HEADLINE SERIES 236

FOREIGN POLICY ASSOCIATION

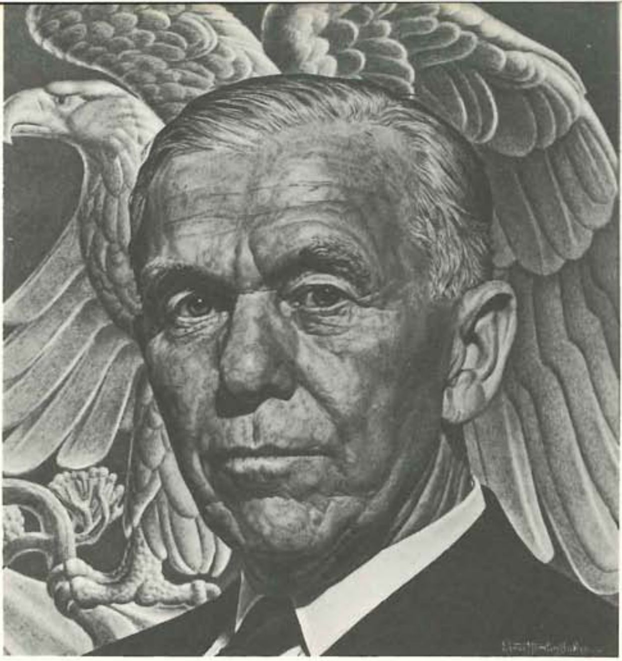
The Marshall Plan

1947-1951

by Theodore A. Wilson

Foreword by Henry Cabot Lodge

FOR EUROPEAN RECOVERY
SUPPLIED BY THE
UNITED STATES OF AMERICA



George Catlett Marshall

It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. . . . Any government which maneuvers to block the recovery of other countries cannot expect help from us. Furthermore, governments, political parties, or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States.

—from Secretary of State Marshall's speech at
Harvard University, June 5, 1947

The portrait, by Ernest Hamlin Baker, was published by *Time* magazine on the cover of its "Man of the Year" issue, Jan. 5, 1948. Original is in the archives of the George C. Marshall Research Foundation, Lexington, Va., repository of the Marshall military and state papers.

The Marshall Plan

an Atlantic venture of 1947–1951 and how it shaped our world

by Theodore A. Wilson

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HEADLINE Series 236, June 1977 **$1.40**

Cover design: Samuel N. Antupit

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The Foreign Policy Association

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HEADLINE Series, No. 236, June 1977, published February, April, June, October and December by the Foreign Policy Association, Inc., 345 E. 46th St., New York, N.Y. 10017. Chairman, Carter L. Burgess; Editor, Wallace Irwin, Jr.; Associate Editor, Gwen Crowe. Subscription rates, $7.00 for 5 issues; $13.00 for 10 issues; $18.00 for 15 issues. Single copies, $1.40. Second-class postage paid at New York, N.Y. **Composed and printed at Science Press, Ephrata, Penn.**

Library of Congress Catalog No. 77-89364

Foreword

by Henry Cabot Lodge

It is an irony of human beings that the story of wars lives on for ages in the history books—but when something very great is accomplished without firing a shot, the passage of 30 years can nearly erase its memory.

Half of the Americans living today were not born when Secretary of State George C. Marshall made his famous proposal for a European Recovery Program in June 1947. Yet Marshall's achievements were prodigious. As Chief of Staff during World War II he had directed the creation of the Army and the Air Force, determined the worldwide strategy for our armed forces and chosen virtually all the generals. Becoming Secretary of State, he proposed the Marshall Plan which prevented Europe from being overwhelmed. Truly, in the light of these achievements in war and peace, it is no exaggeration to say that he stands out as the greatest American of the 20th century.

I was on the Senate Foreign Relations Committee and participated in legislative action on the Marshall Plan from its inception in 1947. Having returned to the Senate from wartime Army service in Africa and Europe, I was well aware of Europe's predicament and our vital interest in lending a hand.

Two years earlier, Hitler's suicidal assault on Western civilization had been crushed—but at colossal cost. The exhaustion of the recent enemies in Western Europe was made more ominous by the menacing attitude of the Soviet Union. It fell to the United States to provide the encouragement and the physical wherewithal to help Western Europe struggle to its feet.

The accomplishments of the Marshall Plan were many.

For more than two decades following his service as senator from Massachusetts, Henry Cabot Lodge represented the United States successively in the United Nations, South Vietnam and the German Federal Republic and as special envoy to the Vatican.

• Economic foundations were laid for a peaceful Western defense against Soviet pressure.

• A start was made on a generation of postwar economic growth, preventing another depression-and-war cycle like that of the 1930's.

• A European framework was begun within which Germany (minus its Eastern zone) and Italy could be welcomed back into the free community of the West.

• For the first time since Charlemagne in the 9th century, Western Europe moved toward regional unity, manifested today in the Common Market and other European institutions.

• And, for the first time in *all* history, a peacetime community of the nations on both sides of the North Atlantic began to emerge.

Remembering these achievements, we are justified in assessing the Marshall Plan as the first great success of combined American and European statecraft.

Two lessons come to mind from that experience which may still apply today. The first lesson is about what happens when—as Secretary Marshall put it during my discussion with him in the Senate hearings—"the heat is off." He said: "People make promises and think they will do all sorts of things—until they get clear of a dilemma; and then they revert, in the way human beings have been doing for thousands of years." Today in Europe and America "the heat is off," there is "*détente,*" life is comfortable for most people and there is politics-as-usual. A danger exists that we, the nations of the Atlantic community, may neglect those burdensome tasks that our common safety and well-being still require.

But there is also a second and more positive lesson for American policy. The Marshall Plan promoted the security of the United States by strengthening our friends. We did not seek to profit at the expense of a war-torn Europe, but rather to relieve its woes. We will do well never to forget the wisdom of that approach. True national security is achieved not just by military power—necessary though that regrettably is—but by taking actions which subtract from the number of our potential enemies and add to the number and strength of our friends.

1

The Marshall Plan after Thirty Years

Any assessment of U.S. foreign policy in the tumultuous decades following World War II must give special attention to the Marshall Plan. This program of assistance to the nations of Western Europe, which was first proposed by Secretary of State George C. Marshall in June 1947, pulled Europe from the abyss of economic collapse and political chaos. In retrospect, the European Recovery Program (ERP)—the official name for Marshall's "plan"—signaled a new departure in American diplomacy and it became the foundation of that elaborate social-political-economic structure that has since characterized relations between the world's industrially developed countries.

Marshall's proposal, uttered during a commencement speech at Harvard University on June 5, 1947, unleashed developments of gigantic consequence for America and the world. From the Secretary's comments, delivered without advance fanfare and at first accorded no special significance at home or in Europe, can be traced official recognition of the chilling effects of the cold war; the organization of Europe into two antagonistic blocs; the provision of huge amounts of economic and other aid to Western Europe, resulting in the restoration of Europe and creation of powerful bonds of friendship and common interest between that region and the United States; and the confirmation of "foreign aid" as a basic instrument of U.S. diplomacy.

Because the Marshall Plan occupies this pivotal place in the creation of the contemporary international environment, historians continue to debate its causes and effects, and political scientists doggedly pursue the lessons of this enormously successful experiment in multilateral diplomacy. Such issues as relations with the U.S.S.R., the relationship between anxieties over the future of Germany and the Marshall Plan, and the program's influence on the emergence of the "imperial presidency" continue to stimulate controversy. Whether or not the initiatives reflected in the ERP have application to the global problems of the latter 1970's and 1980's, understanding *why* the program emerged, *how* it was carried forward and *what* was accomplished during those complex, confused, urgency-filled months 30 years ago is relevant, indeed essential, to informed analysis of today's problems.

Marshall's Harvard Speech

The beginning of the ERP is a dramatic story in its own right. In late May 1947 Secretary Marshall, needing a respectable podium from which he could issue a broad policy statement on the desperate situation in Europe, decided to accept a standing invitation from Harvard University to receive an honorary degree. His decision came so late that Harvard officials were forced to take the almost unprecedented step of changing the commencement program in order to accommodate the Secretary of State.

On June 5 Secretary Marshall, dressed in a somber business suit and his customary reserve, walked through the tradition-laden Harvard Yard to the commencement podium. Unsmiling, he then stepped forward and, rarely looking up from his text, delivered the graduation address. His intended audience, of course, was not the Harvard class of '47, their proud parents and the resplendently gowned faculty, but, rather, a small group of government officials and political leaders across the Atlantic Ocean. By addressing himself to the dangers resulting from "the breakdown of the business structure of Europe" and the inability of European countries to pay for essential imports of food, coal, oil and other products, Secretary Marshall was an-

Secretary Marshall, about to deliver a speech that would change history, chatted at Harvard commencement with President James Bryant Conant.

Wide World Photos

nouncing that the government of the United States was at last prepared to recognize the depth of Europe's problems.

The speech was brief and lacking in details. After describing the economic difficulties which had beset Europe since the end of World War II, the Secretary observed that "the remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole." The United States stood ready to "do whatever it is able to assist in the return of normal economic health in the world." For until that task was accomplished, there could be "no assured stability and no assured peace" in Europe or anywhere. Marshall's words reflected prevailing wisdom in the Department of State that Europe was the key to worldwide prosperity. They also mirrored the frustration of American leaders regarding the poor results from over $5 billion in U.S. aid disbursed to European nations since the war's end in May 1945.

Any future aid, Secretary Marshall proclaimed, should provide "a cure rather than a mere palliative." The pattern of "piecemeal" response to crises must not be permitted to continue. Further, and here Marshall was emphatic, the initiative for any assistance must come from Europe. He stated bluntly that European nations would have to decide among themselves "as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this government. It would be neither fitting nor efficacious for this government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of Europeans." Marshall refused to elaborate further about the dimensions of the program he was announcing, saying only that the effort to shore up Europe's economic life "should be a joint one, agreed to by a number, if not all, of the European nations." It must also be cooperative, for the United States would no longer dole out dollars and goods to countries which came to Washington with individual "shopping lists." Europe must devise a plan that would bring about not merely survival for additional weeks or months but one that would achieve full economic recovery. European nations had to calculate their essential needs, provide everything possible by pooling resources, and ask from the United States only that "critical margin" which they themselves were unable to obtain in any other way. If these requirements were met, the United States was eager to help. Secretary Marshall concluded by informing his audience in Harvard Yard that willingness to give large-scale aid to Europe was "directed not against any country or doctrine but against hunger, poverty, desperation and chaos." Such a program, he said, reflected not selfish interest but idealism and was thus in the best tradition of American diplomacy.

Background: U.S. as Postwar Leader

Considering the circumstances in which the Marshall Plan first was proclaimed, the Secretary of State's rhetorical conclusion is understandable. Less clear at the time—and not fully understood even today—were the concerns and circumstances that caused Marshall to deliver this speech at Harvard and to propose the creation of a gigantic aid program for Europe. As noted earlier, the Marshall Plan arose from many pressures and anxieties, some long-term in nature and others directly related to the events of spring 1947. These pressures produced a ferment of activity and ideas within the U.S. government comparable in some ways to the "hundred days" of Franklin D. Roosevelt's presidency in 1933 and perhaps without parallel in the history of U.S. diplomacy. The initiatives they generated may in retrospect be described as largely accidental; but, nevertheless, they produced great changes in America's outlook and commitment to participation in world affairs.

