

Here you have in three articles, totaling only 7300 words, one of the most complete examinations of the Marshall Plan ever undertaken. The authors of the three articles are all outstanding men on the international scene. W. Ayerell Harriman points out some almost forgotten details of the original negotiations. He expresses the hope that the lessons in self-help and material aid the nations learned in putting the Marshall Plan into execution will be applied in later days to similar problems. Paul G. Hoffman writes on the impulses behind the Marshall Plan; he draws a parallel between "those days" and the problems of 1967. Finally Milton Katz, in a solidly carpentered article, provides precise details on the origins of the plan, the stratification of the program and the results. The Editors recommend that Mr. Katz's article be classified as a work of reference, and stowed away for quick access. It will always remain a standard treatise on the Marshall Plan.



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Its Price and its Profits

President Truman chose an administrator [Paul G. Hoffman] whose talent and standing corresponded to the twin needs for public support and efficient administration.

PAUL G. HOFFMAN

FOR most career Foreign Service officers peace-building is not simply a profession, it is a passion. Unfortunately, the same cannot always be said for those parliamentary bodies which must vote the appropriations needed to support peace-building activities. Parliaments, in fact, too often treat peace-building like a step-child. Too often, they are willing to vote many billions for bullets but balk at allocating a few millions for the productive work of strengthening peace.

There have, however, been notable exceptions. Most significant among them was the action taken by the United States Congress twenty years ago when this country invited both its allies and its former enemies in history's greatest war to join that unique and magnificent partnership, known as the Marshall Plan, which was designed to rehabilitate a vast continental area—and thus, hopefully, to eradicate from it the seeds of future conflict.

America's willingness to underwrite European economic recovery was, without question, one of the most truly generous impulses that has ever motivated any nation anywhere at any time. But as with the early Quaker missionaries—of whom it has been said that they went out into the world to do good and wound up by doing very well—the United States derived enormous benefits from the bread it figuratively cast upon the international waters. For Marshall Plan expenditures of less than 13 billion dollars over a four-year period, this country received returns which included a massive increase in exports, the creation of many thousands of new jobs due to this export expansion, the savings of many billions of dollars in arms expenditures and—most important—the revitalization of a part of the world crucially important to its own national interests.

It's hard to remember the suspicion with which this great bargain was viewed when the Marshall Plan was first proposed, or how nearly the entire enterprise came to being killed in its infancy by unthinking hostilities, unwarranted

fears and ungenerous shortsightedness. But, as a look at old newspaper files will quickly remind us, the Marshall Plan was bitterly attacked as "pouring money down ratholes" or "operation give-away," while its proponents were accused of trying to make an "Uncle Sap" out of Uncle Sam.

Today, the United States, its former partners in the Marshall Plan and—in fact—all other advanced industrialized countries, including those of Eastern Europe, are being offered an even bigger bargain: the chance to form an effective partnership for world-wide economic and social progress with the earth's hundred and more low-income nations. The potential profits in terms of expanded prosperity and a more secure peace could dwarf those won through the European Recovery Program. Yet the danger that this bargain will be rejected out of apathy, indifference, and discouragement over the relatively slow progress toward self-sufficiency made by the developing countries thus far is perhaps even greater than was the case with the Marshall Plan. For the whole broadscale effort of development assistance to the world's poorer nations—an effort that is generally, but I think quite misleadingly, called "foreign aid"—has never received the full support it merits and is now showing signs of a further slippage in both popular and governmental backing. Under these circumstances, the study of the Marshall Plan's brief but brilliantly successful history is much more than an academic exercise.

There are, of course, very major differences between economic recovery and economic development. Europe in 1947—though badly battered and bruised by World War II—had a great variety of assets immediately useful for economic and social reconstruction. It had extensive transport and communications services. It had a highly literate population with a large store of technical knowledge and skills. It had a corps of industrial leaders equipped to make economic decisions, a network of financing institutions, and a seller's market hungry for industrial goods. Under such conditions, any investment made in recovery was very rapidly fruitful.

In most of today's developing countries, the facilities,

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institutions and skills that Europe already possessed have yet to be created. Developing countries must begin by building, very often from scratch, roads, railways, seaports, dams, irrigation works, hospitals, schools, colleges and polytechnics. Whether their economies are oriented to free enterprise or to government control, they must develop entrepreneurial and managerial cadres. They must create both public and private administrative machinery for which not even the blueprints may exist. In short, development is much more than a repair job; it is building from the ground up.

But, though the problems of economic development are quantitatively greater and qualitatively different from those of economic recovery, there are certain basic and similar principles which govern the solution of both. To be specific, three concepts embedded in the Marshall Plan, and largely responsible for its success, should be closely studied for their applicability to the larger challenges of today.

The first of these concepts was clearly articulated by General Marshall himself in his famous address at Harvard University which sketched the broad outlines of the European Recovery Program. "Our policy," he said, "is directed not against any country or doctrine but against hunger, poverty, desperation and chaos." This was a new kind of war for which General Marshall sounded the call to arms. And it is exactly the same kind of war which the nations of the world must fight as allies today—this time on an intercontinental scale. For if war is *not* waged with adequate vigor and perseverance on the poverty, hunger, ignorance, disease and despair which now afflict more than half the earth's total population, the almost certain result will be widespread economic and political chaos from whose effects no nation—however prosperous and powerful—is likely to be spared.

