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The Battle for World Peace and Stability

SPEECH
OF
HON. ARTHUR H. VANDENBERG
OF MICHIGAN
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Mr. VANDENBERG. Mr. President, for the sake of continuity I respectfully ask my colleagues to permit me to conclude my general statement on the pending bill without interruption.

Mr. President, with the unanimous approval of the Senate Foreign Relations Committee, I report the Economic Cooperation Act of 1948 in its perfected text. In the name of peace, stability, and freedom it deserves prompt passage. In the name of intelligent American self-interest it envisions a mighty undertaking worthy of our faith. It is an economic act—but economics usually control national survivals these days. The act itself asserts that "disruption following in the wake of war is not contained by national frontiers." It asserts that "the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations."

Every Senator knows that these dangers are even greater than they were when those words were written only two short weeks ago. The fate of Czechoslovakia, where any semblance of democracy has just been gutted by subversive conquest, underscores this solemn thesis. The kindred fate of brave little Finland may be adding to the ominous score this very afternoon even while we debate an axiom, namely, that aggressive communism threatens all freedom and all security, whether in the Old World or in the New, when it puts free peoples anywhere in chains.

The act asserts sound doctrine when it says that it is "the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions and genuine independence through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation." Mr. President, this act may well become a welcome beacon in the world's dark night, but if a beacon is to be lighted at all it had better be lighted before it is too late.

Nevertheless, Mr. President, the decision which here concerns the Senate is the kind that tries men's souls. I understand and share the anxieties involved. It would be a far happier circumstance if we could close our eyes to reality, comfortably retire within our bastions, and dream of an isolated and prosperous peace. But that which was once our luxury would now become our folly. This is too plain to be persuasively denied in a foreshortened, atomic world. We must take things as they are.

The greatest nation on earth either justifies or surrenders its leadership. We must choose. There are no blueprints to guarantee results. We are entirely surrounded by calculated risks. I profoundly believe that the pending program is the best of these risks. I have no quarrel with those who disagree, because we are dealing with imponderables. But I am bound to say to those who disagree that they have not escaped to safety by rejecting or subverting this plan. They have simply fled to other risks, and I fear far greater ones. For myself, I can only say that I prefer my choice of responsibilities.

This legislation, Mr. President, seeks peace and stability for freemen in a free world. It seeks them by economic rather than by military means. It proposes to help our friends to help themselves in the pursuit of sound and successful liberty in the democratic pattern. The quest can mean as much to us as it does to them. It aims to preserve the victory against aggression and dictatorship which we thought we won in World War II. It strives to help stop World War III before it starts. It fights the economic chaos which would precipitate far-flung disintegration. It sustains western civilization. It means to take western Europe completely off the American dole at the end of the adventure. It recognizes the grim truth—whether we like it or not—that American self-interest, national economy, and national security are inseverably linked with these objectives. It stops if changed conditions are no longer consistent with the national interest of the United States. It faces the naked facts of life.

Within the purview of this plan are 270,000,000 people of the stock which has largely made America. These are 26 percent of all the literates of the earth. Before the war they operated 68 percent of all the ships that sailed the sea. They grew 27 percent of all the world's cereals. They produced 37 percent of the world's steel. They sold 24 percent of the world's exports and bought 39 percent of the world's imports. They are struggling, against great and ominous odds, to regain their feet. They must not be allowed to fail. The world—America emphatically included—needs them as both producers and consumers. Peace needs their healthy restoration to the continuing defense of those ideals by which free men live. This vast friendly segment of the earth must not collapse. The iron curtain must not come to the rims of the Atlantic either by aggression or by default.

I wish, Mr. President, swiftly to sketch the chain reaction of events responsible for the issue we here confront. It is a significant narrative which speaks for itself in behalf of the need and justification for this heroic adventure, the greatest ever initiated by any one nation for the sake of peaceful humanities. In the background, of course, is the war itself; the military defeat of the Axis; the utter prostration of postwar Europe amid the ashes of its victory; the resultant tragedy of far-flung human want and suffering; the paralysis of the peace that has not yet come; the rise of new aggression reaching out for ominous conquest amid distraught and disintegrating peoples. I do not here assess whatever mistakes in statesmanship may have helped precipitate or prolong these catastrophies. It is enough, for the present consideration, that the tragedies occurred and that they still threaten the peace, stability, and security of this whole earth, the United States again emphatically included.

In the sanctuary of our relative good fortune where not one bomb fell during all those desperate days when the skies of Europe were raining death, we promptly and willingly went to the postwar aid of our prostrate friends. We literally leaped with them from one crisis to another. Bill after bill went through Congress for their relief, and billion after billion went from us to them. Two years of this went by. Often the efforts failed of the desired results—although, despite all debits, I hesitate to think what would have happened in the absence of the efforts. But it became clear that the process could not indefinitely go on, first, because western Europe could not wait longer for real emancipation; second, because America could not longer afford to underwrite futility. We were both near the ends of our ropes.

