

BRITISH PUBLIC OPINION ON THE MARSHALL PLAN

by

PATRICIA McKEEMAN NELSON

B. S., Kansas State College of
Agriculture and Applied Science, 1949

A THESIS

submitted in partial fulfillment of the
requirements for the degree

MASTER OF SCIENCE

Department of History, Government, and Philosophy

KANSAS STATE COLLEGE
OF AGRICULTURE AND APPLIED SCIENCE

1951

TABLE OF CONTENTS

PREFACE	iii
CHAPTER I - INTRODUCTION	1
CHAPTER II - GREAT BRITAIN'S ECONOMIC POSITION.	7
CHAPTER III - BRITAIN'S RELATION TO EUROPEAN ECONOMICS.	18
CHAPTER IV - BRITISH PUBLIC OPINION	29
CONCLUSIONS	65
BIBLIOGRAPHY	70
APPENDIX	72

PREFACE

On June 5, 1947, Secretary of State George C. Marshall in an address at Harvard University laid the foundation for what was to be known as the Marshall Plan. This Plan was to aid European nations in regaining their economic stability.

Great Britain was greatly concerned over regaining her position in world affairs and in order to do so realized it must regain its economic stability, therefore it took a leading role in making the Marshall Plan work. Because of Britain's leadership in the Marshall Plan, it has formed important opinions about Marshall Plan aid.

The purpose of this study has been to find out how Britain has accepted the Marshall Plan. The attitudes expressed by the British are indicative of the opinions of other European countries. In studying these attitudes it has been necessary to find out what Britain has achieved through Marshall Plan aid, and its relationship with other European countries.

The chief object in this study has been the study of British reaction to the Marshall Plan. It has been difficult to find material which would aid in this study because of its recent occurrence and the mid-west's lack of British periodicals. However sufficient materials were found in the London Times, New York Times, and through the British Information Services.

The writer would like to acknowledge at this time the help, time and encouragement of Dr. George D. Wilcoxon, of the Department of History, Government and Philosophy, graduate adviser.

CHAPTER I

INTRODUCTION

Immediately following World War II, it became obvious because of the disturbance of the balance of power and the menace presented by Russia that Western Europe should be rebuilt as rapidly as possible. Most countries were on the verge of economic prostration, morale was weak, and the danger was apparent to everyone. With such a situation existing in western Europe it became evident that Communism would spread very rapidly, because the people were weakened and had a feeling of hopelessness.

At the Foreign Ministers meeting in Moscow in 1946, it had become evident to the rest of the world that the Soviet Union did not want to work for peace, but instead was doing its utmost to destroy whatever security existed. The world seemed to have split into two parts; Soviet Russia and her satellites on one side; the countries still adhering to some form of capitalism on the other.

With conditions such as they were in 1946, the American and European statesmen realized they would have to rebuild western Europe and do it rapidly in order to maintain a balance of power against Russia. It was considered that western Europe was the pivot upon which the balance of power rested and in order to maintain it, it was necessary that this area become economically and politically strong again.

One of the first efforts made to aid western Europe economically was to continue Lend-Lease for a short time after the war. Following Lend-Lease, the United Nations Relief and Rehabilitation Administration was founded. Its purpose was to supply needy European countries with the necessary food and supplies. Besides these two methods of aid, the United States also lent large sums of money to several western European countries.

The year of 1947 opened in western Europe with floods, extremely low temperatures and severe snowstorms. These acts of nature caused coal shortages, stoppage of electricity, communication and transportation tieups, and industrial production was cut to a minimum.

While these problems were in the foreground, western Europe was also confronted with more basic economic problems. Production was at a minimum because of a shortage of dollars to buy raw materials. Overseas markets for production goods had been wiped out as had been their overseas investments.

As an example of the losses sustained let us look at England during and following the war. She had lost \$6,000,000,000. in physical resources at home during the war, and lost at sea ships and cargoes amounting to \$3,000,000,000. She had suffered a loss of \$3,500,000,000. from wastage in industrial production and lost the equivalent of \$17,000,000,000. through sale of assets abroad and the assuming of obligations from Commonwealth countries. Added together she had lost a total of about \$30,000,000,000. or one quarter of her total national wealth.¹

¹Britain and the Marshall Aid Program, British Information Services, January 1951, p. 2.

With the disastrous winter of 1947 behind them, but its effects still being felt in every western European country, it was acknowledged by most statesmen that the United States would have to do even more to help get Europe back on its feet. With this idea in mind, Secretary of State, George C. Marshall, toured the western European countries in the spring of 1947. On his return from Europe, Secretary Marshall spoke at the Harvard University Commencement, June 5, 1947. In this speech he laid the groundwork for what has been called an "act of unparalleled generosity and friendship". In his speech Mr. Marshall said:

Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist.

It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe. The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all, European nations.²

²"European Initiative Essential to Economic Recovery", Department of State Publication, European Series 25, Washington, D. C.: Government Printing Office, 1947, pp. 4-5. Entire Speech, Appendix A.

Mr. Marshall called for a concerted effort by western Europe to reach economic rehabilitation. He made it clear that United States policy was not directed towards any country or doctrine but rather towards hunger, poverty, and desperation. He felt that the initiative for such a program should come from Europe and the job of the United States would be to finance it.

In the beginning the idea of the Marshall Plan was largely economic but gradually as the threat of Soviet aggression grew the Marshall Plan developed into a program aimed at attaining security through economic means such as the strengthening of western Europe.

Upon the presentation of the speech by Mr. Marshall, western European countries "jumped" at the opportunity presented to them. He had made it clear that the initiative should come from the countries concerned and that the United States should only provide assistance when plans had been formulated. It was clearly understood that such assistance would only be given when plans were definitely approved by the United States. Britain and France almost simultaneously seized the opportunity. Immediately British Foreign Secretary, Ernest Bevin, and French Prime Minister, George Bidault, scheduled a meeting at which they issued an invitation to the Soviet Foreign Minister, Mr. Molotov, to join them in a later meeting to be held in Paris. The latter agreed to attend so they met in Paris, June 27, 1947. It was at this meeting that Mr. Molotov flatly refused to par-

ticipate in the Marshall Plan. Great Britain and France did not let Russia's refusal deter them but instead went right ahead with their plans and called a conference of all interested nations to meet in Paris, July 12, 1947....All told, sixteen nations attended the July conference at Paris. These countries wasted no time in getting down to work. Immediately they started drawing the plans of economic rehabilitation for each country. These were integrated until finally on September 22, 1947, they had ready a program which was designed to restore western Europe's economic position by 1952.

At the same time that the Paris Conference was being held, the United States was also investigating the needs of the western European nations. There were three separate United States committees; one appointed by President Truman, one appointed by the Senate, and one appointed by the House of Representatives. These committees gathered information on the needs of the western European countries and reported their findings to the President and Congress. Finally in December, 1947, Congress voted stop-gap aid to meet the urgent needs of France, Austria, and Italy. Debates were then held in Congress from January through April until finally the bill was passed by both houses and signed by President Truman.

The Foreign Assistance Act, as the above was known, passed Congress April 3, 1948, by majorities of four to one in both houses. It called for immediate aid to Europe. The Foreign

Assistance Act set up the Economic Co-operation Administration (ECA) which was to administer the act. Mr. Paul G. Hoffman was chosen as head of this agency.

In Europe, the sixteen nations had met and set up a permanent Organization for European Economic Co-Operation (O.E.E.C.). This agency was to work with the ECA in preparing the plans for each country on a yearly basis. The O.E.E.C actually does most of the planning, but must have the approval of the ECA before funds will be granted for a project.

The early history of the Marshall Plan has been briefly outlined in the preceding pages. The problem remaining will be to discover the principal problems which faced Great Britain in formulating and accepting the Marshall Plan.

Among the countries participating in the Marshall Plan, Great Britain has probably gained the most through the Marshall Plan and has taken the greatest responsibility in seeing that it works. As has been already indicated the British economy was in a very precarious position by the spring of 1947. In 1946 Britain had gold reserves of \$2,696,000. and by 1949 these reserves had shrunk to \$1,425,000. The British government considers \$2,000,000. the minimum level of safety.³

³"Congress Looks Over New Problems Regarding Further Aid to Great Britain," Congressional Digest, 29:6/7, June-July, 1950, p. 166.

CHAPTER II

GREAT BRITAIN'S ECONOMIC POSITION

In a discussion of the British attitude toward the Marshall Plan it is first necessary to understand the economic situation of Britain following the World War II, what it obtained from Marshall Plan aid and what it has done with the aid obtained.

Between 1940 and 1950 the United States gave overall aid to foreign nations amounting to about \$76,000,000,000. and of this amount Britain received about 41%.¹ Following World War II, Great Britain received \$2,000,000,000 in Lend-Lease aid which was followed by a special loan of \$3,750,000,000 from the United States and a loan of \$1,250,000,000 from Canada. Britain assumed this enormous debt in the hope that it would ease her immediate recovery problem. At the same time there was the hope that it would help to restore multilateral trade through a supply of dollars for sterling countries which were desperately in need of American exchange in order to continue trade. It was expected that this loan would be sufficient for about five years. Because of the demand for dollars by the non-dollar nations of the world for which England was the accepted banker,

¹"Congress Looks Over New Problems Regarding Further Aid to Great Britain," Congressional Digest, 29:6/7, June-July, 1950, p. 166.

the loan was used up rapidly in the first half of 1947.² Britain was back to the old problem of a dollar shortage.

It was realized in Great Britain that recovery of pre-war standards would be impossible without an almost superhuman effort on her part or outside aid from some country. Britain was besides confronted with a serious problem in the lack of experienced leaders in Parliament and the Cabinet. The Labour Party had gained control of the government at the close of the war. The leaders of this party had had little previous political experience and their program contained a number of economic experiments, the outcome of which would be impossible to foresee.

There was a strong opposition to practically everything Labour wished to do. It would take considerable time for Labour to estimate the success of its fundamental program, and many measures would have to be postponed or tempered by the necessity of staying in office. Clinging to office seemed an absolute necessity because Labour could not be sure on the basis of past elections that it would have another chance at government in the near future.

Great Britain always has been the banker for the sterling area which consists of the United Kingdom, the Irish Republic, the Union of South Africa, Burma, Ceylon, Iceland, Iraq, the British West Indies, North Rhodesia, Southern Rhodesia and

²Britain and the Marshall Aid Program, British Information Services, January 1951, p. 3.

and British dependencies in various parts of the world. When Great Britain received the large loan from the United States, over \$1,600,000,000 of the credit went to other sterling area countries. Following the war Britain had a debt of £3,250,000 or \$13,000,000,000 owing to other countries. Of this debt \$9,200,000,000 or well over half was to the sterling area.³ It was small wonder then that it felt it had to protect the interest of these countries. On the other side the nations of western Europe expected Great Britain to unify its economy with theirs. Britain realized the importance of this from the standpoint of security and recovery but was determined that any arrangement reached should not be to the detriment of the sterling bloc.

This presented one of the most serious problems Great Britain had to face in accepting the Marshall Plan. The immediate economic need for dollars apparently outweighed all other considerations when the Marshall Plan was suggested. Non-economic consideration such as English pride and morale, the dangers of British dependence on continental Europe or the United States, and the probable loss of friendship with the Soviet Union, seemed relatively less important at the time.

The English pride in their role as leader in world affairs is very deeply engrained. When confronted with the possibility of losing that position much opposition sprang up in Britain.

³"British Problem: Empire vs. ERP", U. S. News, 24:20, May 14, 1948, p. 52.

This opposition, plus the Englishman's natural desire for independence, made many Britons fearful of the Marshall program and the ultimate effects which would be gained from the Marshall Plan. In addition they considered that their sacrifices in World War II entitled them to a certain amount of economic compensation, with no strings attached. Many felt that Marshall Plan aid, with its many qualifications, would strip them of their independence and their voice in world affairs.

