

THE MARSHALL PLAN:
STRATEGIC FOREIGN POLICY OR BIG BUSINESS ENTERPRISE

by

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INTRODUCTION, PREFACE AND ACKNOWLEDGEMENTS

This study is not, nor has it pretensions of being, a definitive study of the Marshall plan or any of its many facets. It has barely touched on the much broader question of the cold war and its origins which is properly the setting of the European recovery program. In a limited way, this paper attempts to answer three questions concerning the Marshall plan. 1.) What were its origins? 2.) Was it a big business venture dictated out of economic self-interest, or was it an instrument of United States strategic foreign policy dictated from geo-political considerations arising from the aggressive expansion of Communism? 3.) How did the American public react to the plan?

The problem of origins brings one face to face with the Greek-Turkish crisis and the subsequent Truman doctrine. It is the contention of this paper that the Marshall plan not only received its philosophical impetus from the Truman doctrine, but was, in fact, the economic implementation of it. If this is true, the June 5, Harvard address in which Secretary Marshall invited the Soviets to participate in E.R.P. is in need of re-evaluation.

An inquiry into the second problem reveals that there were two clashing points of view concerning the Marshall plan.

To Marshall himself, the State Department, and the Truman Administration, E.R.P. was primarily an instrument of United States foreign policy, whose ultimate objective was to halt the expansion of Communism. As such, its philosophy was deeply rooted in the Truman doctrine which preceded it. On the other hand, to the business community in general, the Marshall plan was essentially a business enterprise. To be sure, it must stop the spread of Communism, but the task could only be accomplished, as far as big business was concerned, by the upper echelon of American capitalist society operating E.R.P. on an efficient business basis. These two philosophies clashed decisively over the issue of who was to administer the program. The ideological battle of foreign policy versus business enterprise was translated into a real struggle over State Department control of the Marshall plan versus a business corporate board of directors.

The problem of analyzing public reaction to the Marshall plan proved to be very difficult. For convenience sake this study limits itself to the attitude of the major economic groups in the United States: business, labor and farm. In addition, considerable material has been gathered on the opposition to the Marshall plan coming mainly from the extremes of Right and Left. Admittedly these divisions of public opinion are arbitrary. The neglect of the various religious, veteran, women, racial, ethnic and intellectual groups is no reflection of their importance but rather of the limitations

of this study.

A word here is in order about the source materials used. The documents of the Harry S. Truman Library, Independence, Missouri, were indispensable for gaining an insight into the thinking going on within the Truman Administration. Of particular importance were the papers of President Truman, Secretary of the Treasury John W. Snyder, the Committee for the Marshall Plan, and Joseph M. Jones, author of the revealing study, The Fifteen Weeks. The extensive newspaper clippings of the Democratic National Committee Clipping File were also invaluable. The clipping file sampled editorial opinion coast to coast during the period 1947-1948. Most important in tracing the development of E.R.P. through Congress were copies of the original draft legislation, the Senate bill, the House bill and the final Foreign Assistance Act of 1948.

Outside of the Truman Library, the most important sources used were the hearings of the House Committee on Foreign Affairs and the Senate Foreign Relations Committee. In these volumes the spectrum of American public opinion was presented. In addition, the various journals and magazines of the period were essential in getting the "feel" of the times. Also consulted were a considerable number of secondary sources.

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CHAPTER I

THE TRUMAN DOCTRINE-A PRELUDE TO THE MARSHALL PLAN

The Marshall plan is said by some to have been first publicly enunciated by George C. Marshall himself on June 5, 1947. Others point with equal justification to Dean Acheson's speech before the Delta Council in Cleveland, Mississippi, the month before. In a sense, both are incorrect. The basic strategic objective of containment, an essential ingredient of the Marshall plan, was first publicly pronounced by President Truman on March 12, 1947. ✓

In this message, before a special session of Congress, the President announced to the world the doctrine which has since born his name. The Truman doctrine was to lay the ideological groundwork upon which the Marshall plan was built. ✓ This ideological basis was to encounter strong and influential opposition.

On February 24, 1947, three weeks before the President spoke to Congress, the British Embassy informed the United States that economic conditions made it impossible for Great Britain to maintain her financial and military commitments in Greece and Turkey. Greece was already enveloped in civil war and the British told America that whatever stabilizing influence they were able to exert in Greece and Turkey would

soon be withdrawn. It was feared that if pro-Soviet elements gained control of the governments of those strategically situated nations, the Soviet Union would entrench its influence in the Middle East as it already had in Eastern Europe. In effect, Britain was presenting the task of stopping Soviet expansion to the Truman Administration. Furthermore, it was thought that the situation demanded immediate financial and possibly military aid.

