

THE DEVELOPMENT OF THE  
Foreign Reconstruction Policy  
OF THE UNITED STATES.

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## Foreword

**D**URING the four months' period, March 12–July 14, 1947, a series of official statements was issued by the President, the Secretary of State, and other officers of the Department of State, defining and clarifying United States aims, responsibilities, and procedures for helping a war-devastated world get on its feet. These statements, taken together, constitute the foreign reconstruction policy of the United States. They should be considered each in relation to the other, for they are all parts of a pattern.

The chief policy statements in this pattern are President Truman's special message to Congress on March 12, 1947, on the question of aid to Greece and Turkey, and the proposal to the nations of Europe for an integrated European recovery program which the Secretary of State, George C. Marshall, made at Harvard University on June 5, 1947. The other statements provide essential background, explanation, and elaboration.

For the purposes of this compilation excerpts from the following statements have been selected and grouped according to subject matter:

President Truman: A special message to Congress on aid to Greece and Turkey, March 12, 1947. (For complete text see Department of State BULLETIN, March 23, 1947.)

Under Secretary of State Acheson: Testimony before the Senate Foreign Relations Committee, March 24, 1947. (BULLETIN, March 30, 1947.)

The President: An address at the Jefferson Day Dinner, Washington, D. C., April 5, 1947. (White House press release, April 5, 1947.)

Warren R. Austin, United States Representative at the Seat of the United Nations: An address before the U. S. Associates of the International Chamber of Commerce, New York, May 6, 1947. (Department of State publication 2829.)

Under Secretary Acheson: An address before the Delta Council, Cleveland, Miss., May 8, 1947. (BULLETIN, May 18, 1947.)

The President: A statement issued upon the signing of the Greek-Turkish aid act, May 22, 1947. (BULLETIN, June 1, 1947.)

- Secretary of State Marshall: An address at Harvard University, Cambridge, Mass., June 5, 1947. (BULLETIN, June 15, 1947.)
- The President: An address before the Canadian Parliament, Ottawa, June 11, 1947. (BULLETIN, June 22, 1947.)
- Benjamin V. Cohen, Counselor of the Department of State: An address before the national convention of the United States Junior Chamber of Commerce, Long Beach, Calif., June 12, 1947. (BULLETIN, June 22, 1947.)
- Assistant Secretary of State Willard L. Thorp: An address before the American Marketing Association, New York, N. Y., June 12, 1947. (BULLETIN, June 22, 1947.)
- Under Secretary Acheson: An address at Wesleyan University, Middletown, Conn., June 15, 1947. (BULLETIN, June 22, 1947.)
- Secretary Marshall: An address before the Women's National Press Club, Washington, D. C., July 1, 1947. (BULLETIN, July 13, 1947.)
- Secretary Marshall: An address before the Conference of Governors, Salt Lake City, Utah, July 14, 1947. (BULLETIN, July 27, 1947.)

## I. The Economic Background of United States Reconstruction Policy

A COMPREHENSIVE statement of the economic background of our current foreign reconstruction policy was given by the Under Secretary of State, Dean Acheson, in his address before the Delta Council at Cleveland, Mississippi, on May 8, 1947. There Mr. Acheson outlined "some of the basic facts of life with which we are primarily concerned today in the conduct of foreign relations":

### *Physical Destruction and Economic Dislocation*

"The first is that most of the countries of Europe and Asia are today in a state of physical destruction or economic dislocation, or both. Planned, scientific destruction of the enemy's resources carried out by both sides during the war has left factories destroyed, fields impoverished and without fertilizer or machinery to get them back in shape, transportation systems wrecked, populations scattered and on the borderline of starvation, and long-established business and trading connections disrupted.

"Another grim fact of international life is that two of the greatest workshops of Europe and Asia—Germany and Japan—upon whose production Europe and Asia were to an important degree dependent before the war, have hardly been able even to begin the process of reconstruction because of the lack of a peace settlement. As we have seen, recent efforts at Moscow to make progress towards a settlement for Germany and Austria have ended with little accomplishment. Meanwhile, political instability in some degree retards revival in nearly every country of Europe and Asia.

