

The reason of marshall plan



In June 5th, 1947, Marshall declared a famous speech in Harvard University. The idea of providing economic aid to the all Europe came on the scene. Between 1948 and the end of 1951, United States channeled \$12.3 billion aid to Western Europe including grants, loans and in-kind transfer. The effects of Marshall Plan are all-encompassing, for example, contributing to the cold war, helping the recovery of European economy and European integration. Someone called in question about its necessity, someone embraced it as the saver of the world.

It is wondered what is the deep reason that pushed America to launch the plan. Though many scholars have written about this topic, this paper will call for reassessment of the existing literature based on recent findings, new methodologies. This essay will specifically argue that the main reasons of the launch of Marshall Plan are the threats of communism and the interweaving interest's network of America and Europe. In the first part, it will display the urgency of 1947 European crisis. In the next part, it will focus on the threats from the communism and inferred with the Truman doctrine declared before. Next, it will analyze the short-term and long-term interests that America could gain from the plan. After the World War II, the Europe showed a sign of fast recovery at the beginning, and soon faced with increasingly worsening situation. Within several months after the war, through large scale reconstruction of the infrastructure, the industry recovered quickly. People were drowned in the prospect of peace and happiness of a fresh start. However, the limits on the raw material and lack of the energy supply constrained the recovery soon.

Further worse, during the winter of 1947, because of the heavy snow, roads, bridges, rail links, and water ways were impassible, hindering the obtaining of raw material and transportation of the products. The thawing snows also flooded coal mines, making the production of steel fall backward significantly. The summer of same year, was called the hottest and driest since records began, and the drought reduced supplies of hydroelectric power. Disillusionment of hopes and desperation hung over people's hearts. The European crisis of 1947 was more than the misfortune of natural disaster.

The disappearance of Germany from the economy is a deeper reason beneath the desperation. During pre-war period, Germany was the main market of European economy. By 1939, the Germany held 38% of Greece exports and one third imports. During pre-war period, the German Ruhr area exported large amounts of coal to France used for the production of steel. Substitute for Germany, America became the main exporting country to Europe. However, another problem came, the dollar crisis. Most European countries imported large amounts of food, coal and raw materials from America, but they have nothing to sell back.

France carried \$2049 million of payment deficit for buying coal from America annually. The heavy national debts carried by the country brought about the inflation and eroded the confidence of currency. Marshall said in his radio speech: ' the patient is sinking while the doctors deliberate. So I believe that action cannot await compromise through exhaustion. New issues arise daily. Whatever action is possible to meet these pressing problems must be taken without delay. ' Marshall claimed that the severe of crisis of Europe and the

disagreement between two blocks pushed Marshall or the America to make such choice.

Though the plan was initially directed to both eastern and western European countries, it is argued that Marshall knew the refusal of Soviet Union in advance, because soviet had been always against any activity of Germany industry construction and stressed the importance of reparation. Hitchcock argued in his article that the primary trigger of the Marshall Plan was ‘ the failure of American policy in occupied Germany’ and the ambition of the European recovery developed later. In addition to the economic crisis, the political situation was especially not going well for America.

The initial hope for fast recovery was downgraded into the desperation of living. The situation of capitalism was between the beetle and the block . The failure of post-war government turned out to provide a good opportunity for communists. Especially students and working class valued the communism as the only party that could bring a totally different world, create a classless society. As Kenan wrote in his memoir, ‘ the pall of fear hanging over Europe in 1947 was preparing the continent to fall, like a ripe fruit, into Stalin’s hands. ’

America used the plan as an economic barrier to soviet expansion. As said in a CIA report in April, 1947, ‘ The greatest danger to the security of united states is the possibility of economic collapse in western Europe and the consequence accession to power of communist element. ’ Looking back the Europe in 1957, there are guessing that at best, the Europe would be in decades of poverty and struggle; at worst, Europe will collapse back into civil

war, fascism and communism. Truman doctrine is released before the Marshall plan and closely related to the plan.

