as a small part of its navy (ships for coast-defence).

Great Britain and the Scandinavian countries, as Hasselman continued, could easily remain outside the European army for geographic reasons, but the Netherlands could not appeal to such an argument. He feared that a Dutch refusal to join the European army would lead to severe repercussions, particularly in the field of military equipment supplies from the United States. Hasselman made a plea for a closer co-operation with Belgium. In Paris, the Belgian delegation had made it known that it wanted to contribute only a part of its forces to the defence pool. In Hasselman's view, the two countries together could offer a more effective resistance to the plans which were developed at the conference. He advised the government to change the Dutch status at the Paris conference from observer to active participant. As an active member, Hasselman concluded, the Netherlands would have better opportunities to prevent, or at least to delay, the creation of the European army.

(10)

Immediately following the Lieutenant-General's note, the committee, Joint Chiefs of Staff (JCS) of the Netherlands, produced a

comprehensive analysis of the European army plan. The JCS foresaw huge problems in the so-called transitional period (the period between the signing of the European army treaty and the final realization of the integration of the defence forces) which would last for about three years. In this transitional period the danger of duplication would be enormous: SACEUR, SHAPE, the European Commissioner and the national military authorities would all claim a certain authority over the different types of units of the member countries, because the division of power was ill-defined. Another problem which would arise in the transitional period was the harmonization of the military education (training) systems and the standardization of the weapon systems of the different countries. It was the conviction of the Dutch JCS, that too much valuable time would be lost when the European Commissioner would be given the task of harmonizing the national schools (as was stipulated in the interim report). Before harmonizing the education systems, the weapon systems had first to be standardized. This standardization would be a time-consuming affair and JCS feared its impact on the existing national schools. The Dutch military schools needed time to execute the project recently begun, governing the reorganization of the military units along American lines. This meant retraining the army with the American style of organization and combat; this modernization had already met with difficulties after the outbreak of the Korean war. The Netherlands was forced, then, to accept some British and Canadian equipment, which only hindered the new style of organization. The JCS made a plea for a provisional restriction of the level of integration in the field of education. Only some specialized schools could be integrated at short notice, but, as the JCS continued, apart from these, military education should, provisionally, remain nationally

organized.

Another worry of the JCS concerned the supreme authority of the European Commissioner in the area of promotion of higher officers. It was feared that the Commissioner would use his authority in order to influence the composition of the Dutch representation in the supreme direction of the European army, and that he would thus affect the general position of the Netherlands in international quarters. Furthermore, the JCS objected to the creation of a European command over the national territorial troops.

It was the opinion of the JCS, that France had developed its European army plan only because it feared German militarism. This fear was baseless, according to the JCS, because,

West Germany, with a population of 48 million people, will never be able to start an aggressive war, because of the lack of manpower and military potential. The Germans will be able to start such a war, only if their forces are integrated into a larger framework and if their military potential are linked to the potential of other countries [which was exactly what the French feared, JvdH].

The creation of a European army will not prevent an aggressive policy of Germany, on the contrary: it offers the Germans the one and only opportunity to develop such a policy. It is very likely that in the long run Germany will play first fiddle in the European army.

The JCS thought that the European army was superfluous, since Dutch interests were already sufficiently promoted within NATO. It was also felt that NATO offered the logical framework in which German rearmament should take place. (11)

4.3

ACTIVE PARTICIPATION AT THE CONFERENCE IN PARIS

In the meantime, the first covert signs of international pressure on the Dutch to become a more active participant, became visible at the EDC conference in Paris. (From September 1951, the term European Defence Community - EDC - very largely replaced that of European army.) Not surprisingly, it was mainly the Americans who were trying to push the Dutch in this direction.

Nevertheless, in order to give a clear demonstration of the Dutch point of view, the government formulated a counter-proposal at the end of August. Concerning military matters, it said that it was prepared to support the idea of linking the European armies together, although on a different basis to that proposed during the Paris conference. It was felt that the essential military purposes and objectives of the French plans could be more appropriately realized by the creation of a European army along the following lines:

The armed forces allocated or to be allocated to SHAPE by the states participating in the European defence organization should be grouped in an integrated European force in accordance with principles to be laid down in a Protocol annexed to the Treaty establishing the European defence organization. The principles should provide for an integration above division level. Integration into a European force should not affect SHAPE control over those forces.

Subject to the functions and powers of the Executive Board of the European defence organization with regard to the armed forces, the administration and maintenance of the national contingents in the European force should remain under control of the competent national authorities.

In view of the fact that in every respect the European defence organization would function within the framework of NATO, the validity of the Treaty establishing this organization should be dependent on the continued existence of NATO. (12)

The Dutch, apparently, even opposed the integration of army units at the level of divisions (or "groupements"). Instead, they urged the maintenance of national homogeneous army corps.

The Dutch Joint Chiefs of Staff ascertained that the government's counter-proposal was a tactical manoeuvre in the political field. They realized that for tactical reasons it had obviously been preferable to put forward such a proposal than to dissent completely from the project of the Paris conference. However, they did not entirely agree with the military provisions of the proposal. In fact, the JCS preferred to reject any compromise. (13)

The counter proposal appeared to be the last effort by the Dutch government to change the military regulations in the EDC plans. To the dismay of the military authorities, who continued their struggle against the military-technical provisions, the government shifted its attention to other problems, particularly those concerning the loss of national sovereignty, such as the plans for a common budget, a common armament programme and a single European Commissioner.

The counter proposal, which could be characterized as an act of despair, did not gain much attention in Paris and Washington. The US government made it known that it attached the utmost importance to the creation of an effective EDC, and that it hoped that an agreement could be reached in the immediate future.

In the beginning of October, the Dutch cabinet reluctantly took the decision to change the status at the conference in Paris from observer to participant. Defence Minister Staf (the successor of 's Jacob in March 1951) gave the following instructions to the delegation which was sent to Paris:

(a) The integration of the armed forces should evolve slowly:

At the time it was felt that the European army would certainly not be an expeditionary force and that for practical reasons the bulk of the national homogeneous units composing the European army would be stationed in the home territory. Under these circumstances a real and complete unification would hardly seem appropriate and at any rate would only be realized in the very distant future, if at all;

- (b) The interference of the European army organization in the field of recruitment, pay, appointment and promotion should be restricted to an absolute minimum;
- (c) Holland should place at the disposal of the European army only those troops which were originally meant to be assigned to NATO. (14)

At the end of October, the Dutch government informed the delegation in Paris that it was of the opinion that the navies of the West European countries should remain organized on a national basis for reasons of military efficiency and for economic reasons. (The Navy often placed lucrative orders with the Dutch ship-building industry.) The Dutch referred to their NATO obligations, but initially, they did not receive much support from the NATO authorities. However, it was decided, finally, that although the sea forces would receive a European status, they would fall under national or NATO command. The Dutch were not dissatisfied with this solution. (15)

Military experts in Paris received the directives from the Joint Chiefs of Staff. The JCS had slightly changed their opinion, in that they no longer flatly rejected the EDC. In November, they wrote that Holland was prepared to participate in the European army, provided that the organization of the army corps remained nationally homogeneous. The Chiefs of Staff refused to accept the division as the basic unit. They did not relish the idea of placing some of their units at the disposal of a non-Dutch army corps. Furthermore, the JCS said they were not prepared to change the current Dutch army plan,

which provided for five divisions, to be ready by the end of 1954. They opposed any outside influence on the army plan by the European Commissioner, at least until the end of 1954 (the final year of NATO's Medium Term Defence Plan).

The JCS also made a plea for the maintenance of the national military education systems. They feared, in particular, the damaging effect the Paris proposals would have on the maintenance of the "Koninklijke Militaire Academie" (Royal Military Academy) in Breda.

(16)

In the interdepartmental Advice Council for EDC affairs, General Mathon, Dutch representative at the Comité Militaire in Paris, objected to the scheme of the "unité de base". The divisions envisaged in this scheme had many more tank units than the Dutch divisions, which were organized along American lines, and which had the character of infantry divisions. In Mathon's view, the Dutch contribution of divisions to the EDC would not fit into the projected scheme. The Advice Council thought it remarkable that the composition of the "European" divisions differed substantially from the composition of the American and Canadian divisions, the allies in a future war. EDC divisions consisted of 13,000 men, while NATO divisions numbered 19,000 men (see note 31).

However, Van Vredenburg, head of the Dutch delegation in Paris, pointed out that the Dutch negotiating position would improve if the "unité de base" was accepted with the possibility of a 'period of adaptation'. (17)

In November 1951, agreement was reached in Paris that the joint command of the European army would be organized at the level of the army corps, that is to say, on a very high level. This was again a French concession to the German negotiators. On the other hand,

France was permitted to have six national divisions outside the European army.

It was obvious that Dutch military authorities were anxious to preserve the national identity of the army. They were not prepared to give this up for the sake of making what would be for them, 'a relatively minor contribution to a European army when assigning exactly the same force to NATO entailed giving up none of this'. This viewpoint was put forward clearly at the conference in Paris, by means of a note from the "Senior Officer" of the Dutch military delegation. In the note, it was written:

Dans l'opinion de la Délégation néerlandaise il est nécessaire que les projets de réorganisation dans le cadre européen se déroulent de façon que le moins de dérangement possible soit causé à la reconstruction nationale. Ainsi les projets généraux élaborés du côté du Commissariat ne doivent pas être exécutés aux Pays-Bas jusqu'au moment que le Quartier Général néerlandais juge propice.

C'est pourquoi le Quartier Général néerlandais, au moins jusqu'en août 1954, devra continuer de fonctionner comme à présent et doit avoir une voix décisive pour ce qui concerne la mise en vigueur des différentes phases de réorganisation dans le cadre européen.

The "Senior Officer" opposed the assignment of extensive powers to the European Commissioner, particularly during the transitional period. In this period - which would last until about August 1954 - the national military authorities should, according to the "Senior Officer", have control over the transformation from the national framework into a European one; only a modest role would then be reserved for the Commissioner. (18)

Furthermore, the Dutch delegation, together with the Belgian delegation, opposed the French proposal to integrate their territorial troops into the command structure of the EDC. The Dutch advocated the greatest possible autonomy for the (purely national) territorial organization, instead of the centralized approach of the

French delegation. They attached great importance to their territorial troops because in the event of war, these troops would be immediately involved in the fighting, perhaps even earlier than the NATO divisions stationed elsewhere.

In the end, it was decided in Paris that the organization of the territorial troops would remain nationally homogeneous, but that the status of these troops would be European. This was a rather vague compromise because it did not solve the problems concerning the command and the use of the troops. It only stipulated that the definite answer to the command problem would in the future be given within the framework of NATO, or by NATO and EDC together. (19)

One of the members of the General Staff, Colonel Gips, appeared to hold a rather compromising viewpoint concerning the European army. Gips declared himself, in principle, in favour of European cooperation in defence matters. It was his conviction that Europe would be indefensible in the event of Russian aggression unless it succeeded in creating a united and indivisible European army.

The weak point in the French plan, however, according to Gips, was that the European army was not presented as an ideal solution for the sake of the ideal itself (European defence cooperation), but as a means to tie German rearmament to certain restrictions. In Gips' view, the discriminatory measures were illogical, mainly because Europe needed Germany and the German military potential for its security. He argued that, in the event of war, Germany would have to make more sacrifices than the other countries because of its strategic position in the heart of Europe. As a result of this, it was imperative to grant equal rights to the Germans.

As an alternative to the EDC, Gips proposed the creation of a European Ministry of War, mainly as an advisory body, but also

equipped with some controlling powers concerning the fulfilment of duties by the member states, and with some commanding powers over certain army units. According to Gips' plan, the Ministry of War would be directed by a non-permanent Council of Ministers which would set the general lines of policy. The executive direction would rest with the Council of Deputies, assisted by a Secretary-General. The main task facing the Ministry would concern the formation of the armies; this implied that the Ministry would be in close cooperation with the operative Supreme Command. According to Gips, the common budget should only embrace the infrastructure and the joint military schools. (20)

Although the Gips proposal sounded rather vague, it was clear that it implied a less drastic sacrifice of national sovereignty than the original French plan. The proposal did not receive much attention in Paris however. Besides, Gips' ideas did not represent the general opinion of the Dutch General Staff. According to the GS, the European army, in whatever form, had to be avoided.

The Dutch feared that the European army would expose them to French leadership. In Paris, they tried in every possible way to reduce French dominance. At the same time, they tried to strengthen the role of NATO, even in matters of minor importance. In December the "Senior Officer" handed in an aide-mémoire concerning the use of the languages within the EDC. In the aide-mémoire, it was written that the use of native languages should have priority within the Community. However,

Dès qu'il y aura des difficultés de langue, soit dans le contact entre unités, soit dans le contact entre individus dans les Etats-Majors intégrés l'anglais doit être employé.

This idea was prompted by the fact that the navies and the air forces

of the NATO countries were already attuned to the use of the English language. (21)

In spite of vehement opposition by the Dutch military authorities, the creation of the EDC had become a political rather than a military matter. Early in 1952, much political progress was made towards reconciling the various national standpoints (particularly concerning the common budget and the Board of Commissioners). On 27 May 1952, the EDC treaty was signed by West Germany, France, Italy and the Benelux countries.

On the day preceding the signing of the treaty, Minister Staf remarked that the advice of the military experts at the negotiations of the EDC had been neglected because the EDC had become a strictly political affair. Staf predicted that the elaboration of the treaty would involve many difficulties, mainly because in certain fields (e.g. military schools) the EDC would operate entirely independently from NATO. He feared that some of the member countries no longer attached much value to NATO. (22)

In the Military Provisions of the Treaty, it was written that the basic operational unit of the army, the "groupement", which was equal to a division (consisting of 12,000 to 13,000 men), was to be nationally organized. The army corps would be composed of basic units of different nationalities. To the disappointment of the Dutch, the French had successfully opposed the single-nationality corps. The army corps' command and the General Staff were also to be integrated.

As a logical result of the integration of the forces, the Treaty provided for an 'automatic action commitment', which implied that 'any armed attack against any of the member states in Europe or

against the European defence forces should be considered an armed attack on all member states', and that 'the member states and the European defence forces should afford to the state or force so attacked all the military and other aid in their power'. These provisions were quite similar to the "automatic clause" of the Brussels treaty of 1948, but they went much further than the relevant provisions of the North Atlantic treaty.

Articles 9 to 18 of the EDC treaty laid down all the important principles upon which the constitution and organization of the European defence forces were to rest. The European army would fall under the command of NATO's Supreme Commander in Europe, and it would thus be linked to the Atlantic alliance. Member states' units were to be made available to the Community 'with a view to their fusion', but no member state could recruit or maintain national armed forces other than those for which the Treaty had made special provision.

Articles 12 to 14 laid down the conditions under which a member state might, with the authority of the Board of Commissioners, temporarily withdraw part of its EDC force contribution to meet national contingencies. The situations envisaged were those of disorder or threatened disorder in the member state's own territories, in the event of a major crisis affecting a non-European territory for which it had assumed responsibility, or to fulfil an international mission entrusted to it outside the EDC area. These exceptions were obviously made on behalf of France. The total size of the national armed forces was not to be so large as to prejudice contributions to the EDC force. (23)

Air force basic units were to remain organized on a national basis. A certain number of basic units of different nationalities would be grouped together under, and supported by, integrated higher

echelons.

European naval forces would consist of what was required for protection of the home waters of the member states' European territories. Contingents were to form groups of the same nationality for single tactical tasks, but would have European status; they could be incorporated in part or as a whole, in NATO commands. In fact, the greater part of the navy would remain nationally organized.

Furthermore it was decided in the Treaty that conscripts from member states were to perform the same period of active service (eighteen months, according to a proposal by the Belgian delegation), and that the Board of Commissioners and the Council were to act quickly in standardizing training. The Board was to be responsible, as from an agreed date, for recruiting the European defence forces. It was also to be responsible for the training of these forces. It was to direct the Staff colleges of the member states and to prepare mobilization plans. The deployment of the European defence forces, within the framework of the recommendations of NATO's Supreme Commander, was also to be the Board's responsibility as was the administration of its personnel and equipment. The Protocol regarding relations between the EDC and NATO, provided for reciprocal consultation between the two Councils, and for combined meetings. Should any party to either treaty consider that the territorial integrity, political independence or security of any of them, or the continued existence of NATO or the EDC, was threatened, a combined meeting would be convened at the request of the party concerned, to consider what measures would be necessary to deal with the situation. Good coordination at the technical level, continuous contact between staff, and close liaison between EDC forces and NATO, were to be maintained. As soon as EDC forces were placed under a NATO commander,

his own Headquarters were to have EDC representation. (24)

The Treaty was signed, but the real battle - the ratification procedure in the national parliaments - was yet to begin. It was clear that military authorities in the Netherlands were not at all prepared to agree automatically to the military provisions mentioned above.

4.4

MILITARY OPPOSITION TO RATIFICATION

After the signing of the EDC treaty, the Ministry of Defence and the General Staff continued their struggle against the proposed defence community. Relations between the Ministry and the Staff were, however, rather stiff. In August 1952, Van Hoeve (head of EDC affairs at the Ministry) and Lieutenant-General Hasselman gave a striking example of the tug-of-war between the civil and the military authorities.

Van Hoeve explained in a note, why it was necessary that the military authorities within the EDC should at all times be prevented from meddling in political affairs. He made a sharp contradistinction between the military and the civil authorities. According to Van Hoeve, the national governments should have the highest authority within the EDC, not only with respect to legal control, but also with respect to administrative management. Furthermore, he argued that the Board of Commissioners should be in charge of drafting defence policy, while the Chiefs of Staff should only concern themselves with the execution of this policy. Van Hoeve had little confidence in the

military, as may be inferred from his statement 'quis custodiet ipsos custodes'.

Hasselman did not at all appreciate the tenor of Van Hove's note. He denied the existence of a contradistinction between the military and the civil authorities. In Hasselman's view, there existed only one indivisible authority. He wrote that Van Hove's term 'quis custodiet ipsos custodes' implied a misplaced distrust in the military authorities. The Lieutenant-General opposed the proposition that the military power would fall under the control of the Board of Commissioners. He argued that the European armed forces would be placed, operationally, at the disposition of NATO. Moreover, Hasselman could not agree with Van Hove's idea of placing the administrative management under the control of civil authorities. Hasselman preferred to have this work done by military experts, particularly the control over military personnel, military immovables, weapons and equipment. (25)

In November 1952, Lieutenant-Colonel D'Engelbronner wrote a letter to the Ministry of Foreign Affairs. He approached the Foreign Ministry directly because he felt that it had a greater influence on EDC affairs than his "own" Defence Ministry. According to D'Engelbronner, the creation of the EDC yielded one benefit, viz. the strengthening of the West European defence by the participation of German troops. Apart from this, it would produce only adverse effects:

- (a) The build-up of the European forces would take too much time and personnel. A lot of superfluous work would have to be done because of the necessary remodelling of all the existing organizations: Furthermore, Germany, as distinct from the other five countries, was not used to standardization along American lines.
- (b) The idea of the formation of a big army corps consisting of "groupements" of different nationalities was inappropriate,

because it would lead to a decrease in fighting-value: Moreover, the danger existed that the only combat-ready division of the Netherlands would be placed under the command of a German officer, which was unacceptable to the Dutch.

- (c) The creation of new, integrated military schools would be inexpedient because of the unavoidable language problems: Moreover, the already existing national schools were generally of a very high quality.
- (d) The provision of a conscription period of eighteen months might lead to an adverse effect regarding the NATO commitments.

D'Engelbronner urged the direct admission of German troops into NATO.

In a reply to D'Engelbronner's letter, the Ministry of Foreign Affairs stated that the creation of the EDC was indispensable for political reasons, since it constituted the only military framework in which German rearmament could be realized. According to the Foreign Ministry, D'Engelbronner's remarks might be true, but, since the EDC treaty had already been signed, it was felt that the Lieutenant-Colonel had only been discussing "might-have-beens". (26)

At the end of 1952, Foreign Minister Beyen (Stikker's successor in September 1952) carefully ensured that sufficient progress was made in preparing the procedure for the ratification of the EDC treaty in the Dutch parliament.

The General Staff reluctantly had to accept that the EDC had become a political reality, but it remained scandalized by the lack of attention given to the views of the military.

Hasselmann was indefatigable in expressing his grievances towards the EDC. In a note to Defence Minister Staf, in January 1953, he once again gave vent to his criticism of the treaty. He mentioned the unfavourable effect of the integration of army units of different nationalities on the fighting strength of the army corps; the impracticability of international schools, because of the existing

differences in languages, habits and mentalities; the confusion caused by the revision of some of the current legal regulations concerning army matters; the psychological disadvantage caused by the sacrifice of the traditional, national army institutions, like the "Koninklijke Militaire Academie" (Royal Military Academy) in Breda; and the delaying effect on the execution of the existing NATO plans. (27)

During a discussion in the cabinet concerning the disposition of German "groupements", Defence Minister, Staf, thought it inconceivable to integrate Dutch troops into a German army corps. He said that the build-up of armies would improve if, for the time-being, the national systems of army organization were maintained. Staf did not object to the training of troops within the framework of the EDC (28). In this respect, his opinion differed strongly from that of the General Staff.

Early in 1953, it became clear that the French parliament experienced great hesitations concerning the ratification of the EDC treaty. In order to overcome the reluctance of the parliament to ratify, the recently appointed Prime Minister Mayer announced in January the drafting of some additional EDC treaty protocols. Mayer told the French Assembly that he would first negotiate these protocols with the five allied countries, and that he would only then seek ratification. With his protocols, Mayer tried particularly to preserve the integrity and unity of the French armed forces. They reflected the French concern regarding the EDC vis-a-vis their overseas commitments, not least the war in Indo-China, and the strength of national sentiment for the French army.

In Staf's view, the introduction of the additional protocols was a sign that France wanted to get rid of the EDC treaty. (29)

The Dutch General Staff welcomed the new French initiative. The GS might even have regarded the additional protocols as an unexpected opportunity to torpedo all the supranational features of the EDC treaty.

Curiously, the GS was not represented at the Belgian-Dutch meeting on the military implications of the Mayer proposals in the Hague at the end of January. Most likely, we can assume that the GS was not invited to join the meeting. The Belgian GS was represented by Colonel Hartenot. The Dutch sent only civil representatives: Minister Staf, Starckenborgh (member of the Interim Committee in Paris) and Lewé (head of the Directorate of Western Cooperation at the Department of Foreign Affairs). At the meeting, the Dutch took the stand that there could be no talk of introducing essential changes in the text of the EDC treaty; according to them, only minor modifications could be contemplated. (30)

Hasselmann hoped to move the government to change its mind. In February 1953, he sent a note to Staf, in which he urged the Minister to embrace the opportunity presented by the French protocols, in order to modify the EDC treaty in favour of the Netherlands. Like the French, Hasselmann argued, the Dutch could introduce some additional protocols at the Paris conference.

Hasselmann, who opposed the integration of divisions of different nationalities into one army corps, proposed a protocol on the creation of single-nationality army corps. Furthermore, he suggested a protocol on the modification of the terms of service within the EDC. According to the EDC treaty, all categories of conscripts would stay in the armed forces for exactly the same period of time (18 months). Hasselmann felt this was inappropriate since the officers, the non-commissioned officers and the technicians, in his view,

needed a longer period of training. Finally, he proposed a Dutch protocol on the strength of the "groupements". It was decided that these EDC "groupements" would consist of about 13,000 men. In 1950, NATO had already prescribed the build-up of divisions of 18,000 men (31). Hasselman feared that the resulting necessity of reorganizing the army would lead to disorder and confusion, while there were no demonstrable advantages. Moreover, the Germans would profit by this arrangement because they could immediately start with the build-up of their divisions according to the new plans. (32)

Hasselmann could not however, count on the support of the government. Although Prime Minister Drees was not averse to some modifications in the treaty (see chapter 3), the cabinet urged the necessity to discuss the EDC Bill as soon as possible in parliament. Foreign Minister, Beyen, wanted to speed up the ratification procedure more than anyone else. Beyen supported the EDC, not as an end in itself, but as a necessary step towards the realization of a common market. Trade liberalization was the main goal of the Dutch European policy, and the EDC was, according to Beyen, in the main, a useful intermediate station on the road to the attainment of this goal.