The British presented the problem of Greek and Turkish aid to the Truman Administration at a most difficult time. Any program of large scale economic and military aid had to be extracted from the Republican-controlled 80th Congress which was dedicated to the reduction of taxes at home and the diminution of commitments abroad. If Truman was to obtain congressional approval he realized that he must promote the closest relationship between his administration and the Republican congressional leaders. This was what he immediately set out to do.

The President called a meeting of the Senate and House leaders of both parties on February 27. At this meeting, the Secretary and Undersecretary of State each presented a distinct argument on behalf of a Greek-Turkish aid program. The former emphasized the twin themes of loyalty to Great Britain and humanitarianism toward starving

people. The latter stressed the urgent necessity of containing Communist expansion. The manner in which the leaders reacted to these two justifications of an aid program determined, at least in part, the way Truman was to approach Congress and the American people.

Present at the meeting were President Truman, Secretary of State Marshall, Undersecretary Dean Acheson, various members of the State Department staff, Senator Arthur H. Vandenberg, Chairman of the Senate Foreign Relations Committee, Speaker of the House Martin, Sam Rayburn, Charles Eaton, House Minority leader, Styles Bridges, Chairman of the House Committee on Foreign Affairs, Tom Conally, Chairman of the Senate Appropriations Committee, and Sol Bloom, ranking Democrat on House Committees on Foreign Affairs. Conspicuously, and probably unhappily absent, was Robert A. Taft, Senate Majority leader and chairman of the Republican Policy Committee.

The first to speak, at the request of the President, was Secretary Marshall. In an undramatic manner he "created the overall impression that aid should be extended to Greece on grounds of loyalty and humanitarianism and to Turkey to strengthen Britain's position in the Middle East."¹ This approach was received with hostility. The congressmen, many

¹Joseph M. Jones, The Fifteen Weeks (New York: Viking Press, 1955), p. 139.

dedicated to lower taxes and decreased foreign aid, immediately asked whether this was pulling British chestnuts out of the fire, whether the cost wasn't prohibitive, and whether the United States wasn't overcommitting itself. An observer at the meeting commented that, "the initial reaction was trivial and adverse".² President Truman immediately realized that the leaders were in no mood to extend aid to Greece and Turkey out of loyalty to Britain or Greece, humanitarianism, or concern for Britain prerogatives in the Middle East. He also realized that the only chance for congressional support was to explain in no uncertain terms the threat of Communist expansion.

Consequently, Dean Acheson spoke to the assembled leaders next. He stressed the immediate seriousness of the Communist challenge and the strategic importance of Greece and Turkey in the Middle East. He warned that the United States had no choice but to help those countries, unless it was willing to see the Middle East, Africa and possibly Western Europe engulfed in the Communist surge. He ended his speech by saying that the alternatives facing America were only two. "We can either act and act fast, or we can lose the ball game by default--there are no other alternatives."³

²Ibid.

³Ibid., p. 141. Arthur H. Vandenberg Jr. (ed.), The Private Papers of Senator Vandenberg (Boston: Houghton Mifflin and Company, 1952), p. 339, credits Secretary Marshall with these remarks, but Jones in a much more detailed discussion of the meeting clearly distinguishes between the Marshall and Acheson speeches.

The effect of Acheson's words was immediately evident. Senator Vandenberg especially was deeply shaken by the remarks. After a stunned silence of perhaps ten seconds, he said that the United States was faced with a situation of world-wide proportions of which Greece and Turkey were only a part. Then he told President Truman that "any request of Congress for funds and authority to aid Greece and Turkey should be accompanied by a message to Congress and an explanation to the American people in which the grim facts of the larger situation should be laid publicly on the line."⁴ Clearly these were the conditions which were necessary to make possible bi-partisan support in Congress. The problem of formulating a program and presenting it to Congress and the American people now faced the Administration. The task of formulation fell to the State-War-Navy Coordinating Committee (S.W.N.C.C.).

On March 2, the S.W.N.C.C. submitted its special policy report to Undersecretary of State Dean Acheson. The report was significant because Truman based his speech to Congress on March 12, almost entirely on it. Under the title of "Informational Objectives and Main Themes" the draft defined the underlying philosophy of the Truman doctrine: "

- 1.) A cardinal objective of the United State's foreign policy is a world in which nations shall be able to work out their own way of life free of coercion by other nations.