Besides these two considerations, the British were faced with making a trade treaty with the Soviet Union. They feared that acceptance of the Marshall program might antagonize Russia and cause it to decline any sort of trade treaty relationship. This proposed treaty would call for Russia to ship Britain lumber, grains, and minerals in exchange for finished products. Russia badly needed finished manufactured products and desired the treaty for it was signed shortly after Marshall's speech. English public opinion on this point was confused. Certain newspapers including the London Times, Independent Conservative Daily Express and Liberal News Chronicle seemed to believe that there should be no break with Russia simply because she refused to join in the Marshall program. Two journals, the Conservative Daily Telegraph and the Conservative Daily Mail felt Russia's refusal would probably hasten aid through the United States Congress.⁴

⁴New York Times, July 3, 1947, p. 5.

At this point, it is important to examine the products or types of aid that Great Britain obtained from the United States through the Marshall Plan. It is interesting to note the variety of materials shipped to England by the United States. Some of these materials were unprocessed tobacco, petroleum, and products, dairy products, meat products, raw cotton, industrial machinery, sawmill products, wheat and wheat flour, fruits and preparations, copper, iron, and steel mill products, chemical specialities, agricultural machinery and implements, unmanufactured wool and yarn for manufacturing.⁵

By analyzing these materials that were sent to Great Britain one can see how they hoped to rebuild their economy. These materials can be divided into two major divisions: one, food commodities, and the other, industrial goods and raw materials. The food commodities were needed because of Britain's shortages and inability to produce enough food for its population. The materials such as raw cotton, unmanufactured wool yarn, and unprocessed tobacco were turned into finished products by British machinery. In order to rebuild their industries, Marshall aid sent industrial machinery and agricultural machinery. Britain was building up her industrial power through two methods, use of new equipment and importing raw materials. In particular Britain was rebuilding her traditional industries, particularly the textile and metal industry.

⁵United Kingdom, Country Data Book, Economic Cooperation Administration, Washington, D. C., March 1950, Table II-10.

In sending these goods to Britain, the United States was purposely sacrificing its self-interests. Many of these industries of Great Britain's were the chief competitors of the United States. The United States was willing to sacrifice her own economy for two reasons. The first is the most obvious. The United States wanted strong allies in case of a third World War and realized this was one way to make them. The second reason is more long-range. The United States wanted to avoid a disruption in world trade which would lead to a future crisis for the whole capitalistic world. This could occur if the United States did not stimulate competition.

In view of the above situation it is interesting to note the products exported to the United States by Great Britain. The principal commodities are whiskey, fabrics, artworks, and antiques, creosote oil, books, maps or printed matter, cotton cloth, woolen clothing, woolen hosiery, textile machinery and parts, motorcycles, needles, platinum, silver-plated ware, automobiles, industrial chemicals, cotton yarn, machine-made laces, burlap and other materials made from jute, old brass, and household articles of flax or hemp.⁶

The British exports reveal approximately the same things about their economy that an analyses of their imports reveals. They exported chiefly manufactured goods such as cotton cloth, woolen clothing, motorcycles, automobiles and machine-made laces. The goods which they exported can be divided into two parts, the manufactured goods mentioned above and luxury goods such

⁶Ibid., Table II-11.

as artworks and antiques. Some of the goods Britain exported to the United States competed with domestic-made goods while others supplemented United States industry.

It is important to study the indices of imports and exports to realize what advances Great Britain has made under the Marshall Plan.

Indexes of Imports and Exports⁷
1938 = 100

<u>Period</u>	<u>Index of Imports</u>	<u>Index of Exports</u>
1938	100	100
1946	68	99
1947	78	109
1948	81	136
1949 - 1st quarter	82	156
2nd quarter	88	146
3rd quarter	91	142

It will be noticed from this table that after 1947 the index of exports never falls below the 1938 index of 100 while the index of imports never rises to the 1938 index. This is indicative of a favorable increase in the balance of trade which automatically increased the national wealth. Of course it must be realized that the goods provided by the Marshall plan helped the country maintain this favorable balance. In the second and third quarter of 1949 there was a marked decrease in exports and an increase in imports. This was due to the decline of American business activity and wholesale prices.⁸ This decrease in exports and increase in imports caused Britain to suffer alarming losses in her gold and dollar reserves. It became obvious in the summer of 1949 that the rapid decline of gold

⁷Ibid., Table II-7.

⁸Ibid., p. 2.

and dollar reserves was a threat to the world trading area. The British government with the advice of the United States took several steps to combat the dollar crises. It undertook to cut dollar imports drastically, and furthermore to devalue the sterling pound by 30%. Previously the pound was worth \$4.03; now it decreased to \$2.80.⁹

As has been stated, more aid has been given to Great Britain than to any other participating country. Between the beginning of the Marshall Plan, April 3, 1948 and December 31, 1949, Great Britain was granted \$2,226.4 million. Of this total amount \$1,131.8 million was for food and agricultural commodities, \$1,018.6 million was for industrial commodities, \$5.6 million for technical services and \$70.4 million for ocean freight services.¹⁰

Breaking these figures down even more, we find the commodities supplies in these amounts: Bread grains, \$448.4 million; non-ferrous metals and products, \$286.7 million; Petroleum and products, \$242.1 million; sugar and related products, \$135.0 million; lumber and lumber manufactures, \$77.1 million; other commodities, \$462.7 million; technical services, \$5.6 million; and ocean freight, \$70.4 million.¹¹

⁹Loc. Cit.

¹⁰Ibid., Table XIV-1

¹¹Ibid., Table XIV-2.

Finally, it is necessary to discover how this aid under the Marshall Plan has materially benefitted Great Britain. That it has materially benefitted is indicated by statistical increases in industrial production, agricultural production, decreases in unemployment, the standard of living and other factors.

The index of industrial productivity has risen steadily since 1946. Using the year 1938 as the standard of 100, one finds the index for total industry standing at 101 in 1946, 101 in 1947, and 111 in 1948. Breaking this down into large groups of industries, one finds in manufacturing, an index of 101 in 1946, 103 in 1947, 114 in 1948, and 120 in 1949. In mining and quarrying, the index in 1946 is 83, in 1947 is 83, and in 1948 has risen to 88. The building and construction industries had an index of 75 in 1946, 73 in 1947, and 78 in 1948. The utilities industry had an index of 101 in 1946, 101 in 1947, and 111 in 1948.¹² The important point in looking at this figure is to note that the indexes for 1946 and 1947 are very close together while the one for 1948 in all industries had increased considerably.

In a consideration of the increase of agricultural productivity there are a number of factors to be considered. The index of net production per worker does not necessarily measure directly changes in the effectiveness of the farm labor which

¹²Ibid., Table VIII-1.

was used. Consideration must be given to changes in weather, type of seed, irrigation and general efficiency of the farm plant.¹³

Index of Agricultural Productivity¹⁴

<u>Index</u>	<u>Pre-War</u>	<u>1947-1948</u>	<u>1948-1949</u>	<u>Preliminary 1949-1950</u>
Farm Workers	100	125	119	118
Net Production	100	105	123	120
Net Production per worker	100	84	103	102

Another interesting point in agricultural productivity is the decrease in the use of horses and the amazing increase in the use of tractors. Using a 1939 pre-war base as an index of 100, one finds by 1949 a decrease in horses to 63 and an increase in tractors to 603.¹⁵

The cost of living index in Great Britain shows a steady increase since pre-war days but a very gradual increase since the war, owing to the regulatory measures of the Labour Government. Using 1948 as 100% one finds the general cost of living index to have risen to 104 by December 1949. Breaking down the general cost of living one finds food and clothing the highest. Food had risen to 110 by December, 1949 and clothing to 107 by December 1949. Alcoholic beverages and tobacco, and rent remained the lowest. Alcoholic beverages and tobacco dropped to 99 by December 1949 and rent rose one point to 101 by December 1949.¹⁶

¹³Ibid., Table VIII-2.

¹⁴Loc. cit.

¹⁵Loc. cit.

¹⁶Ibid., Table IX-2.

Great Britain has had very little unemployment since the war. This can be traced to two causes, first, the socialist program which calls for full employment, and secondly, the tremendous work to be done in rebuilding the nation. The percent of the labor force which was unemployed averaged about 1.5 through 1948 and 1949, 1.5% is a very small percentage of an economically active population of 23,030,000, actually about 345,000 people.¹⁷

From the statistics quoted, it is apparent that Great Britain has made tremendous strides in the last few years. Marshall Plan aid plus her own desire to succeed have put Britain back on her feet. Obviously the British people had to sacrifice a great deal to accomplish all they have, but the majority have done it willingly and with the knowledge that if they didn't, Britain could never regain economic stability.

¹⁷Ibid., Table X.

Chapter III

BRITAIN'S RELATION TO EUROPEAN ECONOMICS

When Mr. Marshall made his historic speech at Harvard, he stressed the idea of cooperation between the European countries. When the sixteen nation committee met in Paris in 1947, they also stressed the importance of cooperation in planning and carrying out the Marshall Plan.¹

Of all the participating countries, Great Britain was faced with the biggest problem in reconciling its form of economy to this policy of cooperation. The British were experimenting with socialism, while the other nations were capitalistic. England had to reconcile not only her form of economy. It had another and larger problem to solve before it could give full cooperation to the participating countries. This was the problem of its relation to the sterling area.

As has been pointed out previously, Britain maintains the position of banker for the sterling area. All sterling is converted into gold or dollars in London. Britain owed the sterling area very large sums of money and the only means of repaying this was to stimulate trade with sterling countries. This presented a problem in that England also needed dollars badly and would rather build up a large export trade with the United States and Canada.

¹See Appendix B for letter from O.E.E.C. report, September 22, 1947.

It has attempted to solve this by building a large export trade with dollar countries and then making these dollars available to sterling countries.

Just as Britain took the lead in formulating a plan for economic aid, it also took the lead in establishing forms of cooperative associations between European nations. On January 22, 1948, Mr. Bevin in a speech first put forward the idea of a western union. It appeared that the European countries were waiting for a leader before starting such a program. Britain has led in forming economic unions such as the Benelux group. However, Britain has shown great reluctance toward forming any type of political union. It is generally understood that no such political union is possible at this stage in any case, but if it were, Britain would undoubtedly refrain from joining it. The reason for this dislike by the Labour government of the idea of political union stems from the fear that in joining such a union they would weaken or lose their socialistic form of government. If Britain was to join a political union it would be, in all probability, with countries having a capitalistic form of economy. In order to make any progress along political lines, there would have to be agreement upon certain facts which Britain could not accept because they would destroy her socialistic form of government. It would be very difficult to imagine a capitalistic nation with emphasis on free enterprise joining in a political union with a socialistic nation based upon planned economy.

In October of 1949, Mr. Paul G. Hoffman spoke quite strongly before a meeting of the O.E.E.C. on the necessity for economic integration. He urged the participating countries to integrate their economies more thoroughly and to break down more trade barriers between nations.

On November 1, 1949, Sir Stafford Cripps answered Mr. Hoffman's speech and stated the official position of the British government. According to the London Times, "The position," he said, was that "Britain could not integrate her economy into that of Europe in any manner that would prejudice the full discharge of her responsibilities as centre of the world's largest multilateral trading area and of her special relationship with the Commonwealth and the sterling area."²

At the same time he said that Britain felt herself tied up with western Europe "not only in economic, strategic, and political interest, but in our culture and indeed in our participation in the heritage of Christian civilization."³

In the same speech, Cripps said if other countries were to form regional economic zones, Britain would help them all it could. He praised Hoffman's speech and said he felt solid and substantial gains had been made in the two years of the Marshall Plan.⁴

²London Times, November 2, 1949, p. 4.

³Loc. cit.

⁴Loc. cit.

One of the most effective organizations set up was the European Payments Union. The purpose of this organization was to make it possible for a debtor nation to receive "drawing rights" in the creditors' currency. One of the provisions of the European Recovery Plan calls for the granting of aid to creditor countries in the amount they extend to debtor nations. Through this program the exchange of currency was facilitated. The European Payments Union first started in October, 1948. Under this plan, Britain made \$332 million available as "drawing rights" to European countries.⁵ During the first year of the European Payments Union the "drawing rights" were fairly restrictive. In 1949-50 it was provided that 25 percent of the "drawing rights" be made expendable multilaterally. In this period, Great Britain made available £46.5 million in drawing rights. In 1950 it was felt that there was still too much rigidity in the payment scheme. Britain then took the lead in planning a European Payment Union which would be fully multilateral. On July 1, 1950 the new scheme went into effect which sets against each other automatically all credits and debits as though one currency were being used.⁶ Every participating country was given a quota which was either the amount it could lend or the amount it could have extended to it if it were a deficit

⁵"Britain and the Marshall Aid Program", British Information Services, January 1951, p. 8.