The General Staff realized that military arguments no longer played a prominent role in the discussion on the EDC. For the rest of the year 1953, the military maintained a stoney silence, discouraged as they were by the neglect of their standpoint.

In April 1954, the "agreement regarding cooperation between the United Kingdom and the EDC" was signed in Paris. The military arrangements on this agreement ensured that the British forces would be present in strength on the continent before aggression began. One armoured division would be placed within an EDC corps. Royal Air

Force units would participate with EDC air formations in each NATO air group, and be controlled by a single integrated headquarter. In general, the British government was extending and reinforcing its commitments to the European allies, pursuing the policies expressed in the Dunkirk and Brussels treaties. (33)

Defence Minister Staf welcomed the British guarantees which he considered of great importance. He did not think it difficult to integrate British forces into an EDC corps. In this respect, he pointed to the current cooperation between the British Rhine army and the first Dutch army corps within the framework of the Northern Army. Moreover, during the NATO manoeuvre, "Grand Repulse", in the autumn of 1953, a British armoured division and a Canadian mechanic brigade had been integrated without any difficulties to the Dutch army corps; they had operated as one unit under the command of a Dutch army corps commander, together with a Dutch division and Dutch army corps troops. (34)

Meanwhile, Foreign Minister, Beyen, had continued his struggle for a quick ratification of the EDC treaty. He gained the desired result. The Dutch parliament, the first of the six, overwhelmingly approved the EDC treaty, the Second Chamber in July 1953, and the First Chamber in January 1954.

Following the ratification, the government hoped the EDC would come into force as soon as possible. It became increasingly worried about what it saw as the selfish, inward-looking attitude of the French.

In January 1954, the French Defence council for the first time discussed the EDC. The council pointed out to the very unbalanced preparation of the execution of the Treaty and objected in particular, to arrangements concerning unitary uniform and unitary

pay. According to Staf, the French General, Juin, was of the opinion that although the EDC treaty should be accepted, it should not be executed, except for the involvement of the Germans in the defence of Europe. Not only Juin, but the entire General Staff in France, fought a heavy campaign against the EDC. The generals tried not only to change the opinion of their government which was officially still in favour of the EDC, but also to "convert" public opinion. Unlike the Dutch, the French military did not shun the publicity; they used the press in order to disseminate their anti-EDC opinions.

In January, Juin developed an alternative solution to the EDC. He wanted to simplify the entire structure of the European army and he suggested,

un simple appareil d'impulsion, de coordination et de contrôle, sans intégration politique ni supranationalité, sous l'étroite dépendance politique et opérationnelle de l'OTAN avec un Conseil des Ministres nationaux, un secrétariat général permanent, des délégués nationaux pour la mise sur pied et la gestion des contingents nationaux.

Other members of the General Staff advocated the creation of an intergovernmental European defence organization by means of transformation and extension of the Brussels pact of 1948. They argued that the resistance to the EDC treaty showed that the integration of military forces required sacrifices which public opinion was still not willing to make.

Il convient donc de partir des accords déjà contractés dans le cadre européen, pour proposer un pacte aux 9 pays d'Europe membres de l'OECE et de l'OTAN. (35)

Dutch military authorities agreed with these ideas. Moreover, it became increasingly clear that the French government was also convinced of the undesirability of the EDC. Although the official view was still in favour of ratification, the new Prime Minister Mendès-France (inaugurated in June) strove more and more for

intergovernmental modifications, so that the sacrifice of national sovereignty could be curtailed.

In August, Mendès-France developed his "Projet de protocole d'application du Traité instituant la Communauté Européenne de Défense". The tenor of these new French proposals was strongly anti-supranational. Moreover, they showed more discrimination against Germany. The general message of the "Protocole" was the creation of 'a European army for the Germans and a French army for the French' (36). According to one of the military provisions, the integration of forces would only apply in the "zone de couverture". In other words, the only part of the EDC's forces to be integrated would be Germany's forces and the forces of other participants stationed in Germany. Furthermore, the EDC's collective rules and regulations concerning recruitment, discipline and promotion were to be set aside in favour of the individual nations' rules until well into the future. It was obvious that the "Protocole's" provisions would fundamentally change the EDC treaty itself, which all nations, except France, had either ratified or were about to ratify (Italy).

The Dutch cabinet was appalled at the change envisaged that would affect the fundamental nature of the Treaty. There was only one institution in the Netherlands that openly welcomed Mendès-France's initiative: the General Staff. Lieutenant-General Hasselman (promoted general in March 1954) wrote that, from a military point of view, it would be an advantage to maintain the Dutch forces under national control as long as possible before transferring them to the European army. Extensive disruption of the military organization could only then be avoided. Hasselman applauded the new French proposals, because they provided for a restriction of the integration of the national armies by maintaining the national character of the army.

(37)

Once again, the General Staff did not receive the support of its government. On 19 August, when Mendès-France introduced his "Protocole" at a conference of the six countries in Brussels, Minister Beyen completely disapproved. The other governments supported Beyen in his resistance to Mendès-France, and the conference was adjourned without results.

At the end of August 1954, the French National Assembly took its final decision on the EDC. After four years of intense discussion, the plan for a European army died.

It is easy to assume that the Dutch General Staff did not mourn the rejection of the EDC treaty. For a period of four years, the GS had criticized any initiative to do with the creation of a European army. In the end, the opposition had proved successful, although there was little doubt that the GS had but little influence on the final decision.

CONCLUDING REMARKS

A serious difficulty experienced by the Dutch in the early fifties, concerned the problems of adapting to a defence policy within an international framework. The Dutch had always had at their disposal a national army intended for national military aims, but since they had become a member of the Brussels pact and NATO, they were confronted with an international, sometimes non-national, defence policy. It was mainly the Dutch military authorities who had difficulties getting used to this new way of dealing with the country's security affairs. This became explicit after the announcement of the Pleven plan in October 1950: Dutch army authorities vehemently opposed this plan, mainly because they were unwilling to sacrifice national control over the Dutch army. Within NATO, they still had a considerable influence on national military affairs (the territorial troops, among other things, remained nationally organized), but it was feared that, within the EDC, this influence would be seriously curtailed. Besides the army corps, the army corps' command and the General Staff were also to be integrated in a European army. The army authorities feared that the Dutch voice would not be loud enough within the supranational framework. Moreover, they were concerned about the creation of international military schools which would bring about the closure of the national schools with their traditional training methods. The military also worried that their recently (in 1950) introduced system of army organization along American lines (with American equipment) would be thwarted by the creation of the European army. The vaunted five division plan which was developed in accordance with the principles of NATO's Medium Term Defence Plan, would doubtless undergo several fundamental changes within the EDC.

For example, EDC divisions consisted of 13,000 men, whereas NATO divisions numbered about 18,000 men.

Until the summer of 1951, the Dutch government gratefully took advantage of the critical arguments offered by the military authorities. However, after the approval of the Interim Report drawn up by the Military Committee at the Paris conference in July 1951, and after the neglect of the Dutch counter proposal in August 1951, the government directed its attention to other problems relating to the integration of European defence (common budget, common armament programme, board of commissioners etc.). It seemed that the government was particularly satisfied with the provision that the greater part of the navy would remain under national control. It was much less concerned about the maintenance of the identity of the army.

Although the General Staff remained critical of the EDC, from September on it was almost embarrassing to see how its viewpoints were disregarded, especially after Foreign Minister Beyen took office in September 1952. The JCS fervently embraced the opportunities presented by the French Prime Ministers Mayer (January 1953) and Mendès-France (August 1954), in order to change some of the supranational provisions of the EDC treaty, but the government completely disregarded the military arguments.

The role of the Ministry of Defence in the discussions on the EDC was generally very modest. It was obvious that the Ministry of Foreign Affairs dictated the main line of policy, and that the Defence Ministry nearly always had to acquiesce.

The primacy of the Foreign Ministry was caused by the fact that the European army was designed as a political solution for what was seen as a political problem: a German military contribution to the

defence of the West. The consequence of this was that when purely military questions were discussed at the Paris conference, resolution of them often became a matter of national political decision. Osgood has argued that,

In the eyes of the military, EDC was a single strategic imperative, but the subsequent history of the Treaty showed that NATO's military security had become inextricably entangled with substantial political issues concerning interallied relations, issues which could be resolved within the new strategic imperatives only by a readjustment of allied commitments. The central feature of the readjustment was the firmer commitment of American and British troops to the Continent in order to counterbalance the accession of West Germany to NATO, especially for the benefit of France. Indeed in the eyes of its principal architects EDC became as important as an instrument of Franco-German reconciliation as of military security. (38)

Despite the differences of opinion between the Foreign Ministry and the Defence Ministry, there was one point upon which all the Dutch authorities involved agreed: the creation of the closest possible links between NATO and EDC. The relevant provisions in the EDC treaty were therefore welcomed by the government, the departments and the military, although the latter thought the provisions did not go far enough.

During the negotiations on the EDC, the viewpoints of Dutch and French military authorities often coincided. Like the Dutch, French generals hoped to avoid the creation of the EDC and to involve German divisions without delay in an integrated Atlantic framework. On many technical points, the French and the Dutch agreed: both advocated the independence of the national navy, the non-involvement of territorial troops and the maintenance of national schools and training methods. In short, both the French and the Dutch were anxious to safeguard the national military traditions. There were also differences of opinion between the two: the French generals pressed for several provisions

aimed at keeping the Germans in check, whereas the Dutch welcomed the creation of a strong German army. The French, more than the Dutch, stipulated a long transitional period in order to delay the creation of the EDC. They hoped that during this period, political tensions in Europe would decrease in such a manner that the EDC would become redundant. Finally, the French military urged for the creation of a European political institution on an intergovernmental basis which would serve as a political framework for the European army, because they feared that within the EDC, the French army would be subordinated to supranational direction. (39)

The opposition of the French military had a considerable effect on public opinion. In the Netherlands, military authorities hardly received any attention. When Marshal Juin criticized the EDC openly, he was supported by large sections of the French people. In the Netherlands, where the army is considered more a necessary evil, the generals remained rather anonymous and their criticisms remained largely unnoticed in the country.

In general, we may say that the Dutch and French military, rather than their governments, were extremely consistent in their opinions of the EDC.

Agreement was never reached on the military value of the EDC, because it was never put to the test. The European army was to consist of 43 groups of about 13,000 men, the basic unit being the integrated army corps, and the air force was to consist of about 75 squadrons (1,500 to 2,000 aircraft).

According to Wiggershaus, it would have been possible to achieve a more expedient form of military cooperation, because the desire to control Germany meant that optimum effectiveness was not possible. Nevertheless, inevitable restrictions still had to be acceptable, and

West German armed forces had to be a real asset to the defence of Western Europe. That these prerequisites were met is borne out by the fact that the experts were successful in getting their minimum demands accepted and, even more so, by the fact that the European army was placed under the operational control of NATO. (40)

Dutch military authorities thought that this did not go far enough. They rejected the European army, in whatever form, because they preferred a less complicated solution: German participation in Western defence within the framework of NATO. They had only to wait until 1955 before this could be realized.

According to Meier-Dörnberg, the rejection of the EDC in the French parliament was aggravated, if not caused, by the continuous modifications in the military provisions of the treaty in favour of Germany. In the course of the negotiations in Paris, France had made so many concessions to Germany in the purely military field, that the main advantage of a European army, viz. control over German rearmament was outweighed by the main disadvantage, viz. the entanglement of the French army in a supranational organization. (41)

After the signing of the treaty in 1952, the French became, indeed, highly sceptical about their own European initiatives. However, this change of attitude was caused not by military factors, but by economic and political factors; this will be shown in the next chapter.

NOTES

1. E. Fursdon, The European Defence Community. A History, London 1980, p.87.
2. Ministerie van Buitenlandse Zaken, Min.BuZa, EDG 921.331, Toespraak 's Jacob in Washington, 31 Oct.'50.
3. N. Wiggershaus, 'German rearmament, 1949-1952', paper EUI Florence 1984, pp.17-19.
4. E. Fursdon, op.cit., p.112.
5. Ministerie van Defensie, Min.Def, EDG 36 dossier 3, Nota Generaal Mathon, 20 April'51.
6. At the Petersberg conference the discussion centered on the possibility of a German contribution on the basis of the American plan (launched at the New York council meeting in September 1950) for an integrated European NATO force. On the Petersberg, the German delegation talked with the High Commissioners, rather than with representatives of the national governments, as was the case in Paris. The discussions were purely military-technical and the conference failed because there was no agreement in the political field (particularly concerning the German demand for equal rights).
7. M. Beloff, The United States and the Unity of Europe, New York 1963, pp.78-79.
8. Fursdon, op.cit., p.124.
9. N. Wiggershaus, op.cit., p.22.
10. Min.Def, EDG 36 dossier 3, Nota Hasselman, 8 Aug.'51.
11. Ibid., Rapport Baay (VCS), 15 Aug.'51.
12. Algemeen Rijksarchief, ARA, Archief Buitenlands Economische Betrekkingen (BEB) 2.06.10 EDG doos 640 (ban 1-10), Dutch counter proposal, Aug. 1951.
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16. Min.Def, EDG 12, Memorandum Comité VCS (Carp), 8 Nov.'51.
17. Min.BuZa, EDG 999.0 omslag 20 doos 5, Tweede verg. Adviesraad, 22 Oct.'51.

18. Ibid., EDG 921.331 doos 11, Nota Senior Officer, 30 Nov.'51.
19. Archief Riphagen, Analyse etc., pp.14 and 24.
20. Min.Def, JCS 36, Nota Colonel Gips, 2 Dec.'51.
21. Min.BuZa, EDG 921.331 doos 11, Aide-Memoire Senior Officer, 17 Dec.'51.
22. ARA, Notulen Ministerraad, MR, De EDG, 26 May'52.
23. Fursdon, op.cit., pp.153-154.
24. Ibid., pp.160 and 179.
25. Min.Def, EDG 25, Nota Hasselman, 1 Aug.'52.
26. Min.BuZa, EDG 999.0 omslag 21, Brief D'Engelbronner, 20 Nov.'52.
27. Ibid., EDG 999.1 omslag 55, Nota Hasselman, 19 Jan.'53.
28. ARA, MR, De EDG en de opstelling van Duitse legergroepen, 5 Jan.'53.
29. Ibid., Het EDG-verdrag, 12 Jan.'53.
30. Min.BuZa, EDG 999.0 omslag 16, Verslag van de Belg.-Ned. verg. in Den Haag, 30 Jan.'53.
31. A division consisted of: 3 regiments infantry (at 3 battalions and 1 tank squadron), 1 reconnoitring squadron, 1 tank battalion, 1 military engineering battalion, 4 detachments howitzer artillery, 1 detachment anti-aircraft artillery, 1 technical service company and 1 Q.M.G. company.
A NATO division numbered about 18.600 men, the additional army corps troops about 19.000 men.
32. Min.Def, VCS 19, Nota Hasselman, 12 Febr.'53.
33. Fursdon, op.cit., pp.253-254.
34. C. Staf, Nota inzake het Defensiebeleid, The Hague 1954, p.248.
35. P. Guillen, 'Les Chefs militaires français, le réarmement de l'Allemagne et la CED (1950-1954)'. In: Revue d'histoire de la deuxième guerre mondiale, no.129, Jan. 1983, pp.31-32.
36. A. Nutting, Europe will wait, London 1960, p.67.
37. Min.Def, EDG 7 dossier 168, Brief Hasselman, 18 Aug.'54.
38. R.E. Osgood, NATO. The Entangling Alliance, Chicago 1975, p.92.
39. P. Guillen, op.cit., pp.13-33.
40. Wiggershaus, op.cit., p.32.

41. W. Meier-Dörnberg, 'Politische und militärische Faktoren bei der Planung des deutschen Verteidigungsbeitrages im Rahmen der EVG'. In: MGFA (ed.), Die Europäische Verteidigungsgemeinschaft. Stand und Probleme der Forschung, Boppard am Rhein 1985, p.290.

C H A P T E R 5

FINANCIAL, ECONOMIC AND SCIENTIFIC
ASPECTS OF THE
NEGOTIATIONS ON THE EUROPEAN DEFENCE COMMUNITY.

THE DUTCH AND THE FRENCH CASE.

C O N T E N T S

CHAPTER 5

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INTRODUCTION

It is remarkable that in existing literature on the European Defence Community, only scant attention has been given to the economic part of the discussions at the Conference in Paris. In the most recent book on the EDC, published by the "Militärgeschichtliches Forschungsamt" (1), the economic aspects have been entirely neglected. The book is awash with political and military-strategic arguments. Fursdon (2) refers obliquely to the common armament programme (the proposed armament pool within the EDC), but he considers it obviously of minor importance. The same can be said of the tenor of Noack's work (3) about the failure of the EDC. Aron and Lerner's book (4) paints the same picture of the EDC debate and enumerates the same (political) arguments for the rejection of the Treaty, but in this book, we find one highly interesting article about the role of economic factors in the final rejection of the EDC. Curiously enough, Jacques Vernant, the author of the article, belittles his own arguments, pointing to the overall importance of political factors. Nevertheless, he offers us some plausible hypotheses for the explanation of the failure of the ratification in the French parliament. He refers particularly to the role of French industrialists in the discussion, and to the lack of competitiveness of French industry in the early fifties. In the English translation of Aron and Lerner's book (5) we find another "economic" article written by André Philip.

The question of the importance of the French objections to the economic provisions of the EDC treaty will be considered in subchapter 5.5.

Closely connected to the economic debate, is the discussion in France, on the politico-scientific implications of the EDC treaty.

Were the French keen to develop their own nuclear weapons and, if so, was it possible to draft a national programme on the military use of atomic energy within the framework of the EDC?

The argument in sub-chapter 5.6 is that, in the early fifties, the French were indeed looking for ways to develop their own "force de frappe" but that certain provisions of the EDC treaty appeared to form serious obstacles to the realization of such a national force. For the French this was another fundamental reason to be rid of the EDC.

The importance of the economic and politico-scientific arguments in French opposition to the EDC was underlined by Mendès-France urging (following the rejection of the EDC) the creation of intergovernmental control institutions within the framework of the West European Union. Mendès-France expected that within such institutions the principle of free competition would be applied less severely than within the supranational EDC. Moreover, in the WEU, France would have more freedom to develop a national research programme (see sub-chapter 5.7).

The greater part of this chapter (5.1 - 5.4) is concerned with the Dutch position in the discussions on the common armament programme and the common budget of the EDC. The Dutch were more vociferous in opposing the financial provisions of the EDC, than they were in opposing the economic provisions. The government feared that the greater part of the national budget would be entrusted to a supranational body in which countries with traditionally questionable budget policies would predominate.

As far as the common armament programme was concerned, the Dutch attitude was more ambiguous. On the one hand, they hoped that the EDC would offer their industry a new interesting sales potential. Dutch

industry was competitive in those years: the selling prices of its products were generally lower than those of foreign industries. On the other hand, they had several doubts about the actual impact of the common armament programme, considering that during the early fifties, the war industry of the Netherlands was still rather insignificant (see also chapter 2). This was the main reason why the Dutch advocated the inclusion of "soft goods" (food, textile, leather) in the EDC's common armament programme.

Mendès-France's plan for a European armament pool within the framework of the WEU was not welcomed by the Dutch, mostly because it was felt that in such a pool the principle of free competition would be insufficiently safeguarded.

NOTES

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5.1

THE DUTCH AS OBSERVERS AT THE CONFERENCE IN PARIS

During the first months of the Paris conference on the organization of a European army, the Dutch government enjoyed its position of being hardly involved in the discussions. The Americans promised to continue the supply of military aid to the Netherlands according to the terms of the Mutual Defence Assistance Agreement between Holland and the United States, signed on 27 January 1950. The peaceful climate was disturbed only by a substantial number of parliamentarians who pressed for a more active role on the part of the Netherlands. The government, however, kept a level head and pursued its own policy line. The Ministry of Foreign Affairs drew up many reports, in which the idea of a European army was criticized and even rejected.

Until August 1951, Dutch criticisms were directed towards the military-technical imperfections of the French Pleven plan, rather than towards the financial and economic regulations. This was caused, among other things, by the fact that at the start of the conference nobody knew about these regulations. In launching his plan, Pleven had said nothing more than that the rearmament and equipment programme for Europe would be laid down and carried out under the authority of a European Defence Minister or Defence Commissioner, who would be accountable for obtaining the contingents, equipment, material and supplies from the various member states. About the financial part, Pleven had only said that the financial contributions of the member states would be harmonized by a common budget. More

details were not given.

Initially, the Dutch only generally argued that, before achieving a federation of defence, economic, trade, financial and foreign policies would have first to be harmonized. This appeared in February 1951, for instance, from a lecture by the Deputy Secretary-General to the Ministry of Defence. In this lecture it was stated that:

- (a) Military integration aimed at and developed so far, could not be realized without financial, economic and political integration.
- (b) Defence measures came only second to measures of an economic and financial nature.
- (c) Economic and financial integration involved a long-drawn process as economic and financial matters were dependent on national limitations, ideas of living, social circumstances, traditions, historical backgrounds etc.
- (d) The planning and designating of major military tasks involved part-sacrifice of sovereignty for participating countries.
- (e) the designation of such tasks should not disturb nor intervene in the development of economic and financial integration. (1)

During the first half of 1951, the Dutch observers at the Paris conference concentrated on the military discussions and paid only little attention to discussions concerning the common budget and the distribution of the financial burden. The Financial Committee, under the chairmanship of the Frenchman Sadrin, had difficulty in doing useful work. Before the first meeting, Sadrin asked the French Minister of Finance for policy direction and instructions: he was merely told 'debrouillez-vous!' (look out for yourself!).

There was a touch of 'mysticisme' about starting discussions on European army financial matters without first knowing what the discussions directed themselves towards. At that early time, there was no real concept, either political or military, around which a

financial base could be constructed. (2)

Moreover, Dutch observers in Paris made no mention of the economic aspects of military integration, such as production programmes and production control, mainly because in the first phase these aspects were only incidentally raised for discussion.

However, from August 1951 on, the Dutch became increasingly interested in the financial-economic implications of the European army plan.

In a report of the Joint Chiefs of Staff, attention was paid to the problems concerned with the plan for an integrated European armament programme under the authority of the European Commissioner. The Commissioner was appointed the task of standardizing the military production of the countries which would participate in the European army. According to the Dutch JCS, the standardization plan would be impossible to realize because only France had the disposal of an armaments industry, while potential for Germany was non-existent and for Italy and the Benelux countries, only minimal. The JCS feared that the standardization of military production would favour only French industry which, none the less, would be unable to supply the other participating countries with adequate war material. The JCS doubted the feasibility of introducing a system of standardization within the European army, and recalled to mind, the vain attempts the United States, France and the United Kingdom had made in the past to standardize their war production.

Moreover, the JCS feared the inevitability of the reconstruction of the German armaments industry because 'only the German industry could fill the gap which the French industry would necessarily leave behind'. (3)

From the summer of 1951 on, the Paris conference gained in

importance mainly because the United States had become a staunch supporter of the idea of a supranational European army. The European army plan was accepted and supported by official United States policy as the only avenue open to German rearmament.

The Dutch did not share this favourable attitude towards the European army. In order to give a clear demonstration of its point of view, the government formulated a counter proposal at the end of August (as a response to the draft interim report which the Paris conference had managed to produce on 24 July). Apart from criticisms in the military and political field, considerable attention was paid to the financial and economic regulations of the European army plan. In the counter proposal, which was presented to the governments of the United States, Great Britain and France, the Dutch criticized in particular the plans for a common budget and a common armament programme.

