

Political and Economic Relations Between the United States and Europe During the Cold War Period

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Abstract. The Cold War was the most extraordinary battle in world history. The United States and the Soviet Union, two global superpowers, waged all-round struggles in all fields. Because it was the front line of the Cold War, Eastern and Western Europe, which were already different, were completely separated, and this influence is still present more than three decades after the end of the Cold War. During the Cold War, the relationship between the United States and Eastern and Western Europe has always been a hot topic worth studying. And against the backdrop of increased cooperation between China and Russia against the United States and its allies, a new Cold War seems inevitable. Because of the risk of re-emergence of the bipolar pattern, the US-EU relationship during the Cold War may provide some reference for the future situation. This paper will discuss Eastern and Western Europe separately because of the divisions of the Cold War. The political and economic ties between the United States and Eastern Europe, as well as the shared assistance and use of Western European allies, will also be discussed and evaluated at the same time.

Keywords: Aid, suspicion, mutual help, wooing, controlling.

1. Introduction

World War II came to an end on August 15, 1945, when Japan declared its total surrender. This was followed by the victory of the global anti-fascist allies. Devastated by Nazi Germany, both Eastern and Western European countries were severely weakened. The fact that Europe is generally declining has also made the United States completely replace Europe's once position in the world and become a global hegemon.

However, the Soviet Union, one of the backbones of the world's anti-fascist allies, also rapidly expanded its influence after World War II. Having included almost all of Eastern Europe in its sphere of influence, the Soviet Union qualified to compete with the United States. The contradictions between the United States and the Soviet Union have a long history. During the Spanish Civil War, the United States and the Soviet Union already supported opposing governments. When the fascist alliance in World War II was defeated, many contradictions arose between the two sides in terms of post-war interests. The Soviet Union and the United States had conflicting opinions on Germany's demilitarization, democratization, and reparations concerns. The United States intended to recultivate Germany from the beginning in order to include it into the American strategic structure.

On the other hand, the Soviet Union sought to severely constrain and undermine Germany. In dealing with the defeat of Japan, the United States had the intention of monopoly from the beginning, and the Soviet Union also protested a lot. Through the Truman Doctrine, the Marshall Plan, and the North Atlantic Treaty Organization, the United States implemented a blockade and the political, economic, and military isolation of the Soviet Union in order to contain it and achieve the aim of world dominance. The USSR also countered with the Molotov Plan and the Warsaw Pact.

Former partners inevitably became adversaries due to their divergent strategic goals, ideologies, and interests as well as the clash between the two capitalism and socialism regimes. In the end, relations between two superpowers with very different ideologies were as completely split as East and West Germany in the Berlin crisis. The Cold War pattern of confrontation between the Western capitalist countries led by the United States and the socialist countries led by the Soviet Union was established. The Cold War caused the two superpowers to compete in all aspects in many fields, which profoundly affected the world pattern at that time.

At the same time, in the context of the possibility of a new Cold War between China and the United States, the historical significance of the Cold War competition is more worthy of consideration. As the most competitive and infiltrated front between the two sides of the Cold War, the relationship between European countries and the United States can provide a reference for today's pattern. This thesis provides a comprehensive and profound analysis of the relationship between Eastern and Western European countries and the United States in terms of politics, economics and diplomacy.

2. The European Landscape during the Cold War

During the Cold War, Europe stood as the most competitive frontline between the two superpowers. The United States and the Soviet Union completely torn Europe apart through political systems, economic structures, and diplomatic blockade, infiltrating Europe with a large number of CIA and KGB agents. In this context, a very clear distinction emerged in Europe - Western Europe and Eastern Europe. This division persists to exert influence even today, three decades after the end of the Cold War. Therefore, any analysis of the Cold War necessitates a thorough understanding of the historical patterns of Eastern and Western Europe during this period.

In Eastern Europe, the pros and cons of the Soviet presence were very obvious. Under the control of the Soviets, the policies of Eastern European governments were exactly the same as in the USSR. On the economic front, Eastern European countries, much like the Soviet Union, adopted a planned economic system, controlling the market through government agencies. Simultaneously, politically, one-party dictatorship, took root, with the Communist Party ruling these countries. It can be said that due to the repressive rule of the Soviet Union, the countries of Eastern Europe became de facto satellite countries. Naturally, these Eastern European governments traded away their sovereignty in exchange for generous assistance from the Soviets.