"A third factor is that unforeseen disasters—what the lawyers call 'acts of God'—have occurred to the crops of Europe. For two successive years unusually severe droughts have cut down food production. And during the past winter storms and floods and excessive cold unprecedented in recent years have swept northern Europe and England with enormous damage to agricultural and fuel production. These disasters have slowed down the already slow pace of reconstruction, have impeded recovery of exports, and have obliged many countries to draw down irreplaceable reserves of

gold and foreign exchange, which had been earmarked for the importation of reconstruction materials, for the purchase of food and fuel for subsistence."

### *Disparity in Production and Trade*

"The accumulation of these grim developments has produced a disparity between production in the United States and production in the rest of the world that is staggering in its proportions."

Mr. Acheson pointed out that our exports of goods and services to the rest of the world during the current year 1947 are estimated to total 16 billion dollars, an all-time peace-time high. This represents one month's work for each man and woman in the United States, one month's output from each farm, factory, and mine. In return for these commodities and services which the United States expects to furnish the world this year, we estimate that we will receive commodities and services from abroad to the value of about 8 billion dollars. This is about half as much as we are exporting.

"The difference between the value of the goods and services which foreign countries must buy from the United States this year and the value of the goods and services they are able to supply to us this year will therefore amount", concluded Mr. Acheson, "to the huge sum of about 8 billion dollars."

### *"Dollar" Shortage*

"How are foreigners going to get the U. S. dollars necessary to cover this huge difference? And how are they going to get the U. S. dollars to cover a likely difference of nearly the same amount next year? These are some of the most important questions in international relations today.

"Of this year's difference between imports and exports, more than 5 billion dollars is being financed by loans and grants-in-aid from the United States Government, through such instruments as direct relief, the Export-Import Bank, the International Bank, the International Fund, and the loan to Great Britain. Funds for this purpose have already been authorized by Congress. The remainder of this year's deficit will be covered by private investments, remittances of American citizens abroad, and by drawing down the extremely limited foreign reserves of gold and foreign exchange.

"But what of next year, and the year after that? Continued political instability and 'acts of God' are retarding recovery to a greater degree than had been anticipated. The extreme need of foreign countries for American products is likely, therefore, to continue undiminished in 1948, while the capacity of foreign countries to pay in commodities will probably be only slightly increased. Under existing authorizations, considerable sums will be available

to offset next year's deficit. But these funds will taper off rapidly during the latter part of 1948. The need, however, will decline very little if at all."

### *Meaning for American Policy*

"What do these facts . . . mean for the United States and for United States foreign policy?" said Mr. Acheson.

"They mean first that we in the United States must take as large a volume of imports as possible from abroad in order that the financial gap between what the world needs and what it can pay for can be narrowed.

"The facts of international life also mean that the United States is going to have to undertake further emergency financing of foreign purchases if foreign countries are to continue to buy in 1948 and 1949 the commodities which they need to sustain life and at the same time rebuild their economies. Requests for further United States aid may reach us through the International Bank, or through the Export-Import Bank, or they may be of a type which existing national and international institutions are not equipped to handle and therefore may be made directly through diplomatic channels. But we know now that further financing, beyond existing authorizations, is going to be needed. No other country is able to bridge the gap in commodities or dollars."

### *Fabric of Europe's Economy Dislocated*

Speaking at Harvard University on June 5, 1947, the Secretary of State, George C. Marshall, elaborated further the economic background of United States reconstruction policy. He referred to the physical loss of life and visible destruction of cities, factories, mines, and railroads in Europe, but he emphasized that "it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy."

This dislocation of Europe's economy was described by the Secretary as follows:

"The feverish preparation for war and the more feverish maintenance of the war effort engulfed all aspects of national economies. Machinery has fallen into disrepair or is entirely obsolete. Under the arbitrary and destructive Nazi rule, virtually every possible enterprise was geared into the German war machine. Long-standing commercial ties, private institutions, banks, insurance companies, and shipping companies disappeared, through loss of capital, absorption through nationalization, or by simple destruction. In many countries, confidence in the local currency has been

severely shaken. The breakdown of the business structure of Europe during the war was complete. Recovery has been seriously retarded by the fact that two years after the close of hostilities a peace settlement with Germany and Austria has not been agreed upon. But even given a more prompt solution of these difficult problems, the rehabilitation of the economic structure of Europe quite evidently will require a much longer time and greater effort than had been foreseen."