⁶Loc. cit.

nation. The total amount set was \$3,950 million of which the sterling area provided 27 percent or \$1,060 million. Besides this amount Britain offered \$150 million extra which would be extended in the Marshall Aid credit for 1950-1951.⁷

The various schemes developed to aid further cooperation between the participating countries have helped greatly in making the Marshall Plan work. It was obvious to the leaders of western Europe that some form of cooperation was needed in order to rebuild their economies. The breaking down of trade barriers and a uniform currency were the two most serious problems to be met. Both these problems have been met in the past three years and although complete freedom of trade does not yet exist, tremendous strides have been taken. This could not be accomplished however, without a general trend toward currency devaluation.

In the summer of 1949, Great Britain's gold and dollar reserves had shrunk to an all-time low which was caused by a decline of the buyers market in the United States and a decline in American business activity. Britain was confronted with a very serious problem for with a shortage of reserves the whole world trade area was threatened with collapse. It was necessary to do something immediately. Many economists thought the answer lay in the devaluating the British pound sterling. This seemed to be definitely in prospect but in July, Sir Stafford Cripps still persisted in denying that the government had any intention

⁷Loc. cit.

of devaluating the pound.

In early September, 1949, a three nation meeting of Great Britain, Canada, and the United States was called to attempt to find some solution to this problem. In the opening meeting Sir Stafford Cripps said in talking about a high level of trade, "It is still the firm conviction of the Government of the United Kingdom that this remains our objective."⁸

Of the three countries meeting in Washington, only Canada was able to say what it actually believed. The Canadian minister pointed out that the United States "must re-examine her economics to determine whether ... her tariff policy is appropriate to the present international position."⁹ The British and Canadians felt that the United States' lack of cooperation in a revision of tariff policy was one of the things hindering the recovery of Europe and particularly Great Britain.

In the following talks, although they were kept very secret, the United States appeared to realize the fallacy of its tariff policy and admitted "high tariffs were clearly inconsistent with the position of creditor countries." It appeared that the United States had reversed her former attitude toward the sterling area, which was the elimination of sterling and a conversion to one currency, and in these meetings recognized the need of sterling in maintaining world stability.

⁸London Times, September 8, 1949, p. 4.

⁹London Times, September 9, 1949, p. 4.

¹⁰London Times, September 14, 1949, p. 4.

In an editorial in the London Times, September 7, 1949, it said "possible plans have been outlined for short term assistance by stockpiling purchases of sterling materials, by immediate relaxation of the onerous applications of Customs by widening the practical range of goods on which Marshall Aid can be spent and by a partial release of this country from its strict undertaking not to discriminate against American goods, so that cuts in dollar exports could be made without more than the inevitable hardships and difficulties. Devaluation will not, it is said, be on the Washington agenda, but it will certainly haunt every item."¹¹ This editorial believed Britain should retrench before devaluing currency or have a problem of inflation facing them if they devalue without retrenching. It recognizes the problem of devaluation as one of the chief ones facing Britain and says if it is not solved the value of sterling will dwindle.¹²

On September 19, 1949, Sir Stafford Cripps made a radio broadcast in Britain to announce the results of the Washington meeting. He said:

"During the weeks between July and our visit to Washington our Government has reviewed the whole situation and has made some very important decisions. It was not only the economic troubles with which we were concerned, because without a stable industrial foundation we shall never have a safe defense for our democracy or any security for a peaceful future."¹³

¹¹London Times, September 7, 1949, p. 5.

¹²London Times, September 7, 1949, p. 5.

¹³London Times, September 19, 1949, p. 4.

He went on to point out the reasons why the Government had felt it necessary to devalue the pound from the old exchange rate of \$4.03 to a new exchange rate of \$2.80. Cripps pointed out the dwindling reserves and the need to earn more dollars to bolster this reserve. Another reason was that many people were converting their sterling into gold and dollars which created an unnecessary drag on Britain's reserves. The devaluation should put a stop to that situation because of its lower value and also because it was set at the free market exchange rate. He said that the need for full employment affected their decision in that the Government had to help so many industries in getting dollar reserves to continue production in order to have full employment. Cripps stressed the fact that there was no reason for an increased cost of living. Production costs must remain low if devaluation was to have the desired effect which was to obtain larger exports.¹⁴

It was emphasized by both the Government and the Board of Trade that manufacturers should try to take immediate advantage of the opportunity to sell more goods abroad.¹⁵

The British people seemed to take the devaluation of the pound with resignation and the attitude that the Government knew best. They seemed to be more concerned with the effect of the lowering of the value of the pound at home than abroad.

¹⁴Loc. cit.

¹⁵London Times, September 21, 1949, p. 4.

The press, in general, seemed to believe that the devaluation was a painful but necessary step and there was not much criticism of the act.¹⁶

In an editorial from the London Times, September 26, 1949, Sir Stafford Cripps was congratulated on his "conservatism" in selecting a level low enough to give some assurance of ending the drain on Britain's reserves. No less familiar are the accompanying warnings. There is a fear that so fierce a cut may have awkward political consequences. It is pointed out everywhere that if the unions continue to press for higher wages, and the Government gives way, Britain will lose most of the benefits of devaluation.¹⁷

In a speech before the House of Commons, Mr. Churchill, speaking for the opposition, left no doubt in the minds of his listeners as to his opinion of the Government's policy. He said he would have been more inclined to set the pound free under regular and necessary safeguards and controls, and to accept the results than have the present rigid method of setting the pound at the lowest possible value.¹⁸

However, the Government's bill to devalue the pound was passed very easily by a 138 majority in the House of Commons. Many politicians, including Churchill, had hoped to be able to make devaluation an election issue and force the Government to call for one. However, the Government was sure it had the

¹⁶New York Times, September 19, 1949, p. 1.

¹⁷London Times, September 26, 1949, p. 5.

¹⁸London Times, September 29, 1949, p. 4.

necessary votes to carry the measure and refused to call for an election.¹⁹

The trade unions had been trying for some time to obtain higher wages. With the announcement of the Government's policy toward production rises it was necessary for something to be done to placate the laborers. The Trades Union Congress appointed a special committee to study the need of the unions for higher wages and how these needs could be made to coincide with the Government's policy. In the T.U.C. report they pointed out that earnings could rise, without an increase in wages, through increased production. The Trades Union Congress made its report to the national convention of unions and was met with considerable opposition. The unions refused to cooperate with the T. U. C. or the government. This, of course, was a serious blow to the Labour Party.

In the October 7, 1949 issue of the Spectator magazine there was a rather severe criticism of the Government's devaluation policy. It believed that the Government's plan of devaluation might have been a mistake. It believed that Sir Stafford Cripp's speech of September 19, 1949 was decidedly misleading, especially in the suggestion that prices would not rise. The Spectator expected a rise of from five to ten per cent. In the circumstances presented, devaluation was needed but the Spectator believed the Government didn't present a

¹⁹London Times, September 30, 1949, p. 4.

sufficiently strong program. It believed the effect of devaluation on dollar countries was over-optimistic, because Britain must now export thirty percent more than before devaluation in order to obtain the original value. Also the Spectator didn't believe the Government's exhortation of industry to make larger profits was necessary because private enterprises always do make as large profits as possible.²⁰

The devaluation policy apparently was the only solution to Britain's problem and most economists and politicians were agreed on that point. However, considerable opposition was given the Labour Government by Conservatives and even some Labourites. Most of the opposition was concerned with the methods by which devaluation was to be carried out rather than with the policy itself.

²⁰"Revaluation Aftermath", Spectator, No. 6328, October 7, 1949, p. 1.

CHAPTER IV

BRITISH PUBLIC OPINION

In this next phase of the study it becomes necessary to inquire into the state of public opinion in respect to the foregoing developments. This will involve an examination of leading newspapers and other periodicals which speak for large groups of the British public. Of these the London Times, Economist, and Spectator are probably the most representative.

It is interesting to note the ways in which opinion changes from the inception of the Marshall Plan to its conclusion. In discussing the variance of opinion probably the most systematic way is the chronological one.

In a speech before the National Dock Labor Corporation June 6, 1948, Mr. Bevin urged Britain to dig for dollars as it had dug for victory. Mr. Bevin repeated the Government's insistence that it did not want to ask for help from anyone. It was well realized in trade and financial circles that if Britain was to get help later, when she undoubtedly would need it, she first must prove to the United States that Britain was worth helping. There were already doubts expressed on how Marshall's suggestion about countries getting together and deciding on their economic rehabilitation would work out in practical terms.¹

In an editorial in the London Times, June 7, 1947, the writer is concerned about the acceptance of the Marshall Plan

¹New York Times, June 6, 1947, p. 1.

by the American public. There seems to be a clear recognition that the United Kingdom would not survive the dollar crises without help in the form of dollar credits. Another interesting point which is brought out in this same editorial was the hope that the United States would not insist on a fully coordinated economic plan as a condition of assistance. The reasons for this were to be found in the diverse interests of the separate countries, the absence of elaborate economic plans in individual countries and in the difficulty in framing and co-ordinating them.²

The belief expressed in this editorial was voiced a number of times before the British finally knew what was actually planned. They seemed to be fearful of some encroachment upon their rights through dictation of a program by the United States. Actually such a thing never came about so their fears were quieted. The London Times, June 7, 1947, believed that the United States made this offer for two reasons, first, the fear that individual loans to one country would not succeed in building western economy and secondly, the growing anxiety on the part of American business that failure of European markets combined with falling prices at home might lead to a slump.³

In the same editorial, the author said, "Europe cannot afford a merely passive response. It is for European Govern-

²London Times, June 7, 1947, p. 5.

³London Times, June 7, 1947, p. 4.

ments to ascertain what the United States government really requires, to undertake such negotiation and organization among themselves as may be needed, and if necessary to explain where and why any of the requirements cannot be met. Mr. Marshall has produced an idea which is politically courageous as well as economically constructive."⁴

In contrast to this last statement is a quotation from the New York Times, June 7, 1947, in which it said "there is doubt that the British are enthusiastic about Secretary Marshall's speech and are anxious to see if some practical means can be found of helping all Europe, or part of it, to unite in efforts toward economic reconstruction." Great Britain apparently would aid the United States in encouraging all European countries to draw up some plans for reconstruction as long as it did not build up a western bloc against Soviet Russia.⁵ From this statement it became apparent that the British were fearful of antagonizing Soviet Russia. This may be accounted for by the proposed trade treaty then being negotiated with Russia. The British wanted United States aid but did not want to lose their position through accepting it.

The official government position concerning Mr. Marshall's speech was given Friday, June 6, 1947. According to the London Times, June 9, 1947, "In official quarters in London, Mr.

⁴London Times, June 7, 1947, p. 5.

⁵New York Times, June 7, 1947, p. 6.

Marshall's speech at Harvard on June 5 is warmly welcomed. It is felt that it offers a new approach to the problem of the reconstruction of Europe. The statement will be an encouragement to Great Britain and to European countries to pursue with fresh vigor their efforts for economic recovery in Europe in the knowledge that these efforts will be supported and aided by the United States government. It is understood that his Majesty's government will take urgent steps to follow up Mr. Marshall's proposal with the United States government. At the same time we are pursuing trade talks with the U. S. S. R., and if these are brought to a successful conclusion it will all help to restore an equilibrium in war-torn Europe.^{#6}

The official government attitude was very favorable to the Marshall speech and it took a lead immediately in starting plans to formulate some means of reconstruction in Europe. The reasons for this interest are evident. Britain was in desperate need of dollars and saw this as a means of receiving those dollars.

The financial page of the London Times, also spoke highly of the Marshall plan. It lauded the wisdom and courage of the United States leaders in contemplating such a plan.⁷

⁶London Times, June 9, 1947, p. 4.

⁷Op. cit., p. 9.

It is interesting to note the attitude of an editorial from the London Times, June 11, 1947. It called Marshall's plan a "golden chance" for recovery in Europe. It pointed out that those to whom aid is offered to should not raise doubts about the uncertainty of the offer. Their job was to formulate a plan Congress could use if they wished. It pointed out the largest obstacle to world recovery had been the anaemia of Europe.⁸

It should be indicated at this time that the London Times often reflects the attitude of the government in most things. So it's statements may be considered as something in the nature of semi-official government reaction.