By 1989, the Soviet Union had provided 85.8 billion rubles in loans to 12 socialist countries and 49 third world countries, about \$149 billion at the US dollar exchange rate, which was roughly equivalent to about 8% of the total national economic product of the Soviet Union, far exceeding the comparison of foreign aid and national strength of the United States, Britain, France and other countries [1].

In terms of industry, Soviet aid projects and loans accounted for 17% of Poland's industrial output, Estonia's total industrial investment 15.3%, East Germany's industrial investment more than 30%, and more than 60% of the projects in Czechoslovakia and other countries were contracted by the Soviet Union [1]. It can be said that the good quality of life of the people of Eastern Europe in the pre-Cold War and mid-Cold War was the result of the strong assistance of the Soviet people. This can also be seen by the fact that after the collapse of the Soviet Union, the Eastern European countries, which had long depended on the Soviet Union, fell into great political and economic difficulties and are still lagging behind other countries to this day.

Western Europe, similar to Eastern Europe, adopted a capitalist market economic system like the United States, and the political system was more inclined to democratic pluralism and multi-party system. But unlike Eastern Europe, countries in Western Europe, despite also being somewhat under American economic and political domination, were not as dependent on the United States as they were highly dependent on the Soviet Union. This can be attributed to the fact that Western Europe was highly developed as early as the 18th century, and even after World War II, it still had a relatively complete industrial system and economic foundation. For example, in 1947, the level of agricultural production in Western Europe was 83% of that level in 1938 before World War II, and the level of industrial production was 88% of that level in 1938, which was more than 30% higher than that of Eastern Europe at that time [2].

At the same time, Western European countries, after receiving economic support from the Marshall Plan of the United States, took the lead in investing it in the restoration of industry and infrastructure, and began to introduce welfare policies one after another. Between 1948 and 1949, the share of raw materials financing fell from 50 percent to 27 percent, while the share of equipment financing rose

from 20 percent to 50 percent; in terms of project financing, which was used mainly for the construction of basic transportation facilities, the growth and modernization of energy and power production and steel production, about \$565 million originated from the Marshall Plan [3]. This move not only made the living standards of the people in Western Europe generally better than those in Eastern Europe in the future, but also laid the foundation for the subsequent explosive growth of the Western European economy.

Therefore, even in the most competitive 70s, Western European countries had a high degree of autonomy. Compared to Eastern European countries, which were satellites of the Soviet Union, Western Europe played a role closer to that of U.S. allies during the Cold War. Although the Cold War had already ended, America has maintained its alliance with Western Europe. From the many military conflicts in the 20th century and even the recent Russian-Ukrainian war, it is not difficult to see that Western European countries have become more frequent in exchanges with the United States, and even US President Biden can claim: "The United States and Western Europe have never been so united." This was unprecedented before the Cold War. Thus, we can understand the enormous impact of the Cold War on U.S.-European relations.

3. The United States and Eastern Europe: A Two-Sided Game

U.S. relations with Eastern European countries were often ambiguous during the Cold War, influenced to a large extent by the Soviet Union. Historically, Eastern Europe had limited communication with the United States. However, because it was regarded by the United States as an important factor in the Cold War competition with the Soviet Union, the United States maintained long-term communication with Eastern European governments after the beginning of the Cold War.

On the political front, the United States aimed to break up Soviet control over Eastern Europe. In April 1958, U.S. Secretary of State Dulles stated at a meeting of the National Security Council, "There is no doubt that the Soviet Union regarded Eastern Europe as the most sensitive region in the world [4]." Because this region could become an important bargaining chip in the Cold War, the Soviets used force to maintain control. The United States sought to seize this opportunity, potentially making Eastern Europe the heel of the Soviet Union's Achilles.

Similarly, the 1965 book *U.S. Policy toward Eastern Europe: Options for the Future* noted that "since the beginning of the Cold War, Eastern European countries have become dancers on the world stage [5]." The fate of Eastern Europe was linked to the global stage, determining the outcome of the competition between the Soviet Union and the West. It is not difficult to find that for the United States, the political significance of Eastern European countries is quite significant.

Therefore, while the United States conducted limited trade with Eastern Europe, it also continued to undermine trust and support of the local people for the communist government through peaceful means, including political propaganda and support for religion. The success of U.S. policy, which aimed to avoid direct control over normal international exchanges, contributed to the demise of the Soviet Union, the unrest in Eastern Europe, and the eventual victory in the Cold War four decades later.