### *Barter Replaces Money Economy*

"There is a phase of this matter which is both interesting and serious. The farmer has always produced the foodstuffs to exchange with the city dweller for the other necessities of life. This division of labor is the basis of modern civilization. At the present time it is threatened with breakdown. The town and city industries are not producing adequate goods to exchange with the food-producing farmer. Raw materials and fuel are in short supply. Machinery is lacking or worn out. The farmer or the peasant cannot find the goods for sale which he desires to purchase. So the sale of his farm produce for money which he cannot use seems to him an unprofitable transaction. He, therefore, has withdrawn many fields from crop cultivation and is using them for grazing. He feeds more grain to stock and finds for himself and his family an ample supply of food, however short he may be on clothing and other ordinary gadgets of civilization. Meanwhile people in the cities are short of food and fuel. So the governments are forced to use their foreign money and credits to procure these necessities abroad. This process exhausts funds which are urgently needed for reconstruction. Thus a very serious situation is rapidly developing which bodes no good for the world. The modern system of the division of labor upon which the exchange of products is based is in danger of breaking down.

"The truth of the matter is that Europe's requirements for the next three or four years of foreign food and other essential products—principally from America—are so much greater than her present ability to pay that she must have substantial additional help or face economic, social, and political deterioration of a very grave character".

### *Greece as an Example*

President Truman's message to Congress of March 12, 1947, on aid to Greece and Turkey should be considered in the light of the general conditions of foreign economic disorganization. In turn, the general foreign economic situation should be considered in the light of the acute situation in Greece. In Greece one may observe

a later stage of that deterioration that is in process in many of the countries of Europe and Asia as an aftermath of the war.

The need of Greece for large-scale economic and financial assistance from the United States presented itself late in February 1947 when the British Government found that it was no longer able to continue past March 31 the assistance it had been extending to Greece. The situation in Greece was similar to that existing in a number of other countries of Europe, except that it was more acute, having already reached the stage of crisis, with grave political implications. Economic disorganization there had already progressed to the point where the authority of the freely elected Greek Government was challenged and the Government was without sufficient means to restore order.

In his special message to Congress on March 12, the President described the economic conditions in Greece which called forth our policy of aid:

"The United States has received from the Greek Government an urgent appeal for financial and economic assistance . . . assistance is imperative if Greece is to survive as a free nation.

"Greece is not a rich country. . . . Since 1940 this industrious and peace-loving country has suffered invasion, four years of cruel enemy occupation, and bitter internal strife.

"When forces of liberation entered Greece they found that the retreating Germans had destroyed virtually all the railways, roads, port facilities, communications, and merchant marine. More than a thousand villages had been burned. Eighty-five percent of the children were tubercular. Livestock, poultry, and draft animals had almost disappeared. Inflation had wiped out practically all savings.

"As a result of these tragic conditions, a militant minority, exploiting human want and misery, was able to create political chaos which, until now, has made economic recovery impossible."

### *Economic Breakdown in Greece*

"Greece is today without funds to finance the importation of those goods which are essential to bare subsistence. Under these circumstances the people of Greece cannot make progress in solving their problems of reconstruction. . . . Greece must have help to import the goods necessary to restore internal order and security so essential for economic and political recovery.

"The Greek Government has also asked for the assistance of experienced American administrators, economists, and technicians to insure that the financial and other aid given to Greece shall be used effectively in creating a stable and self-sustaining economy and in improving its public administration.

"The very existence of the Greek state is today threatened by the terrorist activities of several thousand armed men, led by Communists, who defy the Government's authority at a number of points, particularly along the northern boundaries. . . ."

"Meanwhile, the Greek Government is unable to cope with the situation. The Greek Army is small and poorly equipped. It needs supplies and equipment if it is to restore authority to the Government throughout Greek territory.