First came recognition that the United States possessed enormous power and attendant responsibility to influence international affairs. A few weeks before Japan's surrender and V-J Day, September 12, 1945, bookstores began to display *An Intelligent American's Guide to the Peace.* Oversized, bound in bright orange and blue, bearing the name of former Under Secretary of State Sumner Welles as editor, the volume qualified as a "coffee table" book. Inside were essays on conditions in 80-odd countries and a powerful argument in favor of the newborn United Nations as the great protector of lasting peace. Along with hopeful observations about Russia's evolution toward democracy and China's bright future, Welles insisted that the American people had to learn "to know the truth" about the world and to "determine their course in that light." It was a lamentable fact, he said, that "to the vast majority of the people of the United States the whole problem of foreign relations has been something infinitely remote, . . . something shrouded in mystery." If, as in the past, the intelligent American relegated foreign affairs to a handful of men, he would be abandoning his responsibilities for "the lives of the youth, . . . the standard of living, the economic opportunity and the happiness of every one of us." Few people bought the book. Fewer still heeded its message of global interdependence.

Most Americans could hardly wait to forget the world's problems. They believed that the United States had taught the forces of organized evil a powerful lesson and that other international bullies surely would be deterred by this example and by

America's awesome weapons. In a few short months after war's end, the U.S. military machine was dismantled. There was simply no resisting the outcry to "bring the boys home." By late 1946, the American Army had been reduced to 1.5 million men, some regulars but mainly fuzzy-cheeked boys who had never known combat.

Long before the returning GI's had shed their olive drab for serge suits and denim overalls, Americans were in hot pursuit of the blessings of peace—good jobs, cars, refrigerators, new homes—which a decade of depression and four years of war had denied them. They were too busy to heed the warning of President Roosevelt's successor, Missourian Harry S. Truman, in a Navy Day speech on October 12, 1945, that it was "as important to wage peace as to wage war." Of course, the press chronicled collapses of governments and outbreaks of violence in Europe and Asia. Radio stations broadcast Edward R. Murrow's commentaries about war babies in Austria who were forced to rummage through garbage cans for food and about the growing strength of Communist parties in Italy and France. Moviegoers everywhere sat through a March of Time short about former British Prime Minister Winston Churchill's speech at Fulton, Missouri, in March 1946, in which he charged Russia with lowering an "iron curtain" between its domain and the West.

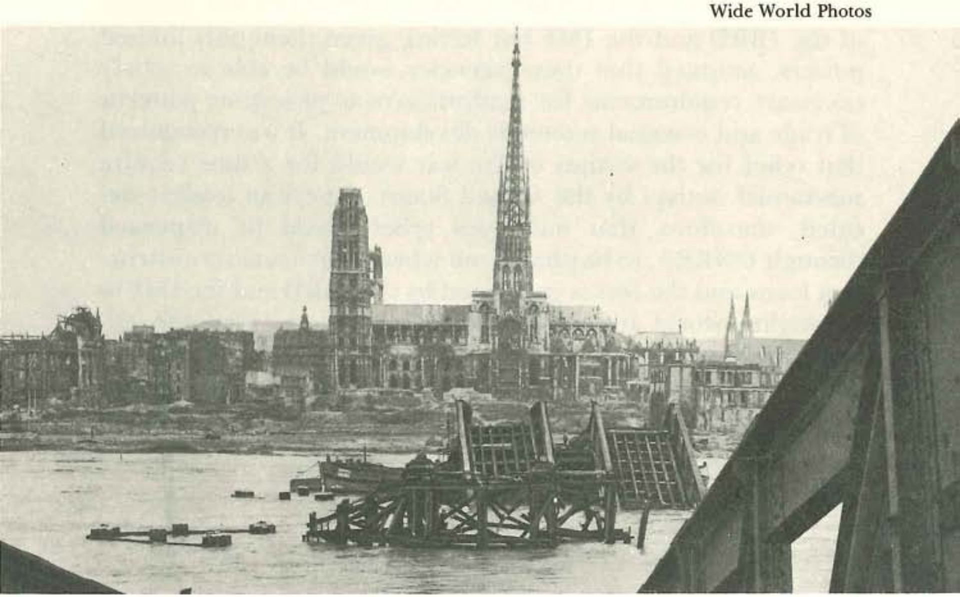
The public's preference was to leave international disputes to the UN. But even before the ceremonial signing of the UN Charter in June 1945, the international cooperative spirit had waned. After war's end, the United States and the Soviet Union clashed over various issues, and the UN proved incapable of settling their differences. After driving Hitler's armies from Eastern Europe, the Russians used local Communists in Rumania, Bulgaria, Poland, Hungary and Czechoslovakia, and the threat of the Red Army, to organize those countries as Soviet satellites. Although the United States objected that the new governments were not democratic and protested the West's exclusion from political and economic decisions about Eastern Europe, the U.S.S.R. went its own way. Moscow, in turn, objected to its exclusion from the occupations of Italy and Japan and to the "manipulation" by America of the General Assembly. The UN also proved ineffective in conflicts over Korea, Iran, Trieste, Greece and such issues as war reparations and Russia's mistreatment of the UN Relief and Rehabilitation Administration (UNRRA). Disillusionment slowly increased as the many problems of the period slipped from UN control and became subjects of binational or bloc contention.

Deepening Economic Problems

Disillusionment also replaced the exaggerated hopes that American wartime leaders had placed in other international agencies that were supposed to forge a better life for all mankind, such as the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF). At war's end, most experts in the United States and Europe had been convinced that with the help of these institu-

The Cathedral towers over bombed-out Rouen, France, December 1944. Even years after Hitler's surrender, scars of war were omnipresent in Europe.

Wide World Photos



tions, the nations of Europe and Asia would require only some two years to rebuild their war-shattered economies; but, unhappily, no such miracle occurred.

Secretary of State Cordell Hull for many years had advocated a policy of international economic cooperation. Persuaded that conflicts of economic interest were the cause of almost all international difficulties, Hull gathered around him a group of kindred spirits to draw up a blueprint for a stable, prosperous world order. They believed that a system of unrestricted international trade would ensure more efficient production of goods and higher living standards throughout the world and, thus, bring about world peace, because every nation would have a stake in the economic well-being of every other nation.

American planners were confident that they had the key. Unfortunately, neither they nor the political leaders who approved their program for waging—and winning—the peace realized, until it was too late, that the tasks of clearing away the debris of war and of reviving world trade overreached the capacity of the instruments Americans had constructed for these purposes. In addition, U.S. planners failed to grasp that the creation of international financial institutions was only a partial response to problems that transcended temporary monetary maladjustments, problems that were political, psychological, even ethical in nature. The United States, having championed the creation of the IBRD and the IMF but having given them only limited powers, assumed that these agencies would be able to satisfy necessary requirements for readjustment to peacetime patterns of trade and essential economic development. It was recognized that relief for the victims of the war would for a time require substantial outlays by the United States. American leaders decided, therefore, that minimum relief would be dispensed through UNRRA, to be phased out when short-term reconstruction loans and the forces generated by the IBRD and the IMF to rationalize world trade brought full recovery. Had the anticipated postwar cooperation of the wartime Allies continued, had Congress been as generous as during the war, and, perhaps most significant, had that "golden age" of free and expanding trade that American planners sought to restore ever existed in fact, these policies might have worked.

As the months passed, however, the tidal wave of prosperity that had been so confidently predicted for Europe did not arrive; rather, the strength of the European economic system was ebbing away. Instead of recovery there was stagnation, psychological demoralization and a slide toward political chaos. The advocates of economic internationalism, who had treated Europe's difficulties as temporary and financial in nature, had failed to take into account the political, social and psychological effects of the war, the collapse of Europe's distribution system, the effects of extended rationing and even malnutrition on industrial and agricultural productivity, and the crumbling of confidence in themselves and the system that had brought Europeans to this sorry point. The IMF and IBRD finally opened for business, only to find that the needs of Europe far outstripped their ability to provide assistance.

Acting in its own interests, the United States made several attempts to halt the disintegration of Europe. Along with giving large amounts of aid to individual nations (especially a $3.75 billion loan to Britain in 1946), the Truman Administration provided the principal support for UNRRA and other relief programs. Americans generally supported such efforts, for they responded to the plight of starving children if not to appeals for an "open economic world" or the need to arrange for the convertibility of sterling. But more and more citizens began to ask why the handouts had to go on. Why all the fuss about people who, two years after the war, were still sitting around when they could earn money for food or could plant their own? The task of making the public realize the full implications of poverty elsewhere in the world and of America's status as an economic superpower with global obligations seemed hopeless. Typical was the attitude of a farmer who, on being told not to expect delivery of his new John Deere tractor for at least six months because the government had forced John Deere to send 1,200 tractors to Czechoslovakia, angrily wrote his congressman that American farmers could make far better use of tractors than "any blasted Czech peasant." In a time of political turmoil, periodic shortages and distribution bottlenecks, inflation and growing conservatism, any clash between domestic interests and the logic of supplying the needs of other nations would end in victory for the American producers and consumers. Every decision the Truman Administration made in foreign affairs appeared sure to antagonize some powerful interest group. No wonder that by late 1946 morale in the offices of the Department of State reached an all-time low.

What was needed was the discovery of some common denominator in the spectrum of attitudes, aims and prejudices held by those various interest groups. If President Truman and his advisers could extract a statement of American purposes that would compel attention and yet was sufficiently vague as to ensure almost universal public support, they might be able to overturn the apathy and insularity in which U.S. foreign policy was trapped. Such a common denominator—in the form of anticommunism—soon found the policy-makers who were searching for it. Popular indifference about the recurring crises abroad and determined pursuit of the good life increasingly had been overlaid with hostility toward the Soviet Union and the specter of international communism. A tradition of reviling Communists (and other radicals) had long existed; but it now emerged as the bearer of all the frustration and suspicion of Americans who wanted to be left alone but feared the consequences. The theme of anticommunism was particularly effective in persuading Congress to support huge appropriations for foreign assistance. Both from conviction and from concern for the feelings of their constituents, members of Congress were eager to vote for almost any effort to stop the "Red tide" from engulfing the world. Beginning in 1947, the Truman Administration, which had considerable information about Soviet intentions in Europe, responded to these feelings. American spokesmen openly characterized Soviet policy as "a course of aggrandizement designed to lead to eventual world domination by the U.S.S.R.," and argued that Russia's aggressiveness and meddling had to be countered. It became an article of faith that

Communist gains achieved through subversion could be reversed by eliminating the hunger, hopelessness and chaos which reigned in Europe.

New Leadership at Foggy Bottom

For these ideas to be converted into action, changes were necessary in the leadership and organization of the governmental agencies responsible for conducting the nation's diplomacy. By 1945 the Department of State had outgrown the gilded, high-ceilinged rooms it had occupied since the 19th century in the State, War and Navy Building next door to the White House. It gradually moved into the "New State" building in a section of town called Foggy Bottom a few blocks away. So huge and labyrinthian was the building that receptionists provided visitors with maps. No one seemed to know how many employees dealt with America's overseas business. Their numbers included not just those wandering the halls of New State but people in many other Federal offices. Despite its enormous growth, the Department of State shared responsibility and power with at least a dozen other departments and agencies, some of which, on some issues, enjoyed greater power if not prestige than the State Department.