Then came June 5, 1947. Secretary of State Marshall made a speech at Harvard. Just as at neighboring Concord in an earlier century, it proved to be "a shot heard round the world." At the moment it was just a few sentences in a quiet sequence. I quote:

> It is already evident that before the United States Government can proceed much further in its effort to alleviate the situation and help the European world on its way to recovery, there must be some agreement among the countries of Europe 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. The initiative, I think, must come from Europe.
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> The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all, of the European nations.

Mr. President, the responsive effect in Europe was electric. History wrote with rushing pen. It was a new call to the colors—this time a peace call to mobilize for self-help and cooperation in quest of mutual survival. The British Bevin and the French Bidault promptly summoned a European conference. They consulted the Russian Molotov. He met with them in Paris on June 27. As usual, his demands were impossible; and, as usual, treacherous Moscow propaganda charged us with iniquitous American "imperialism," a charge shockingly echoed by some of our own citizens. The Soviets vetoed concerted action, but Bevin and Bidault went ahead. They invited 22 European nations—all of them—to meet in Paris. All Soviet-dominated countries sent their refusals, including Czechoslovakia, which, after a hasty summons to the Kremlin, withdrew its previous approval and now finds itself forcefully communized against any further expressions of self-will. Sixteen nations accepted the invitation. Here they are: Austria, Greece, Norway, Switzerland, Belgium, Iceland, Portugal, Turkey, Denmark, Ireland, Sweden, United Kingdom, France, Italy, Luxemburg, Netherlands.

They met on July 12 and organized the Committee of European Economic Cooperation, known as CEEC. They met to coordinate the independent nations of Europe in a self-help effort to seek stability and preserve freedom in response to the dynamic impulse of what was then called the Marshall plan. They met to plan hopeful cooperation that might justify American assistance. And they met bravely, Mr. President—"bravely" because it was in virtual defiance of the Russian Bear, which promptly showed its teeth.

Within 4 weeks Moscow dictated new reprisal agreements and tighter affiliations with all her satellites, and quickly organized the Cominform, through which the Communists of nine nations speak for the Communist world. The "iron curtain" took on more "iron." The Cominform is a modern version of the supposedly defunct Comintern, which was communism's prior agent of world violence and revolution. It frankly calls upon Communists everywhere to wreck the Marshall plan and condemns it and us with a new intemperance of invective and distortion. It is indeed "cold war." It is pressure war against the independent recovery of western Europe. Obviously, it is also aimed at us. It is a conspiracy to prevent the emergence of order out of chaos, stability out of confusion, and western freedom out of hopelessness. Communists everywhere have responded. The great sabotage is under way. Let me make it completely plain that I do not suggest, even by the remotest inference, that all opponents to the plan are Communists. I have already expressed my complete respect for the honest opinions of citizens who disagree. I simply point out, as part of the record, that while every critic is not a Communist, every Communist is a critic, and the orders from the Kremlin are to wreck this enterprise. Thus, the postwar pattern continues in familiar and consistent form.

I said that the 16 cooperating nations in CEEC acted bravely, as I hope we, too, may do. I have in mind not only the implications of the Cominform, but also such threatening statements as that by Mr. Molotov saying:

> The Soviet Government considers it necessary to caution the Governments of Great Britain and France against the consequences of such action.

Yet, Mr. President, there is nothing in this plan which threatens the Soviet police empire with any sort of consequence which she does not herself choose voluntarily to invite. It is not a plan against eastern Europe, unless the independent survival of free peoples is on the blacklist. It is a plan for western Europe. It is not external conquest. It is not dictation. It is internal recuperation by self-chosen methods. Eastern Europe was invited in. It was her own decision that keeps her out. It seems obvious that at least three of these countries behind the curtain would have joined if left to their own free wills. But, Mr. President, there are no free wills in police states.

East-west flow of trade in Europe is necessary to both. Its resumption will be profitable to both. There is nothing in this plan which retards this resumption, unless Moscow itself so elects. The healthy recuperation of western Europe should facilitate this resumption for the good of all concerned, if we can have a peaceful world. All poisoned propaganda to the contrary notwithstanding, both at home and abroad, this is America's incentive and her dearest wish.

The honorable release of east-west tension would be the greatest boon of modern times. It can be released whenever there is mutual east-west fidelity to the objectives of World War II asserted by the united Allies on January 1, 1942, and whenever there is mutual east-west fidelity to the principles and purposes of the United Nations. It can be released whenever there is mutual east-west respect for the rights of free peoples to order their own lives. There is no consistent effort which the Government of the United States should withhold in pursuit of this objective. We must always be ready for any discussion to this end. Peace with justice is our utterly paramount concern. Any thought of another war is abhorrent to our souls. But peace and appeasement are not on speaking terms, and they have not been since Munich, after World War I, and Yalta, in World War II.

