

THE MARSHALL PLAN: REBUILDING A DEVASTATED EUROPE

HOW GEORGE C. MARSHALL GUIDED EFFORTS TO REBUILD POST WORLD WAR II EUROPE

By Gerald Zarr



This is Hamburg in 1945. There were an estimated 500 million cubic tons of rubble in German cities. There were so many unburied corpses in the rubble that whole districts of German cities were walled in to prevent the spread of disease.

leading to pitched battles between miners and police. Several hundred Navy electricians narrowly saved the capital's electric plants from Communist sabotage. In Germany, food rations were reduced to 1,040 calories a day, and men and women fainted at their desks. Without coal, homes went unheated in winter and hundreds died.

Troubled by stories of starvation in occupied Germany, President Truman sent former president Herbert Hoover on a fact-finding mission to Germany in early 1946. Hoover was the ideal choice for this job. Born in Iowa — and still the only president from that state — he became a mining engineer, and worked in the Australian gold mines. At the outbreak of the First World War, he found himself in London and, almost by accident, got into Belgian war relief. For 2 years, he worked 14 hour days, distributing 2½ million tons of food to 9 million war victims. In an early form of shuttle diplomacy, he crossed the North Sea 40 times to meet

When the Second World War ended in August 1945, Europe was devastated. Once-fertile fields were scarred by bomb craters and tank tracks. Sixty million people died. Warsaw, Berlin, Hamburg, Le Havre and Rotterdam lay in ruins. An estimated 500 million cubic tons of rubble littered German cities alone. With factories and businesses destroyed, there was no work.

“What is Europe now? It is a rubble-heap, a charnel house, a breeding ground of pestilence and hate.”

Winston Churchill, May 14, 1947

In Britain, this period is known as the Age of Austerity — a time of drab clothes, long faces, and endless queues. Everyone had a ration book for food, petrol and clothes. Food rations fell below the wartime average. France had the added burden of Communist-inspired strikes,



A German mother cooks for her family on a street corner in Berlin in August 1945.

with German authorities and persuade them to allow food shipments, becoming an international hero. In 1946, Hoover crisscrossed Germany in Field Marshal Hermann Goering's old rail coach. His report to Truman was sharply critical of U.S. occupation policy: "There's an illusion that Germany can be reduced to a pastoral state. It can't be done, unless 25 million people are killed or moved out of Germany." This was a thinly veiled swipe at the Morgenthau Plan, devised by Henry Morgenthau, Roosevelt's Treasury Secretary, which sought to turn Germany into a pastoral state, without heavy industry. After Hoover's report, the Morgenthau Plan was replaced by a new strategy which supported "the complete revival of German industry — because a prosperous Europe requires the economic contributions of a stable and productive Germany." To combat malnutrition, a school meals program was started, feeding 3.5 million children, known as the *Hooverspeisung* (Hoover meals).

THE MARSHALL PLAN UNVEILED

George Catlett Marshall was America's foremost soldier during World War II, serving as U.S. Army chief of staff from 1939 to 1945. He was a self-effacing man with a highly developed sense of

duty. After the war, he didn't seek further office, but was not one to turn down his commander-in-chief. In January 1947, he became secretary of state. In his famous speech at Harvard University on 5 June 1947, he spoke of Europe's dysfunctional economy: Europe was caught in a vicious circle. It had to rebuild its shattered industry and get people back to work, but governments had to use their scarce foreign exchange to import food just to keep people alive. The market economy had broken down. With nothing to buy in stores, farmers had no incentive to sell their produce for money. Farmers let their land lie fallow and food production plummeted. Marshall said that the U.S. should do what it can "to assist in the return of normal economic health to the world, without which there can be no political stability and no assured peace." And then to reassure the Soviet Union: "Our policy is not directed against any country, but against hunger, poverty, and chaos."

Perched up in his bed in London, British Foreign Secretary



In Britain, the postwar years are known as the Age of Austerity. Everyone had a ration book for food, petrol and clothes — and food rations fell below the wartime average. It was a time of drab clothes, long faces, and endless queues.

Ernest Bevin listened to a broadcast of the speech on the BBC. He immediately grasped its significance: “It was like a lifeline to sinking men. It seemed to bring hope when there was none. The generosity of it was beyond belief.” Yes, there was altruism in the American offer, but a large dose of self interest too. The American economy had emerged relatively unscathed from World War II and could produce the automobiles, machinery, and other goods that Europe craved, but couldn’t afford.