⁴Ibid., p. 142.

2.) The intent of this country to maintain a world of free peoples is directed equally against aggressive movements. . . of dictatorial regimes whether Fascist, Nazi, Communist or any other form.

3.) This principle recognizes that only in such a world can the United States maintain its freedom and security.

4.) A frank appraisal of the world situation. . . (recognizes) that a number of the countries of the world have had forms of government imposed upon them. . . .

5.) There is at the present time in world history a conflict between two ways of life. One. . . is based upon the will of the majority. . . . The second. . . upon the imposition of the will of a minority upon a majority. . . upon terror and oppression. Such terrorist groups have various objectives. They may seek a Fascist, a feudal, a Communist or other order. . . .⁵

" It was clear that among the motives behind the Greece and Turkish aid program, and the soon to be announced Truman doctrine, neither humanitarianism nor loyalty to Britain could be found. The major thesis underlying the Doctrine was that a major conflict was afoot between the forces of dictatorship and those of democracy, and that the U.S. could be secure only in a world in which democratic institutions prevailed. It is significant that Communism was ranked with Fascism and Nazism as a threat to world security. Too, the terms of the conflict between Communism (which was made synonymous with dictatorship) and Democracy were so vaguely defined that it appeared that the United States would attempt to combat all threats of Communist activity in all corners of

⁵S.W.N.C.C. "Report," March 2, 1947, Joseph M. Jones, Papers Truman Library. Mr. Jones was a member of the State Department Staff and the author of The Fifteen Weeks, cited above.

the globe. Thus the conflict was depicted as one between two ways of life, a conflict between Communism and Democracy which spanned, the spectrum of political, economic and ideological warfare."

One section of the report which might have softened the impact of Truman's speech, had not the President omitted it, read, "the major issue that is posed for the world is not one of objectives, not one between socialism or free enterprise, not one of progress or reaction, not one of left and right. The issue is one of methods; between dictatorship and freedom; between servitude of a majority to the minority and freedom to seek progress."⁶ Here, S.W.N.C.C. made a fine but important distinction. The report suggested that American foreign policy was not directed against Communism per se because Communism and totalitarianism were not synonymous. Truman, however, never made this distinction in his speech. By equating the former with the latter, Truman employed to its fullest the dramatic effect of the threat of another reign of subjugation similar to that so recently posed by the Nazis. By failing to divorce Communism from dictatorship, Truman also opened the United States to the charge of war mongering against leftism wherever it could be opposed. Nevertheless, Truman realized that if he were to obtain congressional approval for an aid program, he would have to

⁶Ibid.

make his appeal as urgent and as dramatic as possible.

One member of the State Department staff commented on the importance of stressing anti-Communism in order to convince the Republican Congress and the American people of the necessity of the Greek-Turkey program. "The only way we can sell the public on our new policy," he said, "is by emphasizing the necessity of holding the line: Communism (not totalitarianism) versus Democracy should be the major theme."⁷ Here again the idea was expressed that the broad implications of the world situation, especially the so-called Communist menace, had to be emphasized in order to secure Congressional as well as popular support.

Senator Vandenberg too, was thinking in terms of a much larger conflict than Greece and Turkey. In a letter to Representative John B. Bennett dated March 5, 1947,

Vandenberg wrote the following:

I sense enough of the facts to realize that the problem in Greece cannot be isolated itself. On the contrary it is probably symbolic of the world wide ideological clash between Eastern Communism and Western Democracy; and it might easily be the thing which requires us to make some very fateful and far reaching decisions.⁸

Of course Vandenberg had a general knowledge of what was about to transpire on March 12, and he realized that

⁷Jones, p. 151.

⁸Vandenberg to Bennett, March 5, 1947 in Arthur H. Vandenberg Jr. (ed.), The Private Papers of Senator Vandenberg (Boston: Houghton Mifflin and Company, 1952), p. 340.

however Truman would word it, his coming speech would involve "fateful and far reaching decisions." It was also significant that Vandenberg interpreted the conflict in broad ideological terms. This was the way he expected Truman to explain the world situation before Congress.

