

“The World Hangs in the Balance”

George C. Marshall and the European Recovery Plan

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It is not unusual these days to see headlines in the editorial pages of newspapers that evoke the memory of the Marshall Plan, a post World War II program for the economic reconstruction of Europe. Many commentators urge the U.S. to repeat such a program in war-torn countries like Afghanistan and Iraq.

Although political leaders debate the applicability of a Marshall Plan concept to an assortment of modern nation-building challenges, most agree that the 1948-51 Marshall Plan in Europe embodied the best of American values and spirit. Thus, when the Marshall Plan—also known as the European Recovery Plan—is mentioned nowadays, most Americans stand a bit taller, taking pride in its accomplishments. Many do not realize that General George C. Marshall, the person most responsible for launching the plan that bears his name, had a very difficult time convincing Americans in the post-war United States that congressional funding was warranted for such a program. Marshall was to say years later that gaining support for this act was “just a struggle from start to finish.”

In 1945, with World War II over, this professional soldier could not have imagined the chain of events that would lead him to meet the European Recovery Program challenge. Marshall had every reason to believe that he had fought his last battle. His career in the United States Army had spanned forty-three years. In the four years of global conflict, as army chief



“If we decide to do this thing, I know we can do it successfully. And there’s no doubt in my mind that the whole world hangs in the balance.”

GEORGE C. MARSHALL

of staff, General Marshall had succeeded in accomplishing a staggering task, including building an army of eight million, and assisting President Franklin Roosevelt in hammering out with Britain's prime minister, Winston Churchill, a strategic plan for the defeat of the Axis powers. At war's end, Marshall wanted nothing more than to retire and enjoy life with his wife Katherine. However, President Harry S. Truman waited only a day after Marshall's official retirement ceremony to call him back to work, sending him first as special emissary to China, and then tapping him in January 1947 to become secretary of state. Retirement would have to wait.

The European Emergency

Secretary Marshall quickly found his attention focused on Western Europe. Conditions there could hardly have been more severe in the aftermath of the second great war of the century. These countries experienced a severe drought in the summer of 1946, and, in an added cruel twist of nature, the winter of early 1947 was one of the most bitter on record. Temperatures were below zero, and normal waterway traffic came to a standstill as barges and boats froze in rivers. Snow fell in record amounts, and the severe weather killed off an estimated four million acres of wheat. In Austria and Germany people were dying in the streets from starvation. Industrial activity had come to a halt—factories had no raw materials to produce finished products, and getting the goods to market was hindered by bombed out bridges, railroads, and ports. Even Britain had not rebounded: six million workers were out of jobs and food was rationed more tightly than during the war. Winston Churchill described it succinctly: "What is Europe now? A rubble heap, a charnel house, a breeding ground of pestilence and hate."

The western democracies feared that Europe would also be fertile ground for the spread of communism. In Greece, the British had strived to help end a civil war in which the communists had been backed and supplied by the Soviets. Britain had also provided aid to Turkey to support it against possible Soviet expansion. However, the State Department on

February 21, 1947 received official word from the British government that because of economic conditions, Great Britain could no longer finance efforts to stay the tide of communism in Greece and Turkey, and would end its aid in six weeks. The State Department immediately went to work developing a plan calling for the U.S. to take on this role. Marshall attended a White House meeting of the president and congressional leaders, urging immediate assistance to Greece and Turkey in a low-key, but earnest manner.

The fear spread among officials of the Truman administration that an economic breakdown in Europe might be followed by attempts by Soviet-backed communist movements to seize power in European countries. President Truman increasingly described the United States and the USSR as competing ideological camps: one dedicated to extending democracy and free markets, the other focused on expanding an aggressive, totalitarian Soviet state. While speaking before Congress to request \$400 billion in aid to Greece and Turkey, Truman fueled this sense of threat with strong words intended to "scare the hell out of the country." Articulating what would become "The Truman Doctrine" the president reversed a long-standing policy of non-involvement in foreign affairs during peacetime, and told the assembled legislators: "I believe it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."