But let me resume the narrative. The CEEC met for 10 weeks in Paris, concluding on September 22. It has been cynically said that they met just to total up a bill to present to Uncle Sam. Nothing could be more cruel or further from the truth. They met to see what they could do to meet the Marshall self-help specifications, and they concluded mutual pledges of amazing portent and vitality. We did not dictate their ticket. They wrote it for themselves. They volunteered their pledges—to use all efforts to develop production up to agreed targets—to apply all necessary measures leading to the rapid achievement of internal financial monetary and economic stability—to cooperate in all possible steps to reduce barriers to the expansion of trade—to set up a joint organization to follow these objectives through and to insure them to the fullest possible extent. All these, and many other obligations, they offered to assume. It was a historic moment. Someday the United States of Europe may look back upon it as we do to the Annapolis Conference which preceded the Constitutional Convention at Philadelphia. It was a courageous and constructive answer to the United States. It offered the best chance for stable peace and for peaceful stability that there is on earth today—outside of a reinvigorated United Nations which it would immensely further. For myself, Mr. President, I assert the deep conviction that it is worth the wholehearted cooperation of the United States as the cheapest and most promising peace investment in our own self-interest that we face. What we can "afford to do" is one thing—and never to be minimized. But what we cannot afford not to do is just as vital in the estimates of prudent statesmanship.

I comment, in passing, that these were not idle words at Paris. Our friends meant exactly what they said. They have already begun to prove it. "Benelux" already joints three of these countries in a customs union. Others are ready to come in. France has already performed major surgery on her currency. Italy and France have faced powerful Communist subversion and survived the test—a feat that might well have been impossible without our present and prospective economic aid. They, too, are negotiating a customs union. Bizonia in Germany is now well likely to become Trizonia in the spirit of new unity at the heart and core of European recovery. Britain's Bevin, backed by the united spokesmanship of his country, is calling for western union. These are new signs of the new times, Mr. President. If these trends are thwarted, if these hopes are dashed, I confess that I tremble for the consequences in this foreshortened world. This is not hysteria. It is simple candor. In my view, the approaching Senate roll calls are that important—to them and to us.

Now, Mr. President, make note of this: All these CEEC promises and pledges—

importantly, including, by the way, the acquisition of essential strategic materials for stock piling in the United States—are to be written into agreements as a condition precedent to our cooperation. There will be specific bilateral contracts between the United States and each beneficiary country. There will be specific targets. There will be multilateral contracts in which all countries underwrite the common aim and the common cause. The obligations will be set down in black and white. This is no mere wishing well. For one example, in respect to the most vital commodity of all, coal production is pledged to go from 398,000,000 tons in 1946 to 495,000,000 tons in 1949 and 586,000,000 tons in 1952.

Your Committee on Foreign Relations has made every possible effort to protect all these expectations. Indeed, this legislation which the Senate is asked to approve categorically asserts that—

> The continuity of assistance provided by the United States should at all times be dependent upon the continuity of cooperation among the countries involved.

The act categorically asserts that—

> the Administrator shall terminate assistance under this act to any participating country whenever he determines that such country is not adhering to its agreement or is diverting from the purposes of this act assistance provided thereunder.

No law can guarantee its own success. No man has a right dogmatically to say that any plan will succeed in these dangerous days of flux. But here is a warrant for maximum confidence that we do not indefinitely undertake a failure. All the more it makes the chance worth taking.

Now let me return to the narrative again. The CEEC summoned its best minds abroad to the council table. They had been warned by the Harvard speech that America expected a self-contained plan which could reasonably progress toward the restoration of economic independence and the end of American assistance. They had been warned that a successful recovery program must take the place of everlasting relief programs. They set to work to meet the challenge. At the end of 10 weeks they produced the answer. It would take 4¼ years of intensive self-help and cooperation, with progressively decreasing American assistance during this term of years. Their original estimate was that it might require an over-all total of twenty-two and four-tenths billions of American aid for western Europe, including western Germany. Chiefly by the deduction of capital-equipment items, this figure came down to seventeen billions for 4¼ years. In other words, this peace investment might cost one-third as much in 4¼ years as we appropriated for war in just one bill that passed the Senate in 5 minutes and without a roll call one June afternoon in 1944. War has no bargains. I think peace has. I believe I am talking about one now.