The British government had been ready to cut imports considerably more when Mr. Marshall made his speech. After this speech it held up these cuts in order to find out what the United States was going to propose. The British were set to take the initiative immediately after Marshall's speech, but they did not know exactly what form of aid the United States was considering. Britain was also negotiating a trade agreement with Russia and did not wish to antagonize her. However Britain needed more than wheat, timber and minerals, she needed dollars and the manufacturer's materials dollars could buy. That is why the Marshall Plan meant so much to Great Britain.⁹ That is also why it was so anxious to get some plan formulated immediately.

⁸London Times, June 11, 1947, p. 5.

⁹New York Times, June 11, 1947, p. 17.

In a speech before Parliament, Lord Pakenham said Europe would eventually recover but only with imaginative action by the United States could it achieve prompt and full recovery. He said "It was with liveliest interest and genuine pleasure that we in this country have read Mr. Marshall's speech, which might well mark an epoch."¹⁰ He felt the responsibility was placed on the shoulders of the European nations to work out their needs and coordinate them with each other.

In speaking before a foreign correspondent's luncheon, Mr. Bevin hailed Mr. Marshall's Harvard speech as one of history's greatest. He said Britain would take the initiative in preparing a joint economic program for Europe.¹²

It is interesting to note this obvious willingness of Great Britain to take the lead in preparing a program for European recovery. As has been indicated previously this could probably be accounted for by Britain's desperate need and also her interest in rebuilding her trade with Europe and the United States.

There appeared to be an extreme feeling of urgency for cooperation among European countries on some plan to give the United States. The knowledge that their dollars would not

¹⁰London Times, June 12, 1947, p. 8.

¹¹Ibid.

¹²New York Times, June 14, 1947, p. 1.

last very long was probably influential in this feeling.¹³

Another point which may have influenced the speed with which Mr. Bevin started plans for a meeting of European nations was the desire of Britain to have a plan for European recovery drafted before the Presidential elections in November. The reason behind this was to help Mr. Marshall in getting aid passed through Congress or at least not add to his difficulties.¹⁴

The plans to meet were carried out rapidly and on June 18, 1947, Mr. Bevin went to Paris where he met with M. Ramadier and M. Bidault. They discussed plans for a meeting of all European nations who were interested and also issued an invitation to Mr. Molotov to meet with them in a second preliminary meeting.

At the same time Mr. Bevin was meeting in Paris, back in England "the general council of the United Nations Association of York passed a resolution welcoming the declaration by Mr. Marshall, the American Secretary of State, of American interest in a coordinated economic plan for Europe. The resolution urged the government to take the lead in bringing this proposal before the United Nations Economic Commission for Europe with a view to immediate action, without regard to the political and economic structure of any country requiring assistance."¹⁵

¹³London Times, June 14, 1947, p. 5.

¹⁴New York Times, June 15, 1947, p. 7.

¹⁵London Times, June 16, 1947, p. 4.

This assertion holding that economic recovery should be handled by some organization already set up, appeared to have a number of advocates. In a letter to the Editor published in the London Times, June 19, 1947, the author stated he was against composing another organization to propose and work out a plan for European relief. He suggested that one of the Committees then in operation do the work and he particularly favored the Economic Commission for Europe. He continued by stating, "To the objection that an organization in which an American delegate participates is not the kind of body Mr. Marshall envisaged when leaving the 'initiative' to Europe, it should be replied that a broken, bewildered Europe may well need American initiative as well as dollars and that, among truly united nations, there are no frontiers, not even European or American. At any rate, do not let us multiply our organizations; ordinary people are already growing tired of them."¹⁶

This is an interesting statement in that apparently Britons or at least a segment of them are tired of so much bureaucracy. Also the attitude of desiring American initiative is interesting. It raised the question of whether Britons felt capable of formulating a plan which would aid them materially or whether if the plan failed they desired to have an American scape goat.

In another letter to the Editor published in the London Times, June 18, 1947, the writer urged strong support on both

¹⁶London Times, June 19, 1947, p. 5.

sides of the Atlantic to put across the Marshall Plan. He said, "If the United States can rise to the height of this great opportunity, can Europe? Europe has become a geographical expression and little more. Mr. Marshall's offer is to Europe; not to one or two countries. And manifestly a prompt and striking response can alone enable him to confirm the offer. The opportunity is a fleeting one and Mr. Bevin has leaped to seize it. He is entitled to the ardent support, in what will be a momentous effort, of all who appreciate the gravity of the choice that falls to be made."¹⁷

Immediately following Marshall's proposal, British markets showed signs of weakening rather than strengthening as had been expected. The reason for this decline was based upon the skepticism which some quarters felt toward the Marshall Plan. However, the financial press on a whole praised the Marshall announcement. It was felt that the Marshall Plan needed more publicity by the government to impress the people of their need for it and the greatness of the offer.¹⁸

A group which very vigorously denounced the Marshall plan was left-wing group in the Labour Party. They denounced it as a capitalistic scheme to gain control over Europe. Also the leaders of Leftist labor unions such as the Amalgamated Engineering Union and the Amalgamated Union of Foundry Workers both spoke out denouncing the power the United States would have over British economy and urging closer ties with Soviet Russia.¹⁹

¹⁷London Times, June 18, 1947, p. 5.

¹⁸New York Times, June 18, 1947, p. 6.

¹⁹New York Times, June 18, 1947, p. 6.

This attitude was not widespread in Britain but was mainly confined to small leftist groups who were fearful of the influence of the capitalistic economy of the United States on socialist Britain.

During June of 1947, Britain was anxious to have the cooperation of Russia in preparing a program for recovery. The reasons for this are two-fold. Britain desired the completion of its trade negotiations with Russia and it also felt that a program for recovery would have greater chances of succeeding if Soviet Russia and its satillites would join in the Plan. However, it was generally considered that if Russia refused to cooperate Britain would press forward plans for a summer meeting of all interested countries. In a speech before the House of Commons Mr. Bevin bluntly warned the Soviet Union that the state of appeasement was over. He made it clear that Britain was ready to go ahead swiftly with Marshall plan proposals with or without Russia. He emphasized his willingness and Britain's to make a plan for Mr. Marshall and said that speed was essential. He made it plain he would not stand for Russian delaying tactics. Both Conservatives and Labour leaders praised the Marshall plan in the House of Commons.²⁰

The British government very strongly advocated a rapid meeting of interested European countries. It was willing to forget the usual formalities in order to have an early meeting. As has been pointed out previously Britain realized its critical

²⁰New York Times, June 20, 1947, p. 1.

need of dollars and therefore favored an early program.

An editorial in the London Times, June 21, 1947 shows that the British public was apparently aware of the crisis they were approaching. In calling it a "second chance" the writer states "the conviction that the countries of Europe must stand or fall together" and that it "would seem to be at once the inspiration and the challenge of the American offer to help". Also he felt a strong conviction that they must grasp the opportunity before it might be withdrawn.²¹

The British welcomed the news June 24, that Mr. Molotov would meet in Paris with Bevin and Bidault but their enthusiasm was tempered by doubt.²² With the knowledge of Russia's well-known dilatory tactics the British did not expect much to come out of the Paris meeting.

The meeting between Britain, France and Russia did break down with Mr. Molotov's statement that Russia was not interested and he branded it as a capitalistic scheme. Mr. Bevin in a statement to the press said this breakdown would not deter Britain from her determination to aid in formulating a program for Europe.²³ Apparently the British press held little bitterness toward Russia for her refusal to join. The general consensus was that without Russia, Congress would be more likely to pass a bill rapidly for European aid.²⁴

²¹London Times, June 21, 1947, p. 5.

²²New York Times, June 24, 1947, p. 5.

²³New York Times, July 3, 1947, p. 4.

²⁴Ibid., p. 5.

The nations of Europe that were interested in participating in an aid program were invited to meet in Paris, July 12, 1947, to formulate a plan to present to the United States. The French proposal of a steering committee with six specialized committees which would draw up a balance sheet indicating the potential increase in production and trade among themselves, and also determining the additional amount of aid which would be needed, was accepted as the basis for the Paris Conference.

In Britain at the time of the Paris Conference the people were considerably heartened by the progress the sixteen nations were making. There was feeling in Britain that what mattered most was getting a plan ready for presentation to the United States as soon as possible. At the same time the Communist Party in Britain was following Moscow's lead in denouncing the Marshall Plan as an attempt by the United States to place Europe under her economic control.²⁵ The head of the National Union of Mine Workers, Will Lawther, addressed the annual conference of the Union, July 7, 1947. He praised the idea of the Marshall Plan and then proceeded to blast the United States. He criticized the "American way of life" and capitalism in the United States, going on to praise communism. Lawther was not a communist himself though many officers in his union were. It is doubtful, however, whether he spoke for the majority of mine workers or merely for a small minority. In his speech he backed

²⁵New York Times, July 16, 1947, p. 5.

the Government's demand for more coal and set an even higher goal than the Government.²⁶

This is an example of the attitude found in some groups in England. It is mostly the result of propaganda spread by Communists who in the main were a small minority of the population. Another attitude was expressed by Sir Clive Baillieu, recently retired president of the Federation of British Industries who spoke before the Midland region of the federation in Birmingham. He praised Mr. Marshall for his foresight in offering aid, saying it was up to Britain to work for her success and for the salvation of Europe. He said to forget about war indebtedness for their sacrifices and to get down to work to build theirs and Europe's economy.²⁷ The attitude expressed by this representative of the manufacturing group was generally accepted by the whole group. The probable reason for this was their greater knowledge of the crisis confronting Britain's economy and the great need for dollars to rebuild it.

In commenting on the progress of the sixteen-nation conference in Paris an editorial in the London Times, September 3, 1947, said "Something more than the mere addition of needs has been achieved, but a good deal less than the far-reaching integration of western European economies looked for by those whose enthusiasm outran their grasp of the facts. The limited

²⁶New York Times, July 8, 1947, p. 11.

²⁷New York Times, July 26, 1947, p. 6.

objectives of the conference give no proof of incapacity to see things clearly and to see them whole. Europe stands on the threshold of a decisive autumn and what may become a disastrous winter. Never has self-help seemed more urgent. If the total estimate to be presented to the United States by the Paris commission seems much in excess of what is right or reasonable, it must be remembered that not only the far-reaching international commitments falling to the European countries since the war but also the honest attempts to institute more liberal trading agreements prematurely have cost far more than could have been foreseen. The rehabilitation of Europe depends first, upon self-help, but it depends also upon outside factors, upon the acquisition of dollars with which to buy capital equipment as well as food and other relief supplies from dollar countries and upon the elimination to the fullest extent possible of commercial barriers between eastern and western Europe."²⁸

Evidently the London Times, was satisfied with what the sixteen-nation commission was doing and felt it would present a worthwhile program to the United States.

An interesting event happened in the first part of September and created quite a discussion. In a speech before the annual meeting of the Trades Union Congress at Southport, England, September 3, 1947, Mr. Bevin called upon the United States to redistribute their gold reserves stored in Fort Knox. He said he realized America would be upset by this proposal

²⁸London Times, September 3, 1947, p. 5.

but that he always had to upset somebody. His suggestion took the British foreign office and Treasury by surprise. He also called for a customs union throughout the Empire which would make possible a free flow of goods. Again he said this was his own idea and not endorsed by the Cabinet. Bevin told the delegates, who represented 7,500,000 workers, that they must endure a lower standard of living and work harder.²⁹ Mr. Bevin spoke at Southport as a Labour leader to a Labour assembly.³⁰

According to the New York Times, September 5, 1947, Bevin's proposal of redistributing the gold in Fort Knox, was regarded in British Government quarters as "an idea well worth examining." Although not stated plainly Mr. Bevin's speech indicates the quandary in Britain as to what to do about the economic situation. The New York Times calls Mr. Bevin's plan unsound economically because it would lead to inflation in the United States.³¹ Another attitude was expressed by the Washington, D. C. correspondent of the London Times, September 6, 1947. He felt Mr. Bevin's speech was both ill-timed and ill-advised. It was a very poor time because of the difficulty to be expected in passing the Marshall Plan through Congress anyway.³²

An interesting commentary on the morale of the British people was published in the New York Times, September 5, 1947. It said "The British are not in a very good mood to face the impending economic crisis. They are blaming others for their

²⁹New York Times, September 4, 1947, p. 1.