The second major concept on which the Marshall Plan was based was epitomized in the opening sentence of the Harriman Report on the European Recovery Program. That sentence read: "Only Europeans can save Europe." This went to the heart of the matter in 1947 and, in spirit, it is equally on target today. For the low-income countries themselves must provide the bulk of the material and financial resources required to speed their own progress, and their peoples must provide most of the necessary leadership, energy, initiative and day-to-day effort. External assistance is, of course, essential for countries that are trying to move ahead several centuries in a single generation. But such assistance can only be a catalytic agent and never the main driving force.

The third great concept of the Marshall Plan had to do with its end goal, which was nothing less than the creation of a "new" Europe. Speaking before the OEEC in Paris in July of 1948, I noted that "while . . . it is in the deepest interest of the United States that Europe should again become a living, workable and independent economic and political organization . . . this goal cannot be set in the frame of an old picture or traced on an old design. It cannot be brought about by old ways of doing business or through old concepts of how a nation's interests are best served. New patterns of intra-European trade and exchange must be found and new directions in the use of Europe's resources. These are made necessary not alone by the drastic consequences of two wars, but also by tides of change that run longer and deeper."

Here again there is a valid parallel between the Marshall Plan days and our own, for our world is caught up not simply in a tide of change but in a veritable tidal wave. As the building of a new Europe was imperative twenty years ago, so today's imperatives dictate the building of a new kind of global community. Among much else, there must be a rapid and radical expansion of the whole world's economy to meet rapidly growing world-wide needs for more goods, more services and more markets. There must be a radical improvement in the world's political climate in order to reduce and eventually eliminate those major international tensions which

threaten global peace and security. But neither of these great economic and political goals is realistically attainable so long as more than one and a half billion of the world's people are producing far less than they need and living—thanks to modern transport and communications—almost literally on the doorsteps of their far wealthier and more fortunate neighbors.

Thus, both the rich and the poor countries must rapidly learn new ways of doing business with each other, and must more rapidly adapt themselves to new concepts of how a nation's interests are best served. For the wealthy industrialized countries, this involves discarding as outmoded and untrue the idea that the provision of development assistance is either a "charity" or an effective device for winning friends and influencing people. It also requires a flexible, pragmatic approach to providing development assistance based on the recognition that what works well in highly sophisticated industrialized societies is not necessarily a universal law of nature. The low-income nations, for their part, must work harder to disillusion those large numbers of their people who still believe that the achievement of national independence automatically brings the good life. In these countries, too, there is the need for more economic realism—particularly as concerns the encouragement of external capital and of internal investment and savings. Fortunately, on both sides of the fence, there has been some really hopeful progress in these matters as both have come to learn the essential prerequisites of the development businesses and to master its demanding techniques.

But if there is much profit to be gained from studying the three basic concepts which animated and guided the Marshall Plan, there is perhaps an even more important lesson to be learned from a serious *misconception* under which even the program's most enthusiastic supporters labored at the outset. Sir Oliver Franks (now Lord Franks) in the first survey of Europe's needs made after General Marshall's Harvard address, estimated—in conjunction with his distinguished colleagues—that it would take more than 25 billion dollars worth of assistance from the United States to restore European agricultural and industrial production to pre-war levels. They also predicted that it would take four years to complete the Marshall aid program. The Harriman Committee, reviewing the Franks report, concluded that the job could be done for 17 billion dollars but concurred in the estimate of a four-year time span.

As we all know, both of these evaluations considerably overshoot the mark. Actually, after only two-and-a-half years, by which time Marshall Plan costs had been less than ten billion dollars, Europe's agricultural production was 20 per cent ahead of the 1938 level, while industrial production was 40 per cent ahead.

The knowledgeable and experienced men who overestimated the European Recovery Program's time and costs did so basically because they underestimated the importance of one critical factor—*morale*. In 1946 and early 1947, the morale of great masses of Europe's people was at a very low ebb. Victors and vanquished alike were suffering the after-effects of six years of unremitting struggle. They were physically tired, emotionally drained, desperately anxious about the future and largely hopeless about effectively influencing it. But when the Marshall Plan began to operate—bringing outside aid but insisting that the peoples and governments of Europe both could and must carry most of the load themselves—hope returned, and with it the strength and determination to work as never before. The result was not only the economic miracle of the early 1950's, but more genuine progress toward political stability and political rapprochement than Europe had experienced for centuries.

No one can precisely measure how much the Marshall Plan's psychological blood transfusion contributed toward

Europe's recovery of economic health. Surely, however, it was a decisive factor. And just as surely, the upsurge in Europe's morale occurred because, for the first time, all members of the Atlantic Community worked together as partners to achieve goals that accorded with each nation's highest national interests.

It is the same partnership approach, coupled with the same kind of unswerving focus on mutually important aims, which

is so absolutely essential today if the problems of global development are to be solved and its promises realized. All the natural, human, and technological resources needed to wipe poverty from the face of the earth are available. But only if the richer and the poorer nations work together as full and equal partners in the business of development can these resources be effectively applied. Herein, I think, lies the great and hopeful lesson of the Marshall Plan for our times. ■



Self-Help and Mutual Aid

Averell Harriman brought to the post [first United States Special Representative in Europe], in addition to his wisdom and experience, the symbolism, unmistakable to European eyes, represented by President Truman's choice of a member of his own Cabinet for the purpose.