I digress, however, to say that there is no seventeen billions or any other comparable figure in this pending legislation. It was in the first executive draft that came to us 2 months ago. I immediately asked for its deletion, and the State Department promptly acquiesced, because it could be no more than an educated guess of doubtful validity if we thus were to attempt to assess events and values so far in advance. Furthermore, it might be misconstrued abroad as a specific dollar commitment without their understanding that one American Congress cannot commit another. Yet the genius of the program, if we are to escape year-to-year relief, is sufficient continuity to encourage dependable long-range planning. We rightly demand continuity of performance from our friends as the price of continuity of aid. It is elementary and indispensable fair play, on the other hand, that continuity of aid similarly should follow continuity of satisfactory performance. It must be inherent and implicit in our purpose. Otherwise, I repeat, this is merely one more stopgap, "rat-hole" operation.

Your Committee on Foreign Relations has met this situation, Mr. President, by familiar statutory device. As is our standard practice when dealing with public projects overlapping into subsequent fiscal years, we have authorized to be appropriated from time to time for 4½ years such sums as may be necessary to carry out the provisions and accomplish the purposes of this act. But the only specific dollar authorization in the act is for 1 year, commencing next April. I shall discuss that later. Suffice it for the moment to point out that this has the effect of eliminating the necessity for subsequent annual authorizations. It thus simplifies the subsequent procedure. But it leaves each annual appropriation, as indeed it must, to the annual decision of the Appropriations Committees of the House and Senate and to the annual discretion of the Congress. The net of it is that the recovery program will pass in annual review. It will be tested annually for its promised accomplishments and for the continuity of its performance. It will be tested annually for its impact on our own economy. Each Congress is free to decide these subsequent issues for itself. But they will do so in the presence of the declared attitude and opinion of the Eightieth Congress, as expressed in this act, that the program, if successful, should carry through to whatever conclusion it proves to deserve. To withhold an expression of this purpose would be to repudiate our own thesis and to pitifully reduce this act to the status of just one more sterile dole. It would be to rob the act of all the cumulative values upon which we depend for net results and which can infinitely bless us all.

Now, Mr. President, let the narrative deal with equally significant events on this side of the ocean here at home. As soon as it became evident that CEEC intended to act upon Secretary Marshall's suggestion, the President began complementary studies at this end of the line. In my responsibility as chairman of the Foreign Relations Committee, I asked for his immediate appointment of an independent civilian group of seasoned and widely experienced citizens to survey the field and to report what America might wisely and safely do—I repeat those controlling words, "wisely" and "safely"—in connection with the contemplated program. As a result, such a group was named by the President on June 22, 1947, under the chairmanship of Secretary of Commerce Harriman, who was the only Government official on the panel. Its bipartisan membership was completely independent of the Government and its judgments were likewise. It had as fine and as representative a personnel as was ever gathered together to do an unselfish, patriotic job; and it labored with spectacular and unremitting zeal upon its complex task. Its ultimate report is one of the most comprehensive ever made in respect to a public problem. These credentials are important because, as a result, I think it is of paramount importance to us that this Harriman committee, despite occasional disagreement respecting details, came to the over-all conclusion that this recovery program not only is well within our American capacity but also that it is essential to the best welfare of the United States. This, remember, was the verdict of representative American citizenship. I do not know how any great problem in public policy could have been submitted to more competent audit. I commend this thought to prejudicial critics who do not and could not have comparable access to all the facts.

I quote one sentence from the Harriman committee's findings:

> The committee is convinced that a sound program for western European recovery should be formulated and adopted by the United States with the same boldness and determination, and the same confidence in the worthiness of the democratic cause, which characterized our action in World War II.

That is the target of private citizenship mobilized through the high spokesmanship of the Harriman committee.

I quote one other sentence:

> The domestic consequences (of the fall of western Europe to Communist dominion) are such as no American could easily tolerate.

Does that require any application? I think not. But it is a timely reminder that the Senate cannot contemplate its decision on this pending act with complete and comfortable detachment, as if there may be no price for us to pay if we reject or emasculate this plan. We have no such complacent option. There is an alternative price. I simply suggest, in passing, for example, that Secretary of Defense Forrestal and Army Secretary Royall testified to our committee that in the absence of some reasonable prospect for the stabilization of western Europe they would find it necessary to urgently demand billions more for national military defense. That, however, is only a small part of what could be the alternative price in a Communist-dominated world. The Harriman committee says the total consequences could include, and I again quote the committee, the spokesmanship for the civilian population of this Nation, "the immediate and sweeping limitation of our economic and political life, perhaps extending even to our form of government."

Which might be the alternative.

But let me again take up the narrative. In addition to the Harriman report, we have the survey by Secretary of the Interior Krug on Natural Resources and Foreign Aid. I quote one sentence:

The aggregate productive capacity of the United States appears ample.