³⁰London Times, September 4, 1947, p. 4.

³¹New York Times, September 5, 1947, p. 1.

³²London Times, September 6, 1947, p. 4.

difficulties which is not a British trait. They are trying to preserve their glory, reconstruct their island, maintain their old standard of living, liquidate part of their empire and conduct a modest political and social revolution all at the same time. Anyone of these would be a feat in itself. They are trying to do all at once. The common man is not worried and he has enough food so he is coasting. There is considerable absenteeism among the workers and employees alike."³³

On September 12, 1947, another criticism of Mr. Bevin was made by the Washington correspondent of the London Times. He said it would be more helpful if European statesmen would make as few statements as possible which might be turned against the Marshall Plan because it was going to be hard enough to get it passed through Congress the way it was. The correspondent was making reference to a speech Mr. Bevin made before the American Legion in London on September 10, 1947, in which he said "I do not mind whether it is lend-lease or what." It was felt in Washington circles that he was trying to influence the form United States policy should take in regard to foreign aid.³⁴

An interesting comment on the economic situation confronting England and Europe was made in an editorial in the London Times, September 15, 1947. The author said, "The course of the Paris discussions on the Marshall Plan has driven home

³³New York Times, September 5, 1947, p. 3.

³⁴London Times, September 12, 1947, p. 4.

in this country, and through-out the English speaking world, the lesson which became apparent with the ending of the American loan. No sound economic life is possible for Great Britain or indeed any other country which depends upon running American subsidies in one form or another; and if the American loan to Britain helped to delay general recognition of this truth, it rendered in this respect a poor service both to lender and borrower.

"Nor, even if the prospect of American aid were more copious than seems likely, is dependence on such aid a policy which would commend itself for any length of time to this country."³⁵ Apparently this writer feels that only European countries which really try to succeed and plan accordingly will have a chance of rehabilitation. He believes Europe must learn to struggle and work harder if it hopes to achieve any semblance of its former self without being merely a satellite of the United States. It was up to Europe to succeed through her own efforts with the aid of the United States.

On September 22, 1947, the Committee for European Economic Cooperation finished its report on the needs of the various countries and what they would have to do to rehabilitate themselves. In London, the report of the sixteen-nation committee in Paris on Marshall Aid provoked a grim determination for it

³⁵London Times, September 15, 1947, p. 5.

set goals hard to attain. The main concern was over how much Congress would grant and whether it would be enough to do the job. Some quarters felt the Government had set unattainable goals in coal and steel.³⁶ On the signing of the sixteen-nation report, Mr. Bevin said it was "a long road to travel" before Europe could get on its feet. He said, "We have set our hand on the plough. We must not be deflected from our purpose."³⁷

An editorial in the London Times, September 23, 1947, apparently believes that C. E. E. C. has made a good plan and says that it is now up to the United States to carry out her part of the bargain. It said, "It would be no impertinence in any circumstances for Europe to seek aid from the United States in the rebuilding of her economy, but that will not make Europe the less grateful to the United States for having taken the initiative herself."³⁸ Most British newspapers greeted the Paris report enthusiastically except for the London Daily Worker which said, "He who pays the piper calls the tune" and "the dollar boys will run Western Europe, Inc." It said that Marshall was playing a "cat and mouse game" with Britain.³⁹ Of course, the attitude of the Daily Worker, as the official

³⁶New York Times, September 23, 1947, p. 12.

³⁷London Times, September 23, 1947, p. 4.

³⁸Ibid., p. 5.

³⁹New York Times, September 24, 1947, p. 29.

communist organization is obvious. The Communist Party in Great Britain took every opportunity that was presented to lambaste the Marshall Plan.

In the fall and winter of 1947 and 1948 the Marshall Aid bill was under consideration by Congress. In Britain there were a number of speeches made which showed British appreciation of Marshall Aid. Lord Layton, chairman of the Board of the News Chronicle in a speech before the United Nations Association in London said the unselfishness of the United States had established a new precedent in international relations. He said a united, independent Europe was a necessity for world survival, and the Marshall plan would be the instrument.⁴⁰

In a speech November 16, 1947, Mr. Bevin said he regretted Russia's boycott of the Paris meeting on European recovery. He repeated that Mr. Marshall's speech at Harvard in June, 1947, offering the help of the United States in European reconstruction, was "one of the best and most statesmanlike since the war closed." He rejected the idea, insistantly dessiminated by Soviet propaganda, that this offer implied the domination of European countries by the United States.⁴¹ An interesting comment by Anne O'Hare McCormick in the New York Times of December 13, 1947, reveals British attitude.

⁴⁰New York Times, November 12, 1947, p. 8.

⁴¹New York Times, November 16, 1947, p. 1.

She says, "While British reaction reveals how the people of this country dislike dependence on the United States, and how pathetically, in common with people everywhere, they grasp at the slightest sign of Russian reasonableness, they have no more illusions than Sir Stafford Cripps that the only hope of salvation lies in American aid in the organization of Western Europe. This becomes clearer to the man in the street with every meeting of the Big Four."⁴² After the failure of the Big Four Foreign Ministers Conference in London in the first week of December, Miss McCormick remarked in the New York Times of December 20, 1947, "The British have a more vital interest than the United States in building up western Europe. There is no longer any doubt in official circles that their very life depends upon it. In England there has been a striking psychological change during the past month. The heavy air is lighter with the first hope of recovery. Christmas spirit is livelier than at any time since 1940. The increase in production though accompanied by no promise of a better life, has an extraordinary effect on the spirit of the people. The point of these observations is that the stronger internal position will have an effect on foreign policy also. This is already indicated by the cheerfulness of Mr. Bevin and Mr. Cripps in accepting the conclusions to be drawn from the failure of the London Conference and turning at once to the next step."⁴³ A news story in

⁴²New York Times, December 13, 1947, p. 14.

⁴³New York Times, December 20, 1947, p. 16.

the New York Times, December 18, 1947 , said after the failure of the Big Four Foreign Ministers Conference, Britain would reshape her foreign policy to the paramount necessity of making the Marshall Plan work. It would entail the utmost in economic recovery at home. The article said this would undoubtedly lead to a clash between Russia and Britain. It went on to say the Communist Party in Britain had called upon all supporters to fight the Labour Government. This was virtually sabotage of the British production effort. The Communists in Britain although small in membership carry great weight in the labor unions. Most British opinion seems to be critical of Mr. Bevin for having tried too hard and too long to placate the Soviet Union.⁴⁴ A few days after this story appeared Mr. Bevin made a speech before a luncheon held for the Association of American Correspondents in London. Foreign Secretary Bevin urged the Russians to stop the conflict over the European Recovery Program. He said the door was still open to them to join. However, he made it clear Britain would do her utmost to help herself. He said he believed there could be complete cooperation between British socialism and American capitalism as long as both countries believed in principles of agreement, secure tolerance and the acceptance of democracy as they understood it.⁴⁵

One reason for this more appreciative attitude among the British toward the Marshall Plan probably stems from the fact that they are going to be forced to cooperate to support each

⁴⁴New York Times, December 18, 1947, p. 20.

⁴⁵New York Times, December 23, 1947, p. 6.

other against any aggression of Soviet Russia's making. Also the public appeared to be tired of the appeasement which had been offered to Russia by the British Government. Another factor in their change of attitude was the sure knowledge that the United States was actually going to give them the aid they needed. At this time it became more easy to see the time when such aid would be coming whereas in the spring of 1947 it seemed more a dream or idea but now the plan was taking on a semblance of reality.

In the New Statesman and Nation, December 13, 1947, is an interesting comment on the passage of the Marshall Plan through Congress. It says, "Every tirade of Molotov's spurs on the Marshall program. It would be one of the grimmest post-war paradoxes that if Russia would suddenly turn mild and conciliatory, America's instinct for isolationism might correspondingly assert itself, and the amount of Marshall Plan aid would thereby proportionately diminish."⁴⁶ This is an interesting insight into the United States' reasons for granting aid to western European countries. This attitude of Russia against the United States undoubtedly did hurry the passage of the Foreign Assistance Act.

An interesting incident during the winter of 1948 occurred when the Communist Daily Worker and Lord Beaverbrook's very conservative Daily Express were on the same side for once.

⁴⁶"Congress and the Marshall Plan", New Statesman and Nation, 34:875, December 13, 1947, p. 1.

It seems neither one of them desired American dollars or dependency but for entirely different reasons. The Communist newspaper because it wanted England entirely socialistic and Lord Beaverbrook for exactly the opposite reason which was that Britain should remain entirely independent by using the wealth of the Empire.⁴⁷ Beaverbrook believed in the sound foundation of the Empire and advocated maintaining Britain's position by drawing on her colonies. Of course the Daily Worker wanted to swing Britain to the side of Russia through socialism. This attitude was untenable in the face of the tremendous problem with which Britain was confronted.

In the London Times throughout the spring of 1948 until the passage of the Foreign Assistance Act on April 3, can be found comments on the progress of the bill through committee hearings and Congress. Apparently there was great interest in the rapid passage of the bill and the amount of aid it would grant western Europe.

An editorial from the London Times, April 5, 1948, expressed the prevailing feeling in most quarters of Britain on the passage of the Act.

The passage of the Foreign Assistance Act and the unfolding from now forward of the European Recovery Programme mark a milestone in the history of the United States. The task now is for the countries of Europe to respond with an equal courage and vigor. Mr. Truman has called this measure an 'answer to the challenge facing the free world today'. In fact it

⁴⁷"If There Were No Dollars", New Statesman and Nation, 35:888, March 13, 1948, p. 1.

is only the beginning of an answer. Whether the answer will be given, as it can now be given, with achievement and conviction, depends upon the will and the ability of the sixteen-nations to work together as one and with wisdom in giving fresh life and a new shape to the material and spiritual resources of Europe. If the Marshall Plan founders now, or the Communist wreckers have their way it will be Europe's fault.⁴⁸

In the New York Times, April 4, 1948, their London correspondent wrote that the passage of the European Recovery Program bill in Congress brought rejoicing to Britain coupled with expressions of determination to play the game fairly. Britain realized that to save itself it must help save Europe. Britain pledged her utmost to make the Marshall Plan work.⁴⁹

The following message was sent by Mr. Attlee to Mr. Truman:

On the passing of the Economic Cooperation Act of 1948, I desire to express to you, Mr. President, on behalf of my colleagues and of the people of the United Kingdom, our deep gratification at this act of unparalleled generosity and statesmanship. The act will be welcomed not only in the United Kingdom but all over the world wherever free peoples can express their opinions. It is an encouragement to all to press on to the solution of Europe's difficulties and towards the establishment of a stable, free, and healthy world economy. The people of the United Kingdom are at one with the people of the United States in this endeavor, and we shall apply our whole energies to its accomplishment. ⁵⁰

The British magazine, Economist, said upon the passage of the act that all Europe should recognize the Marshall Plan for what it is -- "an act without peer in history."

⁴⁸London Times, April 5, 1948, p. 5.

⁴⁹New York Times, April 4, 1948, Sec. I, p. 5.

⁵⁰London Times, April 6, 1948, p. 4.

It continued by saying, "It will be difficult, after this demonstration of international solidarity, to go on repeating the old gibes about American isolationism, the old complacent references to American political immaturity."⁵¹

Numerous other British newspapers and magazines expressed their deep appreciation to the United States.⁵² One of the most interesting expressions, however, came from a British housewife, Betty Burges. Mrs. Burges wrote a letter to the New York Times in which she said:

I want to express what millions of my countrymen must be feeling when they read that President Truman has affixed his signature to the Aid bill bringing relief to Europe; and that is to say 'Thank you'.

We have read here with the deepest interest the reports of the debates in the Senate and House, but when all the arguments have been weighed, what stands out clear above them all, is the good-will which has prompted this great act of statesmanship. We all feel heartened and encouraged by this striking testimony that the intelligent way to solve world problems is to apply to them the same standards of conduct that we try to apply in our own individual lives. We know by experience that if a large group of our neighbors are suddenly impoverished it is to our interest to help restore their prosperity because there is a fundamental unity among mankind. The news gladdens us with an example of good neighborliness on a huge scale.