Bevin goaded Europe into action. In July 1947, sixteen Western European countries met at the grand dining room of the French Foreign Ministry to agree on a response to the American offer. This was a tall order because many competing interests had to be reconciled. France insisted that Germany not be rebuilt to its previous threatening power. The Benelux countries were closely linked to the German economy and felt their prosperity depended on its revival. Scandinavia wanted to protect its trading relationships with the Eastern Bloc and safeguard its neutrality. Great Britain insisted on special status. The Americans made it clear that any plan for European recovery had to come from the Europeans themselves. America would only help those who energetically and cooperatively helped themselves.

Marshall made his offer to all Europe, not just Western Europe, so for a time, Stalin considered applying for Marshall Plan aid. But this would require the Soviets to open up their economic books, a clear no-no for them. When Czechoslovakia made plans to attend the Paris meeting, Stalin summoned Foreign Minister Jan Masaryk to Moscow for a tongue-lashing, which led all Eastern European leaders to boycott the



George Catlett Marshall became secretary of state in Jan. 1947 — the first career soldier to hold that office. Here he is in the procession at Harvard University, just before his famous speech on 5 June 1947.



British Foreign Secretary Ernest Bevin was the first to see the significance of Marshall’s speech: “George C. Marshall threw us a lifeline and we grabbed it with both hands.” With Bevin’s prodding, Europe moved quickly. Only one month after Marshall’s speech, 16 Western European countries met at the grand dining room of the French Foreign Ministry to agree on a response to the American offer.

meeting. Molotov went to Paris, but left in a huff saying the Marshall Plan violated the U.N. charter and the United States was a “center of anti-Soviet activity”. The powerful French and Italian communist parties were ordered to block the Marshall Plan in their countries.

THE KEY EUROPEANS

British Foreign Secretary Ernest Bevin was born in a remote Somerset village, orphaned at eight, and left school at 11. He worked as a bakeshop boy at sixpence a week, a van boy, a horse tram conductor, and a teamster.

At 29, he became secretary of the Bristol branch of the Dockers’s Union. He spoke with a strong West Country accent. Forever reading and studying, in Baptist chapel and trade union study groups, he sought books and debate wherever they were available. He developed his oratorical skills as a Baptist lay preacher. He was a physically huge, strong and, by the time of his political prominence, very heavy man. It was said of Bevin — as a compliment to the respect which he had earned — that it was hard to imagine him filling any other job in the Foreign Office except that of an old and

truculent lift attendant. Bevin was a strong supporter of the United States and the Marshall Plan.

France's Foreign Minister Robert Schuman was as different from Ernest Bevin in appearance, temperament, mind and manner as any man could be. He was lean, slightly stooped, with a long, serious face, and a habit of sinking his chin in his collar as he peered over his eyeglasses. He was born and went to school in Luxembourg. He did his university studies in Germany and practiced law in Metz, then under German rule. He didn't become a French citizen until age 33, when Alsace-Lorraine was returned to France in 1919. Schuman always spoke French with a heavy accent. As Dean Acheson said of him, he had a vision of a united Europe at a time when France lacked a vision. France had been traumatized by both wars and had a deep inferiority complex toward the other Allies. His task, as he saw it, was to bring France and Germany together so they might lead Europe to unity within a still broader Atlantic community.

With a political career spanning 60 years, **West Germany's Konrad Adenauer** had been mayor of Cologne sixteen years when Hitler came to power. He refused to shake hands with a Nazi leader, was dismissed, and went into hiding, fleeing to an abbey where he stayed over a year. He was imprisoned three times by the Nazis, but never convicted of a crime. In 1949, he became the first Chancellor of the Federal Republic of Germany and the oldest ever, at age 73. He stayed in office 14 years. His achievements include: a stable democracy in defeated Germany, a lasting reconciliation with France, and recovering sovereignty for West Germany by firmly integrating it in NATO and the Marshall Plan.