In the same vein we had the so-called Nourse report, from the President's economic advisers. We also had the exhaustive studies of the executive departments through a large committee headed by able Under Secretary Lovett.

Now, Mr. President, I want to make it plain that all of this exploration dealt preponderantly with the most critical of all considerations, namely, the impact of this plan upon our own domestic economy. Nothing could be of more importance because we all agree that the maintenance of a sound and solvent United States is as indispensable to the hopes of the world as it is to us. It would be final blunder to jeopardize our stabilities at home. We shall not do so. I am glad to echo the warning of the Harriman report that "it is not wise to underestimate the steepness of the climb," and that "the aid which the United States gives will impose definite sacrifice on the United States." That is obvious. This is no happy picnic. Heavy post-war peace expenditures involve a burden, just as did the infinitely heavier expenditures of the war-that-was, or the expenditures of another war which we propose, with every resource at our command, to prevent. Any drain upon our commodities not in surplus also is a burden, although it is significant to note that the contemplated exports under this plan at its very peak are substantially less than our average exports for 1947. But all authorities agree that the plan can be managed to avoid serious interference with our domestic economy. They agree that it would not precipitate domestic controls which would not be required by the domestic situation alone. For example, there will be no competitive exports of meat under this plan for at least 2 years. There will be no exports of metal scrap. Petroleum products, by the explicit terms of the bill itself, must be purchased offshore to the maximum practicable extent.

Sound administration of the act, Mr. President, will hold all these impacts to a minimum. The bill itself is explicit in these directives. In general terms it lays down the fundamental rule that "no assistance to the participating countries shall seriously impair the economic stability of the United States." In specific terms it lays down the injunction that—

The Administrator must provide for procurement in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the vital need of the people of the United States.

The proponents of this measure, in a word, are not riding rainbows. They recognize the calculated risk. They think it is worth taking in our own enlightened self-interest. They prefer it to the alternative risk. But they proceed with prudence. They recognize the priority which self-interest assigns to the protection of our own domestic situation. We are not to be committed beyond this legitimate boundary. But they believe that we can do both jobs—at home and abroad—and that we cannot afford not to take the preferable chance. In a word, they believe in America.

Now, Mr. President, we come to the act itself, which is unanimously endorsed by the Senate Foreign Relations Committee after 5 weeks of public hearings and 10 days of continuous executive sessions. I cannot speak too gratefully of the friendly patience and bipartisan unity with which my committee colleagues cooperated. If something of their spirit imbues those for whom this legislation is intended, the Economic Cooperation Administration, as it will be called, has hopeful augury.

We confronted many serious perplexities involving wide divergence of opinion in and out of Congress. Perhaps the greatest of these was the question how this gigantic trust should be administered. It is the universal opinion that the success of the enterprise is largely dependent upon the character of its management. It is the universal opinion that its overriding economic purpose requires the highest available type of seasoned business experience and the widest possible autonomous authority for those who patriotically assume these vast economic responsibilities. It is equally the universal opinion that the highest considerations of foreign policy are constantly involved and that, as I said upon a previous historic occasion, we cannot have two Secretaries of State at the same time.

To fit these conflicting specifications into common pattern was, indeed, a jigsaw puzzle. We invited the Brookings Institution of Washington, one of the most respected research laboratories in the country, to make an objective study of this enigma. I express our great obligation to the Brookings Institution for the masterly job it did. The provisions in the pending bill largely follow its recommendations. I am happy to say the result already enjoys well-nigh universal approval in and out of Congress.

We are creating the Economic Cooperation Administration. At its head will be an Administrator with Cabinet status. In him, under final Presidential control, is vested the responsibility for operating this enterprise. The Administrator and the Secretary of State will keep each other fully and currently informed. Whenever the Secretary of State believes that any action of the Administrator is inconsistent with the foreign policy objectives of the United States, he will consult with the Administrator and, if differences of view are not adjusted, the matter will be referred to the President for final decision. This is a paraphrase of the formula which has worked so well in the Atomic Energy Act involving somewhat similarly mixed functions.

Behind the Administrator, and his Deputy, will be the Public Advisory Board, headed by the Administrator, organized on a bipartisan basis, and consisting of not more than 12 members, to be appointed by the President and confirmed by the Senate, "selected from among citizens of broad and varied experience in matters affecting the public interest." Its functions are advisory. But its utility is profound.

Overseas a special economic mission will be established by the Administrator and under his direction in each participating country; and the chief of each such mission will cooperate with our Ambassador or Minister under a general rule of conduct reflecting the contacts set up for the Administrator and the Secretary of State to avoid inconsistent decisions by either. Meanwhile what might be called a roving ambassador will represent us in dealing with any European organization of participating countries as insistently envisioned by the act. The creation of this post underscores our firm conviction that the salvation of western Europe lies in consolidated self-help and cooperation. Dollars alone will not save them. American assistance alone will not save them. All through the bill we bluntly assert these axioms. What they do for themselves will save them. What they do for themselves is the only possible vindication of our aid. But without a roving ambassador there would be no way for us to hold these governments to strict accountability for these relationships upon which they and we must depend for the final basic success of the undertaking.