"Greece must have assistance if it is to become a self-supporting and self-respecting democracy.

"The United States must supply that assistance. . . ."

## II. Relation of United States Foreign Reconstruction Policy to the United Nations

"We have considered how the United Nations might assist in this crisis", said the President on March 12, in referring to the urgent need for extending aid to Greece and Turkey. "But the situation is an urgent one requiring immediate action, and the United Nations and its related organizations are not in a position to extend help of the kind that is required.

. . . In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter of the United Nations."

### *UN Does Not Possess Funds*

Enlarging upon the President's statement in his testimony before the Senate Foreign Relations Committee on March 24, 1947, Mr. Acheson explained that "The United Nations does not of itself possess funds. The Economic and Social Council is an advisory body that recommends economic, financial, and social action to member states. The International Bank, which is just now completing its organization, is set up primarily to make self-liquidating loans for long-term reconstruction purposes. It has not yet made any loans whatsoever. The Economic Commission for Europe is still in its early organization stage.

"It may be that at some future time the United Nations will be organized and equipped so as to render emergency aid to member states. . . . But, as the President said, the United Nations and its related organizations are not now in position to extend help of the kind that is required. Even if some organ of the United

Nations should decide to recommend assistance . . . it would have eventually to turn primarily to the United States for funds and supplies and technical assistance. Even if the project were not blocked by the objections of certain members of the United Nations, much time would have been lost, and time is of the essence.

“ . . . It would be a tragedy, and a travesty upon logic, if an overestimate of the immediate powers of the United Nations should succeed in preventing this country from using its wealth and influence to help create those very conditions of economic and political stability which are necessary if the United Nations is to develop into a stronger organization over a period of years.”

### *“By-Passing the UN”*

“You have heard the phrase, ‘by-passing the United Nations’”, said Warren R. Austin, United States Representative at the Seat of the United Nations in an address before the U. S. Associates of the International Chamber of Commerce in New York on May 6, 1947. “Some people who use this phrase have, I think, a mistaken notion of how the United Nations works. There is nothing in the Charter or in any of the agreements which requires or even recommends that the separate national teams do everything hitched together in the complicated United Nations harness.

“That would be a foolish thing to attempt, because many of the jobs can best be done by one team working by itself or in smaller combinations. The fifty-five teams in common harness do give us a tremendous pulling power, but they are not easy to handle. It takes time to get them into harness, and this should only be done when the load needs the pooled strength of all the teams.

“The important objective of the agreements is to get all concerned, whether acting separately or together, to pull always toward the common goal set forth in the Charter. The nation that really by-passes the United Nations is the one that uses its strength against rather than for the principles of the Charter.”

### *Three Kinds of Economic Action*

Mr. Austin drew attention to “three kinds of economic action we must take directly by negotiations with fellow members of the United Nations and especially through the machinery established by the United Nations.” The first kind of action is emergency relief. The United States has contributed heavily to emergency relief both directly and through the United Nations Relief and Rehabilitation Administration. The second type of action we must take directly and with others through the United Nations is

in the field of investment. The economically advanced countries of Europe, which have been devastated by the war, must have their productive facilities restored. And the backward areas of the world must be developed. The obligation to do this, continued Mr. Austin, "belongs to those nations which are ready and able to act. The more who are ready to act together the better. But the plain fact is that few nations possess enough economic strength to make a quick and substantial contribution to meet critical situations.

"Nobody seemed to think we were by-passing the United Nations when we advanced reconstruction loans through the Export-Import Bank, or arranged allocations of American surplus property, or negotiated direct loans to Britain and other countries. We acted directly in these cases while the World Bank and United Nations agencies were getting ready, realizing that 'a stitch in time saves nine.' We also recognized that sound loans through the World Bank can be made only to borrowers who have already achieved a certain level of stability.

"Now the time is arriving for investment in reconstruction and development through the international pool of the World Bank and by private investors. We hope that additional nations will soon subscribe to the World Bank and Fund and make them a financial bulwark for economic expansion."

