

The Marshall Plan

The Extension of Empire

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Introduction

In 1945, with the ending of the Second World War, the European continent resumed the activities of peacetime. When the celebrations which marked the end of fighting came to a close the grim reality of a continent destroyed set into the minds of the governments now beginning in their struggle to rebuild. The continent had been devastated by fighting, with up to one and a half million buildings having been destroyed in France alone.¹ Not only would the continent require rebuilding but it would also be a massive pawn in a Cold War game that was only beginning between the two countries which had emerged from the war as leading powers, the United States of America and the Soviet Union. Europe had been the battleground for two major world wars in the twentieth century and now it was set to become a major theatre for a new war, both ideological and geopolitical in character, pinning the Soviet Union's Marxist-Leninist ideology against the free-market capitalist ideology of the United States. This war ultimately became known as the Cold War, a conflict into which the Marshall Plan was launched. While US aid to Europe was quite prevalent with the ending of World War Two the piecemeal approach that was being taken was seen by many in Washington as unsustainable by the time discussions arose in the summer of 1947 for a properly planned arrangement that would allow the Western section of the European continent to recover through the use of grants and loans given by the US. It was just because of its oft debated success in aiding Western Europe to recovery, that the Marshall Plan was such a successful diplomatic weapon. George Kennan, the Deputy Chief of Mission of the United States to the USSR and later US ambassador in Moscow, had emphasized in his Long Telegram and 'X' Article that the US should contain the perceived aggressive advances of the Soviet Union through a containment strategy based primarily on economic policies. The Marshall Plan, or European Recovery Programme as it was officially known, was the most

¹ Robinson, N., 'The Problems of European Reconstruction', *The Quarterly Journal of Economics* 1 (1945), 3.

important aspect of the strategy of containment that Kennan had outlined. However the plan actually had three important frameworks, all related and interlinked targeting different, though related goals and this dissertation will evaluate the plan through these three frameworks.

The development of the Marshall Plan as a coordinated economic recovery effort came about at a time when the United States was beginning to realise that it would prove more and more difficult to export to Europe due to the continents dwindling supply of American dollars. As such the first goal of the plan was to ensure the stability of the American economy, through its continued expansion, by restarting trade with Europe. Milward argues that after a war a country's economy can expand but as Europe was so devastated this could not occur at a reasonable pace. With demand for goods falling leading to lower productivity and employment in Europe, Washington was eager to ensure that it had a market to sell its vast produce to and thus avoid an economic slump itself. Europe was to be this market and in order to sell to it, the United States government made loans and grants available which would then be spent on American goods which would ensure that the US economy was kept moving. The American economy depended on the expansion of overseas markets as areas that it could sell to and any contraction in this market would hurt the US. As this dissertation will discuss, the Marshall Plan was a vehicle used to expand the US economy by creating a market. It spread the American free market into Europe under the guise of economic aid which was in essence an imperial action as it gave Europe relatively little choice in the matter despite the participant countries being engaged in the planning and distribution of the aid packages.

As Kennan had outlined, economic measures were needed in order to contain the Soviet Union and the Marshall Plan's second goal was just this. Communist promises of a better lifestyle under the Marxist-Leninist system were an obvious comfort to the populations

most affected by the destruction which ravaged Europe and indeed Communist parties in both Italy and France were proving to be increasingly popular as the continent struggled to recover with the Italian Communists polling over 50% in some provinces in the 1948 elections.² It would be very likely that any Communist governments in these countries would be dominated in the main by Joseph Stalin which would mean even more Soviet influence over Europe, although this may not necessarily have happened. By the summer of 1947 it was becoming plainly obvious that the Soviet Union had no plans on withdrawing from what came to be its 'satellite' states in the East. It would have been a massive blow to the US if it were to allow itself lose the states of Western Europe to Communist dominance. If it did so it would be capitulating in the Cold War struggle and also losing markets something its economy would not tolerate as it needed highly consumptive markets such as Europe to buy its surpluses. While Communist parties were popular in some countries there was no real threat from the Soviet Union as regards the expansion of its influence into the Western half of the continent. Its economy had been destroyed by the war losing the equivalent of \$135 billion, completely the opposite of what happened to the US economy in the same time period with Stalin and his Politburo completely focused on the USSR's massive internal problems.³ Stalin was hoping that the Grand Alliance of World War Two could continue despite the development of the Cold War and with this hope in mind he was attempting to forge sound relations with Washington. Aggression in Western Europe was certainly not one of his aims but even still the Marshall Plan was simply the other half of the Truman Doctrine, a plan to sustain capitalism in Europe and isolate the Soviet Union. In order to ensure that no Communist or left leaning political group could influence the Plan in Europe it was made clear that centre-right leaning governments would be preferable so that social programmes

² Einaudi, M., 'The Italian Elections of 1948', *The Review of Politics* 3 (1948), 347.

³ Robinson, N., 'The Problems of European Reconstruction', *The Quarterly Journal of Economics* 1 (1945), 12.

would not take precedent over industrial programmes of which the US economy would benefit from through their ability to generate exports and therefore close the dollar gap.

Perhaps the most lasting goal of the Marshall Plan however was its ability to unite Europe into a single trading bloc. This goal in itself had multiple aims because it would ensure the integration of Germany into a wider European market which would prevent it waging war in the future while also making it easier for the US to trade with Europe as it would not have to deal with different regulations for different countries. Germany was key to US business investment in Europe as it had an abundance of technical skill and was widely seen as the most efficient country for industry but fears of its strength still resonated in France. Integrating Germany into a united Europe would ensure that it would not grow significantly stronger than France and with the countries being mutually dependent on one another, war would never again be an option. While not warring between themselves as states, a Europe united could also be developed into a third force under US hegemony which would act as a buffer towards the Soviet Union which was still seen, mistakenly, as a threat in this sphere. The embodiment of this third force was the development of NATO under American guidance. It indeed seemed true then that the Marshall Plan and the Truman Doctrine were two halves of the same walnut.⁴ While the Marshall Plan would provide markets for US industries it would also ensure that Europe remain in the orbit of Washington rather than Moscow. The plan could be said to be all things to all men as long as those men were not Communist.

⁴ LaFeber, W., *America, Russia and the Cold War* (New York, 1997), 49.