To keep the House and Senate, here at home, in intimate touch with the evolution of all these plans, the bill creates the Joint Congressional Committee on Foreign Economic Cooperation—again borrowing this device of proved utility from the Atomic Energy Act. It will consist of seven Senators and seven Representatives. It will be bipartisan. It is already familiarly known as the watchdog committee. Little added definition is required. It will make continuous studies of what goes on. It will provide continuous and intimate congressional liaison with all these undertakings. In general sense it will represent the taxpayers of the United States. It will greatly simplify the subsequent annual responsibilities of Congress when, once each year during the life of this arrangement, it must determine in what degree yesterday's performance warrants tomorrow's continuing cooperation.

I omit further needless details. This is the picture and the pattern of administration. It gives every promise that previous errors in foreign aid will be avoided. It fixes and implements clear and specific responsibilities. It umpires in advance functional conflicts between business management on the one hand and foreign policy upon the other. It is our best possible promise of efficient and effective results in restabilizing a broken world.

Now, Mr. President, we come to the specific figure asked by the President for the first authorization under this bill. It was $6,800,000,000 for 15 months from next April first. This was the result of rigorous screening by the executive authorities of the CEEC proposals for $8,400,000,000 and a realistic appraisal of domestic availabilities. It took full account of the Harriman, Krug, and Nourse reports. It was the composite judgment

of diversified minds. Secretary Marshall said it was as near a precision figure as human judgments can foresee. Certainly it was sustained by the most complete studies and surveys I have ever seen in a congressional committee. It was further sustained by the independent investigation of the Harriman committee—composed, remember, of the best business brains available in our civilian life. The comparable Harriman figure was approximately the same. It was still further sustained by the head of the International Bank, who also examined the problem independently and concluded that the figure is a tight-fitting minimum. It was in no sense a stab in the dark. At the very least it is entitled to a presumption of relative dependability until more competent authority competently proves otherwise.

But I can fully understand, Mr. President, why this figure immediately became the subject of wide controversy. In the first place, there was a big gap between this figure and the President's budgetary estimate of actual cash disbursements for this purpose in the next fiscal year—a gap representing obligations and commitments which must be made in advance if our plans are to possess efficient continuity. In the second place, we have been overwhelmed with such a wealth and welter of supporting statistics that even our own experts—to say nothing of our committee members—have rivaled each other in their headaches. At such a moment it is dangerously easy to "lose sight of the forest for the trees." Busy pencils, playing with their decimals, can make objectivity impossible. The committee's unanimous recommendation escapes the horns of this dilemma by rooting itself in a few solid fundamentals which I commend to the common sense of my colleagues.

First. If this plan can succeed on the basis recommended by its authors, no well-wisher would allow it to fail at its inception through lack of original resources sufficient to its success. That would be "penny wisdom and pound foolishness." It could even be unwitting sabotage.

Second. Any estimate of these essential resources, in advance of experience with the plan, is problematical at best. In such circumstance we should start with figures which enjoy the preponderance of supporting evidence rather than to arbitrarily slice off what might be the difference between success and still-born failure.

Third. Therefore prudence recommends that we launch the plan with figures which offer no alibi for failure; but on a timetable which permits us to review the figures at the earliest moment when experience will permit us to deal with the realities.

On the basis of these sanities, the Committee on Foreign Relations unanimously cut the duration of this first authorization from 15 months to 12 and it reduced the figure from $6,800,000,000 to $5,300,000,000. This latter figure accurately reflects the estimated expenditures and commitments for the first 12 months of the original work sheet for 15 months. In other words, we have not undermined the resources for 1 year from April 1, 1948, which we are warned by the authors of this plan are essential to its success. We have not transferred from them to us the responsibility for a failure which might be charged to initial lack of funds. We have not impaired either the resources or the psychology upon which the plan depends. But we have made it imperative that the first task of the next Congress and the next administration next January shall be to resurvey this whole problem in the light of experience and reality; and thus we have reduced the first authorization by $1,500,000,000.

Mr. President, I attach the greatest importance to this change in the timetable. By next New Years we shall have had 9 months' experience with this enterprise. We shall then know the efficiency of its all-important administrative management; and we shall have the benefit of the Administrator's advice. We shall also have the first-hand judgments of our own joint congressional watch-dog committee. We shall know whether a good crop overseas has lightened the CEEC deficit. We shall know much more about the nature and extent—or perhaps even the suspension—of the sabotage campaigns of the wrecking crews. Most important of all, we shall know to what extent self-help and mutual cooperation in western Europe are giving promise of the vitality upon which this plan inseverably rests. We shall know many things upon which today we can only speculate.