We in England are not ashamed that we have had to spend the wealth of generations in fighting in two World Wars from the first day to the last. We are not in the least downhearted because we have to struggle against formidable difficulties - it is stimulating to find means to overcome them. But we are deeply grateful that such generous aid should be given to us by our friends and comrades, the American people; and I feel sure that we shall prove our gratitude by doing all we can to restore our own prosperity and that of our neighbors. 53

⁵¹"Unsordid Act", Economist, 154:5459, April 10, 1948, p.1.

⁵²See Appendix C. for other comments.

⁵³British Information Services.

It is obvious from these comments that Britain was both grateful and appreciative of United States aid. Probably at no other time during the conception and working of the Marshall Plan were the British people more strongly united to their appreciation of the United States' statesmanship and generosity.

On May 6, Great Britain informed the Economic Cooperation Administration of their intentions of complying with the Foreign Assistance Act and received a grant of \$33,500,000 dollars, for the purchase of wheat, flour and bacon from Canada.⁵⁴ Countries each signed separate agreements with the United States after the passage of the Foreign Assistance Act. However before Britain signed the Anglo-American Economic Cooperation Agreement a disturbance in the tranquility occurred in London where Mr. Truman's envoy, W. Averell Harriman was conferring with the British Government. He said the United States was considering its policy toward the sterling area. This caused considerable consternation in financial circles. There had been much talk that certain quarters in Washington desired to weaken or even break up the sterling area, and those fears were intensified by Harriman's statement, although he said there had been no formulation of United States policy yet.⁵⁵ An editorial in the London Times, May 25, 1948, believed that with the establishment of Economic Cooperation Administration headquarters

⁵⁴New York Times, May 6, 1948, p. 1

⁵⁵New York Times, May 14, 1948, p. 11.

in Europe the United States would take a stand against the sterling areas of which Britain was the leader. There had already been considerable comment on the subject and in the United States prominent statesmen had stated that there would be an eventual need for "some European currencies" to be devaluated. It said, "In England there is considerable speculation as to whether the sterling areas were being referred to." In the matter of devaluation it said "this country can be assured, it would seem, of being wholly its own master and reserving the initiative entirely to itself." The editorial believed at that time Government leaders could see no justification for devaluating the sterling. It said "There is no reason to suppose that conditions have changed or are changing in any way which would invalidate that conclusion."⁵⁶

This fear on the part of Great Britain at this time is interesting in considering the devaluation move they were forced to take the following year. Apparently their fears at this time were unfounded. Because of this attitude, however, many Britons were concerned over United State's domination in political matters.

There had been numerous accusations against the United States of imperialism, mainly by the Communists. The New York Times, June 9, 1948, said, "Because of such allegations and suspicions, the British Government has been required to give

⁵⁶London Times, May 25, 1948, p. 5.

repeated guarantee that it would not accept any agreement that might infringe upon British sovereignty." It continued by saying supporters of the European Recovery Program have denied that the United States has any intention of dictating British policy. Britain is quite willing to stabilize her currency, maintain a valid rate of exchange, balance her budget and maintain confidence in her monetary system, but it wants to do it in its own way and not under actual or implied pressure from the United States.⁵⁷

This is a good summary of Britain's feelings toward any form of intervention by the United States. It had been its belief since the inception of the Marshall Plan and will be found through the years the Marshall Plan was in effect in Great Britain. Such a country as England with her proud history can hardly be blamed for such an attitude.

A very interesting comment on British and American opinion was made in the Illustrated London News, June 19, 1948, by Cyril Falls, Chichele Professor of the History of War at Oxford. He started by commenting on the fact that after granting a sum of money for the European Recovery Program, Congress wanted to cut its appropriations about 25%. He points out that Marshall and Taft had said the United States had a moral obligation to uphold. Observers in England feel that the future of aid would be in the hands of a Republican President

⁵⁷New York Times, June 9, 1948, p. 9.

and Congress. Mr. Falls continues by saying, "Opinion in the United States has been critical of this country for upwards of three years." He believes American journalists and visitors are responsible for spreading this attitude. They apparently felt that English workers are not trying as hard as those in some other countries including the United States, therefore why should United States workers work for somebody who is not trying? In England there has been criticism of the United States founded in part upon jealousy and in part upon mistrust of what some quarters regard as "unbridled capitalism" and "unjustified freedom" for private enterprise. Another criticism he pointed out was that England could not go on with its socialist program without the aid of Lend-Lease, American Loan and the prospect of Marshall Plan aid. He believes this criticism is unjustified because the Marshall Plan is to be based upon political structure rather than economic structure which would be justifying England's criticism that the United States were forcing our system upon England. However Mr. Falls said "despite all differences and misconceptions, there exists today a broader understanding and a truer sympathy between Britain and the United States than was the case before the war."⁵⁸ Mr. Fall's analysis of British feelings toward Americans is probably correct.

⁵⁸Illustrated London News, June 19, 1948, p. 686.

The extreme Left-Wing of the British Labour Party suffered a severe setback and lost its belligerence in the face of overwhelming opposition by the rest of its members at the 47th annual conference. It was this group who branded the European Recovery Program as an "imperialist plot" and who advocated closer relations with Soviet Russia.⁵⁹ This defeat of the left-wing probably helped the signing of the Anglo-American Economic Cooperation Agreement.

Bi-lateral talks were concluded June 26, 1948, and the ones with Britain, France, Sweden, and Denmark right at first practically eliminated all the difficulties involved, and therefore the talks proceeded faster. The plans were to be not only presented to the respective governments but recommended by their negotiators.⁶⁰ The signing date for the bi-lateral agreements was set for July 3. Great Britain's Government decided to postpone its signing until after the deadline in order to deliberate longer in the House of Commons. The London Times thought there was going to be some opposition to the agreement from both sides of the House and it would be a matter for careful and deliberate handling.⁶¹

Debates started in the House of Commons June 30, 1948.

Sir Stafford Cripps spoke before the House on the opening day

⁵⁹New York Times, May 18, 1948, p. 11.

⁶⁰London Times, June 26, 1948, p. 4.

⁶¹London Times, June 25, 1948, p. 4.

in which he outlined the parts of the agreement which had been reached between the United States and Great Britain. The Commons cheered when Cripps said "This provision makes it quite clear that his Majesty's Government is the sole judge of how it shall use its best endeavors and as to what measures it shall adopt."⁶²

The London Times, July 1, 1948 said that,:

"The terms of the agreement are still being studied but so far the indications are that it will be approved by two Houses without much opposition. There will be strong criticism of detail, but since the need for such an arrangement seems inescapable in present circumstances the agreement will be reluctantly accepted."

The reluctance does not imply any lack of appreciation of American generosity in her efforts to aid Europe, but reflects only the feeling of regret that Britain should be dependent upon external aid."⁶³

A motion was introduced July 2, 1948, in the House of Commons and tabled which read:

"That this House, while welcoming the prospect of the economic aid which Great Britain's disproportionate sacrifices in the late war entitles her to expect unconditionally and as of right, requests his Majesty's Government to negotiation for the removal of conditions liable to involve foreign control of Great Britain's internal finances and foreign penetrations of her colonies; and which are also likely to harm the British Commonwealth of Nations."⁶⁴

This bill was introduced as an alternative but found little acceptance by the majority of the House.

⁶³London Times, July 1, 1948, p. 4.

⁶⁴London Times, July 3, 1948, p. 4.

In other speeches before the House of Commons, Sir Stafford Cripps surveyed Britain's economic state. The London Times, July 5, 1948, said, "Had there been no certainty of Marshall Aid by this time he would have been making a survey of a different sort which would have chilled and depressed everybody. There is little enthusiasm for an agreement which makes us dependent upon the generosity of the United States; but the alternative is too grim for serious contemplation by any political group except the Communists and their allies."⁶⁵

At a private meeting of Conservative members they decided that in spite of many points open to criticism or requiring elucidation, the agreement did not call for an adverse vote from the opposition.⁶⁶

The London Times, July 6, 1948, said, "as the debate opened by the Chancellor of the Exchequer in the House of Commons yesterday demonstrated, only a few irreconcilables, mostly on the extreme left, now pretend that it would be better for Europe....to suffer the penury, unemployment, and discord that would be unescapable if aid were rejected than to accept the American offer of help as it is now made."⁶⁷

Parliament approved the agreement July 7, 1948, by a majority in Commons of 407 to 12 and unanimously in Lords, and one hour later it was signed by Mr. Bevin and the United States

⁶⁶Loc. cit.

⁶⁷London Times, July 6, 1948, p. 4.

Ambassador. Mr. Bevin afterward expressed to the Government and people of the United States the gratitude of Great Britain for what he described as one of the series of agreements which marked the fulfillment of an outstanding feat of constructive statesmanship.⁶⁸

In late July, Mr. Hoffman and Sir Stafford Cripps decided that an Anglo-American council to advise on methods of increasing British industrial efficiency would aid Britain in increasing production. This raised a storm of protests from two widely divergent newspapers, The Communist Daily Worker and the London Daily Express, Lord Beaverbrook's paper. The Daily Express said that British industry could learn nothing from anyone which few British industrialists would agree with.⁶⁹ There was considerable concernation in Commons over this proposed Anglo-American council until Sir Stafford Cripps explained that there would be no investigation of British industry by the United States. Members appeared considerably appeased by Cripps' statement. Also the Commons were mollified when it was learned that the Federation of British Industries approved the plan as did the Trade Union Congress.⁷⁰

Following this discussion of the Anglo-American Council for increased production there is not much published in the British newspapers on the Marshall Plan. There are scattered comments on various phases. Such a one occurred in October of 1948.

⁶⁸London Times, July 27, 1948, p. 4.

⁶⁹"The Shape of Things", Nation, 167:6, August 7, 1948, p. 1.

⁷⁰New York Times, July 30, 1948, p. 8.

Apparently there had been considerable complaint over the fact that Britain had to contribute \$282,000,000 and release £209,000,000 sterling to European nations. The Spectator October 22, 1948, believed this should be put in the perspective of the United States giving \$4,875,000,000 with Britain gaining the largest share. It said nobody had the right to complain until they saw how it worked and nobody could know at that time. It said, "As to the broader aims of promoting closer cooperation in western Europe, either it is worth some temporary sacrifice or Britain should not be associated with the European Recovery Program at all."⁷¹

Another interesting comment was made in the London Times, January 8, 1949, upon the resignation of Secretary of State Marshall:

In retiring at last to enjoy the peace and quiet he has so richly earned Mr. Marshall will have the good wishes of millions, not only in the United States but throughout the western world. To the Marshall Plan he brought the steady vision of a great strategist combined with the administrative ability of a great organizer. These qualities always infused by the unmistakable honesty of a noble character rather than by intellectual brilliance, won him the support of two great political parties in the United States and the willing cooperation of the countries of western Europe. In the two short years in which he has held the office of Secretary of State, George Marshall has shaped the policy of the western world. ⁷²

From this time until the fall of 1949 there are few comments worthy of inclusion in this paper. No expressions

⁷¹"Price of Economic Recovery", Spectator, No. 6278, October 22, 1948, p. 1.

⁷²London Times, January 8, 1948, p. 5.

of public opinion seemed to be made. Britain seemed content with sitting back and watching how the Marshall Plan was working. In the fall of 1949 the problem of devaluation was met and overcome as has been discussed in Chapter III. Probably the next major occurrence concerning the Marshall Plan in Great Britain was the suspension of aid in December of 1950.⁷³

The London Times, December 14, 1950, remarked upon the suspension of aid, "All will welcome the fact that Marshall aid has ended in full agreement between giver and receiver. No untimely arguments, criticisms or complaints have marred the final act." It said the sterling area would share in Britain's gratitude and pride.⁷⁴

The Economist, December 16, 1950, said about aid suspension:

This country loses the support without which it could not have had through two post-war years, its food, its full employment, and its rising production. There can neither be regret nor complaint that the aid has been taken away eighteen months early. The sterling area's dollar gap was closed a year ago. It is perhaps the best expression of the spirit in which aid was given that the Americans have willingly waited through 1950 to see that this achievement appeared reasonably secure.