The third type of action we are taking through the United Nations, said Mr. Austin, is to create the trading conditions necessary to expanded productivity. "We are doing this through agreements on such fundamental matters as reducing barriers to trade, curbing restrictive business practices and cartels, making commodity arrangements, and maintaining high employment levels.

"We are also creating favorable conditions for a rise to prosperity by promoting intelligent regional development through such agencies as the Economic Commissions for Europe and Asia and similar bodies for the Western Hemisphere. . . .

"The economic agencies of the United Nations can organize task forces of international experts in finance, agricultural policy, technology and the like to help governments move more rapidly forward."

### III. Retarding Force in World Recovery

". . . The whole course of recovery and the international pursuit of happiness has suffered deeply by the failure to attain or maintain great-power unity", said Mr. Acheson at Wesleyan University, Middletown, Connecticut, June 15, 1947. "This has come

about by the Soviet Union's pursuit of policies diametrically opposed to the very premises of international accord and recovery."

### *Free Choice Denied*

"In eastern Europe", continued Mr. Acheson, "the Soviet Union, over American and British protests, has used its dominant military position to carry on a unilateral policy, contrary to the Yalta agreements, by which free choice of their destiny has been denied those peoples. Even more important, the minority Communist regimes fastened upon those peoples have acted to cut them off economically from the community of Europe, curtail their productivity, and bind them to exclusive economic relations with the Soviet Union.

"In Greece, torn and destroyed by the war beyond any other area, the incalculably difficult task of rebuilding its plant, its production, its people's health and morale, and its governmental services has been threatened with total defeat by civil disturbances, aided, equipped, and protected by Greece's northern, Communist-controlled neighbors.

"Similar disappointment has followed attempts to establish a just and sound peace. It is unnecessary to recount the weary course of the Italian and Balkan peace treaties from London to Moscow to Paris to New York, or to describe the substance of those negotiations. We can note without surprise the cynical and barefaced *coup d'état* in Hungary on the very eve of the Hungarian treaty's coming into effect. We note also, two years after Potsdam, that by reason of Soviet unwillingness we have not achieved German economic unification or written an Austrian treaty. As a result the recovery of Europe has been long delayed—tragically long."

## IV. Freedom for Men and Nations: Some Wider Implications of Our Foreign Reconstruction Policy

Persistent and acute economic disorganization and extreme want in any country lead directly and inevitably to the loss of individual freedom, to the breakdown of free institutions, and to the loss of effective national independence.

The United States believes that its own security, its prosperity, the liberties of its citizens, and the survival of their free institutions are intimately related to the survival of the free institutions,

individual liberties, and effective national independence of other peoples.

### *Consistent American Policy*

It is in the direct line of American policy from the earliest days of the Republic to give support and aid, commensurate with our ability and strength, to those foreign peoples, national groups, and countries which are endeavoring to maintain their independence, internal sovereignty, free institutions, and human freedoms against repressive and aggressive forces.

Today's expression of that policy is the extension of that economic and financial assistance—and where requested, technical and administrative assistance and advice—which foreign countries need in order to maintain conditions in which individual liberty and free institutions can grow and national independence be preserved.

### *President Truman's Statement*

President Truman restated United States policy in its present-day context in his special message to Congress on March 12:

“One of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion. This was a fundamental issue in the war with Germany and Japan. Our victory was won over countries which sought to impose their will, and their way of life, upon other nations.

“To insure the peaceful development of nations, free from coercion, the United States has taken a leading part in establishing the United Nations. The United Nations is designed to make possible lasting freedom and independence for all its members. We shall not realize our objectives, however, unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is no more than a frank recognition that totalitarian regimes imposed upon free peoples, by direct or indirect aggression, undermine the foundations of international peace and hence the security of the United States.

“The peoples of a number of countries of the world have recently had totalitarian regimes forced upon them against their will. The Government of the United States has made frequent protests against coercion and intimidation, in violation of the Yalta agreement, in Poland, Rumania, and Bulgaria. I must also state that in a number of other countries there have been similar developments.”

## *Two Ways of Life*

"At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one.

"One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guaranties of individual liberty, freedom of speech and religion, and freedom from political oppression.

"The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms.

"I believe that 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.