The causes of State's decline were several. Among them was President Roosevelt's scorn for "the striped-pants boys" and his penchant before and during the war for bypassing the department and Secretary of State Hull when important issues arose. Over a period of years this had produced a crisis of self-confidence within the department. Although President Truman was much more inclined to make use of established channels, the first two postwar Secretaries of State—Edward R. Stettinius, Jr. and James F. Byrnes—signally failed to provide leadership and restore the department's battered morale. Stettinius, who served from December 1944 to June 1945, was obviously a stopgap appointment and thus had little influence. "Jimmy" Byrnes (1945-47), ex-senator, Supreme Court justice and presidential confidant, attempted to run the State Department from an attaché case (he was out of the country for almost half his 18-

month tenure), and he rarely bothered to inform colleagues, subordinates or even President Truman about the results of his global jaunts.

Another contributing factor was the unwieldy organization that had developed as the department's personnel and responsibilities expanded. The phrase "red tape" could only have been invented as a description of State Department procedures. Initiative and boldness (and often even simple efficiency) were crushed beneath the weight of bureaucratic rigidity, jurisdictional conflicts and "everything in quadruplicate." In addition, the insistence of the career diplomats that State was not "an action agency," that it established policy but did not carry it out, led by default to the involvement of other departments less fastidious about foreign affairs: The War Department in the postwar military occupations of West Germany and Japan, Commerce and Treasury in the international economic field.

Fortunately, in January 1947, Byrnes was replaced as Secretary of State by General Marshall, a career soldier and a man of great organizational skills. Marshall had been Army Chief of Staff during the war, and he had President Truman's complete admiration and respect. Marshall's intellectual contribution to the plan which bears his name was extremely slight; indeed, in one sense he merely voiced ideas developed by others which he only incompletely understood. However, it is quite possible that had he not taken the helm of the Department of State there would have been no Marshall Plan, for he brought about a rebirth of morale and a departmental housecleaning that made possible the generation of bold ideas. The day Marshall took office he instructed then Under Secretary of State Dean G. Acheson to straighten out the lines of command, ensuring that fresh ideas receive proper consideration. Soon, the Policy Planning Staff, or "S/P," a departmental "think tank" charged with taking the long view of major foreign policy issues, was swinging into operation. Perhaps never before nor since has the Department of State contributed so greatly to shaping the course of foreign policy.

2

The Policy Cauldron

Thus, when the Truman Administration achieved something approaching a national consensus regarding the realities of the cold war, Marshall and his staff were prepared to consider general programs for realization of American goals. In March 1947, the Greek civil war between Communist-led guerrillas and pro-Western forces led to proclamation of the Truman Doctrine. President Truman, appearing before a joint session of Congress, pledged "to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures." He quickly announced the first major U.S. action in the cold war, the $400 million Greek-Turkish aid program.

In one important sense, the Marshall Plan was the Truman Doctrine writ large. As a secret Administration report pointed out in August 1950:

> The original decision to give American aid to Europe under the ERP was based on a simple and accurate appraisal of the politico-economic situation of Western Europe in 1947. The appraisal was that, without massive dollar aid, the European economy would sink to a level so low that communism would find ready recruits and all or most of continental Europe would within a year or two be in the greatest danger of falling into the control of the Soviet Union. There were other reasons given and other motives,

> but this—essentially the Truman Doctrine—was the necessary and sufficient cause of the ERP and the highest common denominator of the congressional majority and the public opinion which supported the initial appropriation.

The Marshall Plan was, in yet another sense, a device to provide Europe with the assistance for reconstruction which should have been given—and Americans believed they had been giving—immediately after the war. Still, its immediate impetus was geopolitical rather than economic. Pressures for the expansion of United States trade, for America's continued access to vital raw materials, for the furtherance of the "American way of life" were subordinated to the urgent need to halt the Russian threat to Western Europe. When Under Secretary of State Acheson went to Capitol Hill in late February 1947 to lobby for an emergency appropriation for Greece and Turkey, congressional leaders warned him that the instability of those countries "was only part of a much larger problem," one stemming from the decline of Britain, Soviet paranoia and the failure of European nations to regain a measure of economic vitality.

Responding with remarkable speed to the challenge, Marshall's staff undertook a series of broad reviews of the global crisis. For example, the State-War-Navy Coordinating Committee (SWNCC) launched a study of "situations elsewhere in the world which may require . . . financial, technical and military aid on our part." On April 21, SWNCC warned that six European countries would require aid similar to that given to Greece and Turkey "in the next few months," and seven other nations probably would require substantial assistance at a later date. Helping these nations would serve a number of presently endangered American interests. SWNCC argued that the "Communist movement" in Europe was a bandwagon starting to roll. However, infiltration and minority domination, the forces propelling the Communist bandwagon, were vulnerable to any improvement of living conditions. Thus, U.S. aid could be pivotal. SWNCC did not suggest how much aid would be needed, nor the manner of its allocation. Neither did it rank the aims of any aid program, urging only that a "well-considered comprehensive worldwide plan" be developed.

At this time Under Secretary of State Will L. Clayton, who had been traveling in Europe since early April, sent back several stark descriptions of the political and economic situation. Will Clayton's firsthand reports served to flesh out the grim statistics churned out by State Department specialists on Europe. In Europe people were without adequate food, clothing and shelter. Drought had destroyed much of the 1946 wheat crop, and severe winter weather had greatly reduced the prospects for the 1947 crop. Britain was experiencing a shortage of coal so serious that the government was forced to cut off electric power for six hours each day. Factories throughout Europe were shut down because of power shortages, and even if energy had been available, the raw materials were lacking. Since Europe had exhausted its foreign exchange reserves, it could not afford to pay for the coal, oil, foodstuffs and fiber which it needed and which was available only from America. In mid-May 1947 Churchill described Europe as "a rubble heap, a charnel house, a breeding ground of pestilence and hate." Under Secretary Clayton reported that every European with whom he talked warned that should conditions deteriorate any further, there would be revolution. He recommended that the United States provide a massive injection of economic assistance.

Such effort as was made to sort out the motives and mechanisms of a massive aid program prior to Secretary Marshall's trip to Harvard came from State's Policy Planning Staff (S/P). This group, headed by a brilliant career diplomat, George F. Kennan, devised, within ten days after receiving its mandate, basic principles for giving aid to Europe. Though Europe's problem was political and psychological, the recommended solution was economic. The S/P did not see Communist activities as the root cause of Europe's difficulties. Communists merely exploited unacceptable conditions of life. Kennan and his colleagues made a strong pitch for European unification, asserting that both immediate and more basic problems could be solved by using U.S. aid "to encourage and contribute to some form of regional political association." It should be noted that the S/P's support for European integration, which many consider the most important element in the Marshall Plan, was tactical. The sensible way of putting into operation an aid program was to have European nations request help, devise a plan, divide what the United States supplied and bear most of the responsibility for the task of reconstruction. Washington thus avoided being burdened, a State Department official admitted, "with the awkward and probably inefficient task of having to pick and choose among Europeans—giving priority to country A or country B, or to have an industry at one place rather than another." The United States, of course, would offer "friendly aid" in drafting and implementation of the program. The S/P's final recommendation was that any aid program include only the nations of *Western* Europe, although it suggested keeping open the door for "states within the Russian orbit" in the unlikely event they could guarantee "constructive" participation.

The S/P study merged with innumerable other memoranda and with ideas discussed among busy officials at staff meetings, luncheons and cocktail parties, in offices, bars and carpools to sustain the consensus that something must be done and done immediately. What U.S. assistance should accomplish—beyond the obvious goal of preventing a Russian takeover—and what was to be the role of the United States *vis-à-vis* Europe was left largely unresolved. On May 28 Secretary Marshall chaired a discussion of the S/P and Clayton recommendations. The conversation ranged widely but, except for confirming the need to act quickly, the group established no ranking of national interests, no order of priorities for helping Europe. To those who were present, this amorphous situation probably was of little consequence. They believed the essence of good diplomacy was the ability to respond flexibly in a given situation. "How silly it is," Acheson once said, "to psychoanalyze yourself and tell why you are doing everything, instead of just doing it." In any event, neither Kennan nor Clayton nor anyone else among the department's ideologues was consulted again. Secretary Marshall adjourned the meeting and summoned his speech-writers.

3

The European Response

In truth, the story of the Marshall Plan only began with the Secretary's courageous decision, without congressional authorization or even much evidence of popular approval, to offer to open the coffers of the U.S. Treasury for nations which some analysts believed were perhaps beyond redemption. Once the speech had been delivered, Marshall and his coconspirators were forced to wait, prayerfully, to learn whether European leaders would recognize the implications of this particular commencement address or whether it would die the lingering death accorded most such foreign policy statements. And should the Secretary's purpose be caught, there remained the very real need to explain to inquiring Europeans (as well as to government colleagues) precisely what the Marshall Plan represented. Surprisingly, historians have treated the ERP as an "event," a static phenomenon, thereby implying that it was conceived in precise terms and that its goals were carried forward without serious modification over the course of three years. They have failed to recognize that the Marshall Plan *evolved* as circumstances and the purposes of those who directed it changed. Not all of what happened in the course of the ERP was predicted (or predictable), and much of the outcome was decided during the process of development.

Indeed, Marshall's speech, like many a new departure in policy, was a much chancier thing than is customarily imagined. It was like a rifle shot setting off an avalanche, a dynamite charge blowing a hole in a dam. The ensuing torrent swept everything and everyone, even those responsible for the boom, along in a helter-skelter, largely uncontrollable, journey, obliterating familiar landmarks and rushing headlong into unknown territory.

Waiting for an Answer

During the first days after the Secretary's address at Harvard, other big stories—a Communist-inspired *coup d'état* in Hungary, Senate approval of four treaties, a bitter public conflict between the President and Senator Robert A. Taft over economy in government—caused most newspapers to relegate Marshall's speech to inside pages. According to one poll, just 20 percent of American newspapers offered editorial comments on the speech, and the conclusion of most was that the Secretary's statement, while not the stuff of "sensational headlines," was an encouraging sign that the Truman Administration was finally coming to grips with the critical situation in Europe. A *Washington Post* editorial typified their reaction: the address was the most outspoken effort to date in the Administration's campaign to inform the public of the seriousness of Europe's difficulties and to prepare the ground for an eventual American response.

At first it seemed that the address would have as little impact in Europe as in the United States. Partly this was the fault of the Department of State. Although a positive and speedy response from Europe was the essential element in any action to follow, Marshall and his advisers decided not to make any overtures—either official or informal—about the speech to the governments concerned. Even transmittal of the text of the speech was left to accident. One often-recounted anecdote has the British ambassador saying, after he glanced through the advance text, "It's just another university oration. We'll save the cable charges and send it by [diplomatic] bag." The London *Times* completely ignored the Harvard address and the two British papers which did carry stories missed the main point.