Marshall was at first worried about making such a broad commitment, but the Moscow Conference of Foreign Ministers in March and April of 1947 changed his mind. The task of the Allied delegations at this meeting was the drafting of a peace treaty for Germany and Austria. Through a mind-numbing forty-four meetings, in which questions of reparations, forms of government, occupation forces, and peace treaties were endlessly rehashed, Marshall came to the conclusion that Soviet Foreign Minister Vyacheslav Molotov was deliberately obstructing proceedings. Seeking a breakthrough, Marshall met with Soviet Premier Joseph Stalin, with whom he had

worked cooperatively in a series of World War II conferences. Soon Marshall was convinced that Russian intractability came from the top, and that the Soviet Union would do everything possible to achieve an economic breakdown in Europe and to exploit its subsequent weakness to promote Soviet goals. Returning to the United States disheartened, Marshall told Americans in a radio broadcast, "The recovery of Europe has been far slower than had been expected." With a sense of urgency, he noted that action had to be taken without delay, for "the patient is sinking while the doctor deliberates."

Launching the Plan

During the spring of 1947, dozens of government leaders and commentators were also urgently calling for aid to Europe. With the backing of President Truman, the secretary of state began planning for a U.S. intervention. Both George Kennan, the head of Marshall's new policy planning team, and William Clayton, his undersecretary for economic affairs, recommended a major aid initiative to help Europe. On May 27, Marshall gathered a group of his closest advisors to hear Kennan's and Clayton's reports. By the end of the meeting, Marshall had decided on the general outline of the European Recovery Program. All he needed were the right circumstances to introduce this idea to the American public, a public not in the mood for the sacrifices inherent in the plan.

As it turned out, the perfect opportunity was already in place. For several years, Harvard College had wanted to award General Marshall an honorary degree; each time, he had declined because of his wartime commitments. Marshall now decided that the graduation exercise—a low key, non-political event, yet with ample press coverage—would be perfect. This time, he accepted the invitation to come to Harvard for its June 5, 1947 commencement, and told Harvard's president that he would be pleased to make a few remarks and perhaps "a little more." In the end, he prepared a formal address. From a draft written by Charles Bolen, drawn from the reports of Kennan and Clayton, Marshall shaped his remarks.

Five years later Marshall related to an interviewer that he had still been making changes to his presentation on the flight to Cambridge. Delivered in less than ten minutes, it would soon live in history as “The Marshall Plan Speech.”

Stating the obvious to assembled graduates and guests at Harvard, Marshall began, “I need not tell you that the situation is very serious.” Speaking in calm, measured tones, he explained that Europe needed help and that the United States was willing to provide it. Two points were especially crucial. First, his appeal would have a broad base: “Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos.” In other words, all countries, victor or vanquished, could receive aid, including Germany and the Soviet Union. Secondly, the United States would not simply fill a shopping list of needs from Europe—a piecemeal approach was not desired. The nations, “acting cooperatively,” would have the responsibility of developing their own recovery plan. “The initiative, I think, must come from them,” he told the audience. Further, when the European nations had developed an “integrated plan,” then the United States would provide “friendly aid.”

Anticipating the isolationists who would oppose a plan binding the United States to a strong European commitment, Marshall warned, “Aside from the demoralizing effects on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned, the consequences to the economy of the United States should be apparent to all.” Although admitting that it was difficult for Americans to grasp the real significance of the European situation, he told the audience, “the whole world’s future hangs on the proper judgment, hangs on the realization by the American people of what can best be done, of what must be done.”

The European reaction came with remarkable speed. BBC correspondent Leonard Maill decided to transmit portions of the Harvard speech for London’s

9:00 p.m. news. British Foreign Minister Ernest Bevin, who had gone to bed but was listening to the radio, heard Maill’s report. The message was clear: the initiative must come from Europe. He wasted no time, later saying that it seemed to him the United States had thrown Europe a lifeline, and he “grabbed it with both hands.” Within days Bevin had organized a late June meeting in Paris with French Foreign Minister George Bidault and Soviet Minister Molotov; thus, only twenty-two days after Marshall’s Harvard speech, all three ministers were discussing a plan for Europe.