W. AVERELL HARRIMAN

WESTERN EUROPE is now more prosperous and dynamic than ever, with higher standards of living, increasing productivity, and continuing economic growth. These achievements were made possible by the great cooperative undertaking for economic recovery known as the Marshall Plan.

It was barely 20 years ago that Secretary of State George C. Marshall proposed this plan to a war-stricken Europe. The devastation and dislocations of the war had left the economic life of Western Europe in stagnation.

One is apt to forget that General Marshall's proposal for European recovery was made not just to Western Europe but to Europe as a whole, including the Soviet Union and the Eastern European countries. He stated, "Our policy is directed not against any country or doctrine but against hunger, poverty, desperation and chaos."

However, the Soviet Union pulled out of the preliminary talks in Paris and refused to cooperate. Furthermore, the Soviets compelled Poland and Czechoslovakia to reverse their stated intention to participate. Moscow's refusal was a signal of Stalin's intention to intensify the cold war. Stalin's hostile actions aroused the demand for mutual security measures and led to the signing of the North Atlantic Treaty two years later.

Never in history have nations worked so closely in peacetime to achieve common objectives as did the 18 European participants in the Marshall Plan. Self-help and mutual aid were the guiding principles. The United States participated with material and technical assistance and used its influence to encourage the integration of Europe and the increase of productivity.

A regional body, the Organization for European Economic Cooperation, was established, well-staffed by capable and dedicated representatives from the member countries. It agreed on the division of the aid available from the United

States. It set the standards for self help and established procedures for mutual action. Trade barriers were broken down. Joint action for development was undertaken. Mechanisms such as the European Payments Union were formed to promote trade and common economic progress.

The United States had one objective: the recovery and permanent strengthening of Western Europe. European unity, based first on economic integration and, hopefully, later on political ties, seemed at the time clearly the only way to achieve that objective. The United States Government, the President and the Congress were in full agreement.

The extraordinary success of the Marshall Plan was due in large part to the spirit of cooperation that developed among the European countries. Though there is much left to be done, important progress has been made towards economic integration. The economic growth that started during the Marshall Plan has continued at a rapid pace throughout the past 20 years. Thus Western Europe is more vital and vigorous than ever and ready to play an important role in the new problems that have unfolded.

Of prime importance now is social and economic progress in the developing nations. The problems of each country may be different, but all have one thing in common—the need for capital and technical assistance for development.

It is my hope that in the 20 years ahead the lessons in self-help and mutual aid of the Marshall Plan can be applied to these pressing world problems through various regional and world-wide international organizations, as well as through bilateral programs. As an outgrowth of the Marshall Plan, a committee already exists in Paris for cooperation among the industrial countries for the purpose of aiding the developing nations. Together with the Western European countries, the United States, Canada and Japan are now members. Thus the industrial countries have made progress in coordinating increased assistance, but more needs to be done. Let us hope that at this time the Soviet Union, too, will agree to cooperate in, rather than turn aside from, these international undertakings vital to human progress. ■

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After Twenty Years

The many-sided Presidential, Congressional and citizen activities made the Marshall Plan the President's, the Congress's and the people's own.

MILTON KATZ

Conspectus

IN THE beginning was the speech by Secretary of State George C. Marshall at Harvard University on June 5, 1947. But there were bits and pieces of beginnings before that and also bits and pieces after. They coalesced into the Economic Cooperation Act of 1948, enacted on April 3, 1948. The Act, its administration in Washington and abroad, and the European cooperative institutions that paralleled and supported the American administration bore several names, but were most widely known then and are still best known today as the Marshall Plan.

The Marshall Plan in its original substance and spirit ended in the autumn of 1951. Much of its organization and formal relationships with European organizations, a few of its senior personnel and more of its intermediate and junior personnel were absorbed into a complex of foreign aid activities that differed from it in style, frame of reference and emphasis as well as geographic scope. Legally, the Marshall Plan expired on January 1, 1952, to be reborn into the Mutual Security Agency that combined responsibility for economic aid, largely recast as "defense support" and administered within the Agency itself, military aid administered by the Department of Defense, and technical assistance to developing areas administered in the Technical Cooperation Administration under the Department of State.

The Marshall Plan has meant many things to different men, depending on the angle of vision. Four main views can be identified. They overlap, differing essentially in emphasis. Some saw the Plan primarily as a rescue and reconstruction operation for a Europe torn by World War II and threatened by Communism. To others, it appeared to be chiefly a brief and brilliant phase in a process of foreign aid that began with American participation in UNRRA in November, 1943; continued through the American loan of \$3,750,000,000 to the United Kingdom in 1946, the Greek-Turkish aid act of May 22, 1947, and the joint resolution for relief to devastated areas of May 31, 1947; ramified out to the new states of Asia and Africa and the developing states of Latin America after the announcement of the Point IV program in 1949; and runs its course today through the Agency for International Development. A third group has stressed the Marshall Plan's function as the seed bed for the European Payments Union,