In another letter the Chairman of the Senate Foreign Relations Committee revealed his own philosophy and that which he thought implicit in the Truman doctrine:

Certainly there is no precedent for the world wide cleavage between democracy and Communism. Perhaps there is something of a 'parallel' in remembering what occurred prior to a smaller cleavage between democracy and Nazism when we surely learned that we cannot escape trouble by running away from it and when 'appeasement' proved to be a fatal investment. Of course we shall never know whether history would have been different if we had all stood up to the aggressor at Munich. But at least we know what it cost to 'lie down'. Perhaps this is a precedent.

Greece must be helped or Greece sinks into the Communist order. Turkey inevitably follows. Then comes the chain reaction that might sweep from the Dardanelles to the China Sea (reminiscent of Acheson's speech at the meeting of November 27). I do not know whether our foreign policy can succeed in arresting these subversive trends which ultimately represent a direct threat to us. I can only say that I think the adventure is worth trying as an alternative to another 'Munich' and perhaps another war.⁹

Vandenberg plainly viewed the threat of Communist expansion as a greater threat than Nazism had been. Only by firm determination could the free nations maintain their security in the world-wide ideological, economic and political cleavage which had erupted into subtle warfare.

⁹Ibid., Vandenberg to Moffett (no date given, but obviously written after the March 12 speech), pp. 341-342.

On March 12, amid rumors that he was to present a program of crucial importance, President Truman appeared before Congress and a packed gallery to explain the Truman doctrine. After outlining briefly the immediate urgency of the Greek and Turkish plight he added that he was fully aware of the broad implications involved in the giving of aid to Greece and Turkey. He then put the aid program into its perspective as an integral part of the United State's foreign policy:

One of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion

We shall not realize our objectives, however, unless we are willing to help free people to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes (which) undermine the foundations of international peace and hence the security of the United States

At the present moment in world history nearly every nation must chose between two alternative ways of life

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way

Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far reaching to the West as well as to the East. We must take immediate and resolute action¹⁰

If there remained any doubt against whom the resolute action was to be directed, Truman made it perfectly clear

¹⁰"Official Press Release", March 12, 1947, Official File 386, Truman Papers.

sometime later in a special, off-the-record conference with the Association of American News Analysts. In answer to a question about the future of American-Soviet relationships Truman replied, with characteristic frankness:

I have tried my best to get along with our friends the Russians and I still want to get along with them. But when I make straight out and out agreements with a Government in the name of the United States of America and not a single one of the agreements is carried out, I have got to use other methods. They understand one language and that is the language they are going to get from me from this point.¹¹

It is interesting to compare the harsh reality to which this statement and the Truman doctrine testified with the State of the Union message just five months before. Truman's outlook, at least his public outlook, had undergone a remarkable change since January, 1947. At that time the President had said:

Whatever differences there may have been between us and the Soviet Union should not be allowed to obscure the fact that the basic interests of both nations lie in the making of peace under which the peoples of all countries may return, as free men and women to the essential tasks of production and reconstruction. The major concern of each of us should be the promotion of collective security not the advancement of individual security.¹²

It may have been that the use of "should be" rather than "is" in the last sentence above, indicated that Truman had already begun to doubt the possibilities of reconciliation with the Russians. Nevertheless, the Truman doctrine had

¹¹Press Conference, May 13, 1947 in Public Papers of the President's. Harry S. Truman, 1947 (Washington: U.S. Government Printing Office, 1963), p. 205.

¹²Ibid., State of the Union Message, January, 1947, p. 10.

changed overnight the complexion of American foreign policy.

Truman painted the picture of future American international objectives in bold, broad strokes in his March 12, message. He committed the United States to unflinching opposition to Communist aggression, not only in Greece and Turkey, but wherever free peoples were resisting it. Yet the prospect of enveloping the whole world with the Eagle's wings and, if necessary, its talons, was both awesome and frightening. Reaction to this policy which opened the United States to such momentous and unknown implications was bound to be mixed. According to the public opinion polls, the majority of Americans were in favor of a "get-tough" policy with the Russians, yet there was also a strong and vociferous minority who had serious objections.

The major opposition to the Truman doctrine centered around four powerful arguments. The first was a sincere though somewhat unrealistic fear that the new foreign policy made war with the Soviet Union inevitable. Second, and more defensible, was the objection to the gross inconsistency of opposing Communist despotism while supporting reactionary despotism in Greece. Third, and probably the most contested point of all, was the accusation that the United States was scuttling the United Nations at a time when it was in dire need of United States support. Finally, the opposition contended that the ramifications of such an all-enveloping policy

could not be foreseen, especially if the negative objective of containing the spread of Communism were its sole objective.