Happily for Marshall's peace of mind and place in history, one of those curious circumstances that inevitably play a role in great historical events came into operation. Not for the first time, a lowly press officer was more alert than his bosses to the significance of a diplomatic breakthrough. On June 4, Leonard Miall, a BBC correspondent stationed in Washington, was tipped off by the British Embassy press officer that an important policy statement was forthcoming. Miall might still have missed looking at an advance copy, except for the fact that he traveled in a carpool with the economist Charles P. Kindleberger (a man deeply involved in preparations for the speech) and thus had to go by the State Department. He picked up a copy, and on reading it later that evening recognized its import. The next evening, June 5, Miall devoted most of his radio program to Marshall's address. Through another fortunate accident, British Foreign Secretary Ernest Bevin caught a portion of Miall's commentary broadcast at 10:30 p.m., just before going to bed. Bevin is variously quoted as saying, "My God!" "What an occasion!" "This is manna from heaven!" The next morning the British foreign minister telephoned his French counterpart, Georges Bidault, to propose that the nations of Europe take up the American Secretary of State's invitation to seek assistance. As a first step, he suggested that the foreign ministers of France, Britain and the Soviet Union hold preliminary discussions in Paris as soon as possible.

Both Bevin and Bidault were uncomfortable about inviting the Russians to participate in the recovery effort, for they were acutely aware that the Soviet Union could wreck any all-European program if it played its cards shrewdly. However, there appeared to be no alternative, since Marshall had refused to exclude the possibility of Soviet participation. Although Marshall's advisers assured him that the Russians would not come in, he took a sizable risk. It was inconceivable that Congress would have voted the necessary appropriations had the Soviet Union been a member of the group receiving aid. The serious misgivings of European leaders were strongly intimated by Bevin when he said in mid-June: "I can only say to other nations that when the United States throws a bridge to link east and west, it would be disastrous for ideological or other reasons to frustrate the United States in their great endeavor." Nevertheless, Marshall insisted on playing it straight, being unwilling to take responsibility for dividing Europe into two antagonistic blocs. However, he and his advisers did rule out use of the Economic Commission for Europe (the UN regional organization for economic cooperation which had come into operation in March 1947) because it included the Soviet Union and its satellites.

Bevin, Bidault and Soviet Foreign Minister Vyacheslav M. Molotov met in Paris on June 27, 1947. There followed three days of acrimonious discussion, with the Russian delegate rejecting the principle of a cooperative program and implying that the Marshall Plan was an American effort to conduct economic espionage. A last meeting, July 2, brought a clean break. Molotov walked out, warning that Anglo-French action without Russian support would have grave consequences. The next day the British and French governments invited all the nations of Europe to meet in Paris and draw up a proposal to submit to Washington.

Start of the CEEC

On July 12, 1947, delegations from 16 European nations convened in Paris. They represented Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and the United Kingdom. It had been hoped that Czechoslovakia and Poland, at least, would take part from the Eastern bloc; indeed, the Czechs at first agreed to attend the conference as observers. However, Moscow forced them and the other Eastern European countries to follow the party line, denouncing the Marshall Plan as blatant American imperialism. Shortly thereafter, the Soviet Union announced its own program of aid and economic cooperation between the Eastern bloc nations, the so-called Molotov Plan. This act confirmed the division of Europe into competing spheres. Politically, it greatly simplified the task of the Marshall Plan nations, but it also produced serious economic problems, for reestablishment of trade relations between East and West had been thought essential for Europe's economic recovery.

The Paris conference opened in an atmosphere of determination, friendliness and universal confusion about how best to

Odd man out: Bevin of Britain and Bidault of France drew the expected "nyet" on Marshall's proposal from Molotov of the U.S.S.R. Meeting was at Quai d'Orsay, Paris.

Wide World Photos

respond to Marshall's invitation. As a member of the British delegation recalled: "The Paris meeting was set for a Wednesday. On Monday, we began work. We saw Bevin that evening. He simply said, 'You go to Paris and do your best.' It was clear that we believed in the general idea of European cooperation, but if you had asked . . . what we were going to do in Paris, we could not have said." This sense of bafflement was to continue.

The 16 foreign ministers decided first to establish an interim organization, the Committee of European Economic Cooperation (CEEC), to assess the resources of the participating nations, to identify the basic principles of a European recovery program and to suggest tentative goals (and needs to be met by U.S. aid) for each member country. Subcommittees were created to deal with food and agriculture, fuel and power, iron and steel, transport, manpower and the critical balance-of-payments problem. An international staff was recruited to conduct these analyses. On July 15, the ministerial conference adjourned and left the professionals to continue their work.

The procedures adopted by the CEEC staff are significant, for they formed the basis of such later European cooperative efforts as the Common Market. The first and most urgent need was information. The technical subcommittees prepared lengthy questionnaires to obtain production and consumption statistics, export-import figures, data on currency transactions and various other economic factors. The deadline for return of the questionnaires was mid-August. Since none of the CEEC nations possessed sufficient knowledge about their own economic situation to provide the information so quickly, elaborate games were played with statistics. Imports and consumption generally were inflated and estimates of production and currency reserves were played down. "Everybody cheated like hell in Paris, everybody," a delegate later admitted. For example, the Turkish government could not provide information for various categories of economic activity, so the CEEC made up the figures. Pressure to obtain precise statistical information came from the United States, for the American "observers" in Paris stated that Congress would demand precise, full, frank documentation. It is ironic

How Europe Recovered and Grew

Per Capita Income in the Marshall Plan Countries (in 1976 Dollars)

	1947*	1951	1976
Austria	891*	1816	5347
Belgium	2465*	3097	6927
Denmark	2948	3378	7364
France	1811*	2450	6512
Germany (W)	1320*	2507	7336
Greece	505*	659	2559
Iceland	2427	2948	6046
Ireland	1147	1311	2524
Italy	844	1071	2905
Luxembourg	2807	3434	6444
Netherlands	2249	2741	6336
Norway	2773	3342	7494
Portugal	456	597	1628
Sweden	3604	4170	9009
Turkey	491*	487	1007
U.K.	2071	2301	3871
Per capita average, 16 countries	**1509***	**2002**	**5207**
U.S.	4324	4944	7863

*Estimate

Source: Historical Office, Department of State.

For the average citizen in the 16 Marshall Plan countries, material life improved by 33 percent between 1947 and 1951, the last year of the Marshall Plan. Over 29 years, 1947–76, the level rose 245 percent. U.S. income figures are shown for comparison.

that the United States, the bastion of free enterprise, should have much more complete knowledge of the inner workings of its economy than any European nation, even those which favored economic planning. Still, the level of cooperation achieved, with nations sharing data which previously had been top secret, such as their holdings of gold and figures on sales of typewriters, was amazing. The CEEC, under the leadership of Sir Oliver Franks, a highly regarded British philosopher and administrator, made steady progress toward the goal of an agreed program for Western Europe's recovery.

The German Question

However, producing a satisfactory plan ultimately was dependent on two issues beyond the control of the hard-pressed international civil servants in Paris: the role of Germany and the position of the U.S. government. Despite the antagonism toward Germany remaining from the war and the tremendous burdens placed on the German people, working out the relationship between occupied Germany and the Marshall Plan proved less difficult than adjusting the CEEC's planning to American expectations and desires.

In 1947, as today, Germany was absolutely vital to any effort to create and maintain a politically stable and prosperous Europe. Despite the devastation brought about by the war and the enormous difficulties which faced the German people—their country divided, their industries and agricultural regions only barely producing, without leadership and under the domination of foreign armies—there existed the capacity for a miraculous economic revival if the choking restrictions were removed. A Swiss representative explained the importance of Germany, as follows: "We have found that country A needs something which country B can provide, on condition country B can get something from country C, which the latter can provide if she can get something from country D; and country D can provide that something—on condition she gets something which only Germany, and the Ruhr in particular, can produce. Whatever article we take, we finish up against a blank wall—

Germany." Some form of German participation in the ERP would obviously have to be arranged by the time the CEEC began work. Indeed, one recent study concludes that the need to end the drain of the German occupation, "to get Germany off the American taxpayer's back," was *the* cause of the Marshall Plan. Certainly, Congress was determined that the Western zones of Germany become self-sufficient.

To achieve this goal, it was necessary to paper over the hostile attitudes that other European nations, especially France, still held toward the Germans; to set loose the Western zones by abandoning any hope for cooperation with the Russians; and to reintegrate the German people into the larger European community. Much already had been done to reorient policy toward Germany by the time of Marshall's speech. Much more was accomplished in the months to follow. For despite the reluctance of many Europeans to admit that the German people had a right to a reasonable standard of living, they were forced to recognize that German participation was essential to the success of the Marshall Plan.

Transatlantic Dialogue

An even more baffling subject for the CEEC was the persistent refusal of the United States to spell out the conditions under which economic aid could be expected. There were constant glances toward the U.S. embassy in Paris and worried looks across the Atlantic to gauge the reactions of the State Department, the White House and the Congress. This was natural, for the CEEC staff wished assurances that they were proceeding in the right direction and that acceptance of their recommendations was guaranteed. It was, of course, not possible to give these assurances. First, there was no way to predict the ultimate response of Congress to a request involving a massive expenditure of U.S. tax monies. Second, the active and continuing consultation for which European leaders pleaded would violate a basic principle emphasized by Secretary of State Marshall: that the European countries themselves decide what they needed. The United States wished to avoid any suggestion of interference. American officials in Paris were willing to discuss problems raised by their European counterparts but, with one basic exception noted below, they steadfastly refused to direct or control the course taken by the CEEC. One of the great accomplishments of the Marshall Plan is that, through sheer necessity, Europe-wide cooperation came to have a life of its own.

A third factor inhibiting U.S. interference was the lack of consensus among American leaders about the nature of the Marshall Plan—its purposes, priorities and anticipated achievements. A State Department official admitted in late July 1947 that "the Marshall Plan has been compared to a flying saucer—nobody knows what it looks like, how big it is, in what direction it is moving or whether it really exists." This, of course, was an exaggeration, for American planners had been hard at work. From the U.S. point of view, two primary aims were taking shape. The first aim to be perceived clearly was to revive Europe's industrial production and thus restore balance between imports and exports. The abnormal dependence on American goods, for which European nations could not pay and which they could in normal circumstances supply themselves, must be ended. To achieve this goal, the United States was willing to provide dollars for purchase of needed raw materials; for agricultural equipment and fertilizer to permit European farmers to improve production and end food imports; for essential coal supplies until Europe's mines reached full capacity; and, where necessary, for the installation of modern industrial machinery.

The first goal, then, was to restore Europe's economic vitality. But thinking about how best this aim could be realized led Americans to stress a second goal: regionalism. More than merely a return to the prewar situation was called for. Europe's future prosperity required basic structural reforms. Greatly increased productivity (output per man-hour of labor) was essential both for industry and agriculture. That demanded, so American planners believed, breaking down trade barriers and special restrictions on the flow of labor and capital and, some agreed, the creation of a United States of Europe.

This second aim—regional economic integration—was the one issue on which American officials were prepared to give advice. In July and August the U.S. government warned again and again that Congress would never approve an aid program that was not founded upon "self-help and mutual aid." And, in particular, Washington stated firmly that a request for perhaps \$28 billion to \$30 billion (the CEEC's preliminary estimate) would be unacceptable, given these conditions. There could be no return to the "shopping list" concept.