for other measures to free trade and harmonize national economic policies within Europe, and indirectly for the European Coal and Steel Community and the European Common Market. In a fourth aspect, the Marshall Plan was regarded primarily as a program to enable Europe definitively to balance its international accounts and increase its real income so as to raise consumption and provide enough internal savings to expand European investment without special external aid. In fact, the Marshall Plan fitted all the descriptions. By the criteria of the first and the second, it succeeded to a degree seldom realized in affairs of state and with an acclaim on both sides of the Atlantic that has stood the test of time. In the perspective of the years, I believe it also stands as a distinguished accomplishment under the criteria of the third. In the fourth aspect, the verdict must be taken as of 1952 to be meaningful. In the sixteen years since the end of the Marshall Plan, the situation of Europe in respect of its international accounts, real income, consumption, savings and investment has been radically transformed by an intricate succession of internal and external events. As of 1952, the verdict in retrospect can be no better than that the case was not proven. As I now see it, the Marshall Plan at best could have accomplished no more in this dimension by 1952 than to spark a vital initial stimulus in a long and complex course of unfinished business. Too much was involved: internal institutional patterns and the folkways of peoples; deep-rooted habits of management and labor; the relations of Western Europe to Eastern Europe and Africa, Asia and Latin America as well as the United States. I believe the spark was there. Beginnings were made in identifying the lines of direction along which to apply an energizing thrust, and here and there thrusts were applied to good effect. The beginnings were not lost, but they were caught up in political and economic movements derived largely from other sources and primarily oriented toward other purposes, after the outbreak of the Korean War and the adoption of American and European programs of rearmament that attended and followed the war.

In this essay, I want to look at the Marshall Plan in yet another way. I'll try to identify certain factors in its success that lay within the political and legislative process that gave it birth, within the pattern of diplomacy that attended its genesis and its administration, and within the way in which it was organized and administered. Although these factors were critical to the success of the Marshall Plan, I believe they have not been generally understood. Even when understood, they have been allowed to recede into the back of the mind and have too often been overlooked when they could have been applied in later efforts.

The Political Process Within the United States

I take Dean Acheson's speech of May 8, 1947 in Cleveland, Mississippi as a pre-beginning that antedated the great beginning in Secretary Marshall's Harvard address. The then Under Secretary of State's statement offers as good a point of departure as any for examining the political process. Acheson spoke before the Delta Council not only for himself but as an officially designated substitute for President Truman. He examined "what the people of the world need if they are to eat enough to maintain their physical strength and at the same time carry on essential measures of reconstruction and become self-supporting." Immense as had been the supply of American commodities and services to the world since the end of World War II, it had fallen far short of the requirement. It had been given in haste to meet this or that crisis. A comprehensive assessment of resources and requirements was necessary, on which the United States could base an enlarged program with points of application carefully selected. Acheson stressed the importance of an increase in American exports; the elimination of trade barriers; the concentration of American emergency aid at points where it would be most

effective "in building world political and economic stability, in promoting human freedom and democratic institutions"; further efforts to restore the basic structure of economic life in Germany and Japan; and adequate Congressional delegation to the Executive Branch of powers over the sale, transportation and export of commodities needed for the security of the free world.

A little less than a month later, Secretary Marshall narrowed and sharpened the focus from the world to Europe. He kept the need and the potential contribution of Europe in perspective in relation to the world. It was "apparent to all intelligent people" that the "world situation [was] very serious." Marshall then turned to the role of public opinion in the conduct of foreign policy, and the difficulty of conducting foreign policy in relation to democratic public opinion. He pointed out "that the problem is one of such enormous perplexity that the very mass of facts presented to the public by press and radio make it exceedingly difficult for the man in the street to reach a clear appraisal of the situation. Furthermore, people of this country are distant from the troubled areas of the earth and it is hard for them to comprehend the plight and consequent reactions of the long suffering peoples, and the effect of those reactions on their governments in connection with our efforts to promote peace in the world." He concentrated on Europe as the critical area, and insisted on viewing Europe as a whole. While "the physical loss of life, the visible destruction of cities, factories, mines and railroads [had been] correctly estimated," it was imperative to understand that "this visible destruction was probably less serious than the dislocation of the entire fabric of European economy . . . 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 . . . The breakdown of the business structure of Europe during the war was complete . . ." The division of labor between farm and city had broken down. "Aside from the demoralizing effect 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."

The remedy lay "in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole . . . It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace . . . [The purpose of the United States] 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." American assistance "must not be on a piecemeal basis as various crises develop . . . [and] should provide a cure rather than a mere palliative."

Marshall offered the cooperation of the United States to any "government that is willing to assist in the task of recovery." He would deny American help to any "government which maneuvers to block the recovery of other countries." He warned that "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."

Sensitive alike to the need for external action and the need for internal understanding and support, President Truman exhibited the relationship between the mastery of politics and the mastery of high policy at its best. Voices were not lacking

to compound the difficulty of "the man in the street" in reaching "a clear appraisal of the situation." PRAVDA, on June 15, 1947, blasted "President Truman's plan for political pressure with dollars" and his "program of interference in the internal affairs of other states." On the same day, ex-President Herbert Hoover published a letter that he had sent to Senator Styles Bridges, the chairman of the Senate Appropriations Committee, in which he rang a warning bell. Hoover called on Americans to remember that the United States could not reconstruct the world alone. In the preceding two years, the United States had spent \$29,000,000,000, including \$13,000,000,000 in relief. In addition, the United States had already committed itself to \$6,000,000,000 of expenditure in the coming year. Russian obstruction had intensified the cost to the United States. Stressing the need for limitation and coordination, Hoover also insisted that the United States should exact as a return for its sacrifices strategic materials from abroad to be stockpiled for the American national defense. A week later, President Truman appointed a committee of specialists within the government under the chairmanship of the Secretary of the Interior to survey American resources on a comprehensive basis. Simultaneously, he directed the Council of Economic Advisers, created a year before by the Employment Act of 1946, to examine "the impact on our economy of aid to other countries." He also appointed a 19-member advisory committee consisting of financial, business and farm leaders, popularly known as the Harriman Committee, to take counsel among themselves and among the groups in the population with whom they were identified and to advise him "on the limits within which the United States may safely and wisely plan to extend such assistance."