Marshall Aid is the most straight-forwardly generous thing that any country has ever done for others, the fullest expression so far of that American idealism upon which all the hopes of the West depend.⁷⁵

⁷³See Appendix D for Joint Statement on Aid Suspension.

⁷⁴London Times, December 14, 1950, p. 7.

⁷⁵"Aid Suspended". Economist 159:5599, December 16, 1950, p. 1069.

Probably one of the most appreciative statements was made by Mr. Hugh Gaitskell, acting Foreign Minister, in the House of Commons. He said:

His Majesty's Government desires to express on behalf of the whole nation their deepest gratitude to the Government and people of the United States for their unprecedented generosity (cheers) in giving freely to Britain at a critical moment in history the means to regain her economic independence and power.

It only remains for me to add that I am sure the whole House will give its warm approval to the sentiments expressed in the last paragraph. (cheers) We are not an emotional people and we are not always very articulate. But these characteristics should not be allowed to hide the very real and profound sense of gratitude which we feel towards the American people, not only for the material help they have given us but also for the spirit of understanding and friendship in which it has been given.

I think we should all agree that with the very great assistance of Marshall Aid and the efforts of our own countrymen we have achieved a remarkable recovery in a much shorter time than seemed possible.⁷⁶

Mr. Eden voiced the opinion of the Opposition when he warmly endorsed Mr. Gaitskell's sentiments.⁷⁷

It would seem that Britain was very well pleased with its progress under the Marshall Plan. It seemed to have appreciated the aid the United States had given but was very glad it was no longer dependent upon the United States. Britain can hardly be blamed for this attitude for no group of people like to know they are indebted to another group for something they could not do themselves.

⁷⁶London Times, December 14, 1950, p. 6.

⁷⁷Loc. cit.

CONCLUSIONS

Britain has probably succeeded better than any country, which participated in the Marshall Plan, in achieving economic stability and rehabilitation. This would seem evident from her ability to discontinue with the need of Marshall Plan aid, eighteen months earlier than planned. Various reasons have been given in explaining why Britain was able to discontinue Marshall Plan aid.

One factor which had a great deal of bearing on the subject would be the rearmament program which was developed in Britain in 1949 as a result of the western defense pact. This rearmament program stepped up production and as a result Britain was able to close her dollar gap in 1950. Of course, this is entirely a short-range recovery and if Russia should start trying to appease countries, which seems entirely unlikely, Britain might again need some form of aid for a time.

Another reason given for discontinuation of aid was that the British people through tremendous sacrifices were able to do more with the aid they acquired than the other countries in Europe. A point in this argument has been raised which pointed out that England being a socialistic nation under a planned economy was able to distribute Marshall aid more effectively than countries which practiced a free system of enterprise. This argument has certain flaws in it which should be pointed out. Britain received by far the largest amount of Marshall

Plan aid, therefore it should be expected to make more rapid progress than countries which did not receive as much aid. Another point was that Britain probably did not sustain the tremendous havoc, which continental countries did, to their farm land and some factories. Some countries had to start practically from scratch and rebuild factories to produce goods they needed. England was concerned more with conversion of war plants to peacetime production. Actually it is difficult to see that there is much difference in a country's progress whether it is socialistic or capitalistic.

A final obvious reason for Britain's abandonment of the Marshall Plan was that by now it had largely accomplished its work there. By 1950 British factories had been reconverted and modernized, raw materials were once more flowing into the country, production lines had been reestablished in all vital industries and England had recovered a large share of her markets. It could now show a favorable balance of trade within the sterling bloc and its deficits in the dollar area had been narrowed. The Labour Government had established a national economy, which if allowed to take its normal course would show a favorable balance of exports over imports and a slowly rising standard of living. This policy was requiring great sacrifices on the part of the British public as consumers but it was expected that this would be merely a temporary expedient on the way to a renewed prosperity.

There was a general satisfaction throughout Britain with the measure of recovery attained through Marshall funds, and a reluctant realization on the part of most that these funds would not be available much longer. Accordingly on December 13, 1950, when the Marshall Plan was suddenly suspended, the British public accepted the news quietly and girded themselves to make their way, henceforth unaided.

Since the Marshall Plan has been concluded it is difficult to determine from the evidence available how the British public taken as a whole regarded it. Various social and economic groups held views which varied with their environment (and hereditary) circumstances.

However, it can be safely said that the majority of the British nation appreciated to a greater or lesser degree the Marshall aid and the generosity with which it was given. The Labour Government backed the Marshall Plan all the way and cooperated to its utmost to make the Plan a success. It was vitally concerned over Britain's desperate need for dollars and other economic help and realized that it must cooperate with Europe as well as the United States in order to achieve economic stability and rehabilitation. Of course there were some in Britain who had opposed the plan from the beginning and could feel no gratitude for it now. The Communist party had fought Marshall Aid all the way. It was naturally committed both to world domination by Russia and a world wide Marxist revolution, the very things which Marshall Aid had been designed to oppose.

Another group in Britain which opposed Marshall aid was made up of the extreme conservatives. They felt Britain should not allow herself to become dependent on another nation. This group felt Britain could regain her former position without outside aid. One of the leaders of this group was Lord Beaverbrook. Apparently this group was obsessed with the idea that the Empire could save itself and they had not yet awakened to the idea that Britain had lost a great deal of its Empire, and that a large portion of the rest were demanding independence from Great Britain.

The manufacturing group apparently approved of the Marshall Plan because they more than any other group realized the precarious position of Britain's economy following World War II. They realized Britain could not regain her export trade without outside aid, and to them as industrialists the main objective was the recovery of markets.

To the great mass of the laboring population the Marshall Plan looked good because they stood to gain as consumers and had reason also to feel that rising production levels would bring rising wages. For a time they were afraid of losing through American funds, but gradually became reconciled as they recognized that devaluation would have its advantages as well as its disadvantages, for them. They stood to gain through any upsurge of business as long as the Labour Government could promise to supply social services free and control the price structure within the United Kingdom.

Finally, there is a psychological factor to be taken into account, which though intangible, yet has its importance.

The British are a proud and independent people and it is hard for them to accept aid from another nation. Nevertheless they appreciated the aid which was given them. Basically, what they needed was the moral and financial impetus to restimulate their own mighty industrial and commercial system, which would then automatically call up the native energy and intelligence of the British people themselves to achieve their own salvation. The Marshall Plan allowed them to do that.

BIBLIOGRAPHY

Books

Javitts, Benjamin A., Peace by Investment. New York: Funk and Wagnalls Co., 1950.

Padelford, Norman J., editor, Current Readings on International Relations. Cambridge, Mass.: Addison-Wesley Press, Inc., 1949, pp. 64-120.

Padelford, Norman J., editor. Current Readings on International Relations. Cambridge, Mass.: Addison-Wesley Press, Inc., 1948, pp. 79-104.

Periodicals

"Accelerating American Aid." Spectator, No. 6248, March 26, 1948.

"Aid Suspended." Economist, 159:5599, December 16, 1950.

"British Problem: Empire vs. ERP". United States News, 24:20, May 14, 1948.

"Congress and the Marshall Plan." New Statesman and Nation, 34:875, December 13, 1947.

"Congress Looks Over New Problems Regarding Further Aid to Great Britain." Congressional Digest, 29:6/7, June-July 1950.

"E.R.P. in Action." Spectator, No. 6250, April 9, 1948.

"If There Were No Dollars." New Statesman and Nation, 34:888, March 13, 1948.

"Mr. Hoffman Hits the Spot". Spectator, No. 6321, August 19, 1949.

"Price of Economic Recovery". Spectator, No. 6278, October 22, 1948.

"Revaluation Aftermath." Spectator, No. 6328, October 7, 1949.

"The Shape of Things." Nation, 167:6, August 7, 1948.

"T.U.C. Does its Best." Spectator, No. 6340, December 30, 1949.

"Unsordid Act". Economist, 154:5459, April 10, 1948.

Newspapers

Illustrated London News, June 1 to June 30, 1948.

London Times, January 1, 1947 to January 15, 1951.

New York Times, June 5, 1947 to January 1, 1951.

Government Publications

"Britain and the Marshall Aid Program". British Information Services, January 1951.

"Britain and the Marshall Plan." British Information Services, June 1948.

Department of State Publication, European Series 28. U. S. Government Printing Office, Washington, September 1947.

Department of State Publication, European Series 25, U. S. Government Printing Office, Washington, June 1947.

Eighth Report to Congress of the Economic Cooperation Administration. U. S. Government Printing Office, Washington, March 1950.

Getting On Together. His Majesty's Stationary Office, London, January 1949.

Recovery in Europe. His Majesty's Stationary Office, London, February, 1950.

"Suspension of Marshall Aid to Britain." British Economic Record: British Information Services, December, 1950.

United Kingdom: Country Data Book. Economic Cooperation Administration, Washington, March, 1950.

Zausmer, Otto. Marshall Plan: Goals and Gains. Economic Cooperation Administration, Washington, May, 1950.

APPENDIX

APPENDIX A

European Initiative Essential to Economic Recovery¹

I need not tell you gentlemen that the world situation is very serious. That must be apparent to all intelligent people. I think one difficulty is that the problem is one of such enormous complexity that the very mass of facts presented to the public by press and radio make it exceedingly difficult for the man in the street to reach a clear appraisal of the situation. Furthermore, the people of this country are distant from the troubled areas of the earth and it is hard for them to comprehend the plight and consequent reactions of the long suffering peoples, and the effect of those reactions on their governments in connection with our efforts to promote peace in the world.

In considering the requirements for the rehabilitation of Europe, the physical loss of life, the visible destruction of cities, factories, mines, and railroads was correctly estimated, but it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy. For the past 10 years conditions have been highly abnormal. The feverish preparation for war and the more feverish maintenance of the war effort engulfed all aspects of national economies. Machinery has fallen into disrepair or is entirely obsolete. Under the arbitrary and destructive Nazi rule, virtually every possible enterprise was geared into the German war machine. Long-standing commercial ties, private institutions, banks, insurance companies, and shipping companies disappeared, through loss of capital, absorption through nationalization, or by simple destruction. In many countries, confidence in the local currency has been severely shaken. The breakdown of the business structure of Europe during the war was complete. Recovery has been seriously retarded by the fact that two years after the close of hostilities a peace settlement with Germany and Austria has not been agreed upon. But even given a more prompt solution of these difficult problems, the rehabilitation of the economic structure of Europe quite evidently will require a much longer time and greater effort than had been foreseen.

There is a phase of this matter which is both interesting and serious. The farmer has always produced the foodstuffs to exchange with the city dweller for the other necessities of life. This division of labor is the basis of modern civilization.

¹Remarks by the SECRETARY OF STATE made on the occasion of commencement exercises at Harvard University on June 5, 1947, and released to the press on the same date. Department of State, Publication 2882, European Series 25.

At the present time it is threatened with breakdown. The town and city industries are not producing adequate goods to exchange with the food-producing farmer. Raw materials and fuel are in short supply. Machinery is lacking or worn out. The farmer or the peasant cannot find the goods for sale which he desires to purchase. So the sale of his farm produce for money which he cannot use seems to him an unprofitable transaction. He, therefore, has withdrawn many fields from crop cultivation and is using them for grazing. He feeds more grain to stock and finds for himself and his family an ample supply of food, however short he may be on clothing and other ordinary gadgets of civilization. Meanwhile people in the cities are short of food and fuel. So the governments are forced to use their foreign money and credits to procure these necessities abroad. This process exhausts funds which are urgently needed for reconstruction. Thus a very serious situation is rapidly developing which bodes no good for the world. The modern system of the division of labor upon which the exchange of products is based is in danger of breaking down.

The truth of the matter is that Europe's requirements for the next three or four years of foreign food and other essential products - principally from America - are so much greater than her present ability to pay that she must have substantial additional help or face economic, social, and political deterioration of a very grave character.

The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole. The manufacturer and the farmer throughout wide areas must be able and willing to exchange their products for currencies the continuing value of which is not open to question.

Aside from the demoralizing effect on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned, the consequences to the economy of the United States should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a

mere palliative. Any government that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States Government. Any government which maneuvers to block the recovery of other countries cannot expect help from us. Furthermore, governments, political parties, or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States.

It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe. The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all, European nations.