The CEEC released its draft report on September 22, 1947. The document presented a four-point program for economic recovery in the 16 participating nations and West Germany. It proposed: (1) an effort to raise agricultural production to prewar levels and to achieve an even larger increase in industrial production; (2) victory in the struggle with inflation and maintenance of internal financial stability; (3) dealing with the "dollar gap" by expansion of exports by each CEEC member; (4) the creation of a continuing organization and the achievement of growing economic cooperation among the participating countries. The CEEC estimated that the net balance-of-payments deficits of the member nations, their dependent territories, and West Germany with the United States and other Western Hemisphere countries would total \$8 billion in 1948, \$6.35 billion in 1949, \$4.65 billion in 1950 and \$3.3 billion in 1951. Thus, to obtain the food, fertilizer, equipment, petroleum, coal, and iron and steel essential for Europe's recovery, a minimum of \$22.3 billion in United States aid must be provided. The report clearly was a compromise. It offered far less regarding plans for integration and self-help than the United States desired. Nonetheless, by their own standards, the nations of Western Europe had come a long way. They had succeeded in cooperating more closely than anyone would have predicted three months earlier. Most important, the CEEC had accomplished the goal of presenting Europe's need for aid in terms that the U.S. Congress could accept.

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Selling the Marshall Plan

The groundwork for congressional approval of the ERP was being laid while the CEEC carried forward its deliberations. Putting over the Marshall Plan was one of the most impressive public relations campaigns of recent history. In the summer of 1947, the Truman Administration was in deep trouble. Truman himself was widely viewed as a "weak sister" and a lame-duck president, since most people were convinced that the Democratic party would dump him in 1948. His Administration faced harsh criticism for its inability to resolve such problems as inflation, labor unrest and the threat of internal subversion. The leadership of Congress had been angered by the manner in which the Greek-Turkish aid program had been rammed through and was sure to view skeptically any further initiatives in foreign affairs. In the circumstances, Truman risked repudiation and political suicide by launching such a bold departure in American diplomacy.

Bipartisan Strategy

The President and his advisers mobilized overwhelming congressional and popular support for the aid program. Although Truman gained considerable political mileage during the 1948 campaign by heaping abuse on the "do-nothing, good-for-nothing" Republican-led 80th Congress, his assistant, Dean

Acheson, knew better. "The 80th Congress was the best Congress in foreign policy we ever had," Acheson once reminded Truman. "We were damned lucky to have it." The explanation of a Democratic Administration's ability to gain the approval of a Republican Congress for sweeping foreign policy commitments lay largely with bipartisanship, the idea of nonpolitical cooperation in foreign affairs between the two major parties and between the Executive branch and Congress.

When they were fully informed of the situation in Europe, most congressmen voiced no objection to the principle of helping to bring about European recovery. They already had endorsed the maxim President Truman offered when he announced the Truman Doctrine: "The seeds of totalitarian regimes are nurtured by misery and want. They spread and grow in the evil soil of poverty and strife. They reach their full growth when the hope of a better life has died." At the same time, a Republican Congress could not accept without question a program proposed by Democrats and worked out by foreigners. The Republican chairman of the Senate Foreign Relations Committee, Arthur H. Vandenberg, soon found a way to involve

Averell Harriman and ambassador to Britain Lewis W. Douglas discussed the Marshall Plan with Arthur H. Vandenberg, Senate anchor of bipartisan foreign policy.

Wide World Photos

Congress in the "takeoffs" as well as the "crash landings." On June 14, 1947, Vandenberg proposed a committee of distinguished Americans, "a special bipartisan advisory council," be created to study the Marshall Plan. Vandenberg especially wanted to know how much the United States could afford to help without hurting itself. "This comes first," he insisted.

President Truman took this proposal and modified it to serve the Administration's purposes. On June 22 he called in the leaders of Congress, gave Vandenberg credit for a fine idea and announced the appointment of a special presidential Committee on Foreign Aid, headed by Secretary of Commerce and former Ambassador to the U.S.S.R. and to Britain W. Averell Harriman. This blue-ribbon group was to investigate the feasibility and necessity for a massive aid program. The President also created two additional study committees. Secretary of the Interior Julius A. Krug would direct an analysis of the effects of aid upon America's resources. Edwin G. Nourse, of the Council of Economic Advisers, would chair an assessment of the impact of foreign aid on the American economy. The work of these advisory groups, especially that of the prestigious Harriman Committee, was firmly in Administration hands. Indeed, it can be said that the committees' conclusions were foregone. Richard Bissell, executive secretary of the Harriman Committee, was once asked whether it was certain from the start that the group would come up with a program which was both manageable and absolutely necessary. "The honest answer," Bissell replied, "is affirmative to that." Although the committees were bipartisan, the Truman Administration had rigged the membership. A majority of the committee members accepted the major premise of the Marshall Plan: that the United States should and could provide massive economic aid to Europe. The result was a publicity windfall for the Administration and also a powerful precedent for future bipartisan practice.

By the time the CEEC report was made public in September 1947, Truman and his advisers could be pleased with the progress made. However, there was still the possibility of strong opposition in the committee rooms on Capitol Hill. Even though the Senate and House leadership had spoken in favor of the Marshall Plan, the committee system of Congress, characterized by a narrow balance of interests among the membership, presented terrific impediments to statesmanship. The Administration's strategy was to gain the assent of the leaders of both parties and so convince the general membership of the virtues of foreign aid—and of the awful consequences if the program were rejected—that Congress would not bolt. To achieve the necessary unanimity, Secretary Marshall concentrated on winning the confidence of Senator Vandenberg, whose leading role in Republican foreign policy councils was unassailable. There could have been no foreign aid program without Vandenberg's support.

Vandenberg's justification for cooperation in selling the Marshall Plan to Congress and the country was that it served the national interest. However, it must be noted that there was another reason for his support of ERP. He expected the Republican party to win the presidency in 1948. When this happened, Vandenberg did not want to be in the position of having opposed policies recommended and implemented by the best minds available to the nation, many of whom were registered Republicans. Nor did he wish to antagonize Democrats whose votes the new Republican Secretary of State would need as badly as Marshall now needed Republican votes.

The Truman Administration dealt with the general membership of Congress by giving unprecedented attention to individuals of both parties and to the committees. Congressmen had a feeling of involvement and of power over the process. Secretary Marshall assigned top aides to roam the offices and committee rooms of Capitol Hill preaching the need for the Marshall Plan. The State Department prepared the most detailed presentations made to Congress since before World War II. At one point, the statistical computations so overloaded the government's IBM machines that State had to borrow calculators from the Prudential Insurance Company.

Finally, the Administration encouraged important committees to go to Europe for on-the-spot investigations of the problem. In the summer and fall of 1947 more than 100 congressmen arranged to travel abroad. Of particular significance was the investigation by the House Select Committee on Foreign Aid, chaired by Representative Christian A. Herter, a Republican internationalist from Massachusetts and later Secretary of State. Herter needed no persuasion as to the need for closer economic ties between Europe and the United States. He discouraged members from taking their wives along and ordered them not to pack evening clothes. He hired a staff which reflected the internationalist ideas of the war years. Then Herter dutifully led the committee around the CEEC countries. As a result, the members, including such otherwise isolationist figures as Representative Francis Case (R.-S. Dak.), came to feel a personal stake in the safe passage of the Marshall Plan.

Congressional acceptance reflected growing popular support for aid to Europe. Although a Gallup Poll, released in early December, indicated that 36 percent of the American public had not read or heard about the Marshall Plan, of those who knew about the program 56 percent favored its passage with only 17 percent opposed. Greatly influencing popular opinion were the activities of a Citizens Committee for the Marshall Plan, headed by former Secretary of War Henry L. Stimson. Operating with the encouragement and assistance of State and the White House, the committee organized a gigantic information campaign. It published pamphlets and weekly "fact sheets" about the Marshall Plan and arranged lectures, speeches and radio programs.

Enactment of ERP

On December 19, 1947, President Truman submitted to Congress a message on "A Program for U.S. Aid to European Recovery." The President pleaded for rapid legislative approval, if possible by April 1, 1948, because Europe's situation was worsening daily. He asked that $17 billion be made available to Western Europe during the next four years. The sum of $6.8 billion for the first 15 months was recommended. Countries receiving this aid would be required to deposit in a special fund the equivalent in their own currencies of the dollar grants from the United States. These "counterpart funds," which proved enormously successful, would be used to finance domestic recovery projects. The Administration also proposed guarantees for the transfer of private American investments. To administer the ERP, a new independent agency was to be created, which would be responsible for day-to-day operations but would be subordinate to the State Department when matters of policy were at issue.

Congress, already moving toward approval of a $522 million Interim Aid Program, opened hearings on the Marshall Plan without delay. For the next three months Senate and House committees listened as hundreds of witnesses voiced their objections, reservations and enthusiastic support. The Senate Foreign Relations Committee unanimously reported out the Economic Cooperation Act of 1948 on March 1. There took place a full and sometimes angry floor debate, with emotional appeals not to throw more taxpayers' dollars down "the European rathole" by opponents of the program, such as House Appropriations Committee Chairman John Taber (R.-N.Y.) and Senator Homer E. Capehart (R.-Ind.). The congressional leadership confidently waited out the barrage, and, helped by the Communist coup in Czechoslovakia and other crises abroad, the Marshall Plan was approved by votes of 69 to 17 in the Senate and 329 to 74 in the House. According to the act, the program's purpose was "to promote world peace and the general welfare, national interest and foreign policy of the United States through economic, financial and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States." On April 3, 1948, the Economic Cooperation Administration (ECA), charged with administering U.S. aid for Western Europe (and also other parts of the world), came into existence.

5

The Plan in Operation

Even before the ERP was enacted into law, the Truman Administration had moved to ensure that congressional authorization would be converted as rapidly as possible into shiploads of wheat dispatched, orders for machinery, oil and fertilizer placed, and currency transfers arranged. The first step was to appoint a chief administrator of the ECA and make it possible for him to recruit experts from various fields to staff the new organization. On April 6, President Truman announced that Paul G. Hoffman, president of the Studebaker Corporation and a prominent Republican internationalist, had accepted the post of ECA administrator. It proved an excellent selection.

Hoffman, Harriman and the ECA

Although Hoffman was appointed in part to satisfy Senator Vandenberg's demand that ECA be headed by a Republican and a businessman, his personal qualities made him a brilliant choice. Aside from his administrative talents, Hoffman believed in the Marshall Plan and was determined to see it succeed. Equally important, he was a natural salesman with a keen sense of public and congressional relations.

The most important factor in the success of ERP was the quality of its staff—from Hoffman down—especially during the critical first two years of ECA's existence. Within a few weeks, Hoffman's enthusiasm had attracted to ECA a galaxy of talented

United Press International Photo

The high command: Truman, Marshall, Hoffman and Harriman

men and women. In the bureaucratic jungle of Washington, where dozens of new agencies had bloomed and as quickly died, creation of the ECA was greeted with understandable cynicism. However, Hoffman recruited most of his staff not from the ranks of Washington bureaucrats but from New York and Boston law firms, from the campuses of distinguished universities across the country and from business and industry.