Mindful of the occasion and stirred by the President's vigor, the House of Representatives moved into an assessment of its own. In July, a subcommittee of the House Committee on Foreign Affairs published a preliminary study of the "Needs, Limits and Sources of American Aid to Foreign Countries." On the initiative of the late Christian A. Herter, then a member of Congress, the House established a Select Committee on Foreign Aid, consisting of 19 members, including representation from each of the major standing committees concerned with one or another of the many phases of the problem. The committee carried its inquiries across the Atlantic. Organized into a subcommittee for Great Britain, a subcommittee for France, Belgium, Holland and Luxembourg, a subcommittee for Germany and Austria, a subcommittee for Italy, Greece and Trieste and a general subcommittee on European agriculture, it systematically gathered data. Under the leadership of its chairman, Congressman Charles A. Eaton, and particularly its vice chairman, Mr. Herter, and with the help of a professional staff, it published a searching study of the problems and prospects in all of their ramifications. In the Senate, the chairman of the Committee on Foreign Relations, Arthur H. Vandenberg, commissioned a study by the Brookings Institution of the various proposals for an administrative structure that had been put forward in relation to the prospective program.

In October and November, 1947, the Presidential Committee on National Resources and Foreign Aid, the Council of Economic Advisers, and the Harriman Committee filed their reports. The House Select Committee on Foreign Aid, the Senate Committee on Foreign Relations, and the House Committee on Foreign Affairs met and began hearings. The reports of the Presidential committees and the reports and hearings of the congressional committees were widely published. So also was the report of a sixteen-nation Committee for European Economic Cooperation, completed on September 22, 1947, in a process of which the significance will be examined separately below.

The activity in the Executive Branch and in the Congress

was paralleled by an immense and far-flung process of public discussion throughout the fall, winter and following spring. Citizens' organizations sprang up to carry the word and argue the case in cities and hamlets. They were assisted, stimulated or irritated by a flow of speeches from the Executive leadership, the Congressional leadership and the opposition.

The many-sided Presidential, Congressional and citizen activities made the Marshall Plan the President's, the Congress's and the people's own. When enacted on April 3, 1948, the Plan became national policy in a full and realistic sense. I pause to dwell upon the point. Career foreign affairs personnel, academic students of foreign affairs, and specialists on foreign affairs in the news media often speak of a Presidential order, a pronouncement of a Secretary of State, or even of an internal document (of the National Security Council, a Secretary of State, and Under Secretary of State of an Assistant Secretary of State) as "national policy." Interdepartmental dissension concerning such a pronouncement, Congressional disaffection, or public outcry tend to be regarded as interferences with "national policy" rather than as detractions from the assumed authentic quality of the pronouncement as "national policy." For some purposes and in some situations, such a view of "national policy" may be factual. In other situations and for other purposes, it is merely formal. The Marshall Plan became national policy in a very different sense. It emerged with the understanding and support of the Department of State; other departments of the Executive Branch, represented in the inter-departmental committees; the President in both a personal and an official sense; the Congress; civic and community leadership; organized farm, labor and industry groups; and the general public. It was incorporated and published in a statute, available for all to see. The process of explanation, challenge, and eventual favorable decision was renewed each year in connection with the annual requests for new appropriations.

President Truman chose an Administrator whose talent and standing corresponded to the twin needs for public support and efficient administration. None understood better than Paul G. Hoffman that the enterprise could not fly on one wing. He poured his imagination and energy in equal measure into the quality of administration and the cultivation of public understanding.

The sustained government-wide and public support, active rather than merely acquiescent, made it possible to design and carry out measures, and maintain a quality and consistency in policy and administration that, in my view, would otherwise have been impossible.

The Pattern of Diplomacy

In his Harvard address on June 5, 1947, Secretary Marshall spoke not only to the American people but also to the leadership and people of Europe. He did not proffer an American formulation of a European problem nor an American diagnosis. He did not propose an American remedy, buttressed by an offer of American resources to put the remedy into effect. He did not summon American get-up-and-go to stimulate, prod, push or galvanize an assumedly inert Europe into action.

Marshall presented American anxiety over an American problem derived from a problem of Europe. He stressed "the consequences to the economy of the United States . . . apparent to all" from the "demoralizing effect on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned" caused by the "destruction of cities, factories, mines, and railroads . . . [and] . . . the dislocation of the entire fabric of European economy." It was "logical that the United States should do whatever it is able to do" to help restore "normal economic health in the world" in order to assure "political stability and . . . peace." The anxiety of the United States could only be

relieved if Europe could meet its problem. In order for Europe to get started "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. . . . It would be neither fitting or 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 the 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."

Barely a week later, in an address in Ottawa on June 11, 1947, President Truman, proclaiming his support of Marshall's message, re-emphasized that the initiative lay with Europe.