An essential part of any successful action on the part of the United States is an understanding on the part of the people of America of the character of the problem and the remedies to be applied. Political passion and prejudice should have no part. With foresight, and a willingness on the part of our people to face up to the vast responsibility which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome.

APPENDIX B

The Committee to the Secretary of State
Committee of European Economic Cooperation¹

Paris, 22nd September, 1947

My Dear Mr. Secretary,

In your speech at Harvard University on the 5th June you stated that, before the United States could proceed much further in its efforts to help start the European world on its way to recovery, there must be some agreement among the countries concerned as to the requirements of the situation and the part these countries themselves could play in order to give proper effect to whatever action might be undertaken by the Government of the United States. You suggested that the initiative in the drafting of a European programme must come from Europe, and that the programme should be a joint one agreed to by a number, if not all, of the European nations. You stated that an essential part of any successful action by the United States was an understanding by the people of America of the character of the problem and the remedies to be applied.

The programme which you suggested should be prepared has now been drawn up in the form of the attached initial Report by the 16 countries which accepted the invitation of the British and French Governments to attend a Conference in Paris opening on 12th July. This programme, which covers the 16 participating countries concerned and Western Germany, contains statements of production, requirements and future plans on which the governments of each of the participating countries have agreed.

The Report has been drawn up in close and friendly cooperation on the part of the countries concerned, and we hope that it will help to solve the economic problems which today face a large part of the European continent.

Yours very truly,

/S/ Ernest Bevin, Chairman

(Signatures) United Kingdom, Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey.

¹Committee of European Economic Co-Operation, Vol. 1, General Report, European Series 28, released September 1947.

APPENDIX C

Britain and the Marshall Plan¹

Manchester Guardian¹
5 April 1948

This week end may prove to have been a turning point in the world's history; Mr. Truman was not speaking with improper arrogance when he called the measure "perhaps the greatest venture in constructive statesmanship that any nation has ever taken." It is the constructive, or reconstructive, aspect of the plan which must be grasped and remembered and followed. The essence of Mr. Marshall's great conception proclaimed last June was that the united effort of the nations of Europe to rebuild their broken economies with each other's help would call forth a generous response from the United States. The sixteen nations have begun that task at Paris, and the American people has magnificently expressed its confidence in them to carry it through...The credit for carrying through this great and controversial measure is shared by many: Mr. Marshall himself, for the massive authority with which he laid his proposals before the Foreign Relations Committees of the two Houses; President Truman, who has thrown the whole weight of his office behind his Secretary of State; Senator Vandenberg, whose tact and political judgment have drawn the stings from criticism without sacrificing any vital part of the measure. Nor should one forget the large number of Congressmen who, in the course of the last recess, visited various parts of Europe "to see for themselves," and went back with a quickened sense of urgency and a grasp of essential facts which, in Washington, have too often been confined to a small circle of specialists...But by and large they have voted for the Plan because they knew that the American people was behind them and that Mr. Marshall's vision of European self-help made possible and fruitful by American aid had caught the imagination of the people in a way in which no proposals for military subventions or charitable reliefs could have done. "The greatest nation on earth," said Senator Vandenberg, "either justifies or surrenders its leadership." The United States has risen to the occasion. It is now for the nations of Western Europe to do no less.

¹Britain and the Marshall Plan, Published Statements by some Government Spokesmen, the Press, and a British housewife, British Information Services, June 1948.

Daily Express²
6 April, 1948

Let us frankly comment upon the generous and splendid conduct of the American people and their Congress.

They have gifted these immense sums of money and goods with every intention of rescuing their neighbors in trouble.

They show a kindness of disposition worthy of a people who have for long sustained throughout the world the precepts of the Christian faith. They have declared themselves their brothers' keeper.

The Marshall Plan is a gesture more striking than any that has gone before.

Praise the warm feelings of the American nation.

Recognize the high endeavor to help the distressed world.

Financial Times³
5 April 1948

If we strive with unflagging energy for increased production, Marshall aid will represent the marginal assistance needed for the restoration of economic health and independence. But never let it be forgotten that the aid is purely marginal, and will achieve nothing in the long term unless it spurs our own efforts. Nor should it be forgotten that the fate of the Marshall Plan as a whole will be determined in a very large measure by our success or failure in making wise use of American aid.

We are the main industrial power among the participating countries, and will, therefore, be expected to make a major contribution to Western Europe's great need for additional supplies of capital and consumer goods.

Apart from the great economic contribution which we can, and must, make to European recovery, the restoration of this country to strength and independence would be a stabilizing political influence of the greatest importance. If we fail to seize the great opportunity now presented us the whole project

²Loc. cit.

³Loc. cit.

will fail. Western Europe will lie weak and impoverished and an easy prey to Communist infiltration. American security will be endangered, and the lamps of freedom and tolerance will die down throughout the world. Happily, this moment of crisis in world affairs is also a moment of opportunity thanks to the great, bold and imaginative gesture of the United States. But it is upon ourselves, even more than upon America, that the responsibility for success will lie...the Government, and capital and labor, must see to it that the passage of the Marshall Plan does not engender a fatal complacency. Given that condition America should never have cause to regret her great gesture.

APPENDIX D

Suspension of Marshall Aid to Britain¹

The following joint statement was issued on December 13 by the Government of the United States and the United Kingdom:

"After discussions between the Chancellor of the Exchequer and Mr. William L. Batt, Minister in charge of the E. C. A. mission to the United Kingdom, the Governments of the United States and the United Kingdom have agreed to the suspension of Marshall Aid to the United Kingdom from January 1, 1951.

"In reaching this decision, the Governments have been guided by two considerations. First, the economic recovery of Britain and the Sterling Area as a whole has made such good progress that the dollar deficit has in recent months disappeared, - an achievement which, coming early in the third year of a four-year program, is a source of profound satisfaction to both Governments. Secondly, the defense program of the United States, which includes the Mutual Defense Aid Program, will now impose new and heavier demands upon her economy.

"The total of allotments of aid to the United Kingdom for the six months ended 31st December 1950 will remain at \$175 million, of which \$150 million represents conditional aid matching equal sterling grants made by the United Kingdom to other countries in the Organization for European Economic Co-operation through the European Payments Union. The United Kingdom will continue to draw upon these and previous allotments of aid until they are exhausted. Goods and services so financed will, therefore, be reaching Britain for some months to come. In all, since the beginning of Marshall Aid, the United Kingdom has been allotted a total of \$2,694.3 million.

"The United Kingdom will remain a full participant in the Organization for European Economic Co-operation and the European Payments Union. Certain E. C. A. programs, in particular those for fostering overseas development, for the production of scarce materials, and for the interchange of technical knowledge to encourage higher productivity, will be maintained. The United

¹British Economic Record, issued by British Information Services, 1950.

Kingdom will continue to be eligible for assistance under those programs, and the Economic Co-operation Agreement between the Government of the United Kingdom and the United States will remain in force for the time being.

"The two Governments are not yet in a position to assess the ultimate economic impact of their mutual defense efforts, and the suspension of E. R. P. allotments to the United Kingdom will, in no way, affect the arrangements which are now being worked out in the North Atlantic Treaty Organization for the assessment and distribution of the burden of the defense programs of its members.

"The suspension of aid under the European Recovery Program does not mean that the recovery of the British economy is complete or that the financial resources of the Sterling Area are adequate. Both Governments recognize that parts of the improvement in the position of the Sterling Area is due to external factors which may well be temporary. Furthermore, new difficulties and burdens are certain to fall upon the British economy and balance of payments in 1951 as a result of the increased defense program and the impact of higher raw material prices and prospective shortages. This understanding, therefore, provides for the suspension, and not the termination of E. R. P. aid and for reconsideration if necessary. Nevertheless, the extent of the recovery already achieved demonstrates alike the immense value of the European Recovery Program and the success of the efforts of the British people to meet and overcome the grave problems which they have to face.

"The United States Government is especially pleased to see so prominent an example of the success of the European Recovery Program at this early date.

"His Majesty's Government desires to express on behalf of the whole nation its deepest gratitude to the Government and the people of the United States for their unprecedented generosity in giving freely to Britain at a critical moment in history the means to regain her economic independence and power."

BRITISH PUBLIC OPINION ON THE MARSHALL PLAN

An Abstract of a Thesis

by

PATRICIA McKEEMAN NELSON

B. S., Kansas State College
of Agriculture and Applied Science
1949

Department of History, Government, and Philosophy

Kansas State College
of Agriculture and Applied Science

1951

The purpose of this study has been to inquire into the attitude of the British public toward the Marshall Plan. In order thoroughly to investigate this subject it was necessary to analyze separate groups of the public such as laborers, manufacturers, government officials and minority groups. It was obvious from the beginning of the investigation that no clear cut attitude or opinion would be found which would include the British public as a whole. Naturally economic factors had the largest influence upon attitudes, while the matter of political affiliation was also very important.

At the outset an attempt was made to point out the various factors, such as a hard winter, in 1946-47, the inability of European countries to rehabilitate themselves, and Russia's evident lack of cooperation toward world peace, which made the statesmen of Europe and the United States realize the necessity of forming some plan to aid Europe toward complete rehabilitation.

On June 5, 1947, Secretary of State George C. Marshall, made a speech at Harvard University in which he outlined a plan to aid Europe. Events rapidly followed until on April 3, 1948, the Congress of the United States passed the Foreign Assistance Act which provided economic aid for Europe.

Britain had sustained some of the most severe hardships occasioned by the war and therefore was anxious to have some form of aid, so it actively supported the plan.

In the next phase Britain's economic position in the world was discussed. Britain had received a loan from the United States in 1946 but it had been exhausted within a year. Its dollar reserve disappeared rapidly during the winter of 1947 and it needed economic aid desperately. After the passage of the Foreign Assistance Act, Britain started regaining her economic position rapidly through the help of United States dollars and materials and her own efforts. In practically all fields such as importing and exporting, industrial productivity, agricultural production and unemployment, Britain showed improvement during the time she received Marshall Plan aid.

Britain had an important problem to solve during this period. She had to reconcile her leadership of the sterling area with her evident desire to cooperate with western Europe. Britain could not give up her position in the sterling area, yet she realized that she must cooperate with western Europe in order to make the Marshall Plan function. She attempted to cooperate with both areas by building up an export trade with western Europe in order to produce dollars to aid the sterling area. Britain cooperated with western Europe in forming economic unions of which the most important was the European Payments Union which helped to make currency interchangeable.

Another problem Britain faced was reconciling sterling with other currencies. In 1949, Britain finally found it

necessary to devalue the pound from \$4.03 to \$2.80. This, of course, caused considerable comment in Britain and was opposed by some groups; however, most groups only objected to the method in which it was done rather than devaluation itself.

In the fourth chapter British public opinion was pointed out in chronological order. Immediately after Marshall's speech some groups were skeptical of the reasons behind such a move. Gradually as the plan took concrete shape, most Britons accepted it gratefully except for extreme Conservatives and the Communist Party. After the passage of the Foreign Assistance Act, Britain expressed her deep appreciation of American generosity and statesmanship. Little comment was made during the time the Plan was in action but in December 1950, Britain decided she needed no more aid and issued a joint suspension with the United States of Marshall Plan aid. At this time there was a feeling of relief in Britain that the Marshall Plan was over and they were no longer dependent upon the United States. Nevertheless they appreciated deeply all that Marshall Plan aid had done to rehabilitate Britain.

In the conclusion, the attitude of the various groups is pointed out. The manufacturers realized the need for the Marshall Plan and supported it. The laborers followed the Government line and also supported the Marshall Plan except for a few extreme leftists unions who followed the Moscow line. The Labour government supported and aided the Marshall Plan as much as

possible. Most of the Conservative Party also supported the Marshall Plan except for a small group of extreme Conservatives who resented the suggestion of British dependence on the United States. The finding of this paper then was that the large middle group in Britain as represented by orthodox Laborites and moderate Conservatives wanted a rejuvenated capitalism modified by a few judicious social and economic controls.

In order to discover the opinions of the British the writer did extensive research in periodicals such as the London Times and New York Times, pamphlets published by the British Information Services and the Economic Cooperation Administration and published speeches. There was considerable limitation put on the writer due to the lack of adequate British periodicals in the Mid-West and the almost complete absences of such material in the Kansas State College Library.