In 1947, March, President Truman told the US congress ‘ to help free peoples to maintain in their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is no more than a frank recognition that totalitarian imposed on free peoples, by direct or indirect aggression, undermine the foundation of international peace and hence the security of the united states. ’ The Truman doctrine was declared as a proposal to provide economic and military aid to Greece and Turkey for fighting against local communists, or as he named, ‘ totalitarianism’.

Compared with Truman doctrine, Marshall Plan focused more on the economic aid and the recovery of Europe. However, there is still similar intention between these two plans. If the Truman doctrine is the explicit counterattack to the soviet expansion, the Marshall plan is the implicit one. The short-term interests of the plan, which were not so vital to America, however, were worth to mention. It has claimed by Americans that the primary intention of the plan is good-will for the recovery of Europe and soviet expansion urged them to establish the plan as soon as possible.

However, there were also suspicions that the act of America was just self-serving and America was using Europe as an outlet for their goods. What is more, in some areas, the aid plan was not welcomed. It will be argued here that the short-term interests of the plan could be nearly negligible when compared with other reasons. The products were given for free from America and what American people can directly gain profits from is that all goods

were distributed through American ships and were unloaded by the American dock man. The interweaving interests of America and Europe are prime reason behind the launch of Marshall Plan. The sink of Europe or the sovietization of Europe did more than harm to America and like domino effects, it will threat the whole America's safety. The primary concern for the plan is the safety and long-term development of the United States. Between the end of war and the announcement of the plan, there already were loan plans from America to Europe. As additional conditions of the loan, the United States demanded Britain to give up the exchange control and make British currency fully convertible. Similarly, America asked France to abandon the protectionism and allow freer imports and exports.

Though these plans failed at last, the intention of America was obvious, contributing to freer international trade, more stable currency exchange and wider international cooperation. The Marshall plan is claimed different from all the previous plans. First, the choice of whether to take it and how to use it is in the hands of Europe, and the role America played was just advisory. Second, the plan is a long-term strategic program, with the help of European recovery program. Third, the money attached to the plan is enormous, more than any previous United States oversea aid combined.

If measured by GDP, the money cost 5% of American GDP, equal to 201 billion dollars in 2004. If measured with the value of dollars, the money is worth 100 billion dollars in 2004. Fourth, the plan is a larger European-scale plan, involved many countries into the plan simultaneously. Nevertheless, compared to the past plans, the declaration of the Marshall plan is another

form or another positive trial of the same intention. Opinions of whether to declare the Marshall plan was initially divided within the United States.

However, new dealers in most post-war administration favored the plan and viewed it as ‘ an opportunity to reconstruct Europe in America’s image’. The program of ‘ productivity mission’, funded by the Marshall plan, was to bring technical Europeans to learn the American way of economy and business. New dealers in America expected these managers and technicians could take the atmosphere of free trade and business cooperation back to Europe. Underlying the aim of Americanization of Europe, the pursuit of restoring long-term trade partner is more essential reason.

A CIA director Allen Dulles said: ‘ the plan supposes that we desire to help restore a Europe which can and will compete with us in the world markets and for that very reason will be able to buy substantial amounts of our products. ’ the establishment of closer ties for America with Europe could facilitate future business and politicalcommunication, and the decrease in distinction and gap could decrease the possibility of quarrel and war. In conclusion, the declining European economy led to the increasing attraction of communism.

Faced with the sinking Europe and aggressive Soviet Union, the American government was pushed to launch the Marshall plan. Aligned with Truman doctrine, it is a diplomatic strategy of America to suppress the expansion of Soviet Union and maintain the common interests of Europe and America. Attached with the plan, there are also American blueprint for a prosperous international trade and cooperation within the western bloc without the

interference from Soviet Union. The threats of communism are the main direct external factor that makes the plan available through the congress.

The desire for a trade-free Europe and the presumably impossible negotiation with Soviet Union are the main reasons that make the plan come into being. The potential benefits of advancing America-Europe relationships and shaping a freer trade atmosphere are ambitious goals of the new dealers and the plan proves to have subtle but far-reaching influence on the integration of Europe.

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