It was for the Europeans to analyze their problems and assess their requirements. It was for them to outline a remedial program and to commit their talent, time, energy and material resources to it. Since a shortfall in their resources could be anticipated, it was for them to calculate the size and nature of the deficiency. If the Europeans wished American help, they could lay their calculations alongside corresponding American estimates, and determine how any differences might be reconciled. The United States had already recognized the involvement of American interests in European welfare. In consequence, if American help was desired, and if the help needed was of a kind that America could supply, America would undertake to supply it so far as it lay reasonably within America's power to do so. That was the message.

Among the leaders of Europe, Foreign Minister Ernest Bevin of Britain first publicly responded, hailing the proposal as an appropriate attempt to create a healthy world through cooperation between Europe and the Western Hemisphere. The next day, on June 14, the Foreign Minister of France, Georges Bidault, invited Bevin to Paris to discuss the occasion. The discussions led to a series of conferences, culminating in a meeting of representatives of sixteen nations in Paris on July 12, 1947. Styling themselves a Committee of European Cooperation, they examined European needs in order to formulate European recommendations. Their deliberations were supplemented by discussions on a professional level with American experts.

On September 22, 1947, the sixteen participating European nations issued their "general report of the Committee of European Economic Cooperation." They had estimated "their prospective requirements and resources during the period 1948-51 . . . to formulate an economic recovery program." They had assembled the necessary data through questionnaires, the answers to which were prepared on the basis of agreed assumptions geared to the common purpose of orderly recovery. On the basis of their calculations, they had elaborated a program. In adopting the program, they had committed themselves individually and collectively by a series of pledges. They "pledge[d] themselves to join together, and invited other European countries to join with them, in working" toward a European recovery program. Each country not only made its pledge "with respect to its own national programme, but . . . also [took] into account similar pledges made by the other participating countries." They went on to specify their commitments. Each country "undertakes to use all its efforts—

- "(i) to develop its production to reach the targets, . . . ;
- "(ii) to make the fullest and most effective use of its existing productive capacity and all available manpower;
- "(iii) to modernize its equipment and transport, so that labour becomes more productive, conditions of work are improved, and standards of living of all peoples of Europe are raised;

"(iv) to apply all necessary measures [for] . . . internal financial monetary . . . stability while maintaining . . . a high level of employment;

"(v) . . . to reduce the tariffs and other barriers to the expansion of trade both between themselves and with the rest of the world, . . .

"(vi) to remove progressively the obstacles to the free movement of persons within Europe;

"(vii) to organize together the means by which common resources can be developed in partnership."

The pledges were taken expressly into account as the basis for the Economic Cooperation Act of 1948. In the "Findings and Declaration of Policy" (sec. 102(a)), it was declared to be the policy of the United States "to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation, signed at Paris on September 22, 1947." Section 115(b) of the Act was even more explicit. It stated that the "provision of assistance" under the Act "results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation, as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose."

The "sixteen" met again in Paris on March 15, 1948. Their general purpose was to carry forward the resolves proclaimed in their Report. Their particular purpose was to set up an organization through which they could jointly "ensure, to the full extent possible by joint action," the realization of the parallel and common objectives to which each had pledged itself. Cocking an eye to the anticipated emergence of a new democratic Germany as a part of free Europe, they invited the "Commanders-in-Chief of the French, United Kingdom and United States Zones of Occupation of Germany to participate in the work." On April 16, 1948, they signed and proclaimed the Convention of European Economic Cooperation. The Convention created an Organization of European Economic Cooperation (OEEC), with a Council, an Executive Committee and a Secretary General and a secretariat.

An expanded conception of European initiative had emerged. It underscored self-help. It encompassed mutual aid among the European nations. It crystallized the obligations of self-help and mutual aid into explicit commitments of men, materials and governmental leadership. It supplemented national governmental administration with a common intergovernmental instrumentality.

When the administration of the Marshall Plan began toward the end of April, 1948, its American officers and their European counterparts could build upon a broad and solid stratum of agreed purposes and policies. The policies and purposes had been defined through months of discussion. They had been made even more meaningful by a painstaking interchange culminating in agreed estimates of resources and requirements and agreed calculations concerning the relevant data. They had been buttressed by the individual, collective and reciprocal pledges of the participating states.

The original Truman-Marshall invocation of a European initiative had set the tone. The tone was maintained in the pattern of diplomacy and administration that prevailed throughout the three year life of the Marshall Plan. The consensus on objectives and basic policies, and the original distribution of responsibility—initial responsibility assigned to the Europeans, and responsibility for support assigned to the United States—were continually renewed. Self-help and mutual aid directed toward the objectives of the Marshall Plan

became British policy, French policy, Italian policy, common European policy, as fully as support for European self-help under the Marshall Plan became American policy. It is hard to imagine a more powerful lubricant against the friction endemic in complex international relationships.