The American Trade Framework

The Marshall Plan and US trade

The American continent was fortunate to be in a position whereby it was not directly attacked during World War Two. It escaped the barrage of bombing campaigns and ground battles that had ensued throughout Europe causing the continent to emerge in 1945 as a wreck, only a destroyed shell of its former self. Due to this fortunate position the economy of the United States was left untouched by the war and flourished through the vast exportation of its produce to its Allies in Europe. This was no surprise for wars generally encourage demand for goods and as such then productivity increases meaning that more money is being spent throughout the whole economic system. With the ending of the war though America was faced with a huge problem. Its capitalist economy needed foreign markets to buy its surplus produce with the consequences being akin to the Great Depression of the 1930s if the economy could not find markets to expand to. Europe was of course a huge market but it had not the means to pay for the surplus produce that the US needed to sell. The European Recovery Programme was to ensure that participating European countries would have the means to purchase American goods and in doing so they would be reopening their markets to American trade and thus stimulating the US economy. In the period between the ending of the war and the announcement of the Marshall Plan there were genuine fears in the United States that its export economy was on the verge of collapse. “American exports in 1947 were only five per cent of gross national product, compared to ten per cent in the pre-1929 period”.⁵ While this amounted to a halving of foreign trade in that time period, there looked to be worse to come as it was predicted that exports from the United States to Europe would

⁵ McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 74.

fall by 40% in 1948, down from \$21 billion in 1947 to just \$13 billion.⁶ The consequences for the US economy would be severe if these predictions came true with the President's Economic Council of Advisors predicting a recession due to declining exports leading to unemployment and higher prices in the US as a result of the loss of paying markets.⁷ The cause of this dramatic predicted decline in trade was the lack of dollars in the possession of European governments, a predicament which came to be known as the 'Dollar Gap'. Without goods to sell to the US to earn fresh dollars Europe was using its reserves to buy essential goods from America with no way of replacing those spent dollars because its industries had been destroyed by the war and thus the dollar gap was caused. While the US had been sending aid to the value of \$9 billion to Europe since the end of the war it was doing so through United Nations relief agencies and in general it was a piecemeal response to recurring crises. The Marshall Plan would not be piecemeal but would be coordinated and managed in order to close the dollar gap allowing Europe to trade with the US and prevent the traditional US open door economic policy from failing. It was predicted that the US would export \$7.5 billion worth of goods and services more than it would import which shows the massive imbalance in world trade that the Marshall Plan intended to rectify.⁸ The ERP would essentially "export dollars, primarily through grants rather than loans" and therefore help redress the balance in world trade allowing US exports to continue.⁹ Due to the aid being in grant form the US could direct how it would be spent to a large degree and indeed there were many stipulations in the recovery programme which were specifically in

⁶ McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 74.

⁷ U.S. Department of State, 'Report of the Special 'Ad Hoc' Committee of the State-War-Navy Coordinating Committee, April 21, 1947', *Foreign Relations of the United States*, Truman Administration, Vol. 3, The British Commonwealth; Europe, 1947, 204 – 220.

⁸ U.S. Department of State, 'Report of the Special 'Ad Hoc' Committee of the State-War-Navy Coordinating Committee, April 21, 1947', *Foreign Relations of the United States*, Truman Administration, Vol. 3, The British Commonwealth; Europe, 1947, 204 – 220.

⁹ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 360.

place to ensure that the granted dollars would be spent through American industries as Under-Secretary of State Dean Acheson had questioned in May 1947 just how foreigners were going to get US dollars to cover the eight billion dollar trade shortfall between America and Europe.¹⁰ The answer was that the US would be able to sell its surplus produce, using dollars it had provided through the ERP. A case which clearly shows this was the fact that the US Congress required half of all US material aid to be shipped in American ships and insured with American insurance companies.¹¹ Gaddis argues that Truman found it merely “convenient” to argue this point as the US economy was “...in retrospect...self sufficient...”.¹² This point however fails to explain why the President’s Economic Council of Advisors expressed growing concern over projected falls in US exports while the Secretary of the Interior of the time remarked then that the plan was “essential to our own continued productivity and prosperity”.¹³ An economic recovery package of some sort for the large market that was Europe was thus deemed not just desirable but fundamental in keeping the US economy buoyant. The harsh winter of 1946/47 had aggravated the economic problems that had been simmering in Europe since the end of the war despite US bilateral loans and UNRRA assistance which was due to end in March of 1947 and this would further fuel the expansion of the already gaping dollar gap.¹⁴ It was at the end of that same month that Secretary of State George Marshall attended the Moscow Foreign Ministers Conference, a cornerstone reason in him later seeing cooperation with the Soviets as impossible, having been informed before going that the conference would be “a long and tedious

¹⁰ Acheson, D., ‘The Requirements of Reconstruction’, *Department of State Bulletin*, 18 May 1947 (Washington, 1947), 992.

¹¹ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 446.

¹² Gaddis, J.L., *The long peace: Inquiries into the history of the Cold War* (New York, 1987), 42.

¹³ Williams, W.A., *The tragedy of American diplomacy* (New York, 1972), 271.

¹⁴ Hogan, M.J., *The Marshall Plan: America, Britain and the reconstruction of Western Europe, 1947 - 1952* (Cambridge, 1987), 31.

struggle...(with) issues being such that we must be prepared to sit them out".¹⁵ Upon his return to the US he gave his famed speech at Harvard calling on the Europeans to devise a plan which the US could support. The British and French foreign ministers met in Paris to discuss the speech and form an initial response with both countries being surprised that the Soviet Union was also invited to participate in the plan although its participation came to an end when Molotov left the tri-partite conference on July 2 complaining that the plan would endanger national sovereignty.¹⁶ This conclusion was reached by him because of the American request that any plan "must show concerted efforts to foster European recovery as a whole" with each country's economic records being open to US inspection.¹⁷ While the coordination of economic activities in order to hasten reconstruction and recovery was surely a reason for this, there were other motives involved for despite the popular notion that the plan was essentially developed by the Europeans themselves, American adjustments and directions influenced the plan to such an extent that it surely cannot be considered solely as a European plan. The reason for there being so many US adjustments to the plan was because it was of course the Americans who knew best what plan would better serve their own domestic economy. Initially sixteen European countries through the CEEC (Committee for European Economic Cooperation) requested \$28 billion which was a figure too high for the Truman Administration and a Congress whom that Administration already had a rocky relationship with.¹⁸ While the United States had acknowledged that it was willing to assist the Europeans in their recovery, it was not quite prepared to spend this amount of money for it had already

¹⁵ U.S. Department of State, 'Telegram from Ambassador Smith to Secretary Marshal, 7 January 1947', *Foreign Relations of the United States*, Truman Administration, Vol. 2, Council of Foreign Ministers; Germany and Austria, 1947, 139 – 142.