The cry of the first set of arguments was heard the day after the Truman speech. The Chicago Tribune sounded the ghostly echo of isolationism, a voice that the war had practically exterminated. It editorialized that the Truman address was a virtual declaration of war and it predicted that the new policy would inevitably lead to war. After comparing the Truman address to F.D.R.'s "Quarantine" speech of October 5, 1937, the Tribune concluded in America - first's dying gasp that, "Congress must cease being a outspaw for this movement (toward international involvement) and think of America's interests first - even exclusively."¹³

If isolationism were unpopular by 1947, pacifism certainly was not. Senator Joseph C. O'Mahoney wrote to the President in almost pleading tones in the cause of peace. He began by assuring President Truman that the consensus of his fellow senators suggested that there was considerable opinion among them that the United States should approach the Greek-Turkish aid program very cautiously because it seemed so likely to lead to war. Mahoney ended his letter on the following humanitarian note:

¹³Chicago Tribune, March 13, 1947, Democratic National Committee Clipping File, Truman Library. (Hereafter referred to as D.N.C.)

May I not suggest to you that the whole world would receive with prayers of thanksgiving an announcement by the United States that it stands ready to feed the hungry wherever they may be, but it is unwilling to contribute to the use of force anywhere, and that in this crisis it will call upon the United Nations, upon the responsibility of all its members to maintain peace, but will not itself by loans, by the contribution of arms, or by the dispatch of military personnel attempt anywhere to settle by force the grave problems with which humanity is now faced.¹⁴

Curiously enough, there were those who expressed a combination of former isolationism and approval of the President's bold new policy. An anti-Communist Catholic newspaper gave wholehearted support for Truman's militantly anti-Communist position. In the same editorial it told of its stand against intervention in the 1930's and of being against Lend Lease to Russia even after Hitler had attacked the Soviets in June, 1941. The article continued even more fanatically:

As a next step, perhaps someone will suggest the Government indict as war criminals, those officials, broadcasters, columnists, editorial writers and other war-mongers who helped drag this nation into war on Russia's side and thus sired the menace which now faces the world

No serious-minded American can escape the patent facts of the situation in which this country finds itself as the result of the gross mishandling of our foreign affairs. Mr. Truman recognizes them and acknowledges his responsibility to lead the United States out of the crisis The Congress

¹⁴ Mahoney to President Truman, March 14, 1947, O.F. 386, Truman Papers.

and the American people must cooperate with President Truman for the good of the United States.¹⁵

Notwithstanding this extremist point of view there was a powerful pacifist sentiment in the United States prompted no doubt by the indelible imprint of a long and costly war. The pacifist and isolationist sentiment was far overshadowed however by an issue closely related to it; ignoring the United Nations.

The official statement of the President on March 12 concerning the United Nations was uncerimoniously brief:

We cannot allow changes in the status quo in violation of the charter of the United Nations by such methods as coercion or . . . political infiltration. In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter of the United Nations.¹⁶

No matter how dedicated to the United Nations he professed his country to be, Truman was sponsoring a unilateral financial and military aid program completely independent of United Nations support and even without her consultation. Equally questionable, the United States appeared to be acting in collusion with Great Britain toward direct confrontation with their fellow Security Council member the U.S.S.R. At that very moment the Security Council was investigating the Greek problem. The United States, by acting on her own, seemed to

¹⁵The Tablet Catholic Weekly Newspaper, March 17, 1947, p. 1, President's Private File 200, Truman Papers. The item is not further identified.

¹⁶"Official Press Release," March 12, 1947, O.F. 386, Truman Papers.

exhibit her lack of faith in the fledgling U.N. when it so desperately needed her help.

Samuel Grafton in an editorial entitled "I'd Rather Be Right" emotionally assailed the Truman doctrine on the U.N. issue. He accused the Truman Administration of breaking all semblance of bi-partisan foreign policy. He asked quite profoundly "Have we, in fear lest a motion be vetoed (referring to the risk of United Nation disapproval of United States aid to Greece and Turkey) vetoed a world?"¹⁷ Walter Lippman criticized the Truman doctrine in more subdued tones. He pointed out that it was unfortunate that the U.S. did not consult with the other members of the Security Council before making its proposal. He suggested further that it was still not too late to, "go before the United Nations to explain our actions and to ask their support."¹⁸

By March 23, the criticism of Truman doctrine had become so acute on the issue of by-passing the United Nations that Dean Acheson released to the press a defense of the action. It read in part:

It may be that at some future time the United Nations will be organized and equipped so as to render emergency aid to member states of the kind now needed in Greece and Turkey. But . . . the U.N. and its related agencies are not now in

¹⁷New York Post, March 17, 1947, D.N.C.