Soviet Foreign Minister Vyacheslav Molotov accompanied Stalin to all the wartime conferences, where he was known as a tough negotiator and determined defender of Soviet interests. In his wartime memoirs, Churchill lists many meetings with Molotov, whom he called a *"man of outstanding ability and cold-blooded ruthlessness... In the conduct of foreign affairs, Mazarin, Talleyrand, and Metternich would welcome him to their company, if there be another world to which Bolsheviks allow themselves to go."*

THE MARSHALL PLAN BECOMES LAW

Looking back at the unquestioned success of the Marshall Plan, it's

will quiver a few times and then die." It was named the Marshall Plan. The plan met sharp opposition from the isolationist wing of the Republican Party and from Leftists, who saw the plan as a subsidy for American exporters and an irritant for the Soviet Union. Opposition waned after the Communist coup in Czechoslovakia in February 1948.

Truman signed the Marshall Plan into law on 3 April 1948. It was a bipartisan effort — proposed by a Democratic president and enacted into law by a Republican-controlled Congress — in a hotly contested presidential election year. Key Republican supporters were Senator Arthur Vandenberg of Michigan and Representative



The Marshall Plan team: President Truman; Secretary of State George C. Marshall; Paul G. Hoffman, who took a two-year leave of absence as president of the Studebaker automobile corporation to run the Economic Cooperation Administration (ECA) in Washington; and Averill Harriman, who was the Marshall Plan's representative in Paris at the Organization for European Economic Cooperation (OEEC).

hard to appreciate how controversial it was at the time. Americans had already contributed \$11 billion to war relief — over \$100 billion in today's dollars — and couldn't understand why Europe still needed more help. When told the plan would bear his name, Truman quipped: "Anything sent to the Hill with my name on it

Joe Martin of Massachusetts. Vandenberg was a former newspaper editor from Grand Rapids and an isolationist — until Pearl Harbor. Large and hearty, he had the mannerisms of a pompous stage senator, combing a few strands of hair over his mostly bald head. Short and square, Martin wore poorly-fitting three piece

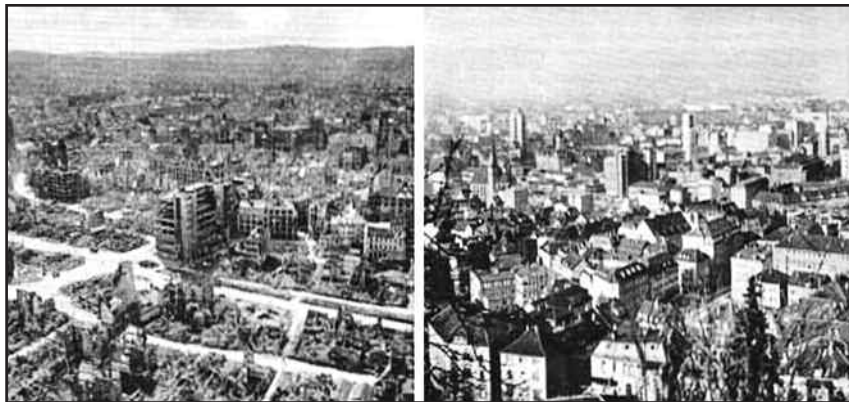
navy blue suits and boxy black policeman's shoes. Even when speaking to small groups, he stood on a chair to be seen. Vandenberg was the son of a harness-maker and Joe Martin, the son of a blacksmith — men whose backgrounds Truman could relate to.

The law established the Economic Cooperation Administration (ECA), headed by Paul G. Hoffman, who took a two year leave of absence from his job as president of the Studebaker automobile corporation. Averill Harriman, the son of a railroad baron, was the Marshall Plan's European representative at the Organization for European Economic Cooperation (OEEC) in Paris.

THE MARSHALL PLAN IMPLEMENTED

Sixteen countries signed up for the Marshall Plan, allies, neutrals and ex-enemies alike. The list included Austria, Belgium, Denmark, France, West Germany, Great Britain, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, and Turkey. The Communist Bloc stayed out, as did Finland for fear of offending the Soviets. Fascist Spain was not invited.

At first, European countries lobbied for Marshall Plan aid like prehistoric cavemen jostling each other for a share of the meat. But the Marshall Plan forced Europeans to set aside their national rivalries and cooperate. The economic issues were complex — but the Americans religiously avoided complexity. They said to the Europeans: map out your needs, see what you can provide yourself, and what you can ship to other European countries. We'll figure out the payment details and cover the shortfall. The cooperation that began with the Marshall Plan



The Marshall Plan years were the fastest period of growth in European history. These photographs of Stuttgart were taken from the same spot, only 8 years apart.

evolved into the Schuman Plan, the Common Market, and eventually the European Union.