¹⁶ Dulles, A.W., *The Marshall Plan* (Providence, 1993), 25.

¹⁷ U.S. Department of State, 'Summary of the Department's Position on the Content of a European Recovery Program, 26 August 1947', *Truman Library* (online), 1 – 11: 1. Available: http://www.trumanlibrary.org/whistlestop/study_collections/marshall/large/documents/pdfs/6-2.pdf#zoom=100

¹⁸ Lundestad, G., *The United States and Western Europe since 1945* (Oxford, 2003), 47.

spent billions on preliminary aid and in all likelihood it would find requesting this amount of money to be near impossible in front of Congress. The amount of money to be spent would be the minimum amount the US knew it could send in order to restart trade with the Europeans for it was imperative that a further drop in exports be prevented. Had the plan been constructed simply as a gigantic humanitarian effort the US would not have been so adamant about reducing its costs which, after being whittled down from \$28 billion to \$19.3 billion by the CEEC themselves under guidance from US Under-Secretary of State William Clayton, were further reduced to \$17 billion by the Truman Administration.¹⁹ This was still a lot of money to be spending even over a four year period and the Truman Administration needed to ensure that the plan had the support of American businesses and corporations and indeed it came to have with US investments in European mining rising 38% and rising 58% in manufacturing.²⁰ If the plan was not supported by them then the fundamental basis of ERP, to assist American trade and develop export markets in Europe was finished before it had even begun. This evidently did not occur, nor was it ever going to for the ERP was to ensure the promulgation of the Open Door economic policy so that the corporations and businesses the US would depend on as supporters of the Marshall Plan would continue to prosper. Through this the US economy as a whole would continue to prosper. As the amount of money to be granted and loaned was discussed and ultimately settled upon by America towards the end of 1947, it was going to be more difficult to decide on a method to control where that same money actually went. It was this control of aid resources that shows just how imperial the United States was in its design and management of the ERP. Perhaps the most important cog in the Marshall Plan machine was the establishment of the Economic Cooperation Administration, an all American body, which was the vehicle by which aid

¹⁹ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 364.

²⁰ Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 259.

would be distributed. Not only would it oversee this but it would also ensure the compliance of recipient states with any stipulations attached to the provision of aid with the ECA administrator being empowered “to terminate the provision of assistance to any participating country whenever he determined that such country was not adhering to the agreement it had concluded”.²¹ The \$17 billion package then was certainly not intended as *carte blanche* for the Europeans to use to recover in whatever ways they saw fit for this could lead to intra-European trade without any American influence or marketplace access. The Marshall Plan aid could have been distributed directly from the US government but this may have led to less business interests having a say in where the money should be spent and in what sectors. It was with this concern in mind that the ECA came to be staffed by the heads of US industry with Paul Hoffman, president of the industrial behemoth, the Studebaker Corporation, becoming chief of the ECA.²² Hoffman appointed four hundred administrators almost all of whom had a background in American business which plainly shows how the Truman Administration wanted the plan to be orientated towards US business interests for relief could have been channelled through the State Department or UN. The ECA was guided by a Public Advisory Board, itself a group of committees on various subjects but the important point of note is that this board was also populated by high ranking representatives from the business, agriculture and trade union sectors who could lobby the ECA to push aid policy in certain directions. The ECA needed the advice of the Public Advisory Board to ensure US business interests were being met when distributing aid with them tailoring the European aid requests to fit the surpluses which US companies and indeed farms had to sell. It was during 1948 that

²¹ Wexler, I., *The Marshall Plan revisited: The European Recovery Program in economic perspective* (Westport, 1983), 48.

²² McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 82.

the ECA actually cut certain food requests making allocations based on US farm surpluses.²³ This became official policy when the Agriculture Secretary “declared that surplus American agriculture products had to be purchased in the country”.²⁴ Stipulations such as these also applied to industrial goods with 65,000 trucks being allocated for ERP purchase despite the fact that the European nations had not requested any trucks due to the shortage of petroleum products and fuel which still existed in Europe.²⁵ However this suited US industry at the time which according to the Open Door theory needed to rid its domestic surplus on foreign markets and in this case the ERP certainly assisted. The involvement of American trade unions in the ECA was particularly double edged with the expansion of foreign markets suiting them too for it would ensure that employment and wages were kept at a high level at home with George Meany of the American Federation of Labour sitting on the Public Advisory Board alongside the many industrialists and businessmen on it.²⁶ On the other hand the American Federation of Labour collaborated with the State Department in putting down and preventing strikes led by Communists in France perhaps showing a core trait in the plan of caring for America, in this case the American worker and economy, first and foremost over the European worker.²⁷ Even though this myriad of industrialists, labour and businessmen were quite powerful and the aid they advised on quite large, the main weapon in the armoury of the ECA was not the actual aid but its control over counterpart funds. The influence that the US wielded through the counterpart funds of each nation enabled it to

²³ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 445.

²⁴ Kunz, D.B., 'The Marshall Plan reconsidered: A complex of motives', *Foreign Affairs* 3 (1997), 168.

²⁵ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 445.

²⁶ McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 82.

²⁷ Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 118.

heavily influence the fiscal policies of each European nation to a point where it becomes difficult to argue that US actions were not imperial. By influencing fiscal policy the US could more easily stimulate economic growth in areas most beneficial in the quest to close the dollar gap for while aid was assisting in the US aims, it was ultimately a build up of Europe's own industries that would keep the dollar gap closed for good. Counterpart funds had to be set up in accordance with the ERP terms and were funds of local currency equivalent to the amount of dollars the US had granted or loaned. Ninety-five percent of the fund could be used by the home nation on various projects but any expenditure had first to be approved by the ECA which ultimately meant that Washington had one more way of controlling how the European economies could develop.²⁸ Also, 5% of each fund was US owned with the money being used to purchase strategic materials often for military use.²⁹ Some countries, notably Britain wanted to use part of their counterpart allocations to fund social welfare projects but the ECA would not allow the funds to be used for purposes such as these. Social welfare expenditure and other such projects with no visible economic return were seen as inflationary thus pushing up the price of commodities and wages at a time when the European economies, in order to earn dollars, needed to be cheap and frugal. The counterpart funds then forced governments in Europe to keep wages low to encourage investment and to reduce foreign debts.³⁰ The US then was ensuring that the dollar gap that had developed was to close as quickly as possible in order to enable its own economy to continue growing and the ERP was certainly assisting in that it bought up surplus produce with 68% of aid money being spent on purchases in America, though once the plan came to an end there still needed to be a market

²⁸ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 381.