Many of the appointees had served in government posts during World War II, but only a handful were professional civil servants. The fact that so many of the ECA staff were "on loan" from positions outside government meant they did not have to worry about job security. Thus, they did not think or act like bureaucrats. The "openness to new ideas and flexibility of approach" is what many former ECA employees recall most strongly about their service with the agency. Despite predictions that these "amateurs" soon would give up in frustration and that Hoffman would flee to his Studebaker office in South Bend, leaving the old hands to pick up the pieces of ERP, the ECA was to experience surprisingly little turnover during its first two years. Dedication, high morale and a sense that they had been given a unique opportunity to perform public service were the reasons.

Operating out of hotel suites and temporary offices, Hoffman and his aides struggled with the task of building an organization. A Washington headquarters staff was chosen and quarters for it found. Hoffman persuaded Averell Harriman, who had already played an important role in selling the Marshall Plan to Congress, to take the number two job in ECA—the post of special representative to Europe. Chief officers for each of the "country missions" were also appointed. As it became clear that ECA would have to be concerned not just with procurement of needed goods for Western Europe and overall coordination but with the requirements and problems of individual countries, ECA's size and complexity were greatly enlarged. At its height, ECA employed over 5,000 persons in the United States, throughout Western Europe and elsewhere in the world.

The appointment of Harriman and the establishment of the Office of the Special Representative (OSR) in Paris were to have significant results. Never before or since has an overseas office played such an important role in peacetime. Harriman accepted the post with the understanding that he would have almost total responsibility and freedom of action. He would be Hoffman's *alter ego* in Europe. As these arrangements evolved in practice, Harriman became the principal American spokesman in all relations with the Western European nations participating in the Marshall Plan. To this assignment he brought impressive diplomatic skill and a knowledge of European problems gained over many years of service abroad. Though conflicts periodically arose between OSR and ECA headquarters in Washington, the division of responsibilities worked surprisingly well. Hoffman functioned as a one-man public relations company for ECA. He performed superbly in ensuring that congressional appropriations for ECA continued to flow and that challenges by other government agencies were beaten off. Harriman directed the ongoing negotiations with European governments.

Two weeks after Hoffman was sworn into office, the freighter *John H. Quick,* carrying 9,000 tons of wheat, sailed from Galveston, Texas, for Bordeaux, France. This was the first element in a bridge of ships and dollars that was being constructed between America and Europe. By July, goods and services valued at $738 million had been authorized as grants to the CEEC countries.

Organizing Europe: the OEEC

However, the task of converting U.S. grants of dollars into cotton for French textile mills, dried milk for undernourished Italian school children, and timber to shore up coal mine tunnels in the Saar and Ruhr remained essentially the responsibility of the nations taking part in the Marshall Plan. The European governments had already agreed that the CEEC ought to be made permanent and given authority to coordinate any recovery program. During the winter 1947–48, experts from the 16 nations had discussed aspects of the program. Then in March, the CEEC met with the goal of creating an "Organization" for European Economic Cooperation (OEEC). This proved a difficult task, for member governments held strongly divergent views regarding the structure and functions of the proposed organization. The British, reluctant to identify themselves with Europe, argued for making the OEEC a sort of continuous international conference. The French, among others, believed that a point had been reached when the nations of Europe could no longer solve their problems acting separately and, therefore, that the OEEC must be a supranational body with considerable autonomy. The British view prevailed at the time, but this issue was to arise again and again. There was also friction about the supposed British and French domination over the smaller European nations. This led to a rule requiring unanimous consent for all major decisions. Despite these problems, a draft OEEC constitution was written, presented to the CEEC Council and adopted on April 16, 1948.

The new organization was directed by a Council, composed of representatives of all member nations, and an Executive Committee, consisting of delegates from seven countries, to be elected annually. An Executive Secretariat, staffed by international civil servants, would conduct the continuing business of the OEEC and deal with their American counterparts in the

ECA. By early May, when the first shipments of supplies were nearing Europe, the OEEC was completely operational. In 1949 West Germany, until then represented in Marshall Plan affairs by the three occupying powers, formed its own government and became the OEEC's 17th member.

The OEEC's first and, as matters developed, most important task was to recommend the division of U.S. aid for the fiscal year 1948-49. How to cut the pie, deciding who was to get what percentage of the Marshall Plan's largesse, threatened to tear apart the newborn organization. Nevertheless, the problems were dealt with, compromises reached and unanimous approval of the division of aid formula was obtained. Politically, this was a historic accomplishment—a demonstration that cooperation was feasible among OEEC members even where their sovereign interests diverged. It was also beneficial economically, for the effort revealed that a significant part of each country's needs could be provided by other OEEC nations. This process would be repeated annually, producing similar tensions and similar results.

Early Success

The first year of the Marshall Plan totally justified the decision to assist the nations of Western Europe. By June 30, 1949, ECA had turned over $5.95 billion to the OEEC nations for procurement of goods and services. Approximately two-thirds of the orders for commodities had been placed in the United States. Raw materials comprised 31 percent of these orders, 36 percent went for food, feed and fertilizer, 16 percent for fuel and 14 percent for vehicles and machinery. Evidence of the effects from this flood of goods was soon available. For the April-to-June quarter of 1949, the index of industrial production reached a level substantially higher than that immediately before the war. The most notable progress was registered in West Germany, France, Austria, the Netherlands, Sweden and Greece. Production of such essential items as steel, cement, motor vehicles, chemicals and coal rose markedly. Agricultural yields jumped dramatically in almost every category. Even the overseas territories of OEEC countries contributed to the recovery. These achievements, amounting to an economic miracle, were made possible by an infusion of U.S. aid that amounted to no more than 4 percent of Western Europe's gross national product (GNP). And, of course, the total expended represented a still smaller percentage of America's GNP for the same period.

Beyond the bare statistics of dollar transfers, goods purchased and production indices stood an enormous range of activities by Americans and Europeans to reform the economic and social systems of Western Europe. Thousands of ECA employees, consultants and businessmen traveled to Europe to advise their counterparts about methods for achieving the "good life" as practiced in the United States. Seminars were held on American labor-management practices. Studies were conducted on the encouragement of tourism. British, French and Belgian businessmen were invited on tours of Detroit auto plants, Akron rubber factories and Houston petrochemical complexes. Person-to-person programs, which brought Italian scouts to Kansas City and took Future Farmers of America from Alabama to West Germany, were organized. A Consolidated Edison accountant was dispatched to Athens to reorganize the Greek income tax system. These and innumerable other examples of U.S. willingness to offer not just money but the experience and expertise of its citizens formed a vital element of the Marshall Plan.

The heart of these activities was the drive to make available American labor and management practices to Western Europe in order to boost productivity. As described by Hoffman, this program developed almost accidentally:

> One warm summer day in Paris in 1948, Sir Stafford Cripps, Britain's ascetic chancellor of the exchequer, and I were talking over the economic recovery obstacles that lay ahead.
>
> "If we are to raise the standard of living in Great Britain," he said, "we must have greater productivity." My heart quickened; this was the kind of talk I wanted to hear from a European. Then he continued. "Great Britain has much to learn about that from the United States . . ." Naturally, I

> jumped at the idea. "Let's set up a system of transatlantic visits," I replied. "We can take British management and labor on tours of American factories and send Americans to Britain for a look at your shops."

It later became fashionable in Europe to scorn those who copied American cultural and business patterns and to accuse the United States of practicing "Coca-Cola imperialism." However, during the Marshall Plan years, the United States was the model and most Europeans were eager to embrace anything and everything America represented. Of course, some balked at adopting such alien ideas as American labor-management practices. Either they worked out novel solutions (such as the German scheme of codetermination in industrial relations) or, like the British, they slipped back into prewar patterns of behavior.

By mid-1949, it was clear that Western Europe would achieve substantial economic recovery. The dimensions of the recovery were another matter. No one then visualized the affluence enjoyed by most Europeans in the period 1955 to 1970. Nor would any responsible economist have dared predict that within a few years a "dollar gap," with the United States in the role of victim, would occur. However, the immediate future was relatively assured. Not only was economic vigor returning but the political stability of Western Europe seemed solid. Although the nations participating in the Marshall Plan still faced many problems—inflation, low productivity, inequitable and inefficient tax and land-use practices, class hostilities—they were now largely capable of providing for their own needs.

Shift in Priorities: Defense

By mid-1949, also, circumstances in the international arena had changed drastically. While the advocates of "pure" economic aid were carrying out their plans to increase productivity and to encourage European economic and political integration, others had decided that the stability of Western Europe rested primarily on military strength. Sooner or later, Europe must prepare to defend itself against the Soviet Red Army. These officials, including Defense Department spokesmen, many State Department people and some ECA representatives, such as Harriman, argued that the Marshall Plan was merely "fattening up Europe" and whetting Russia's insatiable appetite. Events such as the Soviet blockade of Berlin in 1948-49 and Moscow's tightening grip on Eastern Europe seemed to confirm this viewpoint. Lacking sure knowledge of Soviet intentions, many Americans suspected that Moscow was preparing a full-scale westward push.

On April 4, 1949, the United States and Canada joined ten European nations in creating the North Atlantic Treaty Organization (NATO). Despite the view of many political leaders that NATO was only to be a symbol of the West's unity and determination, plans were begun almost immediately to create a joint defense force. This effort was to spell the end of the Marshall Plan, as it originally had been conceived. The emphasis of U.S. aid shifted after mid-1950 from recovery to military preparedness. As NATO grew, many European civil servants left the OEEC for positions in this new international organization; and with the loss of talent, prestige and resources, the original hopes that OEEC would develop into a true supranational body began to fade. Congress, which after the first year had become increasingly reluctant to authorize funds for the Marshall Plan, responded enthusiastically to the shift in emphasis. Cynics claimed this was because it was much easier to convince narrow-minded congressmen of the value of military aid—putting French pilots in U.S. jets and enlarging the Dutch, Italian and Belgian armies—than of economic aid, which now appeared to help European manufacturers compete with American firms. The Korean war, which caused serious if temporary difficulties for Europe resulting from uncontrolled inflation and shortages, hastened the windup of the Marshall Plan. Early in 1951, the United States announced that all future aid would be solely for purposes of defense. Europe's economic recovery, even if not wholly accomplished, had to be subordinated to the global drive for preparedness against the Communist military challenge.

6

Assessments

From summer 1947 until June 1950, the Marshall Plan was the most important element in United States foreign policy. The program was formally inaugurated in April 1948 and shut down in 1951, when its duties were taken over by the Mutual Security Administration (MSA). However, the Korean war, along with the efforts already under way to create a European security system, so modified American goals that the Marshall Plan properly existed for something less than three years. By 1952 the United States had shifted almost entirely to military assistance, with 80 percent of all aid to Europe being military hardware and the other 20 percent taking the form of "defense support": the construction of military bases, armaments production, technological improvements and so forth.

In an important sense, however, the Marshall Plan has remained in operation to the present day. ECA became the MSA; the MSA became the Foreign Operations Administration (FOA) in 1953; FOA was rechristened the International Cooperation Administration (ICA) in 1955; and in 1961, ICA begat the Agency for International Development (AID). Economic aid, begun on a large scale with the Marshall Plan, became a vital element in American diplomacy.