Not surprisingly, the Soviets had problems from the start with the terms of the Marshall Plan. They did not want a free flow of East-West trade, which would interfere with their control over eastern satellites, nor were they willing to transparently reveal their economic needs to the other nations. Without such openness, European leaders would have difficulty developing the unified, integrated plan required by the terms of the proposal. After several weeks of heated exchanges, Molotov and his delegation walked out of the Paris talks, uttering charges of “American economic imperialism.” Although the Marshall Plan was offered sincerely to all European nations, the Soviet withdrawal would ease the selling of the plan to the American people. In fact, by the end of the fight for passage of the European Recovery Program, it was the threat of communism that most often moved resistant Americans toward acceptance of this European commitment. Had the Soviets been a part of the

integrated plan, the task would have been doubly hard.

Convincing Congress

In July 1947, with the Soviets out of the picture, fourteen other European nations joined the British and French. During these meetings, Marshall sent George Kennan to Paris to help the delegations shape their proposals so they would be politically acceptable to the Congress. By September 22, a total of sixteen nations and the occupied zones of West Germany, calling themselves the Committee for European Economic Cooperation (CEEC), had signed a proposal for \$17 billion in aid over a four-year period. On December 19, President Truman sent a formal proposal to the Republican-dominated Congress for authorization.

It did not seem promising that Congress would sign on to such a monumental request. Historian Randall B. Woods wrote in *The Marshall Plan: A Fifty Year Perspective* that “despite World War II, and the onset of the Cold War, currents of isolationism and economic nationalism still ran strong and deep on Capitol Hill.”¹ Furthermore, the United States Congress reflected the political climate of the times and the deep reservations that constituencies held about an expanding role in Great Britain and Europe. According to Woods, polls indicated that fewer than 50 percent of those questioned favored the recovery program if it meant domestic shortages; furthermore, 60 percent of Americans believed that Europeans were not working hard enough to help themselves.² The 1947 Congress, with its Republican

Resources

Websites

www.georgecmarshall.org The website of the George C. Marshall Foundation. An educational section provides information for teachers.

www.marshallfoundation.org The website of the Marshall Museum and Research Library, Lexington, Va.

Books

Cray, Ed. *George C. Marshall, Soldier and Statesman*. New York: Touchstone, 1990.

Pogue, Forrest C. *George C. Marshall, Statesman, 1945-1959*. New York: Penguin Books, 1991.

Woods, Randall B. *The Marshall Plan: A Fifty Year Perspective*. Washington, D.C.: German Marshall Fund of the United States, 1987.

majority, had aligned with conservative Southern Democrats to form a powerful coalition, one committed to a contracted role for the national government, not an expanded one. The very nature of the European Recovery Program seemed to forewarn a huge new bureaucracy; after all, who would run these programs? It seemed hard to imagine the U.S. government controlling economic factors in seventeen countries; didn't such oversight smack of socialism? That brought another daunting thought: What if one of these nations legitimized a communist government? After all, in France and Italy strong communist parties, scrambling for control, were making significant inroads. Congress could end up sending aid to "godless communists." How could legislators defend such a plan to the folks back home?

Then there was the money: These conservatives understood all too well that the national debt had increased \$200 billion during World War II and this deeply concerned them. Although they had seen the war against the Axis powers as a righteous cause, they also believed that the United States had done enough. If anything, they wanted to promote a reduction in taxes, not an increase, as the European Recovery Program would surely demand. Who would foot this bill? Other congressmen were concerned about inflation. Many reasoned that if the government were purchasing foodstuffs and raw materials for shipment to Europe, it would increase demand further and drive inflation. Midwestern senators and representatives with agricultural communities weighed in: If the program passed, the supply of machinery and other equipment needed to grow their crops would be in short supply; prices would increase and in this backhanded way decrease their profits. Perhaps Charles Halleck, an Indiana Republican, expressed these concerns well when he said, "I've been out on the hustings, and I know, the people don't like it." Furthermore, many Americans believed that vast amounts of money appropriated for European aid shortly after the war ended had been wasted. Constituents from all corners of the country had accused Congress of poor

For the Teacher

1. The Marshall Plan: It's Good for All of Us

Invite students to design a poster for an imagined American audience to promote the European Recovery Program. Remind them to use Marshall's Harvard speech as a means of identifying the key rationale for the program. (The speech is available at www.georgemarshall.org/lt/speeches/marshall_plan.cfm) When students have completed the posters, have someone in the school judge them, and place winning entries in a prominent place. In a follow-up discussion, encourage students to think about why the Marshall Plan was advantageous, not just for Europeans, but for Americans as well.