It seems to me that we have everything to gain and nothing to lose—assuming that we are entering upon this high adventure in good faith—by launching this hopeful enterprise full-steam-ahead; and reserving our seasoned and informed judgments for next January, as contemplated by the committee's recommendation, when we shall know whereof we speak instead of gambling now with unknown destiny. I beg of Senators to take this concept to their hearts. This is more than a problem of mathematics; it is a problem in peace, stability, and human freedoms. It may not work. I think it will. But if it fails, let the responsibility rest elsewhere. I say again—as I have said so many times before—these recommended figures are not sacred. But in the light of the powerful credentials they possess, unless the Appropriations Committee can strongly prove them wrong, let us give them the benefit of any doubts for the time being. Next January is not long to wait for the accounting with so much at stake.

One thing more about this figure of $5,300,000,000. It goes for loans and grants. The division rests with the Administrator, counseled by his own board and by the National Advisory Council consisting of the highest officers of Government. The division will depend upon the beneficiary's ability to pay and upon the nature of the assistance. The loans will be serviced by the Export-Import Bank. It is roughly estimated that loans will represent from 20 percent to 40 percent of the grand total. Using the lower percentage in averaged application to the first year's authorization, its net cost to us is much nearer $4,000,000,000 than $5,300,000,000. It could be—we may hope it will be—even lower in its net effect.

At this point I interject another vital fact. While it is impossible to establish accurate categories at the moment, it is expected that 2 or 3 of these 16 countries in CEEC will be cooperators without any drain upon our dollar aid. They will pay their own way. It also is expected that three other countries will be exclusively on a temporary loan basis—without any grants. It is contemplated that only two countries will be exclusively on a basis of grants. The other eight countries will be on a variable scale of loans and grants. This is no loose give-away. In every instance the plan is geared to hardpan economics.

I now speak of the method used to arrive at this figure. It involves so-called balance of payments. For each country this is the difference between national income from exports, foreign services, and foreign investments, on the one hand, and essential imports of goods and services, on the other hand. This is the balance of payments, and when the former are insufficient to pay for the latter, and there is no gold or convertible currency to make up the difference, any such deficit country is in jeopardy. Under normal exchange conditions, surplus exchange with one country can be balanced against an exchange deficit with others. But this situation does not exist today, and will not until foreign currencies and international exchange are restabilized. This is one of the long-range objectives of this plan—important to every trading nation on earth, our own emphatically included. Meanwhile, the immediate and indispensable objective is to overcome these deficits in western Europe, including western Germany.

Current calculations accordingly were made by the following process: First, estimating each country's import requirements; second, deducting therefrom each country's exports and earnings from foreign services and foreign investments and from any other sources; third, deducting available imports from other Western Hemisphere areas. This final figure, translated into dollars, represents the amount of support from us to permit these 16 European countries, plus western Germany, to import from the Western Hemisphere the commodities essential to recovery. Import requirements of recipient countries were figured on a basis so close that they do not even restore full prewar living standards. In other words, the figures are down to bedrock.

Obviously, this brief description oversimplifies the process. There are many other factors influencing the net result. There are many imponderables, I say again and again. Only experience can demonstrate whether the realities will thrust upwards or push downwards the true evaluation. But this is generally accepted as the best measure of need. It was accepted by the Paris Conference, the executive departments, the Harri-

man committee, and the International Bank.

I do not undertake to demonstrate that the resultant 12-month figure of $5,300,000,000 in the bill is precisely accurate. I am content to point out that it is little short of amazing how close together all these estimates, independently made, proved to be. I am content to point out that the timetable in this act, as we have reported it, permits the earliest possible congressional review in the presence of reality. I am content to urge that the burden of proof falls heavily upon those who would argue that, pending this early review, the preliminary figure is too large. I have no sympathy with any "take this or nothing" attitude. But I do prayerfully believe that adequacy is the essence of what we do; and surely we can all agree that success with $5,300,000,000 in the first instance is preferable to failure with something less. I remind the Senate further that, under the bill's new timetable, we can balance out even the next fiscal year by the appropriations for the fourth quarter. If facts, as we will know them next January, require readjustments, we can make them in the final quarter. Then we can put them up or down with some degree of justified assurance. When we try to adjust them today, we play with danger to the lifeline of the plan.

Many other features of the pending bill will develop with the debate. At the moment I refer, finally, to only two.