Although Eastern European governments were politically and economically and ideologically controlled by the Soviet Union, they could not completely ignore the economic benefits offered by the United States, another superpower alongside the Soviet Union. Recognizing this dilemma faced by Eastern European governments, the United States proactively initiated efforts to establish relations with them. Finally, Eastern European governments succumbed to the U.S. strategy, seeking mutual benefits from both sides.

The most important interests and considerations for Eastern European countries in developing relations with the United States primarily revolved around economic factors. Consequently, the United States made every effort to carry out maximum international trade with Eastern Europe after establishing these relations.

On the one hand, Eastern European governments hoped to increase the living standards of their local people by strengthening their relations with the United States to secure greater economic benefits. Some countries, such as Yugoslavia and Romania, tried to free themselves from Soviet economic control and reduce their dependence on the Soviet Union, particularly in industry and other aspects.

On the other hand, the United States hoped that through the introduction of funds, Eastern European countries would gain independence from the Soviet government and reduce Soviet control over them. In addition, the United States also hoped that the economic benefits provided by its government would influence the local people, thereby leading to increased questioning of the Communist Party and reducing the legitimacy of the local regime. In practice, this U.S. policy caused most countries transitioning to a capitalist society shortly after the drastic changes in Eastern Europe.

4. The United States and Western Europe: Mutual Aid and Control

The relationship between the United States and Western Europe is clearer than the ambiguous relationship with Eastern Europe. After the end of World War II, Western Europe, once a global power, nonetheless had a difficult time recovering from the millions of dead and injured. The war spread across much of the continent, and continued bombing wreaked havoc on industry and agriculture in Western Europe. Industrial output has fallen rapidly, for example, in the Netherlands, which is only 30% of its pre-war value.

On the other hand, many renowned cities on the continent of Europe, including Berlin and London, are in ruins. Millions of people have been rendered homeless, and the majority of the structures connected to economic production in these places have been reduced to rubble. Transport facilities suffered the biggest damage. During the conflict, airstrikes were directed towards railways, bridges, and highways. Western Europe's small and medium-sized towns and villages suffered less damage. However, the collapse of transportation had effectively closed off their economy from the rest of the globe. Solving these problems would require enormous financial resources, at a time when the treasuries of most war-ridden countries had been depleted. The post-war food shortages in Western Europe were made worse by the Iron Curtain, which blocked Eastern Europe's grain export routes to Western Europe. Food shortages have become the most pressing problem.

The situation is particularly acute in Germany, where William Clayton said in a report to Washington, "Millions of people are slowly starving to death [6]." Since the United States did not become the main battlefield of World War II, its industry, agriculture, transportation, was not seriously damaged. At the same time, the dismantling of its military-industrial complex also allowed the United States to make a lot of money by selling arms in World War II, and the economy grew rapidly.

After the war, in order to adapt to the lack of civilian supplies and food in Europe and other places, US military factories immediately turned to the civilian field, and the supply of materials increased explosively. The dollar has also reshaped the global monetary system through its strong international position and is directly linked to gold. This allows the United States to build the dollar system while also making its economy more vibrant. In addition, the U.S. government was very concerned about Soviet expansion in Eastern Europe. At this time, George Kennan, one of the Marshall Plan's proponents, had already foreseen the world's future as being bipolar: "Soviet leaders have lived 1/4 century under Western suspicion and suspicion, their emotions are unbalanced, and they are some feared Marxist missionaries. Communism is their religious religion. Kennan theologically observed that communism became one of the world's most important religions, as indestructible as Islam, but one could contain it, that is, to confine it to a country that was already fascinated [7]." It is not difficult to see that the United States has begun to be wary of the Soviet Union.

In addition, some Western European countries, such as France, already had relatively strong communist forces. The United States feared the spread of communism in Western Europe. Therefore,

the United States introduced the Marshall Plan and other things to win over Western European governments and weaken the influence of the Communist Party.

On the political front, the United States has established long-standing alliances with Western Europe due to their high similarities in areas such as ideology. Under the premise that the Soviet Union controlled Eastern Europe, the United States needed to win over Western European countries to meet the needs of confronting the Soviet Union. Therefore, the United States assisted Western Europe through the Marshall Plan on the one hand, and signed a joint defense treaty with Western Europe on the other hand, establishing the North Atlantic Treaty Organization. NATO is the result of the United States' involvement in the post-World War II military vacuum in Western Europe.