The Pattern of Administration

There were long disputes in 1947-48 about how to organize the agency to administer the Marshall Plan. After adequate ventilation of rival views, a decision was reached to establish the Economic Cooperation Administration in Washington as a separate agency under an administrator reporting directly to the President. The decision reflected the scale, complexity and novelty of the enterprise. It responded to a belief that widespread public interest and a continuing need for public support required a form of organization that would give the enterprise maximum public visibility. It vindicated a view that the concentration of Presidential, Congressional and public attention upon the effort called for an administrator with direct access to the President and the Congress. It gave effect to a judgment concerning the kind of men needed to do the job and the kind of organization needed to attract the men. It also reflected a largely inarticulate but widespread feeling that the changing nature of foreign affairs and the changing role of the United States required experimentation with the forms of organization to conduct foreign affairs. Doubt concerning the capacity of the Department of State to cope with such an undertaking also played a part, along with fears lest the enterprise might divert the Secretary of State from his primary concerns and inject him into domestic industrial, agricultural and financial problems.

The Administrator's powers were plenary, "under the control of the President." He was expressly accorded cabinet status by the terms of the statute. He determined the requirements of participating countries for assistance, formulated programs of American assistance, approved specific projects, provided as he thought best for the efficient execution of programs, and could terminate assistance whenever it was "no longer consistent with the national interest of the United States." The Administrator could appoint personnel within the United States or abroad; and on his recommendation, the Secretary of State was authorized to assign, transfer or promote persons to any class in the Foreign Service Reserve or Staff. What if the Secretary of State should believe "any action . . . or failure to act" of the Administrator "inconsistent with the foreign policy objectives of the United States"? The Secretary could voice his concern to the Administrator. If they could not adjust their differences through consultations, "the matter [would be] referred to the President."

The Administrator could delegate part of his powers. His freedom to do so was not left to inference. The statute explicitly authorized him to "delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him." Paul Hoffman used his authority to delegate wisely and well, especially in relation to the Office of the United States Special Representative in Europe and the chiefs of the ECA special missions in each of the participating countries overseas. He maximized their latitude for effective action while holding to a minimum the risks of cross-purposes, crossed lines, or jumped traces.

In 1948, I considered it a wise move to constitute the Administration as it was. In retrospect, I find it wise still, with renewed conviction. In so saying, I do not intend to challenge the present organization of AID as a distinctive entity within the Department of State. That is another story. I do believe that in the circumstances of 1948-51, the establishment of the Administration as a separate agency in Washington and overseas, with its special characteristics, proved indispensable

to the success achieved by the Marshall Plan.

I stress three aspects of the organization: first, the autonomy and flexible authority of the Administrator under the control of the President; second, the capacity of the Administrator to represent the enterprise directly to the Congress and to the American people, within the scope of his primary accountability to the President; and third, the organization of the operations overseas. In the main, I think the first aspect has been reasonably well understood. The significance of the second appears to me to have been less generally appreciated. I've tried to sketch its implications earlier in this essay, under the rubric, "The Political Process Within the United States." The third has been perhaps the least understood. This is not surprising, for it is in the field overseas, and in the relationship of the field to the Washington headquarters, that the Marshall Plan organization exhibited its most novel and distinctive features.

The novelty and distinctiveness came to focus in the powers and duties of the United States Special Representative in Europe, in his relations with the Chiefs of the ECA Special Missions, and in his relations with the Administrator. The United States Special Representative in Europe was appointed by the President by and with the advice and consent of the Senate. By statutory stipulation, he had the rank of ambassador. He was "the representative of the Administrator, and . . . also the chief representative of the United States Government" to the OEEC. He was required to "discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President." He could "also be designated as the United States representative on the Economic Commission for Europe." (In fact, both incumbents of the office were so designated.) It was his duty to "keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the [ECA] special missions . . . currently informed concerning his activities." He was to "consult with the chiefs of all such missions," who were directed to "give him such cooperation as he may require . . ." If a chief of a diplomatic mission objected to the conduct of a chief of an ECA special mission, the former's initial recourse under the statute was to "advise the chief of the [ECA] special mission and the United States Special Representative in Europe." While the chiefs of the several ECA special missions were to receive their instructions from the Administrator and report to the Administrator, they were made expressly subject to coordination by the Special Representative.

The undertaking was as fortunate in the personality of the first United States Special Representative in Europe as in the personality of the Administrator. Averell Harriman brought to the post, in addition to his wisdom and experience, the symbolism, unmistakable to European eyes, represented by President Truman's choice of a member of his own cabinet for the purpose. Apart from the personalities, the key lay in a concept, and the fitness of the concept to the occasion.

The concept was that of a civilian counterpart, suitably adjusted, to the familiar military arrangement of a theater command. It was hammered out jointly by Washington and Paris (the site of the Office of the Special Representative) in long interchanges through the early months. The line of command ran from the Administrator to the United States Special Representative in Europe. By the Administrator, I mean the Administrator himself, not his Washington headquarters; and by the Special Representative, I mean the Special Representative himself, not his Paris headquarters. The understanding was explicit. It was made real by steady reiteration and unremitting application on both sides of the Atlantic.

Instructions to the various divisions and branches in the Paris headquarters ran only from the Special Representative and his Deputy. The divisions and branches in Paris were, of course, in constant communication with their counterparts in

the headquarters in Washington. By cable, letter, telephone and transatlantic visit, they compared data, exchanged views, reported, recommended, argued, persuaded, cajoled. But the Washington divisions and branches gave no orders to Paris divisions and branches. If a Washington division chief wanted to challenge an action taken in Paris, his sole recourse was to the Administrator. If the Administrator was so disposed, he would take it up with the Special Representative. The relationships were reflected in established cable procedures. Appropriate indicators sharply distinguished personal messages of the Administrator or the Special Representative from the general run of messages sent by Washington or Paris headquarters in their names.