²⁹ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 381.

³⁰ McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 78.

for that surplus.³¹ Through the influence of counterpart funds and their usage the US was able to ensure that Europe would be on a firm footing to trading with the US in the long term to earn dollars through exports in a sustainable manner. In hindsight then Molotov was relatively correct when he stated in June 1947 that the Marshall Plan would have implications for national sovereignty for indeed it did – it fed dollars into the European economies with instructions on what to do with them while it also changed the way Europe used its own funds to ensure that Europe would prevent a future dollar gap and thus a future dip in trade with America.

The Communist Containment Framework

The Marshall Plan and the containment of Soviet Communism

While the economic aims of the European Recovery Plan are well outlined and documented, it was a plan with much broader aims than simple economics which in themselves were vital to its success. From the end of the Second World War the US was concerned about the possible expansion of the Soviet Union into Western Europe. If this were to occur then this vital market would be shut to American capitalism thus resulting in a feared crisis in the US itself. The Soviet Union was left in complete ruins by World War Two with six million buildings and thirty-one thousand industries destroyed.³² As such it had no means and no intention of battling with the West in order to spread its ideology west to the Bay of Biscay and the US knew of the “serious economic difficulties” in the USSR from embassy

³¹ Hoffman, P.G., (ECA Administrator). Letter to: Arthur H. Vandenberg (US Senator). 26 September 1949, *Truman Library* (online). Available: http://www.trumanlibrary.org/whistlestop/study_collections/marshall/large/documents/pdfs/7-12.pdf#zoom=100

³² Robinson, N., 'The Problems of European Reconstruction', *The Quarterly Journal of Economics* 1 (1945), 6.

despatches.³³ The US embassy in Moscow reported for some months on the Soviets “less aggressive international position”³⁴ and Stalin himself reaffirmed to visiting senator Harold Stassen that there “was every reason to hope for continued cooperation between the two sides”.³⁵ The Truman Administration, despite this evidence, still found that it needed to contain the Soviet Union, drawing on a strategy espoused by George Kennan which we now know as ‘containment’. It did however encourage the Soviet Union to be invited to participate in the ERP but a quote from Dean Acheson sums up the American thoughts of the time – “We are willing to help people who believe the way we do, to continue to live the way they want to live”.³⁶ A hallmark of imperial thought is for the imperial power to require allies or potential friends to think as it does and to have similar core beliefs – Acheson was quite clear in this regard with ERP being the weapon which would contain Moscow. The non participation of the Soviets would guarantee America the moral high ground on European recovery and also kick start the economic containment of its closest rival. This non-violent containment of the Soviets had come about much earlier though with it dating back as far as the Potsdam Conference of 1945, two years before George Marshall made his speech on European recovery, with the US pressuring Moscow to withdraw from Iran and opposing a Soviet presence in the Turkish straits.³⁷ The Middle East region and the Mediterranean itself were important in that they were areas containing strategic resources such as oil and, in the case of the Mediterranean were strategically located to protect those resources important for

³³ U.S. Department of State, ‘Telegram from Ambassador Smith to Secretary Marshall, 13 January 1947’, *Foreign Relations of the United States*, Truman Administration, Vol. 4, Eastern Europe; The Soviet Union, 1947, 515 – 517.

³⁴ Cox, M., and Kennedy-Pipe, C., 'The Tragedy of American Diplomacy? Rethinking the Marshall Plan', *Journal of Cold War Studies* 1 (2005), 115.

³⁵ Cox, M., and Kennedy-Pipe, C., 'The Tragedy of American Diplomacy? Rethinking the Marshall Plan', *Journal of Cold War Studies* 1 (2005), 117.

³⁶ Williams, W.A., *The tragedy of American diplomacy* (New York, 1972), 14.

³⁷ Leffler, M.P., *A preponderance of power: National security, the Truman Administration and the Cold War* (Stanford, 1992), 142.

Europe in its recovery.³⁸ If the Soviet Union expanded its influence in this area the implications for the US would be clear. Not only would it lose a vital resource necessary for rebuilding Europe but it would also lose credibility in that European governments may have lost confidence in Washington as an ally for even at this early point in the Cold War, the European governments were as fearful of Soviet expansion as Washington was. Dean Acheson said as much when he spoke of the possible expansion of Communism to the Middle East and Greece as having effects on "...Italy and France that cannot be overestimated".³⁹ The issuing in 1946 of what became known as the Truman Doctrine was a necessary measure to let Europe know that the US was determined to defend its allies around the world. However it was something more than that, it was a worldwide announcement of the beginning of the Cold War with the US willing to use any means necessary to defend "free people's who are resisting attempted subjugation by armed minorities or by outside pressure"⁴⁰. The Marshall Plan then was to be quite an innovative weapon in this simmering Cold War atmosphere with it being one half of that famous walnut that the Truman Doctrine was the other half of and going by the historical patterns of US actions up to 1947, it's anti-Soviet stance should have been no surprise. George Kennan's article *The Sources of Soviet Conduct*, better known as the 'X' Article, outlined that the US should aim to confront the Soviet Union in a firm but patient manner without resorting to military force and instead the use of economic measures to ensure the survival of capitalist countries deemed to be under threat by the Communist influence. "For Kennan the Marshall Plan was the pre-eminently political and psychological offensive with hoped for repercussions at the heart of the Soviet

³⁸ U.S. Department of State, 'Report of the Special 'Ad Hoc' Committee of the State-War-Navy Coordinating Committee, April 21, 1947', *Foreign Relations of the United States*, Truman Administration, Vol. 3, The British Commonwealth; Europe, 1947, 204 – 220.

³⁹ Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 43.