In their view, a wide-ranging common budget was unnecessary because the levels of the defence budgets of the countries concerned, were practically determined by the commitments in the general NATO planning. It was argued that common financing could very well be restricted to expenditure connected with special international objectives, in the same way as was practiced in NATO. According to the Dutch, it would be illogical to give the European defence organization (the Dutch opposed the idea of a single Commissioner and they therefore used the more neutral term "organization") the power to establish a budget only of expenses, without transferring the responsibility for finding the means to cover these expenses. In consequence, a large percentage of the national expenses would be fixed by an outside authority, a situation which, the Dutch assumed, would be unacceptable to national governments. According to the

Dutch, it was evident that under the current circumstances, even a minor change in expenditure would upset the whole intricate pattern of economic and social measures. They feared that such a construction would encounter not only constitutional objections but also objections on the part of the national parliaments which would at least legally lose their control over a large part of the national budgets. Another implication would be that the non-defence items of the national budget and consequently the national economic, social and financial policies, would be seriously affected. This consequence would be acceptable, as the Dutch argued, only if the national economic, social and financial policies were also integrated, which in its turn would only be possible in the event of complete freedom of intercourse (trade, migrations, interconvertibility of currencies etc.) between the participating states. The Dutch felt, however, that in the short run such complete freedom of intercourse and unification of policies could not be envisaged.

In their counter proposal, the Dutch also disagreed with the French suggestion to set the European defence organization the task of integrating and expanding defence production in the various countries. As far as the Dutch were concerned, it was very unlikely that a satisfactory solution for the problem of the alarming deficits (the result of the high prices which had to be paid for raw materials following the start of the Korean war; see chapter 2) could be found within the small group of countries participating in the discussions on the European defence organization. In the opinion of the Dutch government, it was therefore preferable to leave the balance of payments problems for proper NATO agencies (the Financial and Economic Board and the Defence Production Board) at attempt to rectify. In the Dutch view, both the common budget and the common

armament programme would be incompatible with the current stage of European integration in the economic and financial field. Moreover the Dutch felt that the French ideas would seriously hamper the developments within the framework of NATO.

As opposed to the Interim Report of the Paris conference they wrote in their counter proposal that the budget of the European defence organization should be prepared by an Executive Board (instead of a single Commissioner) and that it should be established by unanimous vote of the Council of Ministers. In the Dutch view, the budget should only contain the administrative expenses, while the maintenance of national contingents integrated into the European force should remain under the control of the participating states. Moreover they proposed that the expenditure relative to the establishment, administration and maintenance of common European units, would be subject to separate arrangements between the participating states which would provide for the institution of these units. (4)

The counter proposal did not gain much attention in Western Europe or in the United States. Early in September 1951, the American government made known that it attached the utmost importance to the creation of an effective European Defence Community. (From September 1951, the term European Defence Community -EDC- very largely replaced that of European army). (5)

In the beginning of October, the Dutch cabinet reluctantly took the decision to change their status at the conference in Paris from observer to participant. The main reason for this change was the Dutch fear that a refusal to join the EDC would lead to severe repercussions on the part of the United States, particularly in the field of military equipment supplies to the Netherlands.

5.2

OPPOSITION TO THE COMMON BUDGET

The government gave the following instructions to the delegation which was sent to Paris:

- (a) The Netherlands must retain its sovereignty in determining its contribution to the defence costs of the EDC.
- (b) The social policy of the Netherlands must not be affected by the decisions of the EDC.
- (c) The ceiling on defence expenditure in force at that time (1,500 mln guilders per year) must be kept at the same level.
- (d) NATO's Medium Term Defence Plan must not be delayed by experiments with the European army. (6)

The decision in favour of joining the conference was encouraged by the desire to harmonize Dutch policy with Belgium's and Luxembourg's. From August 1951 on, the Dutch became convinced of the usefulness of an alliance with the Benelux partners in the struggle against the supranational proposals in the EDC plans. The Belgians appeared to be much more critical of the French plans now, than they had been in the beginning, and they made known that they were not adverse to closer collaboration with the Dutch. (7)

The most controversial issues at the end of 1951 were related primarily to financial and economic matters, viz. the nature and content of the common budget, the manner of fixing national contributions, the extent of the Commissioner's control over expenditures, and his authority in the matter of armaments production and supply, including the distribution of US financial and economic aid to the EDC countries. Problems related to these issues arose as a result of fundamental differences between the view of the "Big Three"

and the Benelux view. The Benelux countries insisted on retention, at least until 1954, of their national armaments programme and financial commitments under NATO, and of a certain measure of national control over the EDC budget and expenditures. The Dutch envisaged a modest framework for the EDC: only military, no financial integration, at least not during a long transitional period. The Netherlands, supported by Belgium, wanted only a juxtaposition of the national budgets, without real authority for the Executive Board. France and Germany, on the other hand, advocated a real merger. Italy shared the Dutch view that national parliaments should retain their right to decide on national expenditures.

In October, the Italian delegation proposed a reduced budget (40 to 50 mld francs), applicable to only the integrated General Staff and staff-colleges. This idea was welcomed by the Foreign Ministers of Belgium and the Netherlands, Van Zeeland and Stikker, but it was ultimately rejected by France (8). The Dutch-Italian cooperation did not imply that the two countries fully agreed on financial matters. A substantial difference between Italy and Holland was that the latter wanted to thwart the integration of the budgets, while the former tried to promote the introduction of a system of common income.

According to Dutch Prime Minister Drees, only the staff-organs and the staff-schools should be supranationally organized. Moreover, uniform rules could be applied in the field of organization, armament, instruction and terms of service. However, the maintenance, wages and payment should, in Drees' view, remain nationally organized, at least for a long transitional period. (9)

France, Germany and Italy, on the other hand, insisted that there should be a common budget from the first day the treaty would be in effect and that the EDC Executive should be free to utilize the

national contributions for common armaments and supply 'in the best interests of the Community'.

The disagreements between the "Big Three" and the "Small Three" seemed to be irreconcilable. In December, the Dutch increasingly realized that in the long run it would be impossible to forestall the introduction of a supranational common budget. However, in their efforts to defer the actual implementation, they remained in favour of a transitional period of at least two years during which national standards would be applied. They continued not only to insist on guarantees that their national rearmaments programme would be respected until 1954, but also to oppose the establishment of any minimum contribution that would bind their parliaments in the future, as was desired by the Franco-German group (10). Moreover, they sought to strengthen the links between the EDC and NATO.

At the meeting of the Dutch cabinet on 22 December, Prime Minister Drees made a concession: in his view, it would be sufficient to have the common budget approved by a unanimous decision of the Council of Ministers. If necessary, Drees would be prepared to abandon approval by the national parliaments. (11)

Early in January 1952, the American ambassador to France, Bruce, (a convinced "integrationist"), tried to solve the outstanding problems at the Paris conference. According to Bruce, the Benelux position was that the Community should have very limited authority in the initial period, and that it should constitute little more than a coalition of the national forces of the member countries, comparable to the Brussels pact (of 1948). In Bruce's view, the Dutch position differed slightly from the Belgian. The Dutch position seemed to be based on:

(a) Belief that the United States might withdraw its military

support from Europe if a strong and effective EDC were created.

- (b) Hope that the United Kingdom would some day decide to join the Community if the EDC plans were sufficiently watered down.
- (c) Concern that France and Germany would dominate the small countries, particularly if substantial authority were given to the central institutions.
- (d) Worry that the Dutch would have to make a considerable financial contribution to the build-up of German forces. Experts at the conference, including the Germans, seemed to share the view that Germany would contribute more than the cost of its own contingents in the first year but that it would contribute less in subsequent years.
- (e) Belief that the Dutch could obtain more US end-items and other military support, if the aid were handled on a national basis.
- (f) Reluctance to give the common institutions the authority to make any modifications whatever in the NATO plans for the build-up of the national army. The basic concern was that the rapid build-up and equipment of the German contingents would be attempted at the expense of the Dutch programme.

The Belgian opposition to the EDC, as Bruce continued, was more stiff and uncompromising than the Dutch. In Belgium, the fear existed that the constitution had to be amended because of the transfer of sovereignty to a supranational institution. The Belgian government wanted to avoid the resultant elections. The Dutch were also discussing whether to amend the constitution or not, but it was clear that in their country such an amendment would not give rise to many problems.

In Bruce's view, the United States could help to solve the problems of the Benelux countries by making it clear to them that:

- (a) The United States was more likely to preserve interest in maintaining troops on the continent if the EDC were made effective, than if the current situation were to continue.
- (b) The American aid would be distributed in a manner most likely to promote an effective defence.

- (c) The EDC was in line with the views of Congress which favoured the political and economic unity of Europe.
- (d) The Franco-German agreement presented a historic opportunity for the fundamental solution of the problems on the continent. Public opinion in the United States would be very indignant if this opportunity were lost because of the Benelux opposition.

Bruce was convinced that it would be much easier to remove Dutch hesitations towards the EDC than Belgian ones. He therefore urged the French and the Germans to make a joint declaration containing the acceptance of the overall authority of NATO; a move to re-assure the Dutch. According to Bruce, the Germans and the French should, for instance, concede the Dutch claim that in the initial period, Dutch contributions to the EDC would be determined within the framework of NATO, on the basis, and under the procedures determined by that organization, so that the Dutch would not pay more to the EDC than they were paying to NATO.

Bruce argued that, in return for the Franco-German acceptance of the transitional period on this basis, the Dutch should be able to agree to the authority and responsibility of the European institutions from the outset, so that both the discrimination against Germany and the creation of a German national army would be avoided. Bruce concluded by writing that,

the voice of the smaller countries within the Community would be determined when the weight of votes in the Assembly and in the Council of Ministers was agreed on. If the Schuman plan institutions were a precedent, the Benelux countries would probably obtain a larger voice than was desirable or justifiable. (12)

Bruce's intervention had a marked effect. At the end of January 1952, most of the financial-economic issues were cleared up in the Steering Committee at the Paris conference. It was agreed that the common budget, though operative from the first day, would be drawn up during the first two periods, and accordance with the NATO procedures. It

would possibly embrace an eighteen-month fiscal year, and the budget as a whole would be adopted by the Council acting unanimously. In the event that the Council was unable to act, the budget for the previous year would be continued. It was agreed that the expenditures side of the common budget would be approved by the Council, acting according to the approval of a qualified majority. It was agreed, further, that NATO commitments and existing contracts would be respected in executing the common budget. There was no agreement on the question of what should be done if the national parliaments refused to approve the national contributions fixed by the Council of Ministers.

Although the final result seemed rather favourable to them, the Dutch had good reason to be dissatisfied with the ultimate solution, because they had been obliged to accept the principle of a common budget from the first day the Treaty came into effect. Their attempts to introduce a long transitional period had only been partly successful.

Until the signing of the treaty (in May 1952), the common budget appeared to be the main target of the Dutch opposition to the EDC in the financial-economic field. Under the leadership of Prime Minister Drees and Finance Minister Liefstinck (both members of the Labour party), the Dutch tried to resist all the plans for a common financing system, while attempting to maintain control over their military expenditures. However, in practice it appeared that the French and the Germans often imposed their will on the smaller countries.

5.3

THE ATTITUDE TOWARDS THE COMMON ARMAMENT PROGRAMME UNTIL THE
SIGNING OF THE TREATY

Dutch attitudes at the outset towards the common armament programme were slightly more favourable than they had been towards the common budget. Although the Dutch said they were rather satisfied with current military aid supplies from the United States according to the Mutual Defence Assistance Program, they also hoped that the EDC would create new opportunities for Dutch industry. Dutch industrialists urged that the armament programme not be restricted to weapons, ammunition etc., but that it would also embrace nutrition, footwear and clothes. They argued that their industries were pre-eminently able to produce these goods. (For the importance of the various sectors of industry, see the tables of chapter 2). The industrialists feared a decrease of the sales-potential of their shoes, textile and food industries then, and the European armament programme was welcomed as a means to further the economic interests of the country.

(13)

On the other hand, the Dutch cabinet muttered objections to the far-reaching authority the Board of Commissioners would exert over the national industries of the EDC countries (14). It was thought that supranational direction and control over armaments, could have a detrimental effect on national defence industrial production and it was feared that the French armaments industry might become too monopolistic within the EDC. In October 1951, the chairman of the Steering Committee of the Paris conference, Alphand, installed a so-called "Armament and Mobilization Committee", under the chairmanship

of the Frenchman Hirsch, an armaments industrial expert. It was provided that the new committee would deal with all questions raised by the economic role of the Commissioner, in particular the preparation and execution of the armament programme, the exercise of control over production and trade necessary to assure the carrying out of this programme, and the problem of industrial mobilization. In introducing Hirsch, Alphand stressed the conference's agreement recorded in Article 10 of the Interim Report (of 24 July 1951) that the common armament and equipment programme for the European forces would be established and executed by the Commissioner. Moreover, there was the provision in the Interim Report that the end-item aid which was received through the mutual aid programme would be received and allocated by the Commissioner.

At the first meeting of the Committee Hirsch dealt with the following points:

(a) Execution of the armament programme: The major preoccupation concerning armament would be, in Hirsch's opinion, to work out the powers required by the Commissioner for the effective execution of the armament programme, and the conditions under which such powers would be exercised. The following questions in particular would come up:

(i) The Commissioner would have to work closely with the Council of Ministers (representing the member governments), because the execution of the armament programme would have important effects on the

economies of the member governments. To assure the effectiveness of the execution, no formal limitations should, however, be placed upon the Commissioner. The Commissioner should also be required to consult on certain questions, a consultative committee representing producers, workers and interest groups.

(ii) The Commissioner would need power to obtain and verify information to the extent required for the execution of the armament programme.

(iii) The Armament Committee should make clear that the procurement contracts would be placed directly by the Commissioner, and that the Commissioner would have full power to supervise their execution.

(iv) In order to do his job, the Commissioner would need extensive knowledge of the total production and the imports of armaments in the member states. The provision should therefore be made that any manufacture or import destined for non-EDC forces should be reported to the Commissioner by the member governments in question. In order to avoid such manufactures or imports being affected by execution of the armament programme, the Commissioner should explore with the respective governments, which practical measures could be taken to prevent the programmes from being in conflict. The manufacture of military goods for export should be subject to prior authorization by the Commissioner.

(v) The Commissioner should have certain powers during a period of heavy rearmament and hence of

shortages in military goods and raw materials. Such powers should include compulsory orders, priorities and requisitions.

- (b) Military research: In Hirsch's view, the Commissioner should have the right to fix research programmes and to centralize and use the information obtained.
- (c) Relations with outside organizations as concerns armament and mutual aid programmes: Concerning questions of armament which would affect the EDC, the Commissioner should, in Hirsch's opinion, be the normal intermediary between the Community and the technical organizations of NATO, as well as between the Community and non-member countries. He should also allocate the material received under the mutual aid programmes on the basis of the EDC's armament programme, as well as assure the necessary liaison with international organizations such as the European Coal and Steel Community.
- (d) Fiscal problems: Hirsch realized that dealing with armaments questions on an international basis it was impossible to escape from involvement in the associated national fiscal problems, particularly taxation. In his view, the first aim of the Armament Committee should be the establishment of a single procurement agency for the whole of the European army's arms requirements. In order to make this workable, it was necessary so to negotiate with individual nations that their domestic fiscal policies

would not disrupt the EDC by impinging differently on the agency's provisions. It was also most important that there should be straight commercial competition for the supply of armaments without the difficulty of different governmental taxation scales distorting such competition: the relevant taxes had to be the same. The second aim, the fulfilment of which was dependent on achievement of the first, should, in Hirsch's opinion, be the complete standardization of military arms and equipment throughout the European army.

(15)

At the end of the first meeting of the Armament Committee, Hirsch added, in answer to a question of the Dutch delegate Blaisse, that the committee would also have to study the transitional problems relating to the armament programme, and particularly the question of how soon a common armament programme could be established. (16)

It was already clear then that, as in the case of the common budget, the Netherlands was in favour of a long transitional period in order to delay the implementation of the common armament programme. In such a transitional period the execution of NATO's MTDP could be safeguarded and, meanwhile, the Dutch could fence for time to build up their defence industry which was still in its infancy then.

At one of the subsequent meetings of the Armament Committee (on 8 November), the Belgian delegate stated that he was forced to hold general reservations concerning all efforts the committee would make to determine the extent to which the Commissioner would have power to establish and execute a common armament programme, because of the Belgian conviction that the force contributions to the EDC should remain nationally trained and nationally equipped. The Belgian

delegate added that he was quite aware that his position was completely inconsistent with the whole tenor of the discussions. Hirsch, who was rather embarrassed, immediately replied that the Belgian standpoint was apparently so completely at variance with ongoing discussions on the common programme that the committee would merely have to take note of the Belgian reservation.

Blaisse, the Dutch delegate, stated that at a later time, the Dutch might wish to enter certain reservations, but that for the present, they would not do so. According to the American ambassador, Bruce, one of the observers at the meeting, Blaisse was extremely active and constructive in making suggestions concerning the establishment and execution of the armament programme; on the whole, as Bruce continued, the Dutch standpoint did not vary greatly from that of the French chairman.

The Italian delegate was also in general support of Hirsch's position. The position of the German delegate was, in Bruce's view, not altogether clear (17). According to Fursdon, 'one small worry was that the German representative, from Herr Erhard's Department of Economic Affairs, was personally not in favour of the European solution; from time to time Hirsch had to appeal to the German head of delegation who invariably succeeded in clearing the blockage' (18). The position of the German delegate was far from easy since, in July of 1951, Germany had voluntarily waived its claim on the build-up of a national war production (heavy weapons) in return for a French concession concerning the level of integration of army units within the EDC (the French then accepted the division as basic unit).

On 12 November, the Dutch cabinet discussed the common armament programme. It was generally assumed at that time, that the delegations in Paris had agreed that the Commissioner would deal with

purchase programmes rather than with production programmes. It was thought that he would have no authority to interfere in the production of military goods. The cabinet felt that this was in accordance with the Dutch wishes.

Minister of Economic Affairs, Van den Brink, urged that the common programme of orders should be determined in the EDC Council of Ministers by a unanimous vote (the "Big Three" had proposed a two-thirds majority). In this respect, Van den Brink pointed to an Italian proposal which aimed at harmonizing the contributions of the countries with the share in the orders placed by the Community; the Italians in fact proposed that the amount which the Commissioner would spend on orders in a certain country would not be lower than ninety percent of the total financial contribution of that country. Van den Brink welcomed the Italian initiative. Drees however, thought it dangerous to mention such a precise percentage. He feared that the ninety percent arrangement would induce the national producers to take up a monopolistic position with the result that the costs would rise unprecedentedly.

Furthermore, the Dutch cabinet was confronted with the dilemma of whether or not nutrition and clothing should be involved in the common programme. The involvement of clothing and nutrition would undoubtedly yield economic profits to the Netherlands, but on the other hand, it would augment and complicate the common budget, a development which the Dutch wished to avoid.

No decisions were taken at this meeting. (19)

In the interdepartmental Advice Council, which analyzed the discussions in Paris, Blaisse advocated the broadest possible definition of the concept 'defence goods', which referred to the

inclusion of food and clothing in the economic provisions of the EDC. The Advice Council further discussed the authority of the Commissioner in the field of settlements of new war industries. The Commissioner could decide, on military grounds, in what place or country new factories would be located. The French had inserted this clause with the intention of preventing the settlement of certain industries in the borderland of the EDC, viz. in Germany. The Dutch, on the other hand, were concerned about the consequences of the sweeping powers of the Commissioner in this field. They feared that the measures against Germany would in the future be applied to the Dutch situation because of the vulnerable strategic position of the Netherlands. (20)

At the end of December 1951, Foreign Minister Stikker warned cabinet of the disadvantages of a strict control of national military production by the European Commissioner. Stikker pointed to the fact that Norway, Denmark, the United Kingdom and the United States would remain free, while Holland would be internationally tied within the EDC. Such a development would have national financial and employment implications, quite apart from those of strategy and dependency. Initially, the Dutch had rejected any form of production control. However, knowing that no other country backed the Dutch standpoint, Stikker said in cabinet that the proposal for production control would be acceptable only if precisely defined. He added that he would not mind if the production of atomic bombs, tanks and fancy war material were placed under inter-European control. Without such a narrow definition, the control would, however, be unacceptable. Van den Brink argued that he welcomed the measures for production control as a means to prevent the revival of the German armaments industry. The cabinet concluded that the control of military production should

be restricted by the drafting of a short enumerative list. Extension of this list would be possible only by a unanimous decision of the Council of Ministers. (21)

Notwithstanding the initial opposition by the Belgian delegate, the Armament Committee in Paris made considerable progress. Early in December, the French introduced a new plan for an armaments programme, which appeared to pacify the Belgian opposition. The substantial report of the EDC conference which was submitted to the North Atlantic council meeting in Lisbon in February 1952, made mention of general agreement on many questions concerning the production of arms, equipment and supplies. (22)

Soon after the Lisbon meeting, the Steering Committee of the Paris conference managed to finish its work on the draft-treaty of the EDC. In the draft-treaty, it was written that the Board of Commissioners (the idea of a single Commissioner had been abandoned) would be charged with the preparation and execution of common programmes for the armament, equipment, supply and infrastructure of the European defence forces. These programmes would span several years, and they would require the Council of Ministers' two-thirds approval, for the necessary financial arrangements (article 95 of the draft-treaty). In carrying out its work, the Board should firstly, make the best possible use of the technical and economic capabilities of the member states and avoid creating serious disturbances to their economies; secondly, it should take account of the size of their contribution and respect the regulations with regard to monetary transfers; and finally, in cooperation with NATO, the Board should simplify and standardize armaments, equipment, supplies and infrastructure 'as much and as rapidly as possible'. An agreement, accepting

responsibility for the placing of contracts in support of the various programmes, and for supervising and accounting for their execution in all respects, was also assigned at the Board (article 96). Concerning the execution of the programmes, it was stipulated that the placing of orders and the invitation of tenders should take place in free competition and with due regard to a complete impartiality (article 97). Furthermore, the Board would prepare a common programme and plans for scientific and technical research in the military field and ensure that this would be put into effect (article 99).

When settling an account in a member state in the course of executing the common budget, the Board was to use up at least 85 percent (not 90 percent, as the Italians had proposed) of the contribution paid by that state, but it was not to settle therein for more than 115 percent of the state's contribution.

Article 100 (A 7) appeared to be the most controversial article. It forbade 'the production, import and export of war materials from or to third countries, measures directly concerning establishments intended for the production of war materials, and the manufacture of prototypes and technical research concerning war materials'. The categories of war materials and equipment to which this plan was to be applied included: weapons, ammunition and rockets for all military purposes, propellants and explosives for military purpose, armoured equipment, all types of warship and military aircraft, atomic, biological and chemical weapons, and component parts and machines (those suitable only for the construction and production of the weapons listed above, as well as including ammunition, armoured equipment, warships and military aircraft). Exceptions to the ban on the comprehensive range of activities which art.100 imposed, included only such conduct of these activities by member states as the Board

of Commissioners had authorized by grant of a permit. The Board was not empowered to grant permits for the production of atomic, biological and chemical weapons in the so-called "strategically exposed zones" (23). This term was deliberately not defined but was obviously drafted with West Germany in mind.

With regard to war material intended for forces retaining their national character, the Board would deliver a general permit and establish a control to ensure that the countries which were granted such a permit would not make use of it beyond their requirements.

In the Netherlands, the fear existed that the rather independent position of the Board of Commissioners concerning the placing of orders with the national industries would favour the war industry of the big countries, at the expense of the smaller countries.

It appeared from a note drawn up by the Ministry of Economic Affairs in February 1952, that the Dutch were sceptical about the effects of the 85-115 percent rule (see above). In the note, it was argued that this arrangement would be unfavourable to the smaller countries, since these countries would spend a relatively larger part of the 85 percent (the minimum) on wages and services, with the consequence that a relatively smaller part would be left for military production. Dutch authorities thought that the 85-115 percent rule would possibly benefit the Dutch textile and food industries (because of their favourable competitive position) but it would certainly be disadvantageous to the small war industry of the Netherlands. The Dutch urged an increase in the authority of the Council of Ministers (unanimity of votes for the placing of orders); this would further limit powers of the Board.