2. If They Could See Me Now

Divide students into partnerships. Have them choose to study one of the countries that received Marshall Plan aid. Ask one partner to conduct research to find out about conditions in that country at the end of World War II; ask the other partner to research current conditions in that nation. Invite the students to create a poster featuring their chosen country; have them include its flag, some basic 1945/2003 facts and figures, and at least seven statements that compare and contrast the country at those different times. Display all of the posters and use the information gathered to assess evidence that the Marshall Plan was beneficial to the recipient nations.

oversight; legislators were not anxious to face such charges again. Why, they asked, throw good money after bad? Nebraska Republican Senator Kenneth Wherry expressed it this way: "Any and all aid that we give them ... no matter how many billions ... will in fact become Operation Rathole."³

This, then, was the task before the Truman administration: not only did it have to persuade the Congress of the viability of the European Recovery Program, but legislators had to believe that the American people wanted this as well. For both audiences, George Marshall was an important asset. Persuading Congress would come first. A person of sterling character, who throughout World War II had commanded respect from both parties, Marshall was just the right leader to tread the turbulent waters of congressional opposition. According to essayist David Saltman, "Among his great assets were his high standards, his integrity—concentrating always on the task at hand—his self-control, exceptional patriotism and profound humility."⁴

Marshall did not depend simply on his reputation to get this task accomplished. Knowing that the Senate Foreign Relations Committee chairman, Republican Senator Arthur Vandenberg, held linchpin power,

Marshall included him in pre-hearing planning sessions. The two men met repeatedly at Blair House, neutral turf for both of them, and hammered out the strategy for getting the European Recovery Program through Congress. Building this relationship with Vandenberg proved to be a key ingredient in responding effectively to the opposition arguments presented by the Senate during hearings. Marshall later said that in terms of the bill's passage, "Vandenberg was just the whole show." Of their collaboration, Marshall would say, "We could not have gotten much closer unless I sat in Vandenberg's lap or he sat in mine!"

In January 1948, Marshall testified before Senate and House hearings. Assuming that the committee members accepted the need for aid, Marshall explained that special presidential committees had already determined the economic capability of the United States to support the European Recovery Plan, although sacrifices would be required. He would work, he said, to make the program efficient and effective, and do it in a way that would not damage the sovereign rights of recipient nations. He was not there for sentimental reasons, Marshall told them, but because of matters deeply affecting national interests. Reiterating the worsening conditions in Europe, he implored

them to consider the consequences to the United States if they simply ignored the destabilization of 270 million people. He painted a grim picture—ruined coalmines, wiped out steel mills, destroyed livestock, burned merchant ships, and evaporated foreign investments. In answer to the question so often asked by Americans: why does the United States have to do so much, he told legislators that we alone had the economic power and the productivity to aid in the reconstruction. We must do it, he said, “because we can.” Marshall reminded committee members that should they default, it would be the Soviet leadership that would exploit Western Europe’s economic distress for political ends.

On the positive side, Marshall told legislators that they had before them the reports of sixteen countries that had developed well-conceived plans for their own survival. This would not be a “quick-fix” dumping of American money into Europe; indeed, the plan offered hope of genuine recovery. Congress could expect a businesslike administration of the program, one that would fit into “the existing machinery of government.” Sympathizing with legislators’ concerns about the control of such a huge program, Marshall told them that by carefully choosing the program head, many of these worries could be overcome.

Now that Marshall had placed the administration’s case solidly before the Congress, it was time for him to “hit the road.” Throughout the winter and spring of 1947-48, Marshall traveled across America, promoting the passage of the European Recovery Program. He spoke in Chicago, Pittsburgh, Atlanta, Des Moines, Washington, D.C., Los Angeles and a dozen other cities where opposition seemed strongest. Although Marshall had always eschewed politics, once wryly noting, “My father was a Democrat, my mother a Republican, and I am an Episcopalian,” the secretary of state launched an impressive public relations sweep. He later told biographer Forrest Pogue, “I worked as hard as though I was running for the Senate or the presidency. ... That’s what I’m proud of, that part of it, because I had foreigners, I had tobacco people, cotton people, New York, eastern

“Because the situation we face today is different from that confronted by Marshall’s generation, we cannot always use the same means. But we can summon the same spirit. We can strive for the same sense of bipartisanship that allowed America in Marshall’s day to present to both allies and adversaries a united front. ... We can act with the same knowledge that in our era, American security and prosperity are linked to economic and political health abroad. And we can recognize, even as we pay homage to the heroes of history, that we have our own duty to be authors of history.”