ECA arranged for payment to the American supplier in dollars, but the Europeans were not given the goods as a gift. They had to pay for them in their local currency, which was deposited in a counterpart fund managed by the country with oversight by the OEEC. The Germans used their counterpart funds as a revolving fund for German business which, in time, became the large German development bank — the *Kreditanstalt für Wiederaufbau*. The French used their counterpart funds to stabilize their currency and reduce the budget deficit. Italy used some counterpart funds to eradicate malaria in Sardinia, while the Dutch undertook massive land reclamation projects in the Zuider Zee.

The Marshall Plan years (1948-51) were the fastest period of growth in European history. Within weeks, desperately needed goods began reaching Europe — butter and eggs returned to stores, and medical supplies to hospitals. Every day, 150 ships were either bringing cargo to Europe or unloading in port. In all, \$13 billion was provided to Europe under the Marshall Plan: 1/3 for raw materials and manufactures; 1/3 for food, animal feed, and

fertilizer; and 1/3 for machines, vehicles, and fuel. The American economy flourished.

THE BERLIN AIRLIFT

The Soviets condemned Marshall Aid as a capitalist ruse. The Soviet's blockade of Berlin started on 24 June 1948 — triggered by the currency reform of 1948 which gave birth to the Deutsche Mark and the first moves toward an independent West Germany. On the first day of the blockade, 100 C-47 transport planes carrying supplies landed at Berlin's Tempelhof Airport. As the weeks went by, the Berlin Airlift was sending over more tons of flour, meat, potatoes, sugar, coffee, milk, and veggies than would have gone by rail. And Operation Little Vittles dropped candy and chocolate by air for German children. Almost a year into the blockade, Stalin gave it up, a clear victory for the Western allies.

THE NOBEL PEACE PRIZE

George C. Marshall was the first — and the only — professional soldier to be awarded the Nobel Peace Prize for his role in crafting and implementing the Marshall Plan. He received the prize at a resplendent ceremony in Oslo in December 1953. As his name was read, Communists interrupted the ceremony, dropping leaflets from

the balcony and shouting, “We protest!” Norwegian King Haakon VII indignantly rose to his feet and led the audience in applause for Marshall. Communist parties in Western Europe faded in popularity after the start of Marshall Plan aid.

THE MARSHALL PLAN REMEMBERED

Although it only lasted three years, the Marshall Plan fostered powerful principles of self help and mutual cooperation, now mainstays of international development. It forced Europeans to set aside national rivalries and take seriously the need for regional planning and cooperation. The Marshall Plan administrator (OEEC) survives today as the Organization for Economic Co-operation and Development (OECD), still in Paris, but in more grand accommodations than in the old days. The OECD is often in the news for its studies, like its

recent analysis of the eurozone debt crisis on the global economy.

The **German-Marshall Fund of the United States** is a nonpartisan American public policy and grant-making institution dedicated to promoting greater cooperation and understanding between North America and Europe. Germany set up the Fund in 1972 as a permanent memorial to Marshall Plan assistance. West German Chancellor Willy Brandt unveiled the Fund at Harvard on the 25th anniversary of Marshall’s famous speech. In addition to its headquarters in Washington, DC, the Fund has offices in Berlin, Warsaw, Bratislava, Paris, Brussels, Belgrade, Ankara, and Bucharest.

The **Marshall Scholarships** were created by the British Parliament in 1953 as “a living gift to the United States” in appreciation for the Marshall Plan. Marshall Scholarships provide American students with two fully funded years of study at any university in

the U.K., in any postgraduate field of study. Approximately 40 Scholars are selected each year. Most Scholars choose to attend Oxford, Cambridge, Imperial College London, or the London School of Economics. Currently, there are approximately 1,500 Marshall Scholar alumni. *Em*

FURTHER READING

Behrman, Greg, *The Most Noble Adventure: The Marshall Plan and the Time When America Helped Save Europe* (New York: Simon & Schuster, Inc. 2007).

GERALD ZARR is a retired U.S. Foreign Service Officer who has lived and travelled widely in Asia, Africa, the Caribbean, and Europe. He is the author of a cultural guidebook on Tunisia and a frequent contributor to the *History Magazine*.

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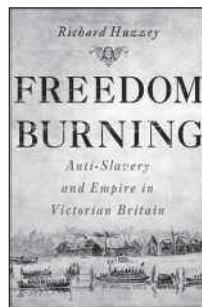
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