Furthermore, the Dutch were very much concerned about the

provision in the draft-treaty, that the export of war materials to third parties (outside the EDC) would be placed under the control of the Board which was to provide the export licences. The Dutch argued that, as a result, it would be very likely that rival firms in the other EDC countries would be informed precisely about the amount and the size of the orders which third countries would place with the Dutch defence industry. In the Netherlands, it was feared that the armaments industries of the big countries in particular, would try (possibly with the aid of government subsidies) to outbid the quotation of the Dutch firms, by offering lower prices. Admiral Stam, the Flag Officer of the Navy, pointed to the fact that the Dutch navy, in cooperation with foreign navies, developed certain projects on condition that third parties (even NATO allies) would not be informed about these projects before the prototype was ready. It concerned here, projects which could be executed only by mutual cooperation. According to Stam, the condition of secrecy was made mainly because of industrial considerations. He feared that within the EDC, secrecy was not guaranteed because the members of the Board of Commissioners were national representatives who would never lose sight of the national interests and economy of their country. Stam thought it very likely that, if the Netherlands, within the EDC, was tied to an obligation of official notification of joint projects, then the countries which did not take part in the EDC, would refrain from any further cooperation with Dutch industries.

Schoenmaker, Dutch representative at NATO's Defence Production Board in London, corrected Stam's view, by pointing to the procedures within the framework of NATO; he said that the "secrets" of the DPB were often disclosed the following day, to American and French industries. General Major De Bie, commissioner for military

production of the Ministry of Economic Affairs, remarked that after the realization of the EDC, there would no longer be talk of national secrets. (24)

Another apprehension of the Dutch concerned the provision in the draft-treaty that scientific and technical research in the military field would be impossible without official notification to the Board of Commissioners. Duyverman, the deputy secretary-general of the Ministry of Defence, criticized Blaisse for having tolerated the approval of this provision at the conference in Paris. Duyverman was surprised to see that the Dutch industrialists in the Advice council for Military Production did not share his apprehension on this point. (25)

Moreover, in the Dutch view, the production and the import of war materials should be free from the Board's interference. The Dutch disagreed with the ban on some categories of war materials and equipment as provided for by article 100 (A 7) of the draft-treaty. In a note of the Ministry of Economic Affairs, it was written that article 100 was prompted by the political desire (particularly on the part of the French) to keep a proper check on German rearmament. The Dutch called for equal rights for Germany within the EDC, because they feared that in the long run the discriminatory provisions of the treaty would be directed against the industries of the smaller countries. This fear was caused, among other things, by the fact that the north-eastern part of the Netherlands was considered "strategically exposed area". The Dutch therefore proposed that the list containing the ban on some categories of war materials would remain as short as possible. They were particularly apprehensive of the harmful effects of article 100 on their electronics industry (fire-guidance and proximity fuses), their

aircraft industry and their explosives industry. The Dutch needed the greater part of these explosives for purposes other than military ones; hence, their demand that the exemptions for civil use (in the mines) would not be listed. (26)

One of the main goals of the common production programme was the promotion of a more efficient production by means of standardization. The Dutch proposed the insertion of a clause in the draft-treaty, stipulating that measures for the benefit of standardization would be taken only within the framework of (rather than in cooperation with) NATO. This Dutch amendment which, if accepted, would certainly have hampered the tendency towards European standardization, was prompted by the fear that the rather underdeveloped Dutch weapon industry would have to pay the piper for a successful standardization policy in Europe. However, the European partners rejected the Dutch proposal, while pointing to the fact that the standardization efforts within NATO had never led to encouraging results (see chapter 2).

At the Armament Committee in Paris, Dutch opposition was concentrated on two issues. Firstly, they objected to the French proposal to authorize the Community to monopolize the location of new gunpowder factories. This proposal was prompted by the fact that in the near future, a substantial number of gunpowder factories would be constructed in Germany. The Dutch considered this a further contribution to the concept of geographic control. They opposed the French plan because they feared that it would harm their own interests. In April, the French renounced the idea of monopolization; instead they proposed that a newly built factory would be placed under the authority of a controller (to be appointed by the Board). The Dutch considered this a substantial improvement. Secondly, the Dutch rejected for social reasons, the French suggestion to close

down enterprises which transgressed the regulations of art.100. The Dutch held the view that, the Community should take control of such enterprises, but this appeared to be impossible for juridical reasons. In the end, a compromise was found: transgressors of article 100 would have to pay substantial fines to the Community. (27)

In cabinet, it was mainly Prime Minister Drees who opposed the plans for a common armament programme. Minister of Economic Affairs, Van den Brink, appeared to be a moderate advocate of the programme, because he believed that the Dutch food and textile industry would profit from the new plan.

In February and March 1952, problems arose as a consequence of the American plans to change the current way of lending economic and financial assistance to Europe. The United States came out in favour of arranging its affairs with Europe as a whole, viz. by means of the new EDC. The Netherlands desperately tried to safeguard bilateral relationships with America, particularly in the field of dollar aid and offshore procurements (see chapter 2). It was feared that Holland would lose its favourable position if bilateral contacts were to be abolished. Foreign Minister Stikker held the opinion that military authorities should not be engaged in economic affairs. He said he was prepared to make a concession in the domain of the military end-item aid, but with regard to pure economic affairs he refused to sacrifice the bilateral tradition. He even threatened to withdraw the Dutch delegation from the Paris conference if the United States decided to proceed with its idea. (28)

The Dutch opposition, however, had little impact. Although Holland maintained its obstinate attitude for some time (especially in the field of financial aid), in the long run it had to concede to American wishes. The only solace to the Dutch was that the new

arrangement would be put into force only if the EDC was ratified by all the member countries.

On 27 May 1952, the EDC treaty was signed by West Germany, Italy, France and the Benelux countries.

In the Financial Provisions of the Treaty, it was written that it would be the task of the Board of Commissioners, in consultation with member state governments, to prepare the Community's budget. The procedure laid down that the Council would receive the draft budget three months before the beginning of the financial year. Within one month it would decide, by unanimous vote, the total size of the budget in appropriation and commitment credits, as well as the size of each member state's contribution. It would also decide, by a two-thirds majority, on the allocation of expenditures. The Council-approved common budget would then be sent to the Assembly who would pronounce on it, at the latest, two weeks before the start of the financial year. The Assembly could either accept or reject the whole budget; or it could propose modifications to items of revenue or expenditure. It could not, however, increase the overall total expenditure. Finally, at any of the above stages, the Board of Commissioners or a member state could, within fifteen days of a vote, request the Council for a second reading two weeks later. The proposals of the Assembly were to be considered adopted by the Council if there had been no such request within the statutory fifteen days, or in the event of such a request having been made, if the Council were to approve it by a two-thirds majority. (29)

After their opposition stance at the end of 1951 and the beginning of 1952, the Dutch now seemed to reconcile themselves to the idea of a common budget. They hoped that national control over

the financial contribution was sufficiently safeguarded in the treaty. Following the signing of the Treaty, the Dutch increasingly directed their attention to the common armament programme, rather than to the common budget.

The Economic Provisions of the EDC treaty were more or less of the same content as those mentioned in the draft-treaty (see pp. 363/4). The most important articles were article 104 and 107.

Article 104 (article 96 of the draft-treaty) specified the procedures concerning the Board's responsibility for the placing of contracts in support of the various programmes, and for supervising and accounting for their execution in all respects.

Article 107 (article 100 of the draft-treaty) stated that the production, import and export of war materials should be under the strict control of the Board of Commissioners. This article laid down guidelines to be applied by the Board in exercising its authority to grant permits. The Board was not empowered to grant permits in respect of some specific items (atomic, chemical and biological weapons) in "strategically exposed areas".

Furthermore, the Board was required to lay down within three months, regulative rules of procedure for the application of this comprehensive and sensitive article 107, and to present these for the Council's two-thirds majority approval. The scale of penalties to be imposed by the EDC court on persons and firms contravening its provisions were severe, and could, in serious cases, reach the equivalent in national currency of one million units of whatever unit of account the Council was to agree upon.

Finally the Board were, in consultation with member state governments, to prepare plans for the mobilization of their economic resources.

The 85-115 percent rule as it was mentioned in the draft-treaty, was inserted again in the real treaty. (30)

At a meeting of the Advice council for Military Production in June 1952, the general conviction was that Dutch orders for military equipment should be placed with the industry as quickly as possible, and that the industry should do everything to be ready for the execution of these orders. It was felt that, by doing this, Dutch industrial products would receive more attention abroad. In this respect, mention was made of the enormous increase in the industrial capacity of Germany. It was to be expected that with the realization of the EDC, Germany would emerge as a supreme rival in the field of production of "soft" military goods. (31)

In general, the Dutch were satisfied with the provision in the EDC treaty which were concerned with the financial and economic relations between NATO and EDC, although they also felt that the provisions did not go far enough. The Dutch had always urged that the Board of Commissioners should take full account of the recommendations and advice of the competent NATO authorities. In the Treaty the problem of determining agreed member state contributions to the common budget was solved for a short interim period by basing these contributions on the NATO contributory procedure (according to the so-called "Annual Review"). The national governments were rather independent in the drafting of these reviews. The Dutch appreciated the maintenance of this procedure, although the EDC' treaty also stated that the Council of Ministers should try to find a more integrated method in the near future. The Dutch had not succeeded in convincing the partners of the necessity of a long transitional period.

Furthermore, the EDC treaty prescribed that the Board should simplify and standardize armament, equipment, supplies and infrastructure in cooperation with NATO. The Dutch particularly welcomed the last part of this provision. They knew that the national programme for the build-up of the army was better safeguarded within NATO than within a supranational organization like the EDC. By tying the EDC close to NATO the Dutch hoped that the direct inter-relationship between the country's defence contribution and the country's expenditures on the maintenance and equipment of the national contingents would remain intact. (32)

5.4

DUTCH INDUSTRY AND THE COMMON ARMAMENT PROGRAMME

On the 1 September 1952, the third Drees cabinet was formed, consisting of PvdA, KVP, CHU and ARP. Minister of Finance, Liefstinck, (PvdA) and Minister of Economic Affairs, Van den Brink (KVP), were not represented in the new cabinet. They were succeeded by respectively Van der Kieft (PvdA) and Zijlstra (ARP).

In November 1952, the Advice council for Military Production (AMP) discussed the possible impact of the 85-115 percent rule on the Dutch economy. According to this rule, the Board of Commissioners could decide to spend 15 percent of the total financial contribution of the Netherlands in another EDC member state. Duyverman (Ministry of Defence) argued that at the time, 93 percent of the Dutch procurement budget was spent with the indigenous industry, so that the figure of 85 percent would mean a deterioration of the Dutch

position. He expected that the Board of Commissioners would place orders in the Netherlands to the equivalent of 85 percent maximum. A higher percentage was deemed unlikely because of forecasted fierce competition resulting from the rapidly-increasing industrial capacity of Germany and Italy.

Like Duyverman, Van der Beugel (DGEM) was very pessimistic about the implications of the 85-115 percent rule. In his view, it was to be expected that, as in the past, the greater part of the Dutch arms would be financed from American aid. With the creation of the EDC, this aid (mainly offshore procurement) would fall under the authority of the Board of Commissioners instead of the national governments. According to Van der Beugel, this was a serious problem because of the industrial structure of the Netherlands. Moreover, at this time, Holland was one of the main beneficiaries of American offshore orders. Van der Beugel predicted that the Dutch voice would receive less attention within the EDC, than it had received within NATO. He feared that the United States would try to buy France into the EDC by means of an increase in offshore orders. This would doubtless thwart the stimulation of new production in the Netherlands. (33)

Dutch industrialists appeared to be less apprehensive of the financial and economic implications of the EDC treaty. Their contribution to the discussion was marginal, at least for the rest of the year 1952.

Early in 1953, the number of reports and notes by the Dutch authorities involved in the discussion on the common armament programme, increased. This resulted, for the most part, from the so-called "additional protocols" which the then recently appointed French Prime Minister Mayer wanted to attach to the EDC treaty. In the economic field, Mayer asked the other EDC countries for certain

extensions of the EDC provisions regarding arms production and export, to cover for overseas forces. Furthermore, he tried to reduce the influence which third parties (non-EDC countries) might exert over the armament programme of the EDC.

In March 1953, the French employers' organization (Conseil National du Patronat Français, CNPF) wrote a letter to Mayer, in which the Prime Minister was urged to do even more to defend French business interests. In this letter, the CNPF gave vent to its dissatisfaction with the 85-115 percent rule. The CNPF argued that

Si l'on considère d'une part de cette fraction de 15% correspond à des montants qui sont loin d'être négligeables en raison de l'importance des budgets de défense, et, d'autre part, qu'aucune disposition n'interdit pratiquement au Commissariat de priver de commandes tout une branche d'industrie dans un pays membre, on peut en conclure qu'une mise en application brutale du Traité risquerait d'entraîner d'importants bouleversements économiques dans la structure des Etats membres.

In an effort to avoid feared detrimental effects of the 85-115 percent clause, the CNPF proposed the installation of a minimal transitional period of five years. It was hoped that this five-year period would allow to settle-in the common armament programme, because, as the CNPF proposal made clear, the Board's authority would be restricted during this period.

The CNPF further criticized the provision of the EDC treaty, that the export of war materials to third countries would be forbidden unless the Board granted a permit. In the letter to Mayer, the CNPF wrote that,

En ce qui concerne les importations, il conviendrait de préciser que les programmes devraient être soumis à l'approbation du Comité consultatif. En ce qui concerne les exportations, il ne semble pas opportun de les soumettre à l'autorisation du Commissariat. Il pourrait être convenu que sauf avis unanime des Etats membres, aucune modification ne serait apportée, aux conditions réglementant, lors de la mise en vigueur provisoire du

Traité, les exportations de matériel militaire vers les Etats tiers.

Finally, the CNPF worried about the provision that the manufacturing of prototypes technical research would fall under the authority of the Board. The CNPF opposed this because it felt that the Board would not be able to inform itself adequately of the level of technical research in each member country (34).

It was obvious that from January 1953 on, the French sought to augment the role of the national governments within the EDC, while reducing the power of the Board. This fundamental change in the French attitude towards the EDC constituted the first presage of the ultimate death of the EDC in August 1954 (35). One may even say that the EDC was dead from the time Mayer came in. In the Dutch cabinet, the failure of the EDC was soon discerned, mainly by Drees and Defence Minister Staf. (36)

The Dutch did not appreciate the protectionist undertone of new French proposals. Not just the French, but the Italians also, wanted to restrict the influence of third countries on the EDC. Dutch industrialists did not subscribe to the French view that the 85-115 percent rule would endanger the economic structure of the member countries. Moreover, they argued that in concluding the contracts the Board of Commissioners should tolerate the greatest possible competition, not only within the EDC, but also outside the organization (participation by third countries). Industrialists made a plea for the greatest possible publicity in respect of the purchasing policy of the Board. It was generally felt that the Dutch economy would profit from an advanced liberalized international economy. This feeling was prompted by the knowledge that Dutch industries produced at relatively low prices, in comparison with

other countries. (37)

In March, the Dutch made it known that the additional protocols were acceptable only if the French were able to prove that they did not want to create a favourable exceptional case for themselves, to the detriment of the EDC. In the Dutch view, the French should content themselves with the safeguarding of the strictly necessary facilities for the war in Indo-China. (38)

In a note of the Ministry of Economic Affairs in May 1953, the proposal was made that the Board should always deal with the cheapest contractor, assuming that a high quality was guaranteed. According to the note, an order should be restricted to a contractor in a certain EDC country, only if the economic interests of the country in question were in danger.

In the note, it was further stated that the Board should be forbidden to make an independent commercial and industrial policy. In the Netherlands, it was feared that such independent policy-making would degenerate quickly into a protectionist industrial policy. In the view of the Ministry of Economic Affairs, only the Council of Ministers should occupy itself with policy-making (protectionist or not). The note concluded with the warning that a protectionist policy within the EDC without regard to third countries (possibly the lowest tenders) would not only be needlessly expensive, but would also provoke corrupt leanings. (39)

France, Italy and also Germany opposed the liberal economic thoughts which prevailed in the Netherlands. The Dutch were conscious of this, and they tried to compromise their standpoint. At the end of May, they proposed that all the contractors (also of third countries) should, in principle, be permitted to subscribe to orders, but that in some cases the Board should be given the power to restrict the

tender to participating countries only. (40)

In May 1953, the "Defensie Studie Centrum" (defence study centre) published an analysis of the problems relating to the Dutch financial contribution to the EDC. It was estimated that the Dutch would contribute f 1,100 mln to the EDC (the defence budget of f 1,500 mln minus f 400 mln for defence expenses outside the EDC). This financial contribution accounted for about three percent of the total revenues of the EDC.

The number of Dutch soldiers who would participate in the EDC was estimated as follows:

Army:	67,000 conscripts 17,000 regulars
Air Force:	20,000 regulars
Navy:	(the navy would remain nationally organized).
104,000	

This number of 104,000 accounted for some six or seven percent of the total EDC force.

For the support of these men, pay and nutrition were needed to an amount of f 375 mln. Furthermore, estimations were drawn of the "so-called "overhead expenses", that is, the amount needed for the administrative organization of the EDC (f 25 mln), and of local expenses for maintenance and exploitation (f 50 mln). Together, these amounts which could only be appropriated to local use, mounted up to f 450 mln. As a result of this, f 650 mln (f 1,100 mln minus f 450 mln) would be available for purchases by the Board of Commissioners. This sum however, would fluctuate because of the 85-115 percent clause. This implied that f 165 mln (fifteen percent of the total

contribution of f 1,100 mln) could be added to or subtracted from the amount of f 650 mln. The Dutch share in the purchasing policy of the EDC would thus amount to at most f 815 mln, and at least, f 485 mln. This was much less than the f 1 mld estimated on an annual basis, for procurement in the national defence budget.

The report concluded that the estimated financial contribution of the Netherlands to the EDC (three percent of the total revenues) was too low, in proportion to the high population figure and the substantial Dutch contribution (in manpower) to the EDC force (some six or seven percent).

It was feared that the common armament programme would have unfavourable effects on the Dutch defence industry, the more so as the Dutch industry did good business within the framework of NATO. The report recommended all the parties involved in the military production policy of the Netherlands (government, parliament, departments, industry) to establish the closest possible connections in the near future, in order to be able to obtain the desired orders for the Dutch industry. (41)

In the meantime, Dutch industrialists had become dissatisfied with the fact that their views on the EDC were completely disregarded by the public authorities. More than once, they insisted on having their voice heard at the EDC negotiations. However, in the most appropriate forum, the AMP, hardly any discussion took place about the events in Paris. Some top officials in this advice council, Everts and Van der Beugel (both DGEM) in particular, deliberately tried to keep the AMP outside the national EDC discussion. Everts said that the discussions within the AMP were generally so arid that it made no sense to involve this council in the national debate on the EDC. (42)

However, in mid May 1953, the Ministry of Economic Affairs organized a meeting with representatives of the government and of Trade and Industry. Nearly all the top industrialists of the Netherlands were present at this meeting (43). Even the shipbuilding industry was represented (by Van der Graaff of Cebosine), although the navy and the naval industry would, for the greater part, remain outside the EDC.

During the discussions, two principal questions forwarded were:

- (a) Should the Board of Commissioners be granted the power to exclude the producers of certain EDC countries from participation in a public tender?
- (b) Should the Board have the right to give preference to EDC countries over third countries?

With regard to question (a) the industrialists appeared to advocate the system of the fullest measure of public tender. If this could not be put into practice, they stated a preference for having the greatest possible publicity on the contemplated orders. The general opinion held at the meeting was that it would be unwise to grant the Board the authority to restrict the tender to only a part of the Community. The inevitable consequence of this refusal to create a geographical limitation within the Community, was that the Board would have a certain liberty to disconnect the tender and the allocation. The meeting produced few objections to the resulting deflection of the system of allocation on the basis of the lowest tender.

As far as question (b) was concerned, industrialists felt that the Board should be given the option to restrict tenders to EDC countries. They said they were not prepared to admit that any country in the world could participate in a public EDC tender.

The opinions voiced by industrialists at the meeting were based on economic considerations. The top managers realized that political aspects also played an important part at the discussions in Paris, but they argued that a judgement on these aspects did not fall within their competence. (44)

A week after the meeting of the industrialists, a note was drawn up by one of those present at the meeting: K pfer, of the "Koninklijke Nederlandse Vliegtuigenfabriek" (Royal Dutch aircraft factory) Fokker. The note contained K pfer's private views on the common armament programme. According to K pfer, the process of European integration, as embodied in the EDC, offered Dutch industries new and unknown opportunities to acquire orders for military products. Within the EDC, Dutch industries would be in a position not only to compete for various types of orders within a large geographic area but also to receive information about the technical demands and technical data of the desired types of military installations. In contrast to current procedures of the time, these demands and data should, generally, in K pfer's view, be made known to all the possible tenderers, before the Board would decide to place an order with a particular firm.

K pfer also warned of the drawbacks of this system, viz. that the new rules of publishing information would not be respected or that the orders would be reserved for a limited group of contractors. Finally, he pointed to the principle that the Board would give the order to only one of the interested parties, preferably the lowest tenderer. As far as the aircraft industry was concerned, it would, in K pfer's view, be preferable to give instructions to more than one firm to manufacture prototypes according to the same specifications. Following the completion of the prototypes, a strict selection should

prove which type of aircraft would be used for quantity production. According to Küpfer, this was the most desirable procedure, because it would almost eliminate the temptation to select on other than technical criteria. (45)

Küpfer probably expected that within the EDC, Fokker's sales potential would expand because Germany, deemed a strategically exposed area, did not have the right to produce its own aeroplanes.

At the end of June 1953, Otten, chairman of the presidium of "Philips Gloeilampenfabrieken" (Philips glow-lamp factory) joined the paper discussion on the common armament programme. He decided to do this with a view to the forthcoming debates on the EDC treaty in the Second Chamber of the States General.

Otten appeared to be rather pessimistic about the effects of the armament programme on the Dutch industry. He feared, in particular, the far-reaching influence the Board of Commissioners would exercise over the economies of the member countries. Otten was convinced that the Netherlands would only play a very modest role within the Board. This would have serious consequences for the Dutch economy, according to Otten, because the export of military equipment would decrease, while expensive imports would increase. Moreover, as Otten argued, the civil industry in the Netherlands would be hit by a recession in the defence industry since the advanced research and development activities in the defence industry always had a favourable impact on the civil industry.

In Otten's view, the 85-115 percent clause would not adequately protect the Dutch industry, because in a small country like Holland, an important part (about 45 percent) of the minimum of 85 percent would be used for pay and the purchase of food for the army. Otten urged the Dutch authorities to intensify the cooperation between

government and Industry in order to be able to receive EDC orders to a higher amount than the amount which corresponded with 85 percent of the Dutch financial contribution. He added that the attainment of the maximum percentage of 115 percent would doubtless have a favourable impact on the balance of payments position of the Netherlands, but he felt that this was wishful-thinking and therefore unrealistic. He believed that the Dutch would hardly even reach the minimum of 85 percent. The harmful impact on the Dutch economy, as Otten continued, might be corrected if it were permitted to produce for and export to, third countries. Such a permission however would be hard to obtain, because the Board would always have the final say in acceding to a request.

It was hardly surprising that Otten rejected the European initiative. In 1950, NATO's Task Force Commission electronics had given a favourable verdict on the quality of Philips' signal communications equipment, and it had even made some recommendations to start the production of certain types immediately. Philips was more than satisfied with the arrangements within the framework of NATO, and was thus reluctant to introduce certain changes which might endanger existing procedures.

Although Otten did not appreciate the idea of a common armament programme within the EDC, he realized that the Netherlands had to prepare itself adequately, in the event the EDC treaty being ratified. He therefore advised the government to consider some of the following arguments:

- (a) As long as the EDC treaty is not ratified, Dutch military authorities should place as many orders as possible with Dutch industry. This will increase the possibility not only of gaining more defence orders in the future EDC but also to attract more orders from third countries, including offshore orders from the United States.