⁴⁰ McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 75.

system”⁴¹. Despite the Truman Doctrine and Kennan’s vision of economic containment the Soviet Union along with its Eastern European satellite states were indeed invited to participate in the development of the ERP but were most certainly kept on the outside from the beginning. When George Marshall made his speech at Harvard urging the Europeans to cooperate to develop a plan the US could then support, it was only British Foreign Minister Ernest Bevin and his French counterpart Georges Bidault who met to discuss a proposal. The Soviet Union, the country which had lost the most in the war, received only a belated invitation to this initial meeting which made the Soviets immediately suspicious as Molotov’s first query to Bidault asked what had he and Bevin done behind his (Molotov’s) back.⁴² The Soviet consideration of the Marshall Plan was definitely serious as they had lost half of their national wealth in the war and despite being suspicious of the Marshall Plan from the outset, were hopeful that it would “establish a framework for receiving substantial credits from Washington”.⁴³ It is a well known fact that Molotov brought 100 advisors with him to Paris, an indication of just how serious the Soviets were, to discuss the plan with Bevin and Bidault. Molotov’s suggestion that each country should formulate its own credit requirement was deemed unworkable however and indeed it wouldn’t have proven acceptable to Washington either as they wanted the plan to be pan-European and not state centric. Ultimately Molotov rejected the plan on the basis that it would interfere with national sovereignty for aid requests would have to be justified by statements of “national production goals” bringing about US inspections of Soviet economic plans, actions which can be seen as imperial.⁴⁴ A Soviet rejection was just what the US had been gambling on for if the Soviets had joined then, as

⁴¹ Harper, J.L., *American visions of Europe* (Cambridge, 1996), 199.

⁴² Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 130.

⁴³ Cox, M., and Kennedy-Pipe, C., 'The Tragedy of American Diplomacy? Rethinking the Marshall Plan', *Journal of Cold War Studies* 1 (2005), 118.

⁴⁴ U.S. Department of State, ‘Summary of the Department’s Position on the Content of a European Recovery Program, 26 August 1947’, *Truman Library* (online), 1 – 11: 2. Available: http://www.trumanlibrary.org/whistlestop/study_collections/marshall/large/documents/pdfs/6-2.pdf#zoom=100

George Marshall himself said, “Congress would have killed the Plan”.⁴⁵ Not only would the US Congress object to sending aid to a Communist nation, which was something not entirely new anyway since the US had abruptly ended the Lend-Lease Agreement with Moscow after World War Two, but it also knew that it simply could not afford the credits that Moscow would likely have requested. Now that Washington had a firm rejection from the Soviets, it was free to pursue its economic containment of the Soviet Union, sealing off the Soviets and their Eastern Bloc satellites from the economies of the Western European nations that the US hoped to mould into its own image. Not only would the Plan contain the Soviet Union in an economic sense but one of the foremost reasons for its adoption by the Truman Administration, was to prevent the rise of Communism in Western Europe itself. Due to the diabolical economic state of Europe after the war and the failure of governments to cope effectively, Communist parties were growing in popularity especially in France and Italy. This situation was something the US could not tolerate for this would facilitate greater Soviet influence in Europe despite their rejection of the plan and thus hurt the cause of containing the Soviets. It was assumed that centre-left parties, bar the Labour Party in Britain at the time, would be more open to coalescing with Communist parties in order to form governments and as such then it was made clear that centre-right governments would be looked upon more acceptably when aid applications were made. The significance of this as regards the Truman Administrations imperial tendencies is far from opaque. Even if leftist governments were to prove more popular, the US would still only feel comfortable working with a ruling party who held a similar mindset as to that which existed in Washington for otherwise the aid, they feared, would not be as effective in the containment of Communism and neither would it provide as well for US economic growth. This point was proven in May 1947 when American embassies were instructed that if the governments in France and Italy wanted aid

⁴⁵ Cox, M., and Kennedy-Pipe, C., 'The Tragedy of American Diplomacy? Rethinking the Marshall Plan', *Journal of Cold War Studies* 1 (2005), 110.

they would have to “ ‘correct the present situation’ first – that is to say, (they) would have to purge their cabinets of Communists”.⁴⁶ In France there was a real fear that the Communist Party would topple the Paris government due to the discontent plaguing the country before ERP was enacted with Bidault publicly stating, in the US, that “with reasonable assistance from the United States...the French anti-Communist forces shall triumph”.⁴⁷ He was deliberately implying that without assistance France could succumb to the red threat and that only governments such as his could be worked with as regards the deployment of aid to Europe. Washington knew that it had no choice but to aid Bidault “for political reasons”, although in April 1947 France ranked behind Italy in order of urgency so Washington knew he was not as weak as he may have liked to profess.⁴⁸ It was no surprise then that once aid from the US began to flow to Europe left leaning parties fared less well in elections with those held in 1948 showing a significant swing in the European political balance from left to right with Christian Democratic parties proving popular due to the explicit US tendency to support them.⁴⁹ This was particularly true in Italy where the Communist Party and other groups, combining under the banner of the People’s Bloc, were proving to be quite popular with the US fearing that they could win the 1948 election. It was predicted at the time that the Bloc would win 45% of the total votes and thus, potentially cause massive inconvenience to the work of the ECA in Italy.⁵⁰ The Communists had already been excluded from the government in June 1947 with their leader Palmiro Togliatti threatening violence if it proved

⁴⁶ Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 118.

⁴⁷ Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 231.

⁴⁸ U.S. Department of State, 'Report of the Special 'Ad Hoc' Committee of the State-War-Navy Coordinating Committee, April 21, 1947', *Foreign Relations of the United States*, Truman Administration, Vol. 3, The British Commonwealth; Europe, 1947, 204 – 220.

⁴⁹ McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 79.

⁵⁰ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 438.

necessary to overthrow that government.⁵¹ A Communist victory in the new elections would have given Moscow a foothold in the Mediterranean which was a consideration that Washington took into account in a major way when Truman decided to aid the conservative Greek monarchy in their fight against the Tito-supported rebels. Not only would this close off the Italian market but it would also potentially hamper American access to resources in the Middle East and perhaps prevent the stationing of US naval forces in the Mediterranean with Secretary of Defense James Forrestal worrying that if Moscow “gained a presence in the Eastern Mediterranean they would have the ability to cut the flow of critical raw materials to the West” and while this worry was directed at the Greek situation, the same applied for Italy.⁵² On top of this, victory for Communists in Italy would again deliver a crushing blow to US credibility and Washington engaged in many actions in order to reduce Communist influence in Italy including the spread of anti-Communist propaganda with the CIA spending \$10 million in 1948, most of which bolstered the coffers of the Christian Democratic party in the lead up to the elections.⁵³ CIA actions were relatively successful to the point where the agency itself reported that “increased and more effective covert psychological operations in Western Europe may account for the increasingly violent and indiscriminate nature of the Soviet and indigenous Communist propaganda barrage against the anti-Communist organizations in that area”.⁵⁴ These actions were undoubtedly imperial in nature for Mario Del Pero stated that “most of the actions undertaken to pursue those objectives were unofficial, since they involved intervention in the internal affairs of another sovereign

⁵¹ Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 232.

