

Study on the marshall plan



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The Marshall Plan officially known as the European Recovery Program or ERP, it was the primary program during 1947-51 to assist with aid. The United States rebuilt and created a stronger economic democracy for the countries of Europe. At the end of World War II, the United States went on a venture to rebuild Europe. General Marshall went all across the Continent to villages, towns and cities that had been pounded in to rubble. The transportation system was unreliable after the war. Bridges, roads and railroads lay wrecked and destroyed.

Germany was ruined. Britain, France, Italy, the Netherlands and other European countries had been badly damaged. Millions of men, women, and children had been killed. Millions more struggled just to find food to eat and a dry place to sleep at night. Britain faced a desperate shortage of coal and electrical power. Trade was deceased, and factories had been crippled across Europe. Farms, mines and manufacturing concerns struggled to provide food, shelter, and clothing. Europe was starved for capital to reinvest in industry. They needed capital with which to relieve a crippling debt burden, and capital to enable Europeans to get their people back to work and adequately feed them.

Reconstruction required products from the United States, and the Europeans simply did not have the dollars to purchase such material. The Marshall Plan was set up because of the economic disaster in Europe. It was the coldest winter in the record in 1947. People died of starvation or either froze to death. General Marshall wasn't pleased with the conditions that these countries were in. He spoke with President Truman and said the world turn communist if it's not jumped started." (Milward, 1945-51.) George Marshall

(who had served as a general in the U. S. Army during the war) had been appointed U. S. secretary of state. The tragedies of the European situation became more aware to American leadership. A small recovery was already on its way, fueled by a little publicity of aid from America, mainly in the form of loans, fuel, raw material, goods, wheat, and US machinery to help get factories get back on their feet. The transport system was helped by rebuilding transport system through advisers. They also had a very large number of Norwegian fishermen, wool for Australian weavers and new tractors for farmers. From July 1945 until December 1947 America funded roughly \$11 billion into Europe. (The Marshall Plan, 2008). But this aid oriented toward relief and was largely unfocused. It had not achieved the progress that had been hoped for. A more coherent and effective approach was necessary.

In March 1947 Secretary Marshall attended the foreign ministers' conference in Moscow. Political and economic developments were not promising. Alarmed at the failure of the conference, on his return from Moscow Mr. Marshall declared that " the patience is sinking while the doctors deliberate." (Martin Schain (ed.), 2008)

Over the next six weeks the secretary set his department working hard to come up with a workable solution. The plan that eventually emerged was simple and broke new ground. America provided aid to European countries for years and agrees to respond cooperatively. Remarkable as it may seem from a Cold War perspective, this plan even envisioned including the Soviet Union and its newly Eastern European satellites.

The goals were straight forward and alleviate the dollar shortage. This provided a catalyst for recovery to head off any provided many solutions. This act alleviated communist threat.

The new program would target construction, investment, and new technology. It would include and involve advisers in economic modernization. America wanted a rebuilt Europe, in which nations would act together and cooperate as the American states had done for decades.

This new aid would be issued over several years and targeted in a way that would help alleviate balance-of-payments problems. The economies progressed productively and cooperated between capital and labor across the region. This plan was publicized as “ a hand-up,” not a hand out.” (Martin Schain (ed.), 2008).

On June 5, 1947 George Marshall launched the program during Harvard University graduation ceremony. Marshall described the dangerous situations in Europe and laid out the rationale for American involvement in nothing less than to lend a hand to help rebuild Europe.

In what has been called the “ ultimate commencement address,” Marshall argued that Europe “ must have substantial additional help or face economic, social and political deterioration of a very grave character.” (The Marshall Plan, 2008).

He thought it was only logical that the United States should do whatever it takes to assist in the return of normal economic health in suffering countries, without the help he felt there wasn't going to be any political stability and no

assured peace. He made his point for why his plan was needed: The policy is directed not against any country or doctrine but against hunger, poverty, desperation and chaos. The main purpose of the project was to be a partnership. It would be neither fitting nor efficacious for this government to undertake or to draw up a program designed to place Europe on its feet economically.

The State Department was concerned about the speech they felt as if it was understated and short on specifics. By this American publicity was silent. Many people failed at first to grasp the importance of the disclosure and didn't quite understand what was really going on. However, this was not the case in Europe. British Foreign Secretary Ernest Bevin heard Marshall's radio broadcast speech and immediately contacted French Foreign Minister George Bidault to begin preparing a quick European response to accept the offer. The two agreed that it would be necessary to invite the Soviets as the other allied power.

When the Soviet ambassador in Washington saw the plans as creating an anti-Soviet bloc, Joseph Stalin felt that the Soviets should take the offer. Stalin directed the negotiations to be held in Paris regarding the aid; countries in the Eastern Bloc must not agree to accept economic conditions. Stalin changed his perspective on things when he learned that funds would be extended only on a willingness to accept economic cooperation and the catch was that Germany would also be extended more aid, from this he thought that this would wreck the Soviets ability to influence in Western Germany.

Stalin suspected a possibility that these Eastern Bloc countries might defy Soviet directives not to accept the aid, potentially causing a loss of control in the Eastern Bloc. In addition, the most important condition was that every country to join the plan would need to have its economic situation independently, but the Soviets could not agree. Bevin and Bidault also insisted that any aid be accompanied by the creation of a unified European economy. But progress was slow, and it took two months to draft a suitable plan. Not until December was the first official version of the plan submitted to Congress.

The Marshall Plan, officially called the European Recovery Program, came into being on April 3, 1948. The United States Congress passed the new law and called it the Economic Cooperation Act, which outlined a great program of European aid.

By the end of 1952 the Marshall Plan had grossed more than \$13 billion in funds to rescue Europe and settle it back on its feet. This was about five to ten percent of the U. S. federal budget and two percent of gross national products. The plan served as a stimulus package to expand European agricultural and industrial production; it helped restore budgets and finances; it stimulated trade among European countries and the rest of the world. The United States wanted to be the first to help with the redevelopment of Europe, by 1949 it became the policy of the Marshall Plan to encourage the unification of Europe.

The Marshall Plan was the containment of communism. By rescuing, Europe, America hoped to change the political and economic landscape that

communism would to cease economic issues. The Marshall Plan dramatically strengthened the role of American power and prestige in Europe. It played its part in paving the way for the North Atlantic Treaty of 1949, which bought the North Atlantic Treaty Organization (NATO) into existence.

America saw that a partnership between itself and a strong, united Europe, sharing the same essential values of freedom and democracy, provided the best means to cease communism and other regional and global problems. The Marshall Plan is considered by many to have been the most effective of all American foreign-aid-programs. It succeeded in preventing the deteriorations of European economies and in so doing helped cease communism. The spirit of George Marshall lives on as America and Europe work toward the same grand vision of shaping the peace, freedom, and prosperity of the world based on democratic values.