- (b) To attain these goals it is deemed indispensable that the government and the Industry should, at short notice, start to cooperate in the making of an active policy. Moreover, in the future, Dutch industry should be more free to make contact with the purchasing authorities in foreign countries. Up to now, the government has always tried to mediate between the contracting parties.
- (c) It would be very useful to receive at the earliest possible moment, information about the needs of the EDC. With this information it would be possible to make an analysis of the military production and the research potential of the Netherlands. In this respect it is deemed imperative that we follow carefully, the developments at the conference in Paris.
- (d) In order to obtain the greatest possible efficiency, more experts of Industry should be involved in the national decision-making process. Only strong collaboration can lead to results and avoid calamities. (46)

Otten's letter provoked much discussion. One of the respondents to the letter was the Minister of Economic Affairs, Zijlstra.

Zijlstra defended the Dutch EDC policy, arguing, that within the EDC, the Council of Ministers would have sufficient authority to correct a discriminatory policy by the Board. He did not share Otten's fear of a supreme Board. The Minister pointed to several provisions in the EDC treaty which were meant to check the Board's activities.

Furthermore, Zijlstra argued that opportunities to obtain orders for the Dutch industry were not limited to the area of the EDC. Apart from the EDC, the nationally organized forces (the greater part of the Dutch navy) and third countries outside the EDC (other NATO countries), other important markets for the Dutch defence industry remained. Zijlstra did not agree with Otten's remark that the Board would control the entire export of war material to third countries. (47)

Minister of Defence, Staf, replied also to Otten's letter. To point (a) of the letter, he wrote that Dutch military authorities

already placed the greater part of their orders with Dutch firms. Concerning point (b), he argued that the government had recently started to mediate between Dutch industries and third countries at the special request of Philips itself. He did not agree with Otten's criticism that interested parties would be discouraged by the mediating role of the Dutch government. On the contrary, according to Staf, this mediation even increased the value of the manufactures.

(48)

The Chief of the Navy Staff, Vice-Admiral De Booy, shared Staf's opinion about the importance of the government and the military authorities as mediators. In De Booy's view, it was logical that the military authorities had a say in the matter, because all the orders dealt with objects of purely military importance. (49)

The Flag-Officer of the Navy, Stam, endorsed Minister Zijlstra's view that the Board of Commissioners would be kept satisfactorily in check by the relevant provisions of the EDC treaty. Stam, however, shared Otten's fear of the possible dangers of the 85-115 percent rule. According to Stam, the process of European integration had, until now, produced adverse effects only in that it had increased rather than decreased the tendency towards autarchy. Like Otten, he was very sceptical about the possibilities of spending the flexible fifteen to thirty percent domestically, because the Netherlands was unable to produce certain types of military equipment.

Stam's response to Otten's letter went further. In reply to point (a), he wrote that in the near future Dutch industry should take more risks and initiatives. Instead of waiting for the orders, Stam continued, the firms should produce more ready prototypes, because it was clear that foreign countries would place orders with Dutch firms only if concrete examples were available. The firms which

were already well-known for the manufacture of standardized products would have considerable advantages over the "wait-and-see firms". Stam disagreed with the common complaint of the Dutch industry that the fiscal levy in the Netherlands was too high to take risks. Against this argument Stam argued that in comparison with other countries, the rate of interest in the Netherlands was very low (viz., between four and five percent), so some risks would be justifiable. Stam shared Otten's opinion that in some European countries (especially in Britain and France), governments interfered far too much in the acquisition of orders for their industries. Such governments supported their industry by means of state subsidies and loans. In the Netherlands, such intervention regarded as meddlesomeness by foreign governments 'ran counter to the Dutch principles of reliability and objectivity'.

Like Otten, Stam made a plea for a closer cooperation between government and Industry. He feared, however, that this would be hard to realize because the 'Dutch industry occupied itself too much with some kind of narrow-minded commercialism instead of with a more broad-minded industrialization programme'. (50)

In The Hague, the interdepartmental committee which studied the economic provisions of the EDC treaty drew up a report concerning the common armament programme. In the conclusions of the report it was stated that:

- (a) Public tenders should not be restricted to only a part of the Community. In some cases the Board should however be permitted to pass over the lowest tenderer. This was in accordance with article 102 of the EDC treaty in which it was written that in carrying out its work the Board would take account of the best use of the technical and economic capabilities of the member states, the avoidance of serious disturbances to their economies, the size of their contributions, their commitments to NATO and to third parties undertaken prior to the EDC treaty.

- (b) In principle, all the producers (also of third countries) should be invited to participate in the public tenders. In some cases (see (a)) the Board should however restrict itself to the member states of the EDC.
- (c) The 85-115 percent rule would be a satisfactory means to protect the Dutch industry. (51)

These rather optimistic conclusions of the interdepartmental committee were vehemently disputed by some influential authorities in the Netherlands. In July, a meeting was organized which was attended by the greater part of the secretaries-general and the directors-general of the departments which were concerned with the EDC. (52)

At the end of the meeting, a letter was drafted in which the top officials gave vent to their objections to the realization of the EDC. They wrote that the EDC would seriously affect the social and economic stability of the Netherlands. The economic provisions of the Treaty were so vague that their implementation had to be regarded with much suspicion. The meeting pointed to three particular disadvantages:

- (a) Economic relations between Holland and the United States would deteriorate if the United States executed its plan to stop bilateral end-item aid and financial aid to the Netherlands. It was feared that the Dutch would become too dependent on the Board if the Americans rendered their aid directly to the EDC.
- (b) Dutch policies on wages and prices would be influenced too much by the exorbitantly high wages which the highest military authorities would earn within the EDC (in some cases thirty-five to forty percent higher than the then current wage rates in the Netherlands).
- (c) The Board might abuse the 85-115 percent rule by commissioning the Dutch to perform some extra administrative services within the EDC organization, instead of placing orders with the Dutch industry.

The letter, signed by the top officials, was sent to the government; it contained, furthermore, the statement that the Dutch delegation at the Paris conference 'gave' more than that it 'took'. Finally, it remarked, the Dutch would sacrifice a part of their sovereignty to

'an organization which did not at all harmonize with the Dutch national character'. (53)

In the summer of 1953, the stances on the common armament programme appeared to be strongly divided. Hijzen, one of the most qualified experts on this issue (as Dutch representative in the "Comité d'Armement" in Paris), argued that defence integration by means of the EDC could have fruitful effects on the economic integration of Western Europe. Hijzen stated that the centralization of purchases and tenders within one body, the Board of Commissioners, would have a very favourable impact on the export of Dutch war materials. According to him, the influence of the Board was satisfactorily arranged in the EDC treaty, although this influence 'should again and again be carefully checked by the Dutch authorities'. (54)

In November 1953, Hijzen gave another explanation of the course of the integration process when he compared the European Coal and Steel Community (ECSC) with the EDC. He argued that in the ECSC, the coal and steel markets were integrated, with the consequence that some sovereign powers, for example, the power to interfere in the system of economic regulations, were transferred to a supranational body. In Hijzen's view, the scope of the EDC was different, because the EDC was not created with the intention to promote the economic integration of Europe. With the exception of what was written in article 107 of the EDC treaty (control over production, research, import and export of war materials), the EDC would not have sovereign powers over national industries. The Board of Commissioners would only act as a purchaser, because it did not have the authority to act as regulator on the market. (55)

One of the many EDC committees in the Netherlands concerned

itself with the organization of the Board of Commissioners and more particularly, with the question of whether the tasks and authorities of the Board should be centralized or decentralized. This committee, under the leadership of Baud (Ministry of Defence), reached the conclusion that the Board's policy should be centralized but that the execution of this policy should be decentralized. The committee concluded, that the principle of free competition and the 85-115% rule underlined the need for a central policy and direction. In the committee's view, the various tasks should be performed as follows:

Tasks	Performance
Tender:	centralized;
Appropriation:	centralized;
Fixing of contracts:	as decentralized as possible;
Control of production:	as decentralized as possible;
Offtake, sale:	decentralized.

In conclusion, the committee stated that the industrial integration of Europe on the basis of the EDC treaty should be rejected. The EDC would, at best, be a tentative impetus to the attainment of an advanced economic integration. (56)

In the meantime, the Dutch continued their efforts to convince France and Italy of the importance of the principle of free competition ("world-wide bidding") within and outside of the EDC. According to the Dutch, price, quality and time of delivery should be the determining criteria. They argued that the principle of "wide competitive bidding" already existed within NATO (although this principle was subject to many stipulations here). The Ministry of Economic Affairs urged the extension of at least the principle of "EDC wide bidding" to "NATO and EDC wide bidding". Moreover, a plea

was made for the involvement of Germany as full competitor in this system. The drafter of the report of Economic Affairs wrote that he realized that France and Italy would resist the plans for free competition. He was, however, convinced that the French and the Italians would soon give up their resistance, given the fact that they recently had been forced to capitulate on this issue within NATO. (57)

It was obvious that the Dutch financial-economic experts were strongly divided in their speculations on the possible results of the common armament programme. In a radio discourse on 24 June 1954, Schoenmaker, director of the firm "Artillerie Inrichtingen" (after his resignation as Dutch representative at the DPB), voiced more or less the general opinion when he stated that it was almost impossible to gain a proper insight into the consequences of the coming into force of the common armament programme. The only thing which was certain, according to Schoenmaker, was that the EDC offered new interesting sales potential, not only regarding the delivery of material but also concerning the engineering of military works. Schoenmaker warned however that, to be successful, it would be necessary that government and Industry should carefully follow the preparatory activities of the Interim Committee in Paris (particularly of the "Comité d'Armement"). It would be very useful to discover at short notice which types of products the EDC would recognize as the future standardized products. Schoenmaker urged the Dutch to 'do their utmost to introduce their many-sided industrial potential to the competent EDC authorities'. (58)

In this respect, Everts (DGEM) argued in the AMP that the chances for a good performance of Dutch industry were closely linked to the staffing of the Board of Commissioners. It was estimated that

the Netherlands would be represented on the Board with 125 military men and 50 civil officials. Everts held the opinion that it would be very difficult to find 50 capable civil servants in the Netherlands! He suggested a quick training for some qualified people from Trade and Industry, in order to have competent officials available for the Board. Everts pointed out that certain countries had deliberately overmanned their delegations at the Interim Committee for the purpose of training some delegates for a future job at the Board.

Concerning the required qualities of the nominees, Hijzen argued that strength of character was considered very important: the candidates were to be of highly-objective dispositions. (59)

In January 1954, the First Chamber of the Dutch parliament approved the EDC treaty. In 1951 the Netherlands had been the most hesitant: now it became first of the six nations to ratify the treaty. Following the ratification, the government expressed its hope that the EDC would come into force as soon as possible. It became increasingly worried about what it saw as the selfish, inward-looking attitude of the French.

5.5

FRENCH OPPOSITION TO THE ECONOMIC PROVISIONS OF THE EDC

The argument in chapter 3 was that the dislike of the economic provisions of the EPC was one of the most important reasons for French parliament opposition to the ratification of the EDC treaty.

In the beginning of the fifties, the French became increasingly dissatisfied with the process towards the economic integration of

Western Europe. The competitive position of the French economy declined sharply, while at the same time the economic situation of most of the other countries of Western Europe (and especially of Germany) substantially improved. The time factor played an important role. By 1950 French industry was still competitive, but between 1950 and 1954, the increase in industrial output lagged far behind that of German industry. The same development could be traced with respect to the trade balance and the investments in France and Germany. In February 1952, the French government saw itself forced to suspend the liberation of foreign trade for fear of international competition. The selling prices of industrial products were substantially higher in France than in other Western European countries. In Aron and Lerner's book, Vernant wrote concerning the EDC, that French industrialists did not appreciate the development towards a common market because in France,

les prix de revient étaient plus élevés que ceux des produits étrangers pour plusieurs raisons: le coût des matières premières; les salaires et charges annexes (dont l'impôt sur les salaires supporté par les entreprises et inclus dans les prix); les charges fiscales incorporées au prix de revient à l'échelon de producteur et au prix de vente à l'échelon du consommateur; les frais de transport, amont et aval; les charges financières; les frais de commercialisation; les frais généraux fixes; les récupérations pour la vente de sous-produits éventuels.

The Interim Committee of the EDC developed a table concerning the theoretical selling price of a standardized product in five of the six EDC countries (plus the United Kingdom). This table was based on the hypothetical assumption that all the countries involved had similar factories which bought their energy, transport and raw materials at the same prices, and which produced the same products with the same efficiency and the same means.

Theoretical selling price (all taxes included) of a standard product in five countries signatories to the EDC treaty and in the United Kingdom.

	France	Germany	Belgium	Holland	Italy	U.K.
Wages of the workers (inclusive of social charges)	30.00	25.95	31.50	19.50	22.50	24.60
Wages and salaries of staff and executives	5.00	4.38	5.49	3.39	3.56	4.59
Purchase during anterior phase	(8.46 19.75)	8.46	8.46	8.46	8.46	8.46)
Amortizations and attached matters	9.00	7.13	8.04	5.46	6.24	6.40
Energy and transport	7.94	7.94	7.94	7.94	7.94	7.94
Benefits	3.00	2.38	2.68	1.99	2.08	2.13
Property-tax	0.50	1.45	0.45	0.46	0.35	0.36
Export prices	83.65	76.18	85.41	63.14	67.30	71.06
Taxes on transactions	1.00	3.05	3.94	3.03	2.02	-
Taxes on production	15.35	-	-	-	-	-
Internal prices within the European Community	100.00	79.23	89.35	66.17	69.32	71.06

(60)

It appeared that the French price (the maximum of 100) was the highest, while the Dutch sold their product at the lowest price of all the EDC countries. This was mainly caused by the extremely low wage level in the Netherlands, and the very high indirect taxes which were added to French prices.

French industrialists feared that within the EDC, their firms would become subject to the rules of free competition with the other member countries. They were convinced that this would have very harmful effects, not only on the war industry, but also on the civil

industry. Moreover, as in some circles in Holland, it was feared that the Board of Commissioners would spend more than the flexible fifteen percent of the French EDC contribution in foreign countries.

In France there were only two branches of industry which welcomed the creation of the EDC: the aircraft industry and the electronics industry. Representatives of these industries hoped that the EDC would offer them new markets because the rival industries in Germany (being a strategically exposed area) were prohibited from producing aeroplanes and electronics. The advantages of the "strategically exposed area" clause for these two branches of French industry would have been largely counterbalanced, however, by the effect of the 85-115 percent rule, whereby the gains for French aeronautical and electronics production would have to be registered as losses for other branches. The German steel industry, for example, would have had the lion's share of the orders; the textile industries of other countries, Italy and the Netherlands for example, would have produced practically the total requirements of the Community. French metallurgy and textile production would thus have been reduced to pauper status. Consider: the French contribution to the budget of the EDC was to have been 750 mld francs per year (about the amount France had been spending on armaments during recent years). A loss of fifteen percent on military purchasing would reduce the annual volume of sales by the French industry by about 100 milliards. This was the sum that could, at the discretion of the Board of Commissioners, be spent to the benefit of foreign industry, to the detriment of French industry. Some French industries (e.g. textiles) were already in a difficult situation. Since these industries employed a considerable proportion of the French labour force, it was clear why larger and larger segments of the French public became

anxious over the potential threat posed to those industries by the economic clauses of the EDC treaty. (61)

At the negotiations in Paris, the French tried to make the best of it. The Dutch were often annoyed by the 'typically national French idea to make the EDC subservient to the pronounced national interest of France'. They were, for instance, piqued by several efforts on the part of General De Larminat, the French chairman of the Armament Committee, to exclude the French from some supranational impositions during the transitional period.

De Larminat defended himself, by saying that he wanted to keep an extra check on the Germans. The Dutch feared, however, that these French manoeuvres would prejudice not only Germany, but also the Benelux countries and Italy (62). They suspected the French of trying to empty the EDC treaty of its basic meaning without making any constructive gesture in return. (63)

Although by the spring of 1954 the Netherlands, Belgium, Luxembourg and Germany had ratified the treaty, it was obvious that the EDC was doomed to death. The Dutch cabinet discerned this fact. Foreign Minister Beyen was the only member of cabinet who still believed in a miracle, especially after Mendès-France had managed to solve the Indo-China problem (in June 1954).

However, more than once, the debate on the ratification of the treaty was postponed by the French parliament because they could not ensure a majority for ratification. Some French desperately tried to save the EDC by proposing new amendments to the treaty. One of them, the Radical Senator Maroger, was strongly convinced that the United Kingdom should be considering some "solution de rechange". He advocated the concept of an organization which would ensure the containment of German rearmament by common consent; France, Germany

and the United Kingdom would be represented in this organization in equal numbers. In Maroger's view, this organization would be less rigid and potentially federalistic than the EDC, but necessarily narrower and with more authority than NATO. With respect to armament and infrastructure, Maroger wanted to give the nation states more freedom for manoeuvre than they would have within the EDC. In Maroger's concept the Council of Ministers would be the highest authority. The Dutch did not trust Maroger's intentions because they thought that he only wanted to further the interests of French industry.

For the same reason, the Dutch rejected a French plan for the integration of state industries into the EDC for armament production; they rejected also Lapie's plan for the creation of a community of European armament industries (mainly concerned with the integration in aircraft procurement). Lapie advocated a sound economic foundation before starting with plans for a political and military integration of Europe. He proposed a "communauté de matériel", arguing that,

ce qui existe pour le moment, c'est une Communauté économique, une mise en commun de deux matières premières: le charbon et l'acier. N'est-il pas relativement normal de passer de ce stade à une communauté de produits manufacturés, et parmi ces produits manufacturés de se limiter au matériel de guerre lourd (grosse artillerie, blindage de chars et de navires, gros appareils de levage)? (64)

To the Dutch, Lapie's plan was not 'relatively normal', and they refused to pay much attention to it.

The French, however, continued their struggle to postpone the implementation of the concept of free competition within the EDC. In July, the vice-president of the "Comité pour la Défense des Intérêts français en politique étrangère" (CDI), Guy de Carmoy, called on Dutch Foreign Minister Beyen to talk about some economic

clauses which his government wished to append to the EDC treaty in order to dismantle the supranational arrangements of the treaty. Beyen, however, refused to meet De Carmoy because he 'did not want to give the impression that Holland was prepared to negotiate the EDC treaty, and certainly not with private organizations'. (65)

The CDI were not discouraged by Beyen's refusal. At the end of July, it drew up a letter in which it was suggested to authorize the Board to ignore the 85-115 percent rule. The CDI hoped that, within the EDC, France would be charged with the production of all the aeroplanes and guided missiles which were needed by the German army. As a consequence, it was expected that more than 115 percent of the French contribution to the EDC would be spent in France. This ran counter to the original meaning of the 85-115 percent rule, and the CDI therefore suggested a modification, stipulating that: the Board would be given "carte blanche" to ignore the 85-115 percent clause; and, the Board would be compelled to purchase in France, all the equipment destined for French troops.

The Dutch response to these suggestions was of course highly unfavourable. They argued that there were still several French troops in Germany not paid from the French defence budget, but from the German budget. The Dutch thought that the production of guided missiles and aeroplanes in France would not endanger the 85-115 percent clause. Moreover, they pointed out that orders to produce heavy equipment for Germany would not necessarily be awarded to French industries. Apart from the other EDC countries, Great Britain also, it appeared, would be a serious candidate-contractor.

Another far-reaching CDI initiative concerned a proposal to limit the power of the Board in the field of procurement policy. With this proposal, the CDI tried to force the Board, by means of a

ministerial directive, to buy 100 percent of the QMG goods and 85 percent of the remaining war material in the country, for which forces the articles were meant. The Dutch vehemently opposed this initiative, for economic considerations and for reasons of principle. They feared that the provisions concerning fair competition (article 104), would be emptied of meaning. From an economic point of view, it was argued that the EDC would offer Dutch industries some additional sales potential in the field of QMG goods, particularly in the textile sector (where French industry was not at all competitive). The Dutch were not prepared to give up this advantage. In conclusion, there was a feeling that the CDI proposals were far too radical for the Netherlands to be attractive to them. (66)

In 1954, the Dutch refused to consider any alternative to the EDC treaty. Although they realized that the French clauses offered them advantages regarding the unfavourable competitive position of the Netherlands in the field of heavy equipment, they pronounced themselves, nonetheless, in strong favour of the creation of a powerful Board of Commissioners with supranational authorities. In the Dutch view, the Board should always buy at the cheapest possible price, unless one of the tenderers (in other words, one of the member countries) had serious balance of payments problems. (67)

In August 1954, the recently appointed French Prime Minister, Mendès-France, developed his "Projet de protocole d'application du Traité instituant la CED". The tenor of these new French proposals was strongly anti-supranational.

The common budget was no longer to be truly "common". According to the protocols, it would be composed of the sum of monies individual national parliaments were prepared to vote to it, taking into account each nation's circumstances.

In the protocol concerning the economic aspects of the EDC, it was stated that a general directive should be issued by the Council of Ministers of the EDC, permitting the Board of Commissioners to place orders for military production net of production taxes. Military production would thus take on a standing similar to exports. In France, there was a heavy taxation on production which did not exist in the other EDC countries. It was suggested that a general directive be issued by the Council, stating that the common budget expenditures for heavy military items, listed in an annex to article 107, would not be included within the 85-115 percent transfer provisions. Instead, the French proposed that they should be budgetted separately, with payments which would be freely transferable. The purpose of this protocol was to facilitate the placing of orders for soft military supplies (textile etc.) in France. (68)

In the Netherlands it was felt that Mendès-France's "economic protocol" provided for the investment of the full 100 percent (instead of the original minimum of 85 percent) of each nation's financial contribution in the indigenous industries. The Dutch declared themselves strongly in favour of the 85-115 percent clause. They reproached the French for excluding themselves from competition with the other five countries. The Dutch feared that within a less pronounced supranational framework, the big countries would surpass the smaller countries. They argued that Dutch experiences within the ECSC had shown that the interests of the smaller countries were very well protected within an objective supranational body which considered a strict application of the clauses of the treaty. (69)

It was clear that the "Protocole's" provisions would fundamentally change the EDC treaty: and all the nations, except

France, had either ratified, or were about to ratify (Italy), this Treaty. The Dutch were appalled at the fundamental change envisaged in the nature of the Treaty. On 19 August, when Mendès-France introduced his protocols at a conference of the six countries in Brussels, Minister Beyen completely disapproved. In his speech to the conference he said

These proposals involve the whittling away of the supranational elements of the treaty and thus affect its real character. Now the French parliament is making conditions on so many issues, one can frankly say that the French do not at all want an organization with joint responsibility. (70)

Beyen's criticism was shared by the other delegations, and Mendès-France's protocols were subsequently dismissed.

While all these dramatic events unfolded, Alphand's Interim Committee had faithfully continued to meet, and it had progressed in its work. Much had been achieved by this and many other committees. The Armament Committee, for instance, had produced a complete blueprint for a central organization governing the research and development, production and programming of EDC armaments. It met for the last time on 25 August.

At the end of August 1954, the French Assemblée took its final decision on the EDC. Eventually, the "cédists" lost the battle; the treaty was convincingly defeated.

What had been the importance of the economic arguments in the final rejection?

As we noted, in the period following the signing of the EDC treaty (in May 1952), economic developments had followed a course which had been strongly disadvantageous to France. It was, therefore, not surprising that the French increasingly criticized the economic

provisions of their own plans and of the plans of others, for an integrated Europe. They vehemently brushed aside the Beyen plan within the EPC, because it was based on low tariffs or even no tariffs.

As far as the EDC was concerned, Vernant argued that in France, both the advocates of "dirigisme" and of "libéralisme" opposed the treaty.

Les dirigistes arguaient de l'impossibilité d'appliquer sans préparation le traitement de choc de la libération des échanges à une économie aussi structurée et aussi fragile que l'économie française, sans courir le risque de la plonger dans le chaos. Ils faisaient remarquer que pour être efficace et éviter les bouleversements, le Commissariat devrait pouvoir égaliser les conditions de la production d'armement dans les pays de la Communauté, c'est-à-dire assurer leur ravitaillement en matières premières aux même conditions, harmoniser leurs systèmes fiscaux, leurs charges sociales, etc.; bref disposer de pouvoirs très étendus sur l'ensemble de la vie économique des Etats.