The United States has used NATO to control the armed forces of Western Europe on the one hand, and on the other hand, it has also promoted the integration of Western Europe and achieved harmony within Western Europe, thus facilitating relations between the United States and Western Europe. Even the birth of the European Union under the banner of "One Europe" did not change the increasingly close partnership between the United States and Western Europe. Economically, the most famous between the United States and Western Europe is the Marshall Plan.

Launched in 1947, the Marshall Plan lasted for four fiscal years. The United States provided Western European nations with a total of \$13.15 billion in aid during this time, including financial, technological, and equipment support, of which 90% was provided as grants and 10% as loans. The Marshall Plan was implemented from 1948 to 1952, which was the quickest time in European history for economic growth. Agriculture production actually surpassed pre-war levels while industrial production increased by 35% [8]. The early post-war years were passed, and the economy of Western Europe started a two-decade period of unheard-of development. It is commonly accepted that the Marshall Plan sped up Western Europe's economic growth. Long regarded as one of the key drivers of European unity, the Marshall Plan. When the United States proposed the Marshall Plan, it demanded that Western European countries could only accept American assistance if they united as a whole, with the aim of making Western Europe a unified market with free access to American goods and capital, "without internal trade tariff barriers."

In varied degrees, the nation-state frontiers have been crossed by the series of economic organizations created by Western European nations for this reason. These organizations have also reinforced the economic linkages between Western European nations and improved communication among them. For its part, the United States also benefited greatly from the Marshall Plan. Its overseas penetration of exports to the U.S. economy opened up new markets and eliminated potential crises in the U.S. economy. At the same time, it also weakened the influence of local communists and stabilized Western European governments, which establishing the economic basis for the United States to form a political and military alliance with Western Europe.

5. Conclusion

Following the dissolution of the Soviet Union, the Cold War officially ended with the victory of the United States, but its huge impact on Eastern and Western Europe during the 50 years of the Cold War cannot be erased. After the fall of the Soviet Union, almost all countries in Eastern Europe that were once controlled by the Soviet Union joined the free trade market system in which the United States predominates, and some countries achieved great development. Poland, for example, grew its per capita GDP more than four times faster than in the past between 1992 and 2013, and twice as fast as established developed countries such as Western Europe. At the same time, a large number of Eastern European countries began to join the EU and NATO. This influence has led Eastern European countries to lean completely toward the United States, both politically and economically. U.S. President Barack Obama emphasized U.S. alliances with Eastern Europe, both politically and militarily to resist possible Russian aggression and strengthen trade to de-Russify [9].

Although there are conflicts between the United States and Western Europe after the end of the Cold War, including but not limited to France and other Western European countries openly opposing

the US Iraq war, reaching industrial energy cooperation with Russia, and demanding that the EU become a world power and compete with the United States. But overall, U.S. relations with Western Europe remain stable. Especially after the outbreak of the Russian-Ukrainian war, Western Europe has become closer to Russia because of its support for Ukraine, and the two sides have become closer economically and politically. U.S. President Joe Biden has announced that he will strengthen NATO's military power and provide allies with more stable defense measures.

After Russia cut off energy supplies, the United States took the opportunity to become the main supplier of European trade energy orders. This further strengthens the alliance between the two sides. With the United States fully controlling Eastern and Western Europe, Europe's sources of foreign exchange, industry, technology and welfare are completely linked to the United States, and the financial system of the dollar is also more closely maintained by the United States and Europe. It can be said that after the Cold War, the United States and Europe have become bound and the closest allies.

Today, in an environment where China's rise is in confrontation with the United States, there is a risk that the once bipolar pattern will reappear. The threat of a "new cold war" is no longer a joke, but a matter of practical significance. CIA Director Burns issued a report entitled "A Significant Turning Point in the Global Scene," arguing that "the United States faces an international pattern that is completely different from the Truman-era Cold War world" due to "the rise of an increasingly hostile China and the rise of a militant Russia." "China is the most important geopolitical challenge facing the United States in the 21st century," he declared [10]. It is not difficult to see from the development of relations between the United States and Europe during the Cold War that if China wants to become a presence that can completely confront the United States and the West, it must win over countries that can become allies.

China or Russia can follow the example of the United States in providing political and economic support to allies. In fact, China's One Belt, One Road policy is now considered by some Western political scientists to be a copy of the Marshall Plan of the United States during the Cold War. At the same time, China and Russia are also strengthening ties with Africa and Central Asia, which seems to be a replica of the US-European relationship. Therefore, we can see the new significance of the Cold War relationship between the United States and Europe in the current context. It will still bring deeper meaning to the world.

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