⁵² Leffler, M.P., *A preponderance of power: National security, the Truman Administration and the Cold War* (Stanford, 1992), 142.

⁵³ Lundestad, G., *The United States and Western Europe since 1945* (Oxford, 2003), 47.

⁵⁴ U.S. Department of State, ‘The Intelligence Community 1950 – 1955’, (Washington, 2007), 1 – 867: 315.

country”.⁵⁵ Of course the reasoning for such interventions in Italy at the time was viewed as sound for if actions were not taken then, as polling data showed, the Communist group could well have won the 1948 election and thus hampered the Marshall Plan in Italy. In essence then the US was going directly against the wishes of the electorate in conducting such interventions but even so they were not as successful as would have been hoped for the Communists still gained 31.4% of the votes in that election which resulted in the US putting pressure on the DeGasperi government into the early 1950s in an effort to have more pressure applied to Communist groups even at this late period.⁵⁶ Besides these individual interventions the United States was also involved, through the ECA, in a much broader scheme of acquiring strategic materials from the European nations for the use of the US military and economy in general. The ECA ensured that what was deemed to be strategic material could not be traded with any of the Eastern Bloc countries under the influence of Moscow and instead ensured that its treaties with the countries involved in the ERP contained provisions to assure US acquisition of needed strategic materials.⁵⁷ Strategic materials have been defined as “those materials...whose critical function or availability is essential for US economic competitiveness and security”⁵⁸ and often had their origins in the African colonies of Belgium, England and France which was an influence in the lessening pressure the US was impressing upon the European countries to decolonize as had been agreed during the war.⁵⁹ The stockpiling of strategic material was not just about ensuring that the American military

⁵⁵ Del Pero, M., 'The United States and "Psychological Warfare" in Italy, 1948 - 55', *The Journal of American History* 4 (2001), 1305.

⁵⁶ U.S. Department of State, 'The Intelligence Community 1950 - 1955', (Washington, 2007), 1 - 867: 320.

⁵⁷ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 448.

⁵⁸ The Industrial College of the Armed Forces, 'Final Report: Strategic Materials. Spring 2005, Industry Study', (Washington, 2005), 1 - 48: 2.

⁵⁹ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 448.

kept its position as the world's most powerful but it also ensured the non-availability of these items to Moscow while preventing countries under ECA supervision from trading freely with the Soviets. The Truman Administration extended its own strategic trade embargo so that countries receiving aid could not sell strategic or semi-strategic, dual purpose goods, to the Eastern Bloc or Moscow.⁶⁰ This further contained the Soviets through the vehicle of the Marshall Plan. While this form of trade control was certainly imperial it was made even more so by the fact that the US used its control over European counterpart funds to purchase materials, with Congress specifying that 5% of each nations counterpart funds having to be directed to the purchase of raw materials to fulfil American stockpile orders.⁶¹ Perhaps the most important strand of evidence that the Marshall Plan was driven by a US aim to contain perceived Communist advances was the timing of the passage of the plan itself through Congress in Washington. Czechoslovakia had appealed for American aid when “only 63% of the expected grain harvest came in and 48% of the expected potato harvest”.⁶² Washington made demands that the government of Benes, which had tried to keep itself between East and West without aligning with any side fully, reorient itself further to the West which would have the obvious repercussion of alienating Moscow. This clearly showed the US use of aid in influencing the position of governments to the point where that influence was imperial but in this case it backfired as the Czech's were offered 600,000 tonnes of grain by Moscow, an offer they reluctantly accepted.⁶³ The Benes government then fell the following spring when twelve ministers resigned over the actions of the Communist Interior Minister in his organisation of the police force and this allowed the Communists under Klement Gottwald to

⁶⁰ Lundestad, G., *The United States and Western Europe since 1945* (Oxford, 2003), 57.

⁶¹ Kolko, G. and Kolko, J., *The limits of power: The world and United States foreign policy, 1945 - 54* (New York, 1972), 448.

⁶² Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 211.

⁶³ Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 211.

form a new, Moscow orientated government. President Truman used the Czech crisis with great skill in ensuring the passage of ERP funds through Congress, speaking to Congress on March 17, 1948 and just twelve days elapsed before the funds were approved.⁶⁴ Truman himself then had clearly drawn the link between the Marshall Plan and the “survival of freedom”.⁶⁵ That link, which ensured that the Marshall Plan was a vital part of America’s containment strategy, was just as important as the US economic rationale for the plan. The Soviets were, from Washington’s erroneous viewpoint, expanding their influence, and the Marshall Plan would ensure that that influence could not expand further Westward to the markets the US needed. In doing so however the US only helped to further deteriorate its relationship with Moscow. The third rationale of the plan was to ensure a more integrated Europe, a vital aim in ensuring that economically the plan worked to benefit the US in the long term and also in containing Communism with a new third-force.

The European Integration Framework

The Marshall Plan and European Integration

It has been argued by historians such as Michael J. Hogan and Geir Lundestad that the Marshall Plan was the starting point for the integration of Europe and the development of the European Union as we know it today. This is true in that the OEEC, the body set up in 1948 to coordinate the European plans for Marshall Aid, was the first post-war organisation that forced the Western Europeans to act as one bloc with the US Congress pointing to the advantages it had itself from federalisation.⁶⁶ Molotov had requested at the Paris Conference

⁶⁴ LaFeber, W., *America, Russia and the Cold War* (New York, 1997), 73.

⁶⁵ LaFeber, W., *America, Russia and the Cold War* (New York, 1997), 73.