De leur côté, les tenants du libéralisme dénonçaient dans le Commissariat un organe de direction technocratique, inconscient par définition des réalités et des intérêts nationaux, et qui ne pouvaient que mener à des catastrophes. (71)

Given this widespread opposition in France, one might assume that the financial-economic aspects of the EDC had a considerable influence on the ultimate rejection of the treaty in the French parliament. To a certain extent this assumption is true. In France, textile and steel industries in particular, feared competition with the other EDC countries. Their main worry concerned the impact of the 85-115% rule. They realized that the application of this rule would help a certain number of French industries, but that it would also be prejudicial to themselves.

For the steel industry, this was not the only reason to oppose the EDC. In earlier times, steel producers had violently opposed the Coal and Steel Pool, because they were not prepared to sacrifice the

old system of international cartels. During negotiations on the Schuman plan, the French steel industry had been bypassed deliberately, for fear that it would be uncooperative. After the creation of the ECSC, an important segment of the steel industry had tried to revive the old cartel, and yearned for the time that it could escape the inconvenient ruling of the High Authority. This segment of the steel industry financed the campaign against the EDC, in the hope that its failure would be a blow to the authority of the ECSC, which could be ultimately undermined. It was a sign that from 1952 on, the popularity of Monnet, with his plans for "integration from above" was definitively declining. This was also felt in the French Assemblée. Taviani has written that a substantial number of parliamentarians began to see Monnet as 'una sorta di spauracchio' (a kind of scarecrow) because of their increased fear of Monnet's supranational initiatives in the economic field. (72)

We may conclude that the greater part of French industry was highly suspicious of the EDC treaty, but that certain industries, particularly the very important aircraft industry (Bréguet, Dassault, Sud Est, Sud Ouest etc.), welcomed the economic implications of the treaty.

The importance of the various branches of industry can be illustrated by listing the military expense figures for different sectors of the French economy in 1954 (in milliards of francs):

Agricultural products	273
Textile and leather	109
Cars	156
Electronics	10
Aircraft	119
Shipbuilding	60
Public works	144
Chemics	86
Transport	56
Miscellaneous	122
	1135

(73)

From this table, it appears that the military expenses for both aeronautical and textile sectors were very high; both were of equally great importance to the French economy. At the time, the production of electronics for the French army was still very modest, but this might have been changed, had the EDC become reality.

In Mendès-France's view, a common armament programme offered certain unquestionable advantages, if stripped of its supranational features. Immediately following the rejection of the Treaty, he proposed a quasi-supranational armament pool within the WEU, which meant, in essence, the reestablishment of EDC control over Germany within the Brussels treaty framework. In order to protect French national industry within the pool, Mendès-France attempted to curtail the principle of free competition (see 5.7).

5.6

FRANCE AND THE SCIENTIFIC IMPLICATIONS OF THE EDC TREATY

In this sub-chapter attention will be paid to the importance of "nuclear" arguments to the final decision made by the French parliament on the EDC. Did the French want to develop their own "force de frappe" in the mid fifties? And if so, what impact would the realization of the EDC have had on the development of a nuclear force in France?

In the first years after the Second World War, French activity in the field of nuclear energy had been very modest. Although in 1945, General De Gaulle had installed a special institution for the development of atomic research, the so-called "Commissariat à l'Energie Atomique français" (CEA), it was clear that the French would at least in the first decennium after the War, be unable to play an important role in the production of nuclear fuel. The most obvious reason for this lag was that the economic and financial recovery of France received preference, so that only a small amount of money was made available for research on atomic energy. Moreover, this research was directed towards the production of nuclear fuel for civil use; until 1952, French scientists lacked knowledge about the use of atomic energy for military ends, mainly because there was no money available to acquire this knowledge.

Another reason for French backwardness in this field, was the uncooperative attitude of the British, and particularly of the Americans. In 1946, the Atomic Energy Act had been passed by Congress. This Act forbade the spread of atomic secrets to other

countries.

Furthermore, in April 1950, the most famous French nuclear physicist of those days, Joliot, was relieved of his function in the CEA, because the government suspected him of having very close ties with the French Communist Party. The departure of Joliot delayed nuclear research in France for several years.

Nevertheless, from September 1951 onwards (after some reorganizations had taken place within the CEA), discussions in France on the use of nuclear power for the production of atomic weapons, increased. The French plans gradually became more ambitious. The CEA developed a five-year plan which was adopted by the Assemblée in July 1952, just two months after the signing of the EDC treaty. Although the drafters of the plan did not explicitly mention the possible use of atomic power for military ends, it was obvious that they had this in mind when they wrote,

Il dépend de nous aujourd'hui que la France reste un grand pays moderne dans dix ans. (74)

More concretely, the provisions of the plan concerning the production of plutonium, opened up a new phase, since this included the possibility of military application. The manufacture of fissionable material would not automatically produce this result, but a combination of circumstances and policy leadership could possibly lead to the development of a military atomic programme in the near future. The French felt they had to develop initiatives on their own, particularly since the British had now made their first successful atomic bomb test (in 1952).

The introduction of the five-year plan brought about another considerable change in France: nuclear questions were no longer only discussion topics for a small group of experts; instead, they

attracted the attention of a large part of the parliament. Moreover, for the first time, a substantial amount of money (40 milliard old francs) was made available by the government for the realization of the objects proposed in the plan.

Although the EDC seemed to be only peripherally related to the military development of atomic energy in France, its importance cannot be denied since the EDC treaty contained provisions governing the whole area of atomic weapons regulations. Atomic development was not precluded for the EDC, since Article 106 provided that the Board of Commissioners should prepare a common armament programme for scientific and technical research in military fields. Article 107 prohibited the production, importation or exportation of, as well as technical research on, war materials. Several addenda to this article defined war material as including atomic weapons and classified the latter as,

any weapon which contains or is designed to contain nuclear fuel or radio-active isotopes and which, by explosion or other uncontrolled nuclear transformation of the nuclear fuel, or by radio-activity of the nuclear fuel or radio-active isotopes, is capable of mass destruction, mass injury or mass poisoning; it includes also any part, device or assembly especially designed for, or primarily useful in, such a weapon. The production of less than 500 grams of nuclear fuel per year will not be considered as contributing to the production of atomic weapons.

Nuclear fuels were designated as plutonium, uranium-233 and uranium-235. (75)

Particularly remarkable was the provision in the Treaty that the member countries were forbidden to produce more than 500 grams of nuclear fuel for military use, unless the Board of Commissioners provided a special permit. This provision was originally inserted to control Germany, but EDC member states were ultimately forced to accept that the provision would apply to them also.

The confusing system of articles, in and annexes to, the EDC treaty, became even more intricate with the introduction of the additional protocols in January 1953. It was generally understood that each country, except Germany, would obtain an automatic licence from the Board of Commissioners to go beyond the proposed limits for the production of nuclear fuel for civil use. The Board would however exercise a strict control.

In 1953 and 1954, French lawyers quarrelled about the precise interpretation of the clauses of the Treaty and of the "protocoles additionnels". Goldschmidt, French chemist and member of the CEA, wrote that in these days one of the high officials of the Quai d'Orsay (the French Ministry of Foreign Affairs) stated,

On ligote d'abord Allemagne, puis au nom de l'égalité des droits on se ligote avec, puis ensuite on se casse la tête pour se déligoter. (76)

The drawbacks of the treaty were impressed upon the government by Guillaumat in his capacity as government advisor on all atomic affairs. Guillaumat argued that from the point of view of national interest, France could be affected by the treaty in two ways: not only would the EDC prevent the development of French atomic military weapons, but peaceful research could be hampered as well. The 500 gram limitation on the production or possession of material designed for or, primarily useful in, atomic weapons fell far short of the quantities of such material necessary for applied atomic research. It is very likely that this was Guillaumat's major concern, particularly in view of his earnest attempts to orient government interest towards the military use of atomic energy. (77)

According to Goldschmidt,

La mise en vigueur du traité aurait signifié pour la France une quasi-impossibilité d'entreprendre un programme atomique militaire, l'accord de nos

partenaires étant nécessaire. Notre activité civile se serait trouvée sinon restreinte, en tout cas soumise à un contrôle dans sa partie la plus secrète à cette date: la production et l'extraction du plutonium - autour de laquelle était centré le plan quinquennal de 1952 alors en début de réalisation.

Goldschmidt continued, insisting that these control measures also implied that Germany would have access to secret information on plutonium in the near future. In a letter (published simultaneously with the Treaty), Adenauer had pledged that he would not exceed production of 500 grams during the two years immediately following the ratification of the EDC treaty. (78)

It seemed likely also, that actions taken by the EDC would influence the formulation of national atomic policy within CEA. During the debates on the Treaty, General De Gaulle claimed that he had created the CEA (in October 1945) in order that France would have its own atomic bomb. Scheinman has argued that,

whatever rationalization De Gaulle might offer for starting a nuclear programme in 1945, the military value of the atom weighed heavily in his decision. (79)

Planchais noted in Le Monde that, under Article 107 of the treaty, not only was all military research subjected to the Board of Commissioners, but the limit of annual production was also so strictly defined that if the Treaty were ratified, the greater part of the CEA's work would be subject to authorizations by the Board of EDC. (80)

Guillaumat tried to find a solution which would leave the CEA with the greatest amount of autonomy. Following his initiative, the government decided to appoint the CEA the task of safeguarding the French liberty of action, at least within the domain of the production of nuclear fuel for civil use. In Goldschmidt's view, French independence in atomic affairs was of utmost importance

même au risque de donner aussi une certaine liberté à la République Fédérale plutôt que de nous lier dans le seul but de restreindre les Allemands. (81)

This was also the view of leading military authorities in France who strove to further the development of atomic weapons. (82)

In an effort to improve their position, the French approached the United States and Great Britain, in order to intensify cooperation in matters of research. At the Bermuda conference in December 1953, the French produced a memorandum in which the British and American governments were asked to study the question of sharing information on atomic energy. The French also asked for permission to take part in studies concerning the effects of atomic weapons, and the means of protection against them. The Americans replied that the arrangements concerning the American-British-Canadian exchanges of information were already of very long standing (they had their origins during the War), so that it was deemed impossible to extend these arrangements to the French without specific Congressional action. Congress had, in fact, to amend the Atomic Energy Act (1946), which contained stringent provisions concerning the disclosure of information on atomic energy. (83)

Mention should be made here, that the American-British-Canadian exchanges of information (mentioned above) were of little significance. In reality, the United States had forced the United Kingdom not to give information to France, nor did it give any itself to the United Kingdom! (84)

The French realized that they had to develop their own initiatives. The debate on the military budget which took place on 17 and 18 March 1954, publicized the incipient concern of certain parliamentarians and the government, about the application of atomic

energy to military ends. Spokesmen for the Finance committee (Pineau) and the National defence committee (Koenig, François-Montiel and Lejeune) alluded to the absence of provisions in the budget for even the study of atomic weapons which, as all agreed, were the arms of the future. During the general debate in the Assemblée, the most eloquent appeal for atomic weapons was made by Pierre André of the Independent group:

A nation without atomic arms is at the mercy of those who possess the weapon. A national defence without atomic weapons is incomplete and unavailing. To recover our rank in the world, to preserve peace, M. le Ministre de la Défense Nationale, supply our country with the weapons which are indispensable to her.

Defence Minister Pleven's response sounded rather vague, and must have been discouraging to the militant members of parliament who loudly applauded André's plea:

In the first place, our military research, I repeat, military, in atomic matters cannot yet be allotted as important a place as could be wished. I think that in the coming months, and in any event before the preparation of the 1955 budget, the government will have to examine in all particulars the problem raised concerning the manufacture of nuclear weapons by a country of France's importance.

However, in the Council of the Republic, Pleven made his position more definitive. He noted that there were certain areas of national defence which were not adequately financed, including 'new research concerning nuclear weapons which France cannot set aside as long as international accords for their abolition have not been concluded'.

Pleven was not alone in relying on the failure of disarmament negotiations as a justification for French development of nuclear weapons. The Socialist Party, long an adherent of the "peaceful-uses" doctrine and committed to disarmament conferences and negotiations, also justified their acceptance of an atomic bomb for France on this ground.

Lapie concluded that 'so long as the period of simultaneous and controlled general disarmament does not open the era of solely peaceful construction of atomic energy, France must have its independence assured by inventions, tests, and development of military atomic devices'.

Scheinman has argued that the parliamentary debate on the military budget was a most important event, since it committed the government at least to examine the question of military application. In addition, the public became more informed than it had been on the problems of national defence, for both newspapers and journals started to pay considerable attention to atomic weapon affairs. For the first time since the War, the "Revue de Défense Nationale", under the pen of Colonel Ailleret (one of the earliest and most persistent military advocates of a French nuclear force), devoted space to the question of atomic armaments for France. Ailleret argued that

Atomic weapons are...inexpensive weapons in contrast to classic weapons...and are as of now produced in the world in great numbers and henceforth constitute the criterion of a modern army, since an army which does not have them at its disposal can no longer seriously measure itself against an army which is provided with them. (85)

Ailleret obviously alluded to the American "New Look" policy, developed in 1953, which aimed at cutting the defence budget by means of a decrease of the importance of conventional forces and a simultaneous increase of the importance of tactical atomic weapons. The French felt that they had to follow closely the shift of strategic priorities in the United States and they continued to look for support from the Anglo-Saxon countries.

On 23 March 1954, in response to a query in Parliament, the British Prime Minister, Churchill, made a brief statement, in which he re-confirmed American airbase rights in the United Kingdom,

subject to prior consultation between officials of the two governments. Churchill had tried to alter the US rights on the airbases but had failed. His statement was nevertheless a modification of those rights compared to 1949/50. French Foreign Minister Bidault felt that Churchill's statement was of great importance and he therefore suggested private discussions with Dulles and Eden on the conditions for the utilization of atomic weapons in the general European area and specifically from bases in French North Africa and Metropolitan France. Bidault wrote to Dulles that the Standing Group of NATO should start studying questions of employment of atomic weapons without waiting for the amendment of the Atomic Energy Act by American Congress. Bidault believed that the Standing Group was the proper body to deal with this matter. (86)

However, to the disappointment of the French, the United States remained reluctant to spread information on nuclear research. It was not until August 1954 that the Atomic Energy Act was modified in favour of international collaboration for peaceful use.

Meanwhile, the opposition to the EDC treaty increased in France. General De Gaulle, the leader of the opposition, feared in particular the disadvantages for France in the field of nuclear arms. He refused to accept automatically the dominance by and the dependence on the Americans and the British. At a press conference in April, De Gaulle warned that

Comme s'il fallait que cette dépendance devînt complète et définitive, les mêmes gouvernants ont conclu un traité, qui, s'il était ratifié, arracherait à la France pour 50 ans, c'est-à-dire en fait pour toujours, la disposition d'elle-même, lui retirerait sa propre armée, lui interdirait tout accès aux armements nucléaires, transférerait au commandement en chef américain le droit entier de décider comment elle serait défendue et si même elle le serait, la dissoudrait en le mélangeant avec l'Allemagne vaincue.

Subsequently De Gaulle urged the French to continue their efforts to develop their own nuclear arms:

Il ne tient qu'à nous de nous doter d'armes nucléaires, de nous trouver par là capables de concourir à la défense en risquant à l'attaque, d'être habilités à proposer avec l'autorité voulue les contrôles et les limitations hors lesquels on n'évitera pas le cataclysme cosmique. (87)

The French found themselves in the difficult position that, on the one hand, they wanted to acquire a greater independence to produce their own atomic weapons, while, on the other hand, they wanted to have strict control over the utilization of atomic energy in Germany. During a debate in the "Conseil de la République" in July 1954, Senator Debré (of De Gaulle's "Rassemblement du Peuple Français") underlined this point arguing that

dans la mesure où la France voudrait acquérir, au point de vue militaire, la relative avance qu'elle recherche en Europe au point de vue civil, elle se trouve dans la situation tragique, en vertu de ce traité, d'aboutir automatiquement à autoriser l'Allemagne à employer l'énergie atomique à des fins militaires. (88)

The "protocole d'application" which Prime Minister Mendès-France wanted to discuss with the Foreign Ministers of the EDC countries, on 24 August 1954, contained an amendment in which it was proposed that an annual nuclear fuel production in excess of 500 grams constituted war material would apply only to strategically exposed areas and that elsewhere such production would not be subject to licence or control by the Board of Commissioners. A second requirement was that along with other weapons manufacture, atomic production should not be affected by the EDC's distributive stipulations whereby eighty-five percent of a country's financial contribution was to be expended within its borders.

The Foreign Ministers vehemently opposed Mendès-France's "Protocole". It was not surprising that one week later the French

parliament refused to ratify the EDC treaty.

Shortly following the rejection of the treaty, the French General Staff defined its position writing that, as far as atomic armaments were concerned, it was unthinkable that Germany would get the disposal of these arms and it was indispensable that France would become a nuclear power. However, the JCS realized that France would not be able to bear alone the burden of such an armament effort, while at the same time keeping pace with Germany in the field of conventional weapons. Germany would never accept such a discrimination. The appropriate solution would be,

la création dans le cadre d'un pool atomique atlantique, d'une force atomique européenne intégrée (avec si possible la participation de l'Angleterre), les nations européennes contribuant par les matières premières, les techniciens, l'argent, à mettre sur pied collectivement cette force commune dans les régions sûres (France du Midi, Afrique du Nord). (89)

It was very unlikely that the other countries, and particularly Great Britain, would endorse the view of the French JCS. The 'safe regions' mentioned by the JCS were regions where the French military would have supreme control over the "European" nuclear force.

One month after the rejection of the EDC the London conference started which led to the creation of the Western European Union (WEU). Adenauer was ready to accept virtually all of the EDC restrictions on heavy armament production and to renounce unilaterally, once again, the manufacture of atomic, biological and chemical weapons (ABC weapons). In comparison with the EDC provisions, some concessions on what was to constitute atomic production were won by Germany. There was no mention of restrictions on nuclear fuel output; equipment and material used for civilian purposes, or for scientific, medical and industrial research in the fields of pure and applied science specifically were excluded from

control.

France was again free of encumbrances should it decide to undertake the manufacture of atomic weapons. The WEU offered them far more independence than the EDC.

According to McArdle Kelleher, the Mendès-France government was highly interested in atomic development. (90)

In October 1954, the Prime Minister posed two questions to a group of atomic technicians: how long would it be before France could have an atomic bomb and atomic submarine, and how soon must the government definitely opt for such a plan? According to the experts consulted, it would be five years before France could possess a nuclear bomb and the last two years of this programme 'would have to be devoted exclusively to the manufacture of the bomb itself, without any benefit to research or industry'. This would add an additional burden to the already strained economy.

Mendès-France, supported by Guillaumat and several others, nevertheless took the position that France could not close the door on the possibility of military applications (91). In December 1954, he definitely gave the sign to start the project on the development of an atomic bomb and a nuclear submarine in France.

In retrospect, Scheinman has written that what Mendès-France did, in fact, was to acquiesce in the face of a series of events which had started in 1952/53. Military studies had indicated then that atomic weapons were within the reach of France. Both Guillaumat and the military officials concerned had been pressing for government action in this area for some time. During the same period, however, Indo-China and the EDC debate had overshadowed all other aspects of French policy, both internal and external. As a result, Mendès-France, who

had assumed office with definite ideas on the economy and the necessary financial measures, had to wait a full six months before he could turn his attention to these matters. Little wonder that the government lacked adequate time to fully consider the question of atomic military applications. This situation allowed those favourable to a weapons programme to carefully lay the groundwork which would inevitably lead to a positive decision.

In the early fifties, the development of the international situation, which increasingly demonstrated that France could not prevent the atrophy of its once vast empire and could not always count on support from its atomic allies, was making its mark. In Indo-China and Europe, Paris officials learned lessons in Cold War power politics which reoriented their foreign policies in order to make them less amenable to American pressure. Such a re-orientation was all the more urgent because in 1953 France was confronted with the hard facts of a Soviet H-bomb explosion, the American construction of a nuclear submarine and a British decision to build nuclear electricity plants. In those circumstances the opinion started to prevail that the national possession of atomic weapons was of such great importance to the country that a rejection of the supranational EDC (with all its control measures) might be envisaged. The freedom in nuclear affairs became even more important than a strict containment of the German industry, although of course the hope remained that France would solve both problems in its own favour.

We may therefore conclude that the nuclear issue played a vital part in the defeat of the EDC treaty. After the rejection of the Treaty, the French regained their independence within the WEU (without control by a supranational Board).

It is remarkable that in the existing literature on the EDC, the importance of the nuclear factor has been fully neglected.

5.7

THE ARMAMENT POOL OF THE WESTERN EUROPEAN UNION

A few weeks after the rejection of the EDC treaty, Mendès-France proposed the creation of a production control authority within the Western European Union (WEU; the former Brussels pact). At the London conference, this proposal was accepted by the other delegations. In the Final Act of the conference, it was stated that an Agency would be established for the control of armaments in Europe, of the continental members of the organization (thus excluding Britain). This Agency would ensure that the prohibition of certain types of agreed armaments was being observed, and would control the level of stocks of certain specified armaments held by each member state. The actual list of weapons affected was related to Article 107 of the old EDC, thus including atomic, biological and chemical weapons.

Another, more controversial, initiative of Mendès-France, concerned the creation of a European weapon pool for weapons which fell outside the scope of Article 107 of the EDC. He based his initiative on the following idea: If the WEU countries managed to reach agreement on the standardization of the types (of weapons) to be produced and on the determination of quantitative needs, it would be of both technical and financial advantage to endeavour to arrange for manufacture on mass production lines so far as possible. Moreover,

from this it follows that it is essential to entrust an Agency with the task of drawing up coordinated production programmes to be carried out by the industries of each country either annually or, preferably, covering several years.

In short, Mendès-France made a plea for the attainment of mass armaments production against the lowest possible costs.

The Agency would deal with the production of weapons, with the placing of orders with the European weapon industry, and with the distribution of weapons among participating countries. The Agency would be a monopolistic buyer of all the weapons produced in Western Europe. Provisions were made for a strong interference in the production process by means of a centralized control on investments. The Agency would also be charged with the establishment of new, and the extension of existing factories, and with the administration of American end-item aid and offshore orders.

The French plan had, doubtless, several advantages. European standardization was deemed desirable because in the near future West European countries would have to buy more weapons as a result of the German rearmament and the expected decrease in American end-item aid. Further, it was felt that the increase in military industrial activities would have a favourable impact on industrial development in general (spill over effect), as well as in the field of civil production. Moreover, within an effective organization, it would be possible to reduce the costs involved in equipping military forces.

Initially, however, the Dutch were terribly hesitant about indicating their approval of any armaments pool scheme. This stemmed largely from their disbelief (following the rejection of the EDC) that the French would agree with an arrangement that did not discriminate against Germany, or that did not give preference to

French industry. At the time, France had to deal with a substantial idling of its weapon production capacity. Moreover, at the negotiations on the WEU in Paris, Germany was conceded the right to produce its own weapons. And although the German industry was restricted by several prohibitions (the limitations in the strategic zones decreased progressively from east to west), France still feared competition. The Dutch cabinet itself, spoke out in favour of equal rights for Germany. On the other hand, Prime Minister Drees worried about recent rumours concerning bilateral French-German weapon production in North Africa.

Zijlstra, minister of economic affairs, thought it would be impossible to integrate the weapon production of the WEU countries, if there was no agreement on a collective arrangement for the financing and programming of the weapon production (92). Mendès-France had made no provision for the creation of a common budget.

At the talks on the armaments pool in London, Foreign Minister Beyen made the point that, under the French proposal, the national governments would be responsible for raising and supplying the forces but that they would lose control over the production of equipment for these forces. Such a construction would, in his view, lead to constitutional problems because the equipment of the forces would be taken off the hands of the national minister of defence, while the same minister would remain responsible to parliament for supply and training (93). This principle of divided responsibility was, in Beyen's view, the basic difference between the French plan and the EDC.

The Foreign Minister also felt that there was confusion over whether the purpose of the pool would be control, or increased efficiency. Furthermore, he wanted to know to what extent the United

Kingdom would participate in the pool, pointing out that one benefit resulting from the failure of the EDC, was closer association of the United Kingdom with the continental countries.