¹⁸Chicago Sun, March 20, 1947, D.N.C.

position to extend help of the kind that is required. Even if some organ of the United Nations should decide to recommend assistance to Greece and Turkey, it would eventually have to turn primarily to the United States for funds and supplies and technical assistance. Even if the project were not blocked by the objections of certain members of the United Nations, much time would have been lost, and time is of the essence.¹⁹

Here then was the Administration's defense of by-passing the United Nations. First it was not yet equipped to meet emergency requirements such as Greece and Turkey. Second, the United States would ultimately have to supply the finances anyway. Finally, Russian recalcitrance and desultory tactics would defeat the purpose of the emergency effort.

In truth, the reasons lay deeper. As Acheson had pointed out at the February 27 meeting, the stakes in the post-war game of global politics was very high. The United States simply couldn't risk the freedom of Greece and Turkey, indeed possibly Western Europe as well, on the possibility that the U.N. might overcome its weaknesses and rise to the occasion. The U.N. was simply incapable of resolving struggles between any of the major powers. One historian has commented that, "when the spectre of hunger, privation and poverty was added to the threat of Soviet Russian hegemony in Western Europe (already a fact in Eastern Europe) /

¹⁹U.S. Department of State, "Official Press Release," March 23, 1947, Jones Papers.

the margin of error in the projected policy of relying on international cooperation, especially Big Three unity, became apparent."²⁰

No matter how much a realistic appraisal of the world situation supported unilateral action, however, the U.N. issue was not resolved until the Vandenberg amendment was passed. This amendment allowed the Security Council, the United States relinquishing its vote, to terminate the aid program if it thought that aid given by the United Nations made United States aid unnecessary or undesirable. Even so, it was not until May 8, more than a month after the deadline set by the Truman Administration, that Congress finally passed the Greek aid bill.

It is somewhat difficult to account for the furor that the United Nations issue raised. Part of it certainly was due to the strong desire for peace which somehow the United Nations symbolized. Then too, in March, 1947, the full implications of the cold war conflict were not yet apparent. To the American people the idealism of the One World concept of the 1940's with all of its promise of rapprochement between East and West had not yet dissolved into the bitter

²⁰James Chasteen, "American Public Opinion and Foreign Aid 1945-1952," (Unpublished Ph.D., dissertation, Department of History, University of North Carolina, 1958), p. VIII (Introduction).

dissolusiorment which characterized the 1950's. One of the most interesting evaluations of the U.N. problem was given by Peter Calvocoressi, an outsider to American politics:

The general American attitude toward the United Nations organization differed from the European attitude because the Americans had experienced neither the extravagance of hope nor the exaggeration of disappointment which in Europe had accompanied the birth and death of the League of Nations. For Europeans, the United Nations represented a sober second attempt, but in America it was a great new experiment, experimental indeed, but also great and new.²¹

If the United Nation issue had been by far the most explosive argument against the Truman doctrine the criticism that the doctrine would be aiding one form of totalitarianism to combat another was probably the most logical. The civil war in Greece was not, after all, just a problem of Communist agitation; it was also the result of legitimate opposition to a corrupt and reactionary government. It was indeed paradoxical that under the guise of anti-Communism and anti-despotism the United States, hopefully the exemplar of democracy in action, should lend its support and prestige to such an undemocratic regime.

Harold Ickes editorialized that although he favored the opposition to Communist aggression, he nevertheless questioned

²¹ Peter Calvocoressi (ed.), Survey of International Affairs, Royal Institute, (London: Oxford University Press, 1952), p. 17.

the reliability of Paul Porter, the United State's Ambassador to Greece, who had vowed that he was spending his last dime to fight the Communists. He questioned the freedom of the recent Greek election which was held under the shadow of the British bayonet. Ickes concluded by saying, "I am not willing that a single American dollar be sent into Greece to uphold the King either politically or economically."²²

Saul K. Padover, who had expressed gratitude for Truman's rise to leadership, called for, "an economic program to help people in need and to support movements and governments that work for betterment and freedom and not reactionary groups or military dictatorships."²³

The most penetrating criticism of the Doctrine's rightist tendencies came from Walter Lippman. He said that the Truman Doctrine would align the United States with the most extreme rightist governments everywhere, as long as the negative goal of containing Communism were its sole objective.