⁶⁶ Wexler, I., *The Marshall Plan revisited: The European Recovery Program in economic perspective* (Westport, 1983), 207.

that each nation create its own separate plan for the US to then fund but this was rejected as the ERP was to be a supra-national plan which would force the European nations to create “a single large market within which quantitative restrictions on the movement of goods...and eventually all tariffs are swept away”.⁶⁷ It was not as simple as it seemed because as Wexler explains, even with the OEEC operational, some of the European countries were still quite unwilling to unite, with Denmark playing the World Bank off the ECA in order to secure the most favourable loan terms it could leading Wexler to state that the OEEC countries paid “scant regard to the notion of collective well-being”.⁶⁸ Even though this pessimism existed Washington knew there were obvious benefits to greater cooperation because cooperation would form the basis for integration making it easier for the US to conduct trade with Europe and also an integrated Europe would form a stronger barrier to Communism in the East, eventually becoming a potent force itself but within the “wider Atlantic framework”.⁶⁹ In becoming this so-called third force, an integrated Europe would make complete the Atlantic framework and “through this the United States would presumably be able to protect its leading role in the Western world”.⁷⁰ Western Europe was a land of great industrial strength and it was viewed by some in the US government, particularly George Kennan, as being an area of vital importance as regards the military in a possible future conflict with the Soviet Union. If Europe was not economically strong and not integrated as a unit then there was every reason to believe that if war occurred Europe would be easily run over by the Soviets which would then leave the US in a very weak position, isolated across the Atlantic and come war’s end the US economic system would be destroyed as it would have few nations to trade

⁶⁷ Hoffman, P.G. ‘Statement by Paul G. Hoffman before the Organisation for European Economic Cooperation’. Speech, Meeting of the OEEC, Paris, 31 October 1949.

⁶⁸ Wexler, I., *The Marshall Plan revisited: The European Recovery Program in economic perspective* (Westport, 1983), 213.

⁶⁹ Lundestad, G., *The United States and Western Europe since 1945* (Oxford, 2003), 38.

⁷⁰ Lundestad, G., *The United States and Western Europe since 1945* (Oxford, 2003), 38.

meaningfully with. These fears prompted George Kennan to adopt a strongpoint strategy with America ensuring that four out of the five centres of industry and war making capacity that weren't under Soviet control, such as France and Britain, remained Western orientated.⁷¹ These strongpoint's would all be under US hegemony acting with the US and never fully independently, showing how the US system was imperial and also how it was quite militaristic in its standpoint at a time when the Soviet military and general economy was at its weakest. As a vital strongpoint Europe was to be a third force between the US and the Soviet Union but for this to occur it had to be integrated. The Eastern Bloc countries were to be Stalin's integrated buffer zone for the Soviet Union but Western Europe was to be a buffer zone of kind for the United States in that it would be, in wartime, the first ground to see major battles much like Eastern Europe would be the first if a battle were to take place initiated by the West, or so the Kremlin thought. However there was more to Washington's integrationist approach than simply preparing itself, and the Western Europeans, for the advent of a possible future war with the Soviets. There was still the risk that the Western Europeans could engage in a war amongst themselves in the future with Germany involved at some level. It should be remembered that at the time it was still very much feared, especially in Paris and Moscow, that a revived Germany could regain enough strength to once again cause a war and with this in mind France initially pressed their claims for the Saar and for the internationalization of the Ruhr industrial region.⁷² This would have prevented any integration of European economies, backfiring on US aims. The Marshall Plan then was vital in order to ensure that Germany could not rise alone but only with the rest of Europe, thus assisting integration, with the United States as the ultimate guarantor "against anything going

⁷¹ Gaddis, J.L., *Strategies of containment: A critical appraisal of post-war American national security policy* (New York, 1982), 58.

⁷² Maier, C. S., 'Introduction: Issue then is Germany and with it Future of Europe'. In: Maier, C. S. and Bischof, G. (eds), *The Marshall Plan and Germany* (Oxford, 1991), 1 – 39: 21.

seriously wrong in West Germany in particular”.⁷³ Essentially Germany was to be contained within an integrated Europe but it was the entanglement of security concerns with a US concern that Germany be revived for its industrial potential that brought about its integration through the Marshall Plan. The plan would not have been workable had it not included Germany with conclusions being made that “the whole economy of Europe is interlinked with (the) German economy through the exchange of...goods”⁷⁴ as the US needed the industrial capacity of the former Axis power to be at the heart of the European economic recovery with American businessmen, trade unionists, and political leaders alike believing that German resources could serve Western Europe as a whole.⁷⁵ The Marshall Plan would serve to bring Western Europe together and the inclusion of Germany, or at least its Western administered sections, was a prerequisite to the plan having full American support for the plan required that Europe become productive and close the dollar gap, something it could only do if Germany was involved. Not only would it be a prerequisite but the plan would also direct how German recovery itself would occur with the US State Department persuading the British not to socialize the Ruhr coalmines, nor to internationalize them as the French demanded, but to put them under private German management.⁷⁶ A closer union, under US hegemony, between the Western European countries would allow capital to flow in a freer manner among them, including into and out of Germany and this would assist in closing the dollar gap also. Kennan was adamant that “without the Germans, there could be no real

⁷³ Lundestad, G., *The United States and Western Europe since 1945* (Oxford, 2003), 38.

⁷⁴ Hoover, H., ‘The President’s Economic Mission to Germany and Austria, 18 March 1947’, *Truman Library* (online), 1 – 18: 2. Available: http://www.trumanlibrary.org/whistlestop/study_collections/marshall/large/documents/pdfs/5170.pdf#zoom=100

⁷⁵ Maier, C.S., ‘Alliance and autonomy: European identity and US foreign policy objectives in the Truman years’. In Lacey, M.J. (ed), *The Truman Presidency* (Cambridge, 1989), 273 – 298: 286.

⁷⁶ Hogan, M.J., *The Marshall Plan: America, Britain and the reconstruction of Western Europe, 1947 - 1952* (Cambridge, 1987), 59.

European federation”⁷⁷ and George Marshall himself also noted that “without a revival of Germany’s production there can be no revival of Europe’s economy”.⁷⁸ In order to restore the international economic system to a balance and thus prevent dollar gap from recurring, Europe would have to earn dollars and the location of US companies would assist in this through exports but yet again Germany was to prove important. The chairman of General Motors at the time, Alfred P. Sloan, stated that “the other countries (of Europe) are just not comparable with Germany in their efficiency...there is nothing that could convince us in General Motors that it was...worthwhile to undertake an operation...in a country like France”.⁷⁹ A revived Germany would not only serve as Europe’s productive heart but it would also be a market for goods from Europe thus making integration even more important which led the ECA to continually push for collective actions on all matters economic in Europe.⁸⁰ The Marshall Plan was also supranational, the US State Department outlining that the ERP should contain “comprehensive measures to foster multi-lateral intra-European trade”.⁸¹ If Western Europe could integrate itself economically, not only could it eventually support itself sustainably and not depend on ERP funds, an idea Congress found favourable, but it would also prove to be an easier trade partner for Washington to deal with. For this sustainability to occur there had to be integration so that there could be a restoration of “the equilibrium in world trade which was missing since 1914”.⁸² It would be much easier for the

⁷⁷ Harper, J.L., *American visions of Europe* (Cambridge, 1996), 203.