It was, however, clear that the original French proposal meant the exclusion of the UK from a European arrangement. In the proposal, a division was made between production on the continent and production for forces which were assigned to NATO.

At the same time, the British themselves were not interested in a European scheme. The British permanent representative at the NATO council in London, Steel, told the Dutch that Great Britain feared the creation of a joint research agency within the Western Union. In the field of research, the British were far ahead of the European countries on the continent, and they were not prepared to share their scientific secrets in the military field with other, less advanced, countries. The Dutch felt it unpleasant that the Six committed themselves to an arrangement which did not fit the British. (94)

Beven emphasized the need to avoid long complicated negotiations, and he urged the French to find some simpler way to meet their objective of control. (95)

In September and October, the French tried hard to sell their arms pool plan, but at the end of October, after tough discussion, with the Dutch taking the lead, it was agreed that a Working Group would be convened in January 1955, to consider the proposals which the French had put forward in London.

A new problem which arose in October concerned the general desire at the conference in London, that the Benelux countries would make a voluntary statement to show their willingness to refrain from the production of atomic, biological and chemical weapons. The Benelux partners were asked to make such a statement, because this

would ease the situation for the Germans to refrain from the production of certain heavy weapons. Adenauer said he was prepared to make concessions, only if the Benelux countries made a statement similar to the German. Beyen was inclined to agree to this because he felt that an effective control of the German weapon industry would also serve the Dutch interests. Zijlstra disagreed; he argued that some Dutch factories disposed of ample capacities to produce chemical and biological weapons, and a public statement would therefore interfere with the Dutch economic interests. Zijlstra further stated that a Benelux declaration might be used by foreign controllers to visit Dutch research institutions (e.g., Philips, which did research on nuclear fission for civil use). (96)

However, at the end of October the Benelux countries yielded to foreign persuasion: they renounced the right to manufacture atomic, bacteriological and chemical weapons. This did not exclude the possibility of doing research in laboratories.

In November 1954, the Dutch attitude towards the European weapon pool was rather passive, but in December the Ministry of Foreign Affairs, under the leadership of Van der Beugel, started to draw up several memoranda in order to decide on an independent Dutch standpoint to be explained at the discussions of the Working Group which would convene in Paris, 15 January 1955.

The Dutch worried about the prospect of an isolated position during the negotiations in Paris. Like the Dutch, the British government did not appreciate the idea of a weapon pool dominated by France, but it refused to become involved in the discussions. Belgian Foreign Minister Spaak had made known that he was not against a European weapon pool as a starting point for economic and political integration. His compatriot Baron Snoy, president of the Steering

Board of the OEEC, was more sceptical; he advocated a "zone de libre échange", not within the WEU, but within the OEEC. The Dutch agreed with Snoy's argument that it would be easier to agree to a "zone de libre échange" with countries like Denmark and Switzerland, than with the WEU partners. (97)

As far as the position of Italy was concerned, the Dutch thought that the Italians were against the creation of a weapon pool, but that they were, nonetheless, inclined to accept the pool because of their concern about a narrow economic cooperation between France and Germany. The Italians argued that even if this cooperation, was for the moment, restricted to transactions of grain and sugar, the increase in industrial supplies (resulting from those transactions) would be harmful to the competitive position of the Italian industry, which already found itself in an unfavourable position. The proposed negotiations in Paris offered the Italians an opportunity to become involved in the Franco-German deliberations. (98)

In general, Dutch objections to the European weapon pool were of political purport:

- (a) The United Kingdom did not want to participate in the pool. British participation was considered crucial.
- (b) The French proposals were seen as resulting from the general confusion between supranational and multilateral ideas. France had taken over a few articles from the EDC treaty without accepting the constitutional structure of the EDC. The WEU treaty was a multilateral treaty in the sense that the governments remained responsible for the spending of their budgets and the equipment of their troops, in accordance with the directives of NATO. This was in contradistinction to the EDC regulations which provided for joint troops, a common budget and a joint responsibility for the equipment of the troops. It was not very likely that national governments were prepared to bear national and international responsibilities, if decisions on important matters as weapon production and the equipment of troops were taken by a Council of Ministers operating by majority vote.
- (c) The Council of Ministers would be unable to exercise real

control over the weapon Agency. This Agency would not be responsible to a parliament. The danger existed that the Agency would soon develop into an unverifiable and powerful international bureaucracy.

- (d) The French desire to keep Germany in check was superfluous because the control over Germany had recently been regulated in the new Brussels treaty and in the protocol concerning the Control Agency. (see p. 417);
- (e) The WEU would, in the near future, develop into a competitive institution vis-a-vis NATO, with the resulting danger that several tasks which were assigned to NATO would be duplicated. This danger would be tolerable within a supranational framework (EDC) but not within multilateral organizations like NATO and WEU. (99)

In the Ministry of Economic Affairs, the question was posed concerning what impact the weapon pool would have on the Dutch economy and on Dutch industry in particular. At the time, the greater part of the Dutch defence budget assigned for procurement was spent with the indigenous industry. In the period 1951-54 the procurement budget amounted to f 3,700 mln of which f 3,380 mln was spent in the Netherlands, and only f 320 mln sent abroad. The common procedure was that orders were placed with foreign industries only if the price of the Dutch article was more than ten percent higher than the foreign tender. It was calculated that in the period 1 January 1954 to 30 September 1954, about one-third of the Dutch "foreign" orders for weapons were placed with industries of the future "pool countries", and two-thirds of the orders went to other countries (Sweden, Switzerland, United Kingdom, United States). A limitation to the WEU area would thus limit the Dutch freedom of action.

As far as the Dutch competitive capacity was concerned, it was calculated that in the period 1951-54, the Netherlands had exported military goods, mainly "soft goods", to the amount of f 300 mln. These goods could have been produced by the countries which placed the orders, but the Dutch quotation was more favourable. At the time,

Dutch price levels were relatively low.

The imports of foreign articles into the Netherlands (at f 320 mln) concerned goods (mainly "hard equipment") which could not be produced in there. Concerning the realization of exports, Dutch industries had to overcome more difficulties than their foreign rivals. As a result of low wages and prices, Dutch industry seemed to be in a favourable position, although the Directorate Materials of the Army could quote several examples from which it appeared that Dutch prices could not compete with foreign prices (for example with the prices of the Belgian textile industry).

The Netherlands' main worry in the economic field, was that France would not be prepared to apply the principle of free competition within the weapon pool. The Dutch realized that their government was also guilty of protectionist measures, with a view to the ten percent margin in favour of Dutch industry. Nevertheless, they were greatly concerned about the state subsidies which several countries granted to their armaments industries (and government undertakings in particular). The Dutch rejected the French idea of investment control within the weapon pool. Drawing on the analogy of what happened within the framework of the OEEC concerning investments in the iron and steel industries, they argued that such control ran counter to the principles of free and fair competition, unless the countries were to agree to restrict themselves to mutual exchange of investment plans. The Dutch further worried that the security criterium ("strategically exposed areas"), on the basis of which the French wanted to regulate the instrument of investment control, would, if applied in a discriminatory way, be another impediment to the criterium of free competition. Moreover, such a security criterium would run counter to the basic assumption of a long-term

cold war on which the entire NATO strategy was based.

The Dutch delegation which was sent to the negotiations on the weapon pool in Paris, received the following instructions:

- (a) The conference should deal not only with heavy weapons, but "soft" goods should also be taken into account.
- (b) The Netherlands should not participate in a scheme which does not recognize the principle of fair and free competition. Practice showed that countries were extremely protectionist in the field of military production, and even if the principle of free competition was recognized, was this principle often undermined by a broad system of subsidies which was difficult to trace.
- (c) The Netherlands should never tie itself to the group of seven WEU countries. Practice showed that the Dutch placed most of their orders with industries of non-WEU countries like Switzerland, Sweden, Denmark, Canada and the United States.
- (d) The European pool should not interfere with the activities of NATO in the field of production-correlation and standardization. NATO should remain the most important organization in this field and its activities should not be duplicated. (100)

In January 1955, a compromise was worked out at the negotiations of the Working Group in Paris.

A new WEU organ, the Agency for the Control of Armaments, was to supervise the stocks and, to a limited degree, the production, of ten conventional weapon classes ranging from heavy guns and tanks, to guided missiles and military aircraft. In light of French objections, the Agency was empowered to control all ABC-weapons stocks only after 'effective production' had begun on the continent. The level which any state (except Britain) could achieve was to be determined by a simple majority vote of the WEU Council.

Furthermore, the Standing Armaments Committee had been created, and charged with the establishment of some sort of European armaments pool; but in reality, it was closely related to NATO.

From the Dutch point of view, this was a satisfactory solution. In practice, the Standing Armaments Committee had only limited power. The opposition to the creation of an common armament pool with wide

authorities had proved successful.

CONCLUDING REMARKS

In the years 1950-54, the Dutch economy began to show improvement. Labour costs in the Netherlands were not very high at the time, mainly because of the low level of wages. Thanks also to its efficiency, Dutch industry managed to produce goods at relatively low prices. In short, the competitive position of the Netherlands was favourable.

The Dutch saw good opportunities to sell their products within a supranational framework. They welcomed the idea of the economic integration of Western Europe. It could, in their view, lead to an improvement of national living standards which were not very high at the time (in 1951 consumption was for instance cut by five per cent, because of the fulfilment of the NATO obligations for the build-up of the Dutch army). Within a supranational economic organization, the Dutch hoped to attain the abolition, or at least the reduction, of trade barriers in Europe. They advocated fair and free competition as a logical consequence of the competitive structure of their economy. They strove to achieve a "union douanière". The Dutch realized, however, that the pursuit of this goal would be a very slow and tedious process. In November 1952, they wrote that for the time being they would content themselves with obtaining a more effective division of labour and the acquisition of bigger and more standardized markets. According to the Dutch, a supranational authority would play an important part in the abolition of trade barriers and the liberalization of markets. Such an authority should however, in their view, perform its task in a very cautious way, without raising too many illusions in the initial stage.

Although the Dutch were in favour of an advanced economic

integration, they doubted whether the EDC was the most effective means to promote this kind of integration. Until the signing of the Treaty, they feared the economic, and particularly the financial, consequences of cooperation in defence matters. The financial-economic aspects, rather than the military (see chapter 4), played an important role in the formulation of Dutch policy towards the EDC. The government was somewhat more interested therefore, in the opinion of the financial-economic authorities than of the military authorities.

After the signing of the Treaty, the attitude towards the common budget and the common armament programme seemed to become more favourable in the Netherlands, even among industrial circles. This was caused, among other things, by the fact that from 1952 onwards, the small Dutch armaments industry showed remarkable improvements in performance (see chapter 2).

Although Philips (radio, radar) feared that only France would profit from the 85-115 percent rule and the provisions concerning the strategically exposed areas, there were other branches of industry (nutrition, textile) which welcomed the new opportunities presented by the EDC. The textile industry in particular was in difficult straits then and it hoped to regain a part of the European market. The Dutch authorities successfully urged the inclusion of "soft goods" in the common armament programme.

Another advantage was that the greater part of the Dutch navy (which always placed very lucrative orders with the shipbuilding industry, see chapter 2) would remain outside the EDC. The naval industry was so important that, if involved in the EDC, this sector of industry would doubtless have mopped up the greater part of the orders placed by the Board of Commissioners with due regard to the

85-115 percent rule. It was hoped that, with the dominating naval industry "hors concours", other sectors of industry would profit from the new possibilities offered by the EDC pool.

However, there was much uncertainty about the implications of the common armament programme. A major problem was the near-absence of a heavy weapon industry in the Netherlands. One of the few firms in this field, "Artillerie Inrichtingen", offered prices which were not competitive on the European market. The attitude of another important firm, Fokker, seemed to be somewhat more favourable. It was expected that Fokker would profit from the ban on aircraft production in Germany.

In general, the Dutch never énthusiastically embraced economic integration within the EDC. They were obviously looking for other, more explicit, economic instruments (like the Beyen plan) to reach the desired customs union. Hence, the Dutch were not disappointed when the French Assemblée refused to ratify the EDC treaty. Soon afterwards, the Western European Union (without supranational features) was formed, and the Dutch welcomed it. The proposal by French Prime Minister Mendès-France for an armaments pool within the WEU did not, however, meet with Dutch approval. French protectionist tendencies conflicted with Dutch pleadings for the principle of free and fair competition.

Moreover, through all the discussions, the Dutch emphasized the importance of bilateral relationships with the United States. The American offshore orders and counterpart funds were considered crucial for the build-up of the Dutch armaments industry in the early fifties. The Dutch feared that a multilateral European initiative would thwart their "special relationship" with the United States.

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C O N C L U S I O N S

In the period 1950-54, the post-war foreign policy struggle in the Netherlands between Atlantic cooperation and European integration, came to a head.

After the creation of the Brussels Treaty Organization in March 1948, the main Dutch policy objective in the field of security was to ensure a permanent American involvement in the defence of Western Europe. This objective was satisfied with the signing of the North Atlantic treaty in April 1949. The Americans had the use of a nuclear arsenal which the Europeans lacked. The build-up of an independent nuclear deterrent force in Europe was considered unattainable, and NATO was therefore considered an attractive "insurance company" obtainable at low costs. Some Dutch politicians realized that American nuclear hegemony was far from unassailable, but at the time, a kind of wishful thinking prevailed where people just hoped that nothing serious would happen. Within cabinet, Soviet invasion of Western Europe was not seen as an urgent threat, at least not in the short run, and even the outbreak of the Korean war in June 1950 failed to bring about a change in this perception.

However, even if the USSR harboured no direct military expansionist intentions, its doctrine was perceived as a threat. The Dutch government thought it worthwhile to concentrate on the economic reconstruction of the country in order to avoid social tensions. At the same time, it was deemed expedient to suspend the build-up of the army in a Western European framework, particularly in the period until December 1949 when the colonial struggle in Indonesia was still in full blast.

In its first year of existence, NATO's military strategy was still the so-called "peripheral strategy", which seemed to suggest that in the event of a Soviet invasion, American and British troops would be withdrawn from the continent. Under those circumstances, without the existence of German troops, Dutch military and civil authorities could see no possibility other than to stick to an "evacuation strategy" for their armed forces; this meant that in the event of the outbreak of war, the Dutch forces (mainly navy and air force) would be withdrawn to Suriname and the Dutch Antilles. Until 1951, the build-up of a standing army within the framework of the Western Union or NATO, was entirely neglected.

On the issue of German rearmament, the position of the Dutch government appeared initially somewhat ambiguous; but after the start of the Korean war, when the US State Department came out in favour of German remilitarization, the Dutch followed suit and advocated the disposition of German troops within an Atlantic framework. German rearmament was welcomed not only for strategic reasons, but also, and perhaps primarily, for financial reasons. The more Germany paid for its combat-ready divisions, the less the Dutch had to worry about the maintenance of an expensive standing army in the Netherlands. During discussions on German rearmament, the Dutch stressed the importance of equal rights for Germany. Why did the Dutch government come out in favour of full acceptance of German entry to the alliance so quickly after the Second World War?

Apart from military reasons, there was the conviction that the economic reconstruction of the country could be accomplished only with a recovery of the German economy. There was also confidence that the Federal Republic would develop into a stable democracy. Moreover, the Dutch tried to avoid having West Germany opt for any other

alternative in the field of foreign policy-making. They wanted to prevent: firstly, a separate deal aimed at German reunification between West Germany and the USSR (only Drees supported this option for a short time in 1953); secondly, a militarily independent Western Germany (possibly with its own nuclear weapons); thirdly, a European Community dominated by military cooperation between France and Germany; and finally, an Atlantic alliance dominated by a Washington-Bonn axis. (1)

The Americans used the Korean war as an immediate excuse to initiate a crash programme for the build-up of an Atlantic defence. They promised to send more troops and weapons to Europe and expected that Europe would follow the American example by increasing its defence efforts. The Dutch appeared extremely reluctant to comply with American wishes. The government, and particularly Prime Minister, Drees, still refused to believe in the imminence of a Soviet invasion, and continued to devote itself to the policy of economic reconstruction. Although his role in the "police actions" in Indonesia was far from irreproachable, Drees was considered an anti-militarist who totally abhorred the idea of a military crash programme for Western Europe. He was supported by Finance Minister, Liefstinck, who cautiously nursed the country's capital and worried about the inflationary effects of an increase in the defence budget.

On the other hand, Liefstinck, rather than Drees, was not averse to modest investments for the build-up of a small armaments industry in the Netherlands. In his view, the creation of a technologically-advanced defence industry would have a beneficial effect on industrial developments in general. In 1947 and in subsequent years, the government attempted to breathe new life into industries which had been forced to stop their production during the War: the aircraft

industry (Fokker), weapon industry (Artillerie Inrichtingen) and transport industry (Van Doorne). The shipbuilding industry received a new impetus after the announcement of a navy reconstruction plan in 1947. Philips and Holland Signaal earned attractive orders as well.

The build-up of an independent Dutch armaments industry was endangered after the signing of the Mutual Defence Assistance Agreement between the United States and the Netherlands. Under this assistance programme, the Dutch received a substantial amount of weapons and weapon parts, some of which Dutch industry was able to produce itself. In 1950 and 1951, the Americans tried to support the Dutch armaments industry (which was still in its infancy) by means of so-called "additional military production projects," but the actual impact of these projects was very modest. In the Netherlands, the question was even raised, whether American intentions were sincere or whether America was interested only in promoting its own defence industry. Despite this, the Dutch gratefully accepted American equipment, especially after the announcement in March 1951, of an ambitious defence programme for the build-up of the Dutch army in the period 1951-54.

Moreover, from 1952, defence production in Europe was stimulated by the placing of American offshore orders with European industries. Together with the application of counterpart funds for military ends, these orders helped to bring about the firm consolidation of a small but not insignificant defence industry in the Netherlands.

The eventual decision taken on the implementation of a new defence plan providing for an annual defence budget of 1,500 mln guilders, was taken after long and heavy discussions within the cabinet and outside. Following the start of the Korean war in June 1950, the United States had urged a substantial increase in the Dutch

defence effort. During the following eight-month period however, government refused to take any action. It pointed to the primacy of economic recovery and to the position of the national navy within the allied framework. In the Netherlands, the navy was regarded as a well-respected institution with an honourable tradition, but the Americans urged the Dutch to build up ground forces for the allied defence of the continent, and to refrain from spending the greater part of the budget on naval forces. In fact, the Dutch defence budget was higher than that of the other small NATO countries, but, unlike the Dutch, these countries (Belgium for one), in accordance with the NATO recommendations, spent almost the entire budget on their army.

In the period June 1950 to March 1951, the defence debate in The Hague was characterized by deep divisions of opinion and vacillating decision-making. General confusion was demonstrated most clearly by the dismissal of Defence Minister Schokking and of Army Chief General Kruls. Moreover, the defence issue played a part in the fall of the second Drees cabinet in January 1951.

Eventually, overt American pressure on the Dutch appeared to reap results. In March, the new Drees cabinet announced the f 6 mld-programme. Two years after the Dutch had joined NATO, the "evacuation strategy" was finally abandoned.

We may view the long-continued reluctance by Dutch politicians to admit American claims, as a last spasmodic attempt by them to cling to the Dutch pre-war foreign policy tradition of neutralist abstentionism.

The debate of late 1950/early 1951 was determined not only by the post-Korea defence effort, but also by the problem of German rearmament. As noted earlier, the Dutch advocated German rearmament within the framework of NATO, but the French appeared to be extremely

hostile to this idea. In October 1950, when French Prime Minister, Pleven, proposed a plan for an integrated European army inclusive of German units under the control of supranational institutions, the Dutch response was immediately unfavourable. They feared that German rearmament would be delayed and that American involvement in the defence of Europe would decrease as a result of the regional European initiative. Dutch army authorities worried that their army reconstruction plans which were based on the American system of organization and combat, would be thwarted by standardization programmes drafted by the proposed European organization. Moreover, they were convinced that national control over the training and use of armed forces was much better safeguarded within NATO than within the supranational European framework.

The government disliked the idea of giving up sovereignty for the sake of cooperation within a small continental group which did not include the participation of Great Britain. It appeared that the Dutch were far less "European minded" than has often been assumed in post-war literature on European integration. They initially refused to participate at the conference on the creation of a European army in Paris, and they were only "converted" to active participation when they saw that the United States had become a fervent advocate of the European solution. During the period spanning October 1951 till the signing of the EDC treaty in May 1952, the Dutch tried consistently to weaken the supranational features of the European army organization. Throughout the debate, they emphasized the importance of close links between the EDC and NATO. In the field of security, European integration came second to Atlantic cooperation. Foreign Minister Stikker, who was downright hostile to the idea of European

federalism, considered NATO the appropriate organization for military and even economic cooperation. He constituted himself the champion of an Atlantic Community with certain economic powers, but his efforts failed, mainly because America was reluctant to join such a scheme.

At the time, the Dutch government was concerned about protectionist measures which hampered the free movement of goods and capital in Western Europe, such as tariff walls and quantitative restrictions. Since the announcement of Marshall aid, the Dutch had looked for various ways to get rid of European trade barriers. However, OEEC, GATT, NATO and other organizations had appeared to be unsuccessful in solving the Dutch problem. In September 1952, Foreign Minister Beyen, Stikker's successor, unfolded his conviction that only the integrationist approach could lead to the desired customs union of the Western European countries. The cabinet somewhat reluctantly allowed Beyen to introduce his plan for a European free trade area at the Luxembourg conference which met to discuss the creation of a European Political Community. The EPC debate resulted after the insertion of article 38 in the EDC treaty in which mention was made of the creation of a political superstructure for the ECSC and the EDC. As a result, the EPC was so closely linked to the EDC, that it was clear from the beginning that the former's fate depended on the success or failure of the latter.

The Dutch government disliked the EPC plan, but was willing to participate if the Beyen plan for a customs union was accepted at the negotiations. In the government's view, the process of European integration should reflect the lowest common denominator of the political and particularly the economic, interests of the countries involved, and nothing more than that. It has been said with truth that during the negotiations, the Dutch spoke of supranationalism

when what they meant was selling cheese! Economic integration was welcomed because it served the country's national interest, but defence and foreign policy had to remain the monopoly of the national state.

In this respect, Beyen was an exception. He was so obsessed by the importance of economic integration that he even welcomed the EDC as an appropriate intermediate station on the road to the creation of a customs union (given the fact that the EDC, EPC and Beyen plan formed threads of one and the same web). Beyen was somewhat naïve in the pursuance of his European goals. Unlike his cabinet colleagues, he entirely under-estimated the opposition to the EDC treaty in the French parliament.

The Netherlands was the first country that ratified the EDC treaty, but the government (apart from Beyen and, to a lesser extent, Mansholt, the minister of agriculture) remained in favour of the Atlantic solution for German remilitarization. Drees held the view that since the EDC treaty had been signed, it was advisable to behave as constructively as possible. Such an attitude could yield fruit in other sectors, particularly in the field of American assistance and trade liberalization. He might have thought that the likelihood of the Beyen plan being adopted would improve if the Netherlands ratified quickly. However, he remained as hostile to the EDC now as he had been before the signing of the Treaty, and he did not regret that the Treaty had been rejected in the French parliament in August 1954.

A remarkable feature was that the French attitude towards European integration was precisely opposite that of the Dutch. From 1950-52, the French (or at least the greater part of the cabinet) welcomed their own idea of a supranational European army as an

attractive alternative to the Atlantic solution for German rearmament. However, after the signing of the EDC treaty in 1952, they grew to dislike this idea, and from January 1953 onwards in particular (when Schuman left office and the Gaullist-supported Mayer government was installed), it became clear that they looked for ways to get rid of the Treaty. We may even say that by the start of 1953 the Treaty was dead.

There are three plausible arguments for this increasing opposition in France to the EDC. Firstly, in 1952 it appeared that the competitiveness of the French economy within Western Europe had begun to wane. In this year, France suspended the liberalization of foreign trade, and it felt itself increasingly locked within supranational European organizations which aimed at providing free trade and fair competition. From 1952, Monnet's ideas of integration from above became subject to heavy criticism. The French feared losing control over the direction of the integration process. The EDC was seen progressively as a dangerous precursor of the establishment of a common market, particularly because of its close links with the EPC and the Beyen plan.