Scope of the Achievement

An assessment of the original span of the Marshall Plan, during which most of the goals that had been projected for four or more years were realized, reveals that the achievements of the program were enormous by any standard. To the nations which formed the OEEC, the United States gave, via the Marshall Plan, the sum of $13,348,800,000. Nearly three-quarters of the total went to five countries: Britain ($3,189,800,000), France ($2,713,600,000), Italy ($1,508,800,000), West Germany ($1,390,600,000) and the Netherlands ($982,100,000).

It was a magnificent effort, despite all the problems, and the effects on Europe's economic vitality were striking. Industrial production in Western Europe in 1950 was 45 percent higher than in 1947, and 25 percent higher than in 1938. By 1952 European industries were churning out goods at a rate 200 percent above that of 1938. Perhaps even more important was the increase in agricultural output, up 15 percent over 1938. "In human terms," Paul Hoffman observed, "Europeans were eating, they had jobs, they were working and working hard." And though certain basic weaknesses in Europe's economic structure were not eradicated, much progress was made. For example, the dollar gap, which once had been considered beyond the capacity of Europe to correct, was reduced by some 80 percent.

With these economic achievements went organizational steps which, however limited, were nonetheless historic. In 1948 and 1949 major steps were taken to liberalize intra-European trade. In 1950 the European Payments Union was formed to facilitate currency exchange and rectify payments imbalances. In 1952 came the launching of the Coal and Steel Community, from which the Common Market evolved.

The psychological impact of the Marshall Plan appears to have been nothing less than revolutionary. In 1947 Europe had been stagnating. Marshall's simple words brought renewed hope. For British Foreign Secretary Bevin, the Marshall Plan "was like a lifeline to sinking men. It seemed to bring hope when there was none. The generosity of it was beyond belief. . . . I think you can understand why, therefore, we responded with such alacrity and why we grabbed the lifeline with both hands, as it were." In just a few months after Marshall's speech there was a new spirit abroad throughout Western Europe. There was renewed faith in the capacity of democratic institutions to deal with economic and social problems. The "economic miracle" that transformed the rubble-strewn landscape of occupied Germany into a bustling, prosperous industrial giant resulted from the revival of the German people's faith in the future. France, Italy, Britain and other OEEC nations experienced a similar return of self-confidence.

The Marshall Plan greatly helped to stem the spread of Communist ideology and Russian influence. The return of economic vitality stabilized the political climate throughout Western Europe and brought once weak governments solidly into the anti-Communist camp. By 1952 there existed a solid foundation on which the United States and cooperating nations could attempt to build an alliance against the U.S.S.R. Such an effort would have been impossible at the time the Marshall Plan first was announced in 1947.

Hailing the Marshall Plan as "one of the great success stories of all time," Harry Bayard Price, the official historian of the program, wrote in 1955:

> It furnished a counterpoise to the forces of aggression. In so doing, it probably forestalled a collapse of Western Europe and the Mediterranean area and their unwilling incorporation into the orbit of world communism. It afforded without stint the critical margin of resources and energy needed to make possible an amazingly rapid recuperation of the European economy. . . . It demonstrated, in unprecedented fashion, the possibility of organizing and carrying out vast international endeavors—not for destruction, but for construction and peace. Belying in performance the charge of imperialism, it gave the United States a new stature as a leader to be trusted. And it set in train a succession of promising developments. Could more be asked of a single venture?

The Marshall Plan a Failure?

For many years historians refrained from asking anything more from the ERP. Viewing it through the lens of cold war antagonisms, they presented it only as a necessary act to restore economic health and thus political equilibrium to Europe. In recent years, however, some scholars have asked different questions about U.S. initiatives such as the Marshall Plan, and they have written unfavorably about both its purposes and its achievements. For example, in their massive study of postwar American diplomacy, Joyce and Gabriel Kolko entitle a central chapter, "The Failure of the Marshall Plan." The Kolkos argue that even in terms of its proclaimed goals (ensuring European recovery, building a wall against Soviet aggression) the ERP was monumentally unsuccessful. It served to return to power those "reactionary *status quo* oriented elements" with whom the United States preferred to deal, but it failed to bring a better life to the vast majority of Europeans. Thus, it intensified the political instability and social alienation that already dominated European life. "There was no longer any doubt in early 1950," the Kolkos write, "about the direction of both the American and European economies, nor about the original goals that Washington desired." Such claims, in the writer's view, exaggerate both the immoral purposes and the foresight of the U.S. government. To put forward the proposition that the Truman Administration was pursuing a cold, calculated strategy to fasten American economic domination on Western Europe is a profound distortion of what did, in fact, take place.

Indeed, it can be argued that the "failures" of the Marshall Plan were the result of the reluctance of its advocates to press with sufficient determination for its basic goals. It may be that a golden opportunity was allowed to slip away during the dark days of 1947 to 1949. "Don't you see," a former OEEC official once complained to the author in the course of an interview, "We were all in the same boat in 1947. And the boat was sinking fast. There was no concern about butter surpluses and pork quotas. We all needed everything and only the United States could supply our needs. The situation made possible changes of revolutionary import. But we could not and would not make these hard decisions of our own volition. Had the United States exerted strong pressure, amounting to blackmail, had you said, 'Our aid is conditional upon immediate and significant changes. Reform your tax systems, abolish all discriminatory trade arrangements, take concrete steps toward the integration of European economic life,' I think we would have agreed."

Certainly, many Americans understood the potential power they wielded over Western Europe. As Harriman wrote Hoffman in November 1948, "The ECA has a big stick which can mean either life or disaster to many European countries and their people." But one searches without success for evidence that the U.S. government ever engaged in blackmail to achieve its goals. It was not done to achieve land reform in Italy or abolition of France's crazy-quilt tax structure or any of numerous other desperately needed changes. Indeed, instances of "reverse blackmail"—Britain exploiting its special relationship with the United States to get its way in the OEEC, France using its political instability to extort funds for the war in Indochina—were much more common.

Impasse Over a United Europe

The inability of the Truman Administration to pressure Europe into integration is exemplified by the long, exhausting debate over the issue. The ERP offered a great, perhaps unique, opportunity, as Georges Bidault observed, "to construct a Europe, not . . . against other nations . . . but to put an end to a state of anarchy which gives rise to conflicts by maintaining distress." It might have accomplished a reordering of European values, the rationalization of Western Europe's economic life and the removal of all barriers to peaceful cooperation between the nations of Europe. A start might even have been made toward achievement of that age-old dream, political union. The United States was determined to have this start made. American representatives—from Hoffman and Harriman to the most junior clerk in ECA's field offices—preached integration. More time and energy was devoted to this issue in the councils of ECA and the OEEC than was given to any other question. In the end, however, the unification of Europe stopped halfway. Opposition by some member nations, especially Britain, slowed its growth in the early days of the Marshall Plan. Then, the shift to military cooperation removed integration as a viable issue.

Why the United States did not use its leverage to force integration is open to various explanations: belief that such blatant interference in the internal affairs of other nations was both politically risky and immoral; the violent opposition of the British, for whom many Americans possessed a peculiar regard and deference; and fear on the part of Treasury planners and others that a united Europe would end their dream of global economic integration. Fear of a European reaction was probably uppermost. Also important was lack of agreement about the need to take such risks. "The conception of recovery held by many," one planner later reflected, "was a limited conception of simply getting Europe back on its feet. This conception was sold to Congress. The reality, however, was that Europe was not on its feet before the war. The recovery conception was therefore mistaken—but there it was." As a result, the impasse over European integration was never broken. A habit of postponing whatever did not seem urgent (no matter how important in the long run)—that weakness which had long afflicted U.S. foreign policy—was permitted to prevail.

It is unfair to describe the shift from economic to military assistance as a "failure" on the part of those who created and administered the Marshall Plan. As noted earlier, changing circumstances produced an apparently irresistible tide in favor of a military response to Europe's problems. Events in China, Korea and Southeast Asia, the Berlin Blockade and the first Russian explosion of an atomic bomb in September 1949 gave anxiety to Congress and the American people. It is therefore understandable that proposals to set up a defensive system in Europe (rather than at the continental limits of the United States) proved so appealing.

In retrospect, however, the necessity for that complex, burdensome and arguably inadequate instrument that NATO be-

NATO Photos

Two sequels to the Marshall Plan: NATO's North Atlantic Council (above) and heads of government of the European Common Market (below)

The European Community Information Service, Washington, D.C.

came can be challenged. The difficulties facing Western Europe were as much psychological as economic, political or military. The need, as originally conceived, was to restore the faith of Europeans in themselves and their institutions. Had the architects of the Marshall Plan kept faith with this original conception, the further intensification of the cold war which occurred with the creation of NATO might have been avoided, and the energies of some of Europe's ablest leaders, instead of being diverted into military affairs, could have been retained for the work of European political and economic progress.

That this did not happen resulted from failure to provide either friends or enemies with what Dean Acheson once termed "communicable wisdom" regarding U.S. purposes. The actual purposes of the Marshall Plan were never made wholly explicit. In part, this was because of the role of the U.S. Congress. The process by which the Marshall Plan was "sold" to Congress made it inevitable that the aid program that ultimately emerged would only partly respond to Europe's true needs and America's actual capabilities. The Truman Administration, as was necessary, exploited congressional prejudices in order to push through the ERP; but it found itself, as a result, forced to overlay the hard facts about Europe's problems with simplistic arguments that conformed to these prejudices. Exaggerated claims and emphasis on the superficial, Acheson once complained, "is what happens to plans when they get into the congressional mill. Something happens all along the line. . . . Everything has to be stepped up a little bit to get the attention of people who are more interested in rivers and harbors than in foreign affairs, so that things are put in a much more critical situation than we would want to do." It may have been necessary to play this game. However, as a result, the Marshall Plan was vulnerable to charges that it had not brought the American version of the good life to all Europeans, converted every last French and Italian Communist into a Rotarian, and accomplished all the other miracles its supporters had promised. Such complaints reflected not so much on the Marshall Plan as on the prevailing American ignorance of the realities of international politics.

Ingredients of Success

Despite such reservations, we must conclude that the Marshall Plan was successful. Even if it did not lead immediately to a United States of Europe or to sweeping structural reforms of Western European society, even though ERP was not permitted to complete its original task, it did restore European self-confidence and demonstrated that the problems engulfing Europe were not beyond solution. The Marshall Plan provided an enormous psychological lift for both Western Europe and the United States.

The reasons why the Marshall Plan succeeded against such long odds are not really complicated, though the circumstances were complex and are, to some degree, still unexplained. Any list of the "success factors" would include, first, the simplicity and appropriateness of the idea undergirding the Marshall Plan. Its conception was a creative act, one which met a deep need and captured the imagination of millions. Europe desperately needed help. The United States was in a position to provide this assistance and found the means to do so.

A second factor was the energy, not to say daring, with which the conception was carried through. Americans looked realistically and clearly at an international crisis, and the response ushered in a new era in U.S. policy toward the world. The Marshall Plan idea was put forward despite the political risks at home and the uncertain situation in Europe. It was statesmanlike not only because it was courageous but because it appealed to the highest instincts of all those involved. It promised dignity and self-respect to Europeans, and it asked of Americans that sense of responsibility and realism which had long been missing in U.S. diplomacy.