⁷⁸ McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 80.

⁷⁹ McCormick, T.J., *America's half century: United States foreign policy in the Cold War and after* (Baltimore, 1995), 80.

⁸⁰ Wexler, I., *The Marshall Plan revisited: The European Recovery Program in economic perspective* (Westport, 1983), 213.

⁸¹ U.S. Department of State, ‘Summary of the Department’s Position on the Content of a European Recovery Program, 26 August 1947’, *Truman Library* (online), 1 – 11: 5. Available: http://www.trumanlibrary.org/whistlestop/study_collections/marshall/large/documents/pdfs/6-2.pdf#zoom=100.

⁸² Milward, A.S., *The European rescue of the nation-state* (London, 1992), 59.

US to trade with one large bloc of countries than with all of the countries of Western Europe acting separately as regards fiscal terms. One of Washington's intentions for the Marshall Plan was just this as seen by its welcome acceptance of the establishment of the European Payments Union through the OEEC. The American proposals for the EPU were for full intra-Western European currency convertibility and the freeing of a wide range of invisible payments.⁸³ Essentially the EPU would thus bring about fiscal integration as the US wanted leading, as William Foster predicted, to a common European currency and central bank.⁸⁴ The US would even specially finance Austria, Greece and Iceland, three countries who were running import surpluses due to their economies still being relatively weak so that they could participate in the EPU as structural debtors.⁸⁵ This showed just how much the US wanted integration to occur as it was willing to fund it further than what ERP funds were to be used for. With ECA support it even changed the way in which trade was conducted substituting international credit for intra-Western European deficits on trade and payments thus making the EPU countries more dependent on one another.⁸⁶ This transformation and the growing trans-nationalism which the Marshall Plan had initiated certainly assisted in integrating Europe and thus creating a bloc with which the US could trade with. It also spread US ideas on trade, industrial efficiency and corporatism with US experts travelling throughout Western Europe demonstrating new methods of manufacture and new systems. One such example was how US machinery and experts reduced processing time from 5 days to 2 hours in a Dutch

⁸³ Milward, A.S., *The European rescue of the nation-state* (London, 1992), 304.

⁸⁴ Milward, A.S., *The European rescue of the nation-state* (London, 1992), 333.

⁸⁵ Milward, A.D and Sorenson, V., 'Interdependence or integration? A national choice'. In Milward, A.S., Lynch, F.M.B., Romero, F., Ranieri, R., Sorenson, V., *The Frontier of National Sovereignty: History and Theory 1945 – 1992* (London, 1993), 1 – 33: 7.

⁸⁶ Milward, A.D and Sorenson, V., 'Interdependence or integration? A national choice'. In Milward, A.S., Lynch, F.M.B., Romero, F., Ranieri, R., Sorenson, V., *The Frontier of National Sovereignty: History and Theory 1945 – 1992* (London, 1993), 1 – 33: 7.

soap factory.⁸⁷ Such improvements allowed US ideas to permeate into the business consciousness of Europe. The flow of these ideas was of course assisted by the integration of Western Europe and generated enough support to enable the US to keep Europe as a third force, integrated, Western and business orientated and of course, under US hegemony.

Conclusion

The recovery of Western Europe from the ravages of World War Two was something in which the Marshall Plan almost undoubtedly assisted, although Milward argues that recovery would have occurred anyway, it may not have occurred at such a rapid pace. The rapid pace is shown by export figures with European exports doubling between 1947 and 1950.⁸⁸ Though on the surface the Marshall Plan was economic in nature, its precise intended consequences are to this day still disputed with orthodox histories such as Greg Behrman's book 'The Most Noble Adventure' arguing that the ERP was an act of generosity on the part of the US which helped to save Europe from disaster. However, revisionist accounts such as McCormick's, and Lundestad's post-revisionist account, stress the benefits that the Marshall Plan held for the US itself. While the plan may have had some benevolent connotations, it actually was a plan with three interlinked frameworks, all dependent on one another. It helped to rebuild Europe in order to rebalance the trade relationship across the Atlantic with the US economy relying heavily on exports to the market of Europe. Without its own industry Europe could not redress the dollar gap which would eventually have brought trade, and the US economy, to a halt. The Open Door had become increasingly important to the US economic way of life and while the war had boosted industrial production there was a fear

⁸⁷ Mee, C.L., *The Marshall Plan: The launching of the Pax Americana* (New York, 1984), 251.

⁸⁸ Milward, A.S., *The European rescue of the nation-state* (London, 1992), 336.

that after the war there would be surplus production with no market in which to sell. The Marshall Plan was a vehicle to reopen the European market to US goods with aid being distributed through the ECA which was extremely pro-business and ensured that money was not spent on welfare measures that may have brought about inflation. This also kept wages low, boosting industry and as a result, exports too. It would be remiss not to locate the Marshall Plan in the overall context of a developing Cold War and the containment of a perceived Communist advance throughout Europe was also a considered reason when the plan was put into action. Although the Soviet Union was invited to participate, the plan was designed to be impossible for them to agree with and indeed the fiscal implications of their participation would have prevented it from passing through Congress. This allowed the US to seize the moral high ground and contain Communism to the East as it deliberately favoured right wing governments in the division of aid. Washington even overtly showed its imperialistic tendencies by preventing recipient countries from trading certain materials with the East, all the while stockpiling strategic material through the ECA. Possibly the most lasting effect of the plan was in how it forced Western Europe to cooperate and integrate through the OEEC due to the American demand that aid be transnational and not on a country-by-country basis. Not only would this enable the Europeans to trade more easily amongst themselves but it would also make the West easier to trade with, create a bigger market for US goods and also form a stronger buffer to any Communist pressure from the East. The Marshall Plan fulfilled all three of its aims, serving as a fine diplomatic weapon for the United States, a weapon whose results lasted for years as it filled the dollar gap, preventing the stalling of the US economy in doing so while at the same time preventing regimes unfriendly to Washington, from taking power in Europe and destroying a market for US goods and investment. Through its aims it also became an instrument of imperialism in that it made the US so powerful as to be able to change governments and decide in which

direction a nation's economy would progress. This trait, along with the plans massive benefits to the US, should ensure that the Marshall Plan, its origins and implementations, remains an area of required study in US Foreign Policy.

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