According to the French, the abolition of tariff barriers and quantitative restrictions would have a disastrous impact on their national economy. They considered it preferable to call a halt to developments in the field of European unification before it would be too late.

Secondly, in 1952, the French made a serious start with the development of their own nuclear "force de frappe". They came to realize that the provisions of the EDC treaty did not allow for national initiatives in the field of nuclear research for military ends. In 1953, the nuclear issue became increasingly important as a

result of successful nuclear tests that year in the United States, the Soviet Union and Great Britain. At the time, the Americans and the British categorically refused sharing atomic secrets with the NATO allies on the continent. France, for fear of becoming a second-rate or even third-rate nation, felt itself compelled to construct its own bomb, and since the EDC treaty forbade national research on a large scale, ratification was considered undesirable.

Thirdly, after the death of Stalin and the end of the Korean war, both in 1953, an atmosphere of reduced East-West tension came to prevail in Europe. Moreover, the successful outcome of the Geneva negotiations on Indo-China increased French hopes that accommodation with the communist bloc had become a realizable goal. Drawing up final terms for an EDC was no longer seen as an urgent necessity.

These three arguments seem more plausible than the motives which have been suggested in existing literature on the rejection of the EDC. Some authors point to the French fearing the re-creation of a German "Wehrmacht" within the EDC, but this argument seems very unlikely because the French must have realized that after the rejection of the EDC, the Western allies would press for the involvement of a national German army within NATO. Such an army would doubtless be less subservient to French control, than would integrated army units within a supranational organization. Another argument which tends to be used in explaining the rejection of the Treaty in France, concerns the British refusal to participate actively in the European army. This argument should be taken seriously, because British aloofness had severely divided opinion in France. Nevertheless, it was clear that in introducing the Pleven plan, the French implicitly excluded the British from involvement in the European Defence Organization. The supranational framework of the

Schuman plan had been bluntly rejected by Great Britain, so there was very little reason to assume that the British would adopt a different attitude towards the Pleven plan (which was equally federalist). Apart from this, British military guarantees to the French in the spring of 1952 and 1954 were adequate proofs that the British army would not remain aloof, even if Great Britain were not involved in the supranational organization. A third explanation for the French refusal to join the EDC is concerned with French unwillingness to sacrifice the national "grandeur" of their army for the sake of creating a supranational institution. This argument was obviously used by French army authorities who pleaded for German rearmament within an Atlantic framework, but it is doubtful whether such an argument was widely supported in their own country. French armed forces had suffered serious defeats all over the world in the fifteen years preceding, and particularly at the battle of Dien Bien Phu in 1954. This could hardly have contributed to an increased prestige of the French army. It is also untrue that the EDC would have deprived France of any degree of control over her former empire, as has sometimes been argued in the literature; the additional protocols of René Mayer which were accepted by the other EDC member states, gave France almost a free hand in dealing with its overseas colonies.

Of crucial importance to the whole discussion on the rejection of the EDC, was the time factor. After the signing of the Treaty, it became obvious that France was running the risk of losing its place among the superpowers because of the delay in developing nuclear weapons and the unfavourable economic position. After the settlement of the Indo-China dispute, which made France become less dependent on American assistance, the rejection of the EDC was only a matter of

time.

What appeared to be impossible within a European framework was eventually realized within an Atlantic framework: with a favourable vote of the French National Assembly on the so-called "Paris agreements", the Western Union was enlarged by including Germany, and in 1955, the problem of German rearmament was resolved within several months. Yet, according to De Porte, the long discussions over the EDC in France had not been lost time.

What mattered was not that the French had trifled with the cause of united Europe for four years but that it took them only four years, so soon after World War II, to accept the necessity (in the circumstances) of rearming the Germans. In retrospect, the significance of the project was not that it was a setback for European unity, which was well on its way again in 1955, but that it was a four-year education of the French to accept without subterfuge the unpalatable reality pressed on them by the United States, the reality of an armed and sovereign Germany. (2)

The Dutch were pleased with the provisions of the Paris agreements of 1954: German rearmament had finally been obtained, and the continued presence of American troops on the continent was safeguarded. Dulles' threat of an "agonizing reappraisal" was not put into practice. In the Netherlands, much value was attached to the prolongation of American military involvement in Europe. American absence had always been seen as one of the major liabilities of the EDC. The Dutch preferred the hegemony of a remote super-power over the alternative, a less credible leadership, with a more immediate domination by Britain, Germany, France, or any combination of them in a militarily independent Europe.

Nevertheless, even after the ratification of the Paris agreements, the Dutch remained suspicious of US intentions concerning the defence of Europe. The "New Look" strategy of the Eisenhower Administration was seen as another attempt to withdraw American

forces from the continent. For reasons of retrenchment, the Americans decided to concentrate on the build-up of a tactical nuclear force, and to bring about a reduction in the number of conventional troops.

Despite Dutch criticism, the new American strategy had one favourable effect; the Dutch saw finally, an opportunity to cut back on excessive defence budgets, which had been the result of the announcement of the crash programme in March 1951.

In subsequent years, the unfavourable attitude of the Dutch towards the creation of a European defence pillar remained largely unaltered. In the early sixties, they blocked an initiative by President De Gaulle which was aimed at the formation of an intergovernmental European Union with broad powers in the field of defence. The Dutch feared a loosening of military bonds with the United States, while at the same time they championed British membership of the European Community. Again, there appeared to be a great divergence of French and Dutch interests, because De Gaulle was absolutely against both military dependence on the United States and British entry to the EEC.

Another example of the Dutch attitude vis-a-vis an independent European profile in strategic affairs, was the rejection in 1965 of an American proposal concerning the creation of a Nuclear Planning Group in Europe.

The idea of a self-supporting European defence organization has been regarded sceptically even to the present day. Van den Broek, the current Minister of Foreign Affairs, has recently warned of undue optimism on the part of those French politicians who have urged a renewed discussion on European defence, either within the framework

of the West European Union (Chirac) or within the European Council of heads of state and government leaders (Delors). Delors' initiative sprang from the general post-Reykjavik (see Epilogue) desire to formulate a joint answer to recent Soviet proposals on the reduction of intermediate nuclear missiles in Europe. By strengthening European cooperation in the field of foreign policy, Delors hopes to lay the basis for a common security policy. Chirac's proposal starts from the assumption that the independent nuclear forces of France and Great Britain constitute an essential factor in the maintenance of defence efforts in the European states.

According to Van den Broek, the time is not yet ripe for Europe to choose whether it prefers to depend on the French and British nuclear guarantee, or on the American. He warns of inopportune exploitation by French politicians of the existing general discomfort among Europeans following the summit in Reykjavik.

Van den Broek's view is still shared by a majority of Dutchmen. Although there has doubtless been an increase in scepticism about the credibility of the American nuclear deterrent force for the defence of Europe, the Dutch remain very suspicious about the sincerity of the French intentions in the debate on European security. They are annoyed by French unwillingness to sacrifice a jot of their national sovereignty in the field of defence. France still refuses to consider the forward defence of the Federal Republic as important as the forward defence of France itself. The "force de frappe" (in present days termed "force de dissuasion") has always been intended for the safeguarding of French territory against aggression. In that sense, few things have changed: in the second half of 1952, Dutch politicians were appalled by what they saw as a selfish "French fortress strategy".

Today, the Dutch worry that Paris will soon start to play a leading political role in Western Europe, a role which would be based purely on the possession of a nuclear arsenal. Such a development would be highly undesirable for the Netherlands, the more so as, for the time being, France and Britain will be unable to guarantee Europe's security. And as long as these two countries can not provide such a guarantee, there is no reason for the Dutch government to give up either the principle of equality on which the European Community is based, or dependence on the United States within NATO.

Another element which is quite important in the formulation of the Dutch standpoint, is the money factor. The withdrawal of American soldiers and weapons from the continent requires, at least in the short run, a substantial increase in the number of (expensive) conventional troops. However, as we have seen, an excessive defence budget is traditionally highly resented in the Netherlands. In other words, the European "option" does not safely fit in with the Dutch policy of getting as much protection as possible from minimal expenditure.

Having said that, one may wonder whether a stubborn "Atlanticist" policy will remain valid in the long run. Just at the time when Franco-German military collaboration seems to be becoming more and more reality, the blunt Dutch rejection of European defence cooperation probably needs some revision. Although its diplomatic importance has considerably decreased since the time of the EDC, Holland is still in a position to modify developments to its advantage, particularly as future chairman of the West European Union (from the autumn of 1987). In that quality, the Dutch will presumably strive for not only a strengthening of the British role in continental security affairs, but also an improvement in the contacts

with those Americans who see Western Europe as more than only a potential battlefield in a lingering regional conflict.

The abandonment of the foreign policy tradition of anti-continentalism in security affairs (strongly present at the time of the EDC) is, in the short run, not to be expected.

NOTES

1. J.G. Siccama, 'The Netherlands Depillarized: Security Policy in a New Domestic Context'. In: G. Flynn (ed.), NATO's Northern Allies. The national security policies of Belgium, Denmark, the Netherlands and Norway, New Jersey 1985, p. 123.
2. A.W. De Porte, Europe between the superpowers: the enduring balance, New Haven 1979, p. 160.

E P I L O G U E

What is the value of the EDC example in present-day discussions on the creation of a European defence pillar?

In the 1980s, we are faced with a revival of the notion of European defence collaboration, mainly as a consequence of European concerns about bilateral Soviet-American negotiations on continental security matters. At the time of the SALT negotiations, fears arose that the two superpowers were more concerned about their own interests than about the interests of Europe. The NATO "double decision" of December 1979 had everything to do with this fear.

Following the summit of Reagan and Gorbachev in Reykjavik in October 1986, there is renewed apprehension on the part of Western European politicians that the United States negotiates with the Soviet Union over the heads of the European states. Moreover, the question is posed whether the Americans will continue to honour their NATO obligations vis-a-vis Europe, while at the same time drafting plans for a space defence system (Strategic Defence Initiative). The quality of the American security guarantee is brought into question. The European worries concern not only the strategic security guarantee toward the continent, but also the stationing of 300,000 American soldiers in Germany. Since Reykjavik, the European debate on these issues has undeniably increased, not in the least because of the proposed removal of medium-range missiles in the so-called "double zero" deal.

Today, there are five frameworks available for the realization of a European defence system:

(a) The West European Union. This intergovernmental organization was created in 1954 in order to make German rearmament, which had failed to materialize within the supranational EDC, feasible. The WEU consists of seven countries and has continued to exist up to the present, although its real impact has always been minimal. However, in 1986, the WEU seemed to receive a new impetus in a French initiative concerning the introduction of a security covenant for Western Europe. The main initiator was Prime Minister Chirac who advocated observance of five principles in European security matters. The most important principle concerns the fundamental judgment that for the time being, nuclear deterrence remains the only manageable expedient against the outbreak of war in Europe, and that in the short run, no credible alternative is available. Another principle holds that the independent nuclear forces of France and Great Britain constitute an essential factor in the maintenance of the defence efforts of the European states, on a level which is in conformity with the extent of the threat. Resulting from this is the view that for the moment, deterrence in Europe can not function without the strategic coupling of the two shores of the Atlantic Ocean (Atlantic cooperation). According to Chirac, the presence of American conventional and nuclear weapons on the continent is the most concrete form of such a coupling. This is clearly removed from De Gaulle's policy of the 1960s, which aimed at the decoupling of American and European security interests.

In March 1987, the British Foreign Minister, Howe, made clear that he was favourably disposed to the idea of strengthening the WEU. Likewise, the former Federal Chancellor, Schmidt, made an appeal to the Europeans in the journal Die Zeit to become more watchful of their own security interests. He advocated a strong European defence cooperation under French leadership. He even made a plea for a common defence budget, with the Germans putting up more of the cash for conventional forces, so that the French would have more money to improve their nuclear ones. The attitude of the three Benelux countries towards such a development has been much more sceptical. They see no advantage in a Western European Union dominated by a strong Franco-German condominium.

- (b) The Euro-group within NATO, which comprises all European member states minus France (since French withdrawal from the military organization in 1966). This European caucus within the Atlantic community was created in 1968 as a result of a British initiative which aimed at mollifying American criticisms of an inadequate European defence effort. However, discussions on the creation of a European pillar have so far appeared to be futile, mainly because of the participation of countries like Greece and Denmark which have both rather dissenting views on the organization of security in Europe. Moreover, France, generally seen as the pivot of European defence, is not represented in the Euro-group.

- (c) The European Communities. In March 1987, the chairman of

the European Commission, Delors, made a plea for the convocation of a special EC meeting on defence problems. What Delors hoped (and still hopes) to achieve was not only the (short-term) formulation of a joint European standpoint vis-a-vis the negotiations on the "double zero" option, but also the (long-term) strengthening of the authority of the EC in the field of foreign policy by means of the formulation of a common security policy. The idea of strengthening the Communities' role in discussing the political and economic aspects of defence can also be traced in the Single European Act. For the moment, Delors' plans seem to be thwarted by the independent defence policies of some EC members (again, Greece, Denmark, and to a lesser extent, Spain) and by the neutralist stand of Ireland. The strong Irish attachment to their neutrality became very clear during the ratification debate on the Single European Act.

(d) The Independent European Planning Group (including France).

This organization is mainly concerned with the procurement of weapon systems and the drafting of armament programmes for the defence of Europe, and is therefore of hardly any political value. The basic principles of the IEPG show some semblance to the proposal for a common armament programme within the EDC, although their actual impact is much more limited.

(e) Bilateral agreements, mainly between France and Germany.

For the moment, the bilateral approach seems to offer the greatest chance of success. In a speech addressed to the

German "Bundestag" in January 1983, President Mitterrand of France emphasized the necessity of strategic cooperation between the two countries. In the spring of 1987, Europe and the world was faced with the first combined Franco-German troop manoeuvres, and in June, Federal Chancellor Kohl announced new manoeuvres for the autumn. This, in spite of the fact that France has so far persistently refused to throw in its military lot with that of the Federal Republic. In other words, West Germany is not protected by the French nuclear umbrella. However, this classical French strategic conception of the "sanctuaire" may change in the future: a West European defence under the leadership of a Franco-German axis is no longer to be excluded beforehand. Recent statements by former Prime Ministers Chaban-Delmas and Fabius show that extension of the nuclear guarantee is open to discussion. Moreover, it is expected that the joint troop manoeuvres will encourage the French to accept a "forward defence" policy which defends France on the Elbe rather than on the Rhine.

Another possibility in the bilateral sphere is a military agreement between France and Britain. Both countries have recently made successful attempts to re-establish their status as major world powers, France by its military intervention in Chad, and Britain by the naval operation in the Falklands. France in particular is keen on intensifying cooperation between French and British nuclear forces. It is estimated generally, that in the first ten years such a cooperation will hardly be productive because it concerns the coordination of two entirely different

weapon systems. Nevertheless, in France this discussion is no longer considered taboo. The British are much more sceptical about bilateral developments.

It is hard to compare the EDC with any of these institutions above. The EDC was not the result of a serious crisis within the framework of NATO. It provided an instrument for exercising certain control over German rearmament. The Americans came out in full support of the EDC, mainly because the European army was planned to function under the operational control of NATO (including American commanders) and so it achieved America's military and political goals in Western Europe. The EDC was never seen as a European attempt to create a third force, a mediator between the United States and the Soviet Union.

The current debate on European security is determined by representatives of three different groups: those who want to cling to the traditional policy of close cooperation with the United States and of complete reliance on the American deterrent force, those who want to adhere to the strategic bond with the United States but who at the same time stand for a European "re-insurance policy", and those who want to loosen the ties with the United States and who foresee a leading role for the French/British nuclear potential combined with a strengthening of conventional (mainly German) forces in Western Europe (the so-called "European option"). The latter group implicitly advocates the creation of a third force. It holds that the nuclear umbrella provided by the United States is no longer reliable. This group has grown in strength in recent years, particularly in France and Germany. The Federal Republic has a strong interest in avoiding Soviet restrictions on access to West Berlin and on

communications with Eastern Europe. Notwithstanding the pro-atlanticist policy of the CDU, it is generally felt that dependence on the United States within NATO, handicaps German room for manoeuvre vis-a-vis the East. Such considerations were absent at the time of the EDC: Adenauer was not interested in reunification or in improved relations with Eastern Europe. His main concern was to establish a close military alliance with the United States, preferably within the framework of NATO.

France embraces the "European option" as a purpose to buttress French influence both over European security and over other matters (international trade policy, international monetary affairs etc.). In this respect, the present French policy is quite similar to the French European policy in the 1950s when France used the supranational approach (ECSC, EDC) in order to counter developments which were presumed to be directed against its national, political and economic interests.

As in the case of the EDC, national interests are more important than high-minded European ideals. Italy is perhaps the only country that pursues West European security collaboration as a means to developing European unification per se. In that sense, current Italian attitudes bear semblance to attitudes of the early fifties when De Gasperi launched the proposal for a supranational European Political Community within the framework of the EDC discussion. For Italians, West European unity was, and still is, the path to identity and order which their own state does not sufficiently provide them. Of course, we have to be cautious with this type of observation: it would be unwise to think that Italians are more altruistic than other European citizens.

Nevertheless, the Italian attitude is, generally speaking,

diametrically opposite to pragmatic French attitudes towards European unification. Apart from power-political reasons, the French regard European security cooperation as an appropriate means to safeguard the German bond with the West. French politicians are increasingly concerned by the loosening of the Federal Republic's anchor in the West because of: firstly, German distaste for perceived US insensitivity to West European interests (notably in relation to "Ostpolitik"); secondly, the attractions (for the German Left in particular) of a comfortable accommodation with the Soviet Union; thirdly, the re-emergence of nationalism in Germany; fourthly, German financial and economic hegemony. Fundamentally, the French wish is to contain the influence of the Federal Republic and to ensure that Germany is clearly tied to the West. This ambition is not new to French policy-makers: at the time of the discussions on the EDC, Schuman et al tended to regard the German neighbour in similar stead.

Another element of "déjà vu" in the present discussion on European defence cooperation concerns the position of the United Kingdom. As in the early fifties, the contemporary British attitude towards increasing West European options, or towards promoting the cause of overall European unity, is one of extreme reluctance. It is unlikely that a major initiative in European security collaboration would be high on the list of priorities had others not raised it. The statement of Foreign Minister Howe concerning British support for a revival of the WEU seemed to be an example of premature election rhetoric, rather than the first sign of a fundamental change of policy.

United States policies towards a European defence option are more ambivalent than at the time of the EDC debate. On the one hand, it supports the European idea because it strives for a reduction of

the number of American troops stationed in Germany - here we see a strong resemblance to US political thought of the 1950s. On the other hand, in the event of a further development of the European option, the Americans fear the collapse of NATO; this problem did not arise at the time of the EDC discussion, simply because the EDC fell under the operational control of NATO.

In short, there are several similarities between the present debate on security affairs, and discussion in the 1950s on the EDC. However, it seems hardly imaginable that the EDC example could be used as a blue-print for defence cooperation in the 1980s. The international climate has undergone a fundamental change: the dominating role of the United States in Western security affairs has waned. Apart from a decrease in the importance of Europe in American policy-formation, the United States, being the world's biggest debtor, can hardly afford to maintain its troops in Europe. Moreover, military-strategic discussions have changed over the past thirty years because of the proliferation of nuclear armaments and because of persistent French efforts to develop their "force de dissuasion" into a reliable deterrent weapon. Accompanying all this is a sincere hope for substantial improvements in contacts with the Soviet Union.

And last but not least, it seems very unlikely that the supranational approach will ever again be used in the field of military cooperation.

8

A R C H I V A L I A

This thesis is based largely on research into Dutch central government archives. Below, an attempt has been made to describe the nature of the sources used in the period September 1983 to August 1986. After each description, details necessary to locate the abbreviation employed in the text, is given.

The level of policy with which this thesis is primarily concerned is that formulated by cabinet. The minutes of the meetings of the full cabinet are deposited in chronological order in the "Algemeen Rijksarchief".

Algemeen Rijksarchief, Notulen van de Ministerraad,
Description of the document, date (ARA, MR, description,
date).

The full cabinet, however, rarely concerned itself with purely defence matters unless they had a clearly political dimension (e.g. the problem of German rearmament, the fixation of the defence budget and the EDC debate). The day-to-day discussions on military topics devolved to a cabinet sub-committee, the Council for Military Affairs of the Kingdom, whose membership included only the ministers most directly concerned, the General Staff and some top civil servants (the latter on an ad hoc basis). The minutes of the meetings of this Council are in chronological order in the Ministry of General Affairs, a ministerial post held automatically by the Prime Minister.

Ministerie van Algemene Zaken, Raad Militaire
Aangelegenheden van het Koninkrijk, Minutes date
(Min.AZ, Raad MAK, Notulen date).

From August 1952, the Council of Military Affairs of the Kingdom was renamed General Defence Council. In general, the activities of the latter Council were broader than those of the former. Files of the General Defence Council are to be found in the Ministry of Foreign

Affairs. They form part of the archive of the Directorate for Military Affairs.

Ministerie van Buitenlandse Zaken, Algemene Verdedigingsraad, archief Directoraat Militaire Aangelegenheden, Minutes date (Min.BuZa, AVR DMA, Notulen date).

In addition to the cabinet and sub-committee minutes, the discussion papers ("bijlagen") were also consulted: firstly, in their function as background papers to the cabinet discussions themselves, and secondly, because on many occasions when cabinet (or sub-committee) could agree to the recommendations without discussion, they are the only source of information on the policy decisions actually taken. The greater part of the discussion papers are collected in the "Algemeen Rijksarchief".

Algemeen Rijksarchief, Notulen van de Ministerraad, Bijlagen (box number), Description of the document, date (ARA, MR, Bijlagen (box number), description, date).

In addition, to clarify certain points or to trace documents which proved exceptionally illusive, use was made of the archives of the Ministries themselves. The following list enumerates the various ministries and archives consulted. This list does not provide for classification details because of the highly divergent filing systems used by the ministries.

Ministry of Foreign Affairs (Ministerie van Buitenlandse Zaken, Min.BuZa):

Europese Defensie Gemeenschap (EDG), 1950-54; Directoraat Militaire Aangelegenheden (DMA), 1950-54; Directoraat-Generaal voor het Economische en Militaire hulpprogramma (DGEM), 1949-54; Privé archief Van der Beugel (this archive has been transferred to the Algemeen Rijksarchief).

Ministry of Defence (Ministerie van Defensie, Min.Def.):

Europese Defensie Gemeenschap (EDG), 1950-54; Kabinet van de Minister/Staatssecretaris van Oorlog, 1949-54; Hoofdkwartier Generale Staf, 1949-54; Comité Verenigde

Chefs van Staven (Comité VCS), 1948-51; Kwartiermeester Generaal, 1948-1950; Legerraad, 1951-53; Materieel-raad, 1951-52; Directie Administratieve Diensten (DAD), 1949-50; Directoraat Materieel Landmacht, 1951-54; Belgisch-Nederlandse militaire samenwerking, 1948-52.

For convenience' sake, use has been made of the term "Ministry of Defence", although the official name at the time was "Ministry of War and Navy" (Ministerie van Oorlog en Marine).

Ministry of Finance (Ministerie van Financiën, Min.Fin.):

Europese integratie algemeen, 1952-54; Directie Defensie Aangelegenheden (DDA), NATO + MHP, 1951-54.

Ministry of Economic Affairs (Ministerie van Economische Zaken, Min.EZ):

Buitenlands Economische Betrekkingen (BEB), 1950-54 (this archive has been transferred to the "Algemeen Rijksarchief").

All the archives mentioned above are to be found in The Hague.

Furthermore, the printed documents of the Foreign Relations of the United States (FRUS) have been consulted, particularly the volumes concerning Western Europe, 1948-54.

Finally, use has been made of some files of the political archive of the Ministry of Foreign Affairs in Bonn, West Germany (Politisches Archiv des Auswärtigen Amts, PAAA Bonn): Europäische Verteidigungsgemeinschaft, 1950-54; Beziehungen zwischen der Niederlande und West Deutschland, 1948-54.

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