First. Local currencies must be deposited by each beneficiary country to offset the value of any aid not furnished on terms of payment. The beneficiary country and the United States will agree on the local expenditure of these local currency accumulations in behalf of the purposes of this act. Thus our grants will not become a budgetary windfall in the beneficiary country but will virtually become a revolving fund to do double duty in behalf of the act's objectives.

Second. The investment of private American capital, in approved reconstruction projects in the 16 countries and western Germany, is encouraged by our guaranty of the subsequent convertibility of profits or original investment into dollars. This obviates the hazard most likely to prevent private investment. At the same time it is a highly practical invitation to American private initiative to join in this great adventure on a free-enterprise basis.

Now, Mr. President, with apologies to my colleagues for the length of this intrusion upon their good nature, I conclude. With a few desultory comments, I am done.

First. This act does not include some of our other unavoidable international obligations. We shall have to deal at this session with China, Greece, Turkey, and Trieste, and with the occupied areas for which we are responsible as a legacy from the war. These things must be remembered as we proceed. We must deal with over-all considerations. Particularly we must faithfully remember the superlative importance of effective solidarity in the Western Hemisphere in unhappy, uncertain days like these. Mutually happy and healthy Pan American relationships are indispensable. They must be conserved. It ought to be entirely possible to substantially improve these economical relationships through the triangular trade that should be possible of development in connection with this European recovery plan.

Second. This act largely depends for its success upon the quality of its administration. The choice of the administrator and his associates is one of the most solemn responsibilities that has ever confronted a President of the United States. I beg of the President to search for the best and to be satisfied with nothing less. This act is a challenge to the best brains and to the best experience in the Nation. They responded in the crises of war. I am sure they will respond in this crisis of peace. The cause is no less vital to our destiny.

Third. This act depends, again, for its success upon the prompt restoration of western Germany to an effective place in the economy of Europe and the world. It must be decentralized. It must be demilitarized for keeps. But it must be restored to decent hope and productivity. The western occupying powers must quit their indecision and put Germany wholesomely at work again without delay. The Ruhr alone could spell the difference between success and failure.

Fourth. This act depends also and equally upon the energy and devotion with which these western European nations pursue the integration which they have volunteered to seek. Our dollars cannot substitute, I say again, for their own will to make common cause for the mutual defense of their own welfare. We do not presume to dictate the formula. But we relentlessly recommend the objective. Standing together these nations can face every vicissitude with hope. Standing apart they may face collapse and even conquest. By its own warning, the wrecking crew awaits.

Fifth. This act seeks and depends upon peace. Peace requires the economic stabilities which are here addressed. Peace also depends upon security against aggression. Security depends upon preparedness. Preparedness depends upon rival arms until, dependably there is a better way. The better way is an undivided United Nations which is made to work in its present or some other form. Regional arrangements under its charter can promote security. Unselfish mutual defense pacts, such as we have repeatedly offered, can promote security. Global disarmament—on a basis of rigid, instant, and conclusive discipline against bad faith—is the best security guarantee of all. We and the peace-loving sectors of the world must struggle on toward these ideals.

Sixth. The act has the amazingly unified support, according to their official voices before our committee of practically all spokesmen in our own land for organized labor and capital and agriculture and industry, for veterans, for women's organizations, for American journalism and, by no means last, for the church. The friendly preponderance is overwhelming. I believe, Mr. President, that dynamic America is prepared to carry on.

Seventh. Whatever we are to do, Mr. President, let it be done without undue delay. Whatever our answer is to be, let it be made as swiftly as prudence will permit. The exposed frontiers of hazard move almost hourly to the west. Time is of the essence in this battle for peace, even as it is in the battles of a war. Nine months ago Czechoslovakia wanted to join western Europe in this great enterprise for stability and peace. Remember that. Today Czechoslovakia joins only such enterprise as Moscow may direct.

There is only one voice left in the world, Mr. President, which is competent to hearten the determination of the other nations and other peoples in western Europe to survive in their own choice of their own way of life. It is our voice. It is in part the Senate's voice. Surely we can all agree, whatever our shades of opinion, that the hour has struck for this voice to speak as soon as possible. I pray it speaks for weal and not for woe.

The committee has rewritten the bill to consolidate the wisdom shed upon the problem from many sources. It is the final product of 8 months of more intensive study by more devoted minds than I have ever known to concentrate upon any one objective in all my 20 years in Congress. It has its foes—some of whom compliment it by their transparent hatreds. But it has its friends—countless, prayerful friends not only at the hearthstones of America, but under many other flags. It is a plan for peace, stability, and freedom. As such, it involves the clear self-interest of the United States. It can be the turning point in history for 100 years to come. If it fails, we have done our final best. If it succeeds, our children and our children's children will call us blessed. May God grant His benediction upon the ultimate event. [Applause on the floor, Senators rising.]

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