Comparable lines were maintained between the Office of the US Special Representative and the ECA special missions. Communications from the divisions and branches of the Office of the Special Representative to the corresponding branches and divisions in the ECA special missions were staff communications only. Instructions ran only from the Special Representative himself to the chief of the ECA special mission. The potential confusion in lines of authority among the Administrator, the Special Representative, and the chiefs of the ECA missions was resolved by a skillful use of the Administrator's authority to delegate his powers. The normal chain of command ran from the Administrator through the Special Representative to the chiefs of missions. The Administrator reserved always his authority for direct instruction to the chiefs of missions, and preserved their right of direct reference to him in any appropriate case, with notice to the Special Representative.

The theater command analogy was fortified not only by cable procedures but by procedures relating to personnel, compensation and travel. If the significance of these dull administrative details might escape the general reader, it won't elude the readers of the FOREIGN SERVICE JOURNAL. By appropriate delegation from the Administrator and within broad limits defined by his regulations, the United States Special Representative in Europe could hire or fire executive and professional personnel in Europe; raise or lower salaries; assign or reassign personnel within Europe; and cut travel orders or orders to move personal effects.

I turn back from the pattern and mechanics of organization to their meaning for policy and diplomacy. At home, the Marshall Plan involved operations throughout the Executive Branch, relations with Congress, and steady communication with the American people. It involved comparable operations in each of the sixteen European capitals, and in the headquarters of the Occupied Zones of Germany. It embraced operations within the OEEC in three sectors: the Secretariat, the delegations at the official level established by the participating countries in Paris, and the Council of Ministers. The constant need for coordination reached recurrent peaks in negotiations for the division of aid among the participating countries, for the liberalization of trade, or for the arrangement of systems of intra-European payments. It was the theater command structure on the American side, supported by the flexible authority of the Administrator in Washington, and meshed with the OEEC structure on the European side, that held the far-flung parts together and harmonized their movements.

The Europeans appreciated the structure and what it meant. In July, 1951, the Chairman of the Ministerial Council of the OEEC, Dirk U. Stikker, Foreign Minister of the Netherlands, took an occasion to point the moral. He asked his colleagues to consider the functions of the United States Special Representative in Europe, "especially in the last year, when world conditions have changed so violently . . . First of all, the Special Representative . . . takes an active part in the policy making of the United States . . ." In addition, he is "the head of the huge European organization of ECA" with "large

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MARSHALL PLAN: After Twenty Years

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missions in all our countries . . . Then, finally, there is [his] relationship with this Organization [the OEEC] in Paris, which has created a spirit of cooperation which is unparalleled up till now . . ."

After the Marshall Plan ended, the Office of the US Special Representative in Europe continued in form. Its content changed. The theater command concept eroded and disappeared, and along with it, two of the functions stressed by Dirk Stikker. The representational function alone persisted, in relation to the OEEC and then in a shifting pattern of relationships that varied with the evolution of European and Atlantic organizations. In time, the representational function was divided among several units, and the transformation in substance was reflected in changes of name.

I do not find the changes surprising. It is perhaps natural that we reverted to type. In this essay, I come to explain the Marshall Plan organization, not to mourn it. I do praise it. It fitted its time and circumstances.

In the conditions of 1948, the general problem of Europe transcended the separate national problems. The general European problem was the principal national problem in each participating state. It was so in fact, and so felt to be by the several governments. It made sense to concentrate upon the problem as a whole. It made corresponding sense to match the comprehensive approach with a comprehensive administrative scheme. The stress on European initiative pointed to Europe as the locus for coordination. The pervasive American supporting role required a continuous American presence. It was not a long jump to the concept of Europe as a theater of operations in which a civilian equivalent of a theater command was required. But many a slip remained possible

between the first glimpse of the concept and its effective definition and application. An additional factor was critical to its realization.

The degree of autonomy vested in the Administrator in Washington and the theater-wide authority of the United States Special Representative in Europe involved a large measure of delegation. Delegation to such a degree is only feasible within the scope of a well-established and well-defined framework of national policy. Here I turn again to the quality of the Marshall Plan as national policy in a full and realistic sense, geared into agreed European purposes and policies, sustained at home by government-wide and public support, and made explicit and proclaimed in a statute. This framework of national policy, comprehensively considered and published, and in a sense renewed each year in connection with annual appropriations, constituted the vital additional factor.

Conditions of the kind that made the Marshall Plan pattern of administration feasible and appropriate may not occur often. But they are not necessarily unique. Are we to go on assuming that—except for the case of the Marshall Plan—it will not be suitable to organize overseas activities of the United States in theaters of operations embracing more than one country, and to delegate substantial responsibility to theater officers, except in the military phases of the conduct of American foreign policy? I find it hard to believe that such a limitation inheres in the nature of things, or in the nature of the American system of government. But that again is another story, lying beyond the scope of this article. I do believe that in the conditions of 1948-51, the pattern of administration of the Marshall Plan made possible a quality of direction and coordination that were at least important, and probably indispensable, to the achievement of its mission. ■

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I USED TO TALK TO MYSELF—
THEN I STARTED READING THE
FOREIGN SERVICE JOURNAL
I STILL TALK TO MYSELF, BUT
NOW PEOPLE STOP TO LISTEN