Third, and perhaps most important in the long run, the Marshall Plan was accorded broad public discussion. The American people and Congress for once participated in the making of policy instead of being asked to engage in post-mortems about past errors in the realm of foreign affairs. Thus, the process of public debate was constructive rather than destructive, and the American people obtained full knowledge about an initiative which they were asked to support and for which, ultimately, they had to pay the bill. It is only unfortunate that this widespread enthusiasm and understanding could not be sustained throughout the Marshall Plan's existence.

A fourth factor, referred to earlier, was the quality of the men and women recruited to direct and administer the program. High morale and a sense of dedication were characteristic of the ECA for much of the program's life. The era of the Marshall Plan established a standard which all subsequent aid agencies (and many other organizations as well) have sought to emulate. Perhaps the strongest evidence of the abilities of the ECA staff and of their counterparts in Europe is the distinction so many have since achieved in public service, academic life, the professions and business. The roll call of former Marshall Plan personnel, both in Europe and the United States, includes many of the most distinguished figures of the past quarter-century.

Fifth, it is important to note that the organizations established to put into effect the aims of the Marshall Plan—the ECA and the OEEC—were especially well designed to accomplish their principal goals. In the long-standing debate over the advantages of adapting an existing agency to new circumstances and responsibilities as contrasted with creating a new one—a temporary, special-purpose instrument to meet particular needs—the Marshall Plan provides powerful testimony to the value of the latter course. Also important was the unusual latitude given the ECA in carrying out its responsibilities. Not since that time has an "independent" agency been so independent.

Sixth is the related issue of the Marshall Plan's capacity to adjust to changing circumstances and needs. Although there were limits to its flexibility, the ERP did evolve, and the successive stages in its evolution were essential to the success of the program.

Finally, and almost impossible to document, must be mentioned the spirit of the Marshall Plan. The sense of its rightness for the time and place of its creation takes in all of the above factors. For those who participated, however, the spirit of the Marshall Plan was and is a transcendent reality.

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Is the Marshall Plan Relevant Today?

It is a tribute to the Marshall Plan's place in history that its example has again and again been invoked when international needs seemed to call for new efforts of international cooperation. Latin American leaders during the 1950's clamored for a hemispheric Marshall Plan—a call which helped to engender the Alliance for Progress of the early 1960's. In 1967 former ECA chief Paul Hoffman, speaking on the 20th anniversary of the Marshall Plan, declared that "as the building of a new Europe was imperative 20 years ago, so today's imperatives dictate the building of a new kind of global community." Only recently David K. E. Bruce, once U.S. ambassador in London, argued that only another Marshall Plan would suffice to halt Britain's current slide toward disaster.

At the very least, such suggestions demonstrate that the Marshall Plan has attained a unique, if partly mythological, niche in the history of postwar international relations. But is that great program really a useful model for the solution of these other problems? What, if anything, is its true relevance for the 1970's?

New Times, New Problems

Consider first the situation in Europe itself. Against the growing economic strength of West Germany must be set the predicament of France, Italy, Ireland and the current "sick man of Europe," Britain. All of them are struggling with economic, social and political problems the solution of which may outstrip their own capabilities. Some of these are largely external: the crumbling of the system of international financial and economic arrangements created at Bretton Woods in 1944, and the new power of the Organization of Petroleum Exporting Countries (OPEC) to control oil supplies and prices and thus to influence the policies of Western governments. Other problems arise at the national level and suggest the absence of a sense of common national purpose among contending groups.

But where national efforts fail, can outside resources do better? Britain can be considered a test case. Its economy has been saddled with an outdated and inefficient industrial establishment, deep divisions between management and labor, and a damaging lack of investment capital. British productivity has been steadily falling behind. In March 1976, while serving as a visiting professor in University College, Dublin, the author watched a British Broadcasting Corporation (BBC) documentary on comparisons between British-made products and items produced abroad. The BBC purchased £5,000 in household goods—furniture, carpets, kitchen appliances and so forth. On the basis of performance and price, only one item—a mixer priced at £40—was British in origin. For a nation that must "export or die," the politically irresistible demand for rising living standards and creature comforts, combined with the declining ability of British goods to compete in the international market place, threatens disaster. Britain joined the European Economic Community (EEC) in 1973, hoping that the resources and markets of the Continent would stimulate its productivity, but the early results have been disappointing. Still living beyond its means and with a persistent balance-of-payments deficit, Britain early in 1977 received a $3.9 billion loan from the IMF under stringent performance conditions, the fulfillment of which at this writing remains to be seen. The British story is a classic illustration of the truth that external aid can be effective only if it is matched by an internal will and ability to succeed.

There is no question, then, that European nations face dangerous problems. That they are confronting the kind of problems that lend themselves to a Marshall Plan-style solution is open to doubt.

Fighting Against Shadows

Moreover, despite the existence of elaborate regional machinery both at the Western European and the transatlantic level, there seems little inclination to meet national problems by a cooperative regional response. Instead, on both sides of the Atlantic, there is a sense of frustration and drift, of fighting against shadows. Addressing the European Parliament in Luxembourg in January 1977, Roy Jenkins, the new president of the European Communities, spoke of the present situation as reflecting "a greater sense of apprehension, a greater sagging of hope, than Europe has experienced since the beginning of its postwar resurgence." Jenkins pointed to the tendency of EEC members to go it alone with regard to various economic and political issues. This, he implied, was the ironic result of a generation of success: "The 25 years up to the end of 1973 were among the most stable, prosperous and hopeful in the whole long history of this Continent. But there is a paradox about this achievement. Precisely because we became so prosperous and enjoyed such a degree of political stability, we came to take them for granted and to forget that the foundations on which they rest are in reality extremely fragile." Where economic progress has largely abolished physical want, and détente has removed the "enemy," what clear and present danger is there now to shake Europe out of its torpor and justify united action? Yet, without united action, no modern-day Marshall Plan could hope to succeed.

Across the Atlantic, similar uncertainties are evident. During bicentennial discussions of foreign policy in 1976, there was much use of the phrase "from independence to interde-

J. D. Aquilino, Jr.

A 1974 meeting of the Trilateral Commission, an unofficial body of North American, West European and Japanese leaders, included private citizen Jimmy Carter

pendence." This phrase is no mere slogan when Arab financiers gain control of companies once owned by the Boston aristocracy, or when foreign purchases of wheat can determine whether a Kansas wheat farmer will buy a new car—and hence whether a Detroit auto worker's family can have prime ribs for Sunday dinner.

But whether this recognition of unwelcome facts will also bring acceptance—or will instead cause the United States to turn inward—is in the balance. The trend since the late 1960's, under the double stimulus of the Indochina trauma and economic recession, has been to reduce American commitments abroad. The number of U.S. military installations overseas declined from 452 in 1961 to just over 300 in 1976. Military and economic assistance have been shrinking steadily. Exports, both of weapons and of civilian goods, are increasingly for hard cash, while competing imports have begun to meet stiff resistance reminiscent of the destructive tariff wars of the past.

Most Americans apparently agree with Senator John Stennis (D.-Miss.), chairman of the Armed Services Committee, that "there are limits to what we can do in manpower and in money" and that these limits have been reached. They seem in a mood for introspection and for a more modest foreign policy. John Connally of Texas, then Secretary of the Treasury, caught this mood in a 1971 speech: "At long last, we've reached the point where we can no longer be completely and entirely generous, giving of ourselves, of our material resources, of our strength, and of our money that other nations may prosper." Reflecting the new conservatism have been such initiatives as former Secretary of State Henry Kissinger's campaign to force Europe to accept a much larger share of the costs of its defense. These policies have combined with the emergence of the EEC as the world's largest trading bloc to widen the gulf between the United States and its erstwhile allies in Europe. Whether the Carter Administration, with its proclaimed devotion to "trilateralism," can turn away from these nationalistic responses remains to be seen.

If we turn to the global challenges which caused Hoffman ten years ago to invoke again the memory of the Marshall Plan, we find again that the reality eludes the model—but for different reasons. These global problems exist on an altogether different scale of size, space and time. The Marshall Plan, reduced to its essentials, was a mechanism for pumping dollars into an economic system that was highly developed and relatively intact but which was starved for investment capital. Europe needed aid for *recovery.* It possessed the industrial capacity, skilled labor force, communications and transportation networks, and technological expertise to make full use of the assistance. Thus, the Marshall Plan can be likened to a "shaped charge," an instrument specially designed to perform a clearly defined task within a clearly defined time limit.

The Marshall Plan's True Legacy

No such clarity exists regarding the world problems which now confront America and Europe. Today we must learn how to manage a nuclear-armed détente that is neither war nor peace; how to maintain economic growth and employment while coping with overpopulation, pollution and pressure on world resources; how to assure a long-term balance between the demand for energy and the supply of it; and how to establish some workable basis of cooperation with the aspiring nations of the third world. These challenges of interdependence are of a new order of difficulty. The time scale on which they must be met is likely to be one of decades or even generations. Today's crisis, if it is one, seems to be partly a crisis of will, a loss of faith in the ability of the West to deal boldly and successfully with problems so immense, interlocking and ill-defined. Whether the material and psychological resources exist to do so is still an open question.

At another and simpler level, however, the Marshall Plan may indeed be relevant to today's global predicament. Three decades ago, nations enmeshed each in its own desperate crisis were able to cooperate for their mutual benefit. They overcame old enmities and rose above narrowly selfish concerns to work for the welfare and prosperity of all their number. This simple and fundamental lesson—that nations in difficulty must search for common interests and common goals—may be the truest legacy of the Marshall Plan for our time and the best guide to the West's survival.

Talking It Over

A Note for Students and Discussion Groups

This pamphlet, like its predecessors in the HEADLINE Series, is published for every serious reader, specialized or not, who takes an interest in the subject. Many of our readers will be in classrooms, seminars or community discussion groups. Particularly with them in mind, we present below some discussion questions—suggested as a starting point only—and references for further reading.

Discussion Questions

What was the Marshall Plan? Why does the author say that it signaled a new departure in American diplomacy?

Why did Marshall put forward his plan? If you had been a senator at that time would you have voted for or against it? Why?

What did Marshall stipulate as a first step toward any assistance to Europe? And what steps did the European nations take in response?

Were the Eastern European countries invited to join the Marshall Plan? What was their decision, and how was it received in the West?

How was West Germany involved in the Marshall Plan, and what effect did the program have on that country's position in Europe?

What were some of the problems faced by the 16 European nations in the CEEC in producing an agreed-upon program to present to Washington? What were the essentials of the program they finally produced? What difficulties were faced by the Truman Administration in getting the ERP approved by Congress? What was the main argument used in order to win congressional votes?

In what ways was the ERP successful? Where did it fall short?

Do you believe the U.S. should have used Marshall Plan aid to pressure Western Europe into full political unification? If you had been a British, French or other European politician at the time, how would you have felt about it?

Do you agree or disagree with the author's conclusion about the results of the U.S. shift of emphasis from the Marshall Plan to NATO?

What differences do you see, and what similarities, between the problems that gave rise to the Marshall Plan and those facing U.S. foreign policy today? Do you believe a new "Marshall Plan" would solve the problems of poverty in developing countries? Why or why not?

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FOREIGN POLICY ASSOCIATION 1918

The Marshall Plan was perhaps the most imaginative and successful endeavor ever undertaken in constructive cooperation among nations. Its influence lives on. This essay gives a vivid account of its aims and achievements.

—W. Averell Harriman