"I believe that we must assist free peoples to work out their own destinies in their own way.

"I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes."

## *Truman Policy in Line With Monroe Doctrine and Open Door in China*

President Truman's message, said Mr. Acheson, speaking at Wesleyan University on June 15, was "typically and traditionally American". The United States has always responded to people struggling to attain or to maintain their freedom, he continued. "We have done so because it is important to us that they shall succeed. Sometimes we can do much, sometimes little, but the response is always there. It was there in the case of Greece over a century ago and in the case of Hungary and Poland and Italy. It was there throughout the nineteenth century in the struggle of the Latin American states to obtain and keep their freedom from the encroachments of European powers. It underlay our efforts for decades to help China in her struggle against foreign subjugation.

"So President Truman was acting and the Congress was acting in the truest and soundest American tradition. The case was an extreme one because Greece was near the abyss. But the principle was as old as our country. It is a sensible and hard-headed principle that where our help can be effective to enable people who are sincerely striving to remain free and to solve their own problems, that help will be given."

## *Conditions of Peace*

Upon the occasion of signing the Greek-Turkish Aid Bill on May 22, 1947, the President declared that passage of the act authorizing United States assistance to Greece and Turkey was proof that the United States is willing to make a vigorous effort "to help create conditions of peace." The conditions of peace include, among other things, said the President, ". . . the ability of nations to maintain order and independence, and to support themselves economically."

## *Jefferson's Advice*

In his address at the Jefferson Day dinner in Washington, D. C., on April 5, 1947, the President quoted a statement made by Thomas Jefferson in his letter to President Monroe urging the adoption of what we now know as the Monroe Doctrine. Jefferson had written:

"Nor is the occasion to be slighted which this proposition offers of declaring our protest against the atrocious violations of the rights of nations by the interference of any one in the internal affairs of another."

President Truman added:

"We, like Jefferson, have witnessed atrocious violations of the rights of nations.

"We, too, have regarded them as occasions not to be slighted.

"We, too, have declared our protest.

"We must make that protest effective by aiding those peoples whose freedoms are endangered by foreign pressures.

"Let us not underestimate the task before us. The burden of our responsibility today is greater, even considering the size and resources of our expanded nation, than it was in the time of Jefferson and Monroe. For the peril to man's freedom that existed then exists now on a much smaller earth—an earth whose broad oceans have shrunk and whose natural protections have been taken away by new weapons of destruction."

## *Nations Must Become Self-Supporting*

It is generally agreed, said Under Secretary Acheson, in his address of May 8, ". . . that until the various countries of the world get on their feet and become self-supporting there can be no political or economic stability in the world and no lasting peace or prosperity for any of us. Without outside aid, the process of recovery in many countries would take so long as to give rise to hope-

lessness and despair. In these conditions freedom and democracy and the independence of nations could not long survive, for hopeless and hungry people often resort to desperate measures. The war will not be over until the people of the world can again feed and clothe themselves and face the future with some degree of confidence."

### *Peace Depends Upon the Return of Economic Health and Political Stability*

"It is logical", said Secretary Marshall, speaking at Harvard University on June 5, "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."

### *Effect of European Situation on United States*

The consequences of continued economic deterioration in Europe would have a grave effect upon the United States. Benjamin V. Cohen, Counselor of the Department of State, said in a speech before the national convention of the U. S. Junior Chamber of Commerce at Long Beach, California, on June 12, 1947:

"If we want peace, we must deal with the causes of unrest in the world and not merely their symptoms.

"Unless Europe can secure adequate assistance it may be difficult for some European countries to avoid political unrest and political instability, and the danger of dictatorships. People long tired, cold, hungry, and impoverished are not wont to examine critically the credentials of those promising them food, shelter, and clothes. And dictators, knowing that they intend to hold power if they can get it, will play the right side or the left side and sometimes both sides to get and keep power.

"To cut Europe adrift and to compel her in her misery to shift for herself during the next few years would be a body blow to security, political stability, and economic progress the world over. The loss of European markets would not only cause serious and painful readjustments in our own country, but would have repercussions all over the world.