FROM THE COMMENCEMENT ADDRESS BY SECRETARY OF STATE MADELINE K. ALBRIGHT AT HARVARD UNIVERSITY ON JUNE 5, 1997, THE 50TH ANNIVERSARY OF THE MARSHALL PLAN SPEECH.

industrialists ... and the whole West Coast just going in the other direction.”

Although Marshall would say, “It was just a struggle from start to finish,” in fact, he was persuasive: He dwelt on the importance of European trade to America’s prosperity, and, while admitting that Europeans competed for fertilizers and farm machinery with American farmers, he made the point that perhaps small amounts could be shared, and emphasized what a big difference it could make. Hammering away at old isolationist views, he told the crowds who assembled to hear him: “We are a strong nation. But we can not live to ourselves and remain strong. ... The cause of liberty cannot have too many defenders.” Pogue noted, “He found audiences reacting to him, and for the first time he caught a campaigner’s fire.” In the end, Marshall said, “We put the thing across.”

Meanwhile, other factors helped move Americans toward the passage of the European Recovery Program. Even before the congressional debates, lawmakers traveled to Europe. Especially notable was a committee headed by Congressman Christian Herter, which divided itself into five sub-committees to investigate conditions in different areas of Europe. Their findings validated the State Department’s grim descriptions. Committee members returned as “converts” to the aid program, and they did much to soften conservative opposition. In the early months of 1948, while Marshall was on his campaign

swing and shortly after Czechoslovakia’s pro-West foreign minister, Jan Masaryk, died under suspicious circumstances, Czechoslovakia’s democratic government was replaced with a Soviet-controlled dictatorship. The danger of communist strength in Europe was further emphasized by the possibility of a communist victory in Italian elections scheduled for mid-April. Nevertheless, it was Marshall, according to biographer Mark Stoler, “who had been the key initiator, organizer, and mover” of the European Recovery Program. “It was he,” said Stoler, “who had pressed for quick action, mobilized subordinates, revised and delivered the pivotal public address ... implemented the bipartisan approach, and served as the plan’s most effective public spokesman.” On April 3, 1948, President Truman signed the Economic Cooperation Act, which embodied the European Recovery Program. Ironically, Marshall was not present at the signing ceremony. His duties as secretary of state called—he was attending a Conference of the American States in Bogotá, Colombia.

By the time the European Recovery Program was completed at the end of 1951, more than \$13 billion had been distributed to sixteen European countries. That figure, which represented 0.5 percent of the Gross Domestic Product of the United States during that time, when factored to inflation, would be \$200 billion in current monies. The results were dramatic. In the four years

of the program, Europe's Gross National Product rose an overall 32.5 percent over pre-war levels; industrial production increased 40 percent over 1938 statistics, and agricultural output exceeded the pre-war figure by 11 percent. Further, many historians in varying degrees credit the Marshall Plan with curbing a strong communist movement in Western Europe, with restoring and revitalizing economic stability, and with paving the way for the development of the European Economic Union. Historian Randall Woods noted that "given its objectives, it was the most successful foreign aid program in the history of the Republic."⁵ 📄

Notes

1. Randall B. Woods, *The Marshall Plan: A Fifty Year Perspective* (Washington, D.C.: German Marshall Fund of the United States, 1987), taken from a reprint by the George C. Marshall Foundation, Lexington, Va, 1997, p. 19.
2. *Ibid.*
3. From a transcript of the video "Seeing the Victory Through: Fiftieth Anniversary of the Marshall Plan" (www.usaid.gov/multimedia/video/marshall).
4. David Saltman, "George C. Marshall: The Last Great American?" *Smithsonian* (August 1997), taken from a reprint by the George C. Marshall Foundation, Lexington, Va, 1997.
5. Woods, *op-cit.*, p. 27

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