"Economic help to revive war-shattered Europe will be costly. But the withholding of economic help would also be costly—not only in economic consequences but in social and political consequences."

### *The Choice*

Secretary Marshall, speaking to the Conference of Governors at Salt Lake City, Utah, on July 14, 1947, stated that "this country now stands at a turning point in its relations to its traditional friends among the nations of the Old World. Either it must finish the task of assisting these countries to adjust themselves to the changed demands of a new age, or it must reconcile itself to seeing them move in directions which are consistent neither with their own traditions nor with those of this country. In this latter case, the United States would be faced with a radical alteration of its own position in the world. I ask you to consider most carefully the implication of such a development for the future prosperity and security of our country."

## V. United States Proposal to Europe

### *European Initiative*

Secretary Marshall, in his address at Harvard University on June 5, suggested a procedure for an orderly assault upon the problem of European recovery:

"It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start 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. 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. The initiative, I think, must come from Europe. 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, European nations."

Further assistance by the United States, Mr. Marshall said, "must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a mere palliative. Any government

that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States Government. 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."

### *Cooperative Effort To Rebuild Economy*

The need for cooperative effort by the nations of Europe to give any assistance of the United States the greatest effect was emphasized by Mr. Cohen in his speech on June 12:

"Our interest is in a free Europe. The way to keep Europe free is to restore the war-shattered foundations of the closely interrelated and interdependent European economies and to give the European peoples renewed confidence in themselves, hope in their future, and a genuine stake in peace and law.

"If we are to assist in intelligent programs of economic aid for Europe, our first and primary objective should be to assist programs that will rebuild a self-supporting European economy.

"In as much as the economies of the individual European states are closely interrelated, priority in economic aid should be given to programs which will serve to revive the European economy as a whole. Particular consideration should be given to projects which will serve to remove economic bottlenecks which obstruct the efforts of European states to increase their trade and production. . . ."

### *European Responsibility for Reconstruction*

The part the nations of Europe must play in foreign reconstruction, both individually and collectively, was pointed out by Willard L. Thorp, Assistant Secretary of State for economic affairs, in a speech before the American Marketing Association in New York on June 12, 1947:

"It would be completely erroneous to create the impression that the problem of economic recovery throughout the world is merely one of American dollars or American commodities. To be sure, that is the type of assistance which we have been providing, but much more than dollars is needed. . . . The present levels of output, appreciably below the prewar levels in many areas, represent a problem which must be tackled by the various governments and the appropriate international organizations. This problem

cannot be solved for other countries by the United States except as we can help others to help themselves."

### *Some Conditions of Assistance*

Secretary Marshall in a speech before the Women's National Press Club in Washington, D. C., on July 1, 1947, outlined the demands of the American people in granting United States assistance to world reconstruction. He said, "It would be incorrect to say that the people of this country make no demands regarding the utilization of their contribution to world recovery. They emphatically demand that whatever they contribute shall be effectively used for the purpose for which it was intended; that it should not be expended to serve selfish economic or political interests; and that it should be employed specifically to assist in economic rehabilitation; finally, that it should serve a great purpose in restoring hope and confidence among the people concerned that the world will know peace and security in the future."

### *Readiness of the United States*

In commenting on the United States proposal to Europe Mr. Cohen said on June 12:

"The task of helping to rebuild a war-wrecked world is a heavy task. But it is a challenging task. We were not daunted by the heavy tasks of war. If we want peace, we must not flinch before the tasks of peace. If we want a free, peaceful, law-abiding world, we must see that the peoples of this world have a stake in the peace and have the vitality, strength, and will to maintain peace and freedom under law."

### *United States Purpose*

With the initiative for reconstruction placed in the hands of the European nations, the United States stands ready to assist these nations in regaining economic and political stability through the stimulation of healthy productivity. The President, speaking before the Canadian Parliament on June 11, 1947, said:

"Free men everywhere know that the purpose of the United States is to restore the world to health and to re-establish conditions in which the common people of the earth can work out their salvation by their own efforts.

"We intend to expend our energies and invest our substance in promoting world recovery by assisting those who are able and willing to make their maximum contribution to the same cause."

*J M Jones = June 15 1947*