We shall have embraced the extremists of the right as against the extremists of the left when it is our interest and duty to align ourselves with the middle and the moderate parties. They are our real friends in the struggle for freedom and they will decide the issue.²⁴

²² Washington Star, March 20, 1947, D.N.C.

²³ P.M., March 17, 1947, D.N.C.

²⁴ Minneapolis Tribune, April 11, 1947, D.N.C.

The most acid comment of all came from the pen of Max Lerner who remarked, the day after Truman's speech, that although the President had stolen the Republican anti-Communist thunder, he had paid a frightful price. "When the American people want reactionary policies they will buy them from the Republicans."²⁵

Evidently the letters of protest to the President were as critical as the comments of the news analysts.²⁶ On March 15, the New York Herald Tribune quoted Presidential Secretary Eben Ayers as saying that the many letters which had come to the White House criticizing the President's message of March 12 were "obviously inspired"²⁷ and that the White House was considering publicizing the names of these people for possible investigation. The result was another storm of protest. One irate citizen wrote, "You may count me among those who regard your plan as shameful If we want peace, why not go after it by helping the ordinary people instead of the rotten Fascists and monarchists who fatten on war."²⁸ Another complained, "Help the hungry, yes, . . . but not as a pretext for keeping

²⁵ P.M., March 19, 1947, D.N.C.

²⁶ All the letters to the President which were critical of the March 12, address were removed from the Presidential files and still are held by the Department of State.

²⁷ New York Herald Tribune, March 15, 1947, D.N.C.

²⁸ Alex Crosby to the President, March 15, 1947, P.P.F. 200, Truman Papers.

a rotten king on the throne . . . and not for the purpose of arming him and the Nazi-helping Turks against the Russians who were our allies."²⁹

From the point of view of strategic foreign policy, the most telling criticism of the Truman doctrine was that it was simply too vague and broad to be of use. By committing herself to the defeat of Communist aggression throughout the world, the United States could have no idea what the responsibilities of that pledge might be. What was more, there was no way to be sure that the U.S. could live up to its universal commitment. It would be embarrassing if the United States would step into the ring of the international cold war shaking its fist only to be forced to retreat shaking its finger. Walter Lippman commented that it was foolish for the United States to take a specific problem, Greece and Turkey, and to evolve a global policy. He suggested that President Truman should have formulated a Middle Eastern, step-Communism policy and not one, "to support free peoples who are resisting subjugation by armed minorities or by outside pressures" on a world wide basis.³⁰

During the hearings of the House Committee on Foreign Affairs, the issue of the scope of the new American foreign

²⁹ Arthur Strawn to the President, March 15, 1947, P.P.F. 200, Truman Papers.

³⁰ New York Herald Tribune, March 15, 1947, D.N.C.

policy reasserted itself. Representative Karl E. Mundt (S.D.) asked Dean Acheson whether the Greek aid bill were just that only or, "the first step in a consistent and complex American policy so designed as to stop the expansion of Communism . . . ?" Acheson showed that the Administration already had begun to have second thoughts about the extent of its foreign obligations. After replying that the Greek aid bill was merely to help, the people of Greece and Turkey maintain their own institutions, he concluded, "We do not think that the President at any time stated this policy as a crusade against any ideology."³¹ Acheson was so very cautious in trying to minimize the import of the broad implications of the Truman doctrine that he even refused to comment whether or not it was Russia who was pressuring Greece and Turkey and against whom the bill was primarily aimed.

In the final analysis, the Truman doctrine was opposed because it tended toward a deterioration in East-West relations and thus possibly to war. It could not build a lasting peace. It was opposed because it ignored the one positive step made toward international understanding in the post war period, the United Nations. It could only undermine, not strengthen this organization. It was opposed because it apparently united America with the rightist despots against

³¹U.S. House of Representatives, Hearings on A Bill to Provide Assistance to Greece and Turkey, House Report 2613, 80th Cong., 1st Sess., (Washington: U.S. Government Printing Office, 1947), pp. 32-33.

the leftists. It could not fortify democratic institutions in this manner. Finally, it was opposed because it was so all-encompassing that the United States could not live up to it. In this sense, the Truman doctrine could only lead to failure, frustration and disillusionment. One recent analyst evaluated the Truman doctrine in this way:

The first counter move by the United States in the Cold War was the Truman doctrine. However its very vagueness robbed it of any use as a policy. But no one could doubt that the United States meant business in the cold war struggle. The fever of indecision and uncertainty had been broken and in the cool aftermath of reality the United States prepared to make history in its usual manner of prescribing absolute solutions to relative problems.³²

The opposition which the Truman doctrine encountered was bound to affect subsequent State Department thinking. It was during these weeks of criticism and debate that the Marshall plan was formulated. It was becoming increasingly apparent to the Truman Administration that if the United States were to embark upon an extensive, long range, European recovery program, it would have to erase from such a program the stigma of negativism and uncertainty which had so quickly become associated with the Truman doctrine. At the same time the State Department could not relinquish the strategic foreign policy objectives which it had set for itself. This was the dilemma with which the Secretary of State was faced when the task fell to him to formulate the plan with which his name has become associated.

³²Chasteen, p. 143.

CHAPTER II

THE STRATEGY OF INVITATION

The criticism with which the Truman doctrine was met, opposition especially to the negative aspects of the doctrine, made it clear to United States policy makers that any future European aid program must have a more positive appeal. Thus the revitalization of Europe replaced blank-check, anti-Communism as the mainspring of the new policy.

This strategy involved a serious difficulty. How could the Administration disassociate an aid for Europe program from the more vulnerable aspects of the so recently enunciated Truman doctrine without appearing to have lost faith in it? The success of a European recovery program might well depend upon how well the policy makers could shift strategy without appearing to be vacillating in indecision.

The Administration first preview a European recovery plan even before the State Department had decided upon overall strategy. On May 8, 1947, two weeks before the Policy Planning Committee had reported to the Secretary of State, Dean Acheson, undersecretary at the time, breached the problem of the economic recuperation of Western Europe in

a speech before the Delta Council in Cleveland, Mississippi. It was clear that Acheson was speaking of Western Europe and that he was relying heavily upon the precedent of the Truman doctrine when he said, "Free people who are seeking to preserve their independence against totalitarian pressures, either internal or external, will receive top priority for American reconstruction aid."¹ In other words, those countries which were still free (Western Europe) and which were struggling against either external Soviet Communist expansion, or even internal Communist party pressure, would qualify for American dollars. The State Department had not at this point decided who would get our aid, but Acheson clearly indicated State Department thinking up to that time as to which nations would not be recipients. In view of the later decision to invite Eastern Europe and even the Soviet Union to cooperate in a recovery plan, Acheson's speech was most unfortunate. It certainly did nothing to help the chances of Soviet participation. Of course, it was quite possible that their participation was not desired.

One week before Acheson spoke at Cleveland, Mississippi, Secretary Marshall, returning from the frustrating Moscow Conference, instructed George Kennan to study the problem of European recovery and to draw up a workable program.

¹Joseph M. Jones, The Fifteen Weeks (New York: Viking Press, 1955), pp. 274-281.

Kennan found that Acheson had appointed the State-War-Navy Coordinating Committee (S.W.N.C.C.) to study the same problem on March 11, more than six weeks earlier. Kennan's committee leaned heavily on the preliminary work which S.W.N.C.C. had already done. On May 23, the Policy Planning Committee, as Kennan's Committee was called, submitted its report. This report was significant because it gave an illuminating insight into administrative thinking and into the philosophy underlying the Marshall proposal.

In discussing the preliminary purpose of a European recovery program the report drew a fine but valid distinction between anti-Communism per se and economic rehabilitation as a means of implementing the containment policy:

The Policy Planning Staff does not see Communist activities as the root of the present difficulties in Western Europe. It believes that the present crisis results in large part from the disruptive effect of the war on the economic, political and social structure of Europe, and from a profound exhaustion of physical plant and of spiritual vigor The Policy Planning Staff realizes that the Communists are exploiting the European crisis and that further Communist successes would create serious danger to American security. It considers, however, that American aid to Europe should be directed, not to the combating of Communism as such, but to the restoration of the economic health and vigor of European society. It should aim . . . (to combat) the economic

maladjustment which makes European society vulnerable to exploitation by any and all totalitarian movements and which Russian Communism is now exploiting.²

The distinction between direct and indirect anti-Communism was important. It would have been openly hypocritical for the United States to seek Russian assistance in a plan distinctly anti-Russian and anti-Communist. In fact, there seemed to be little chance of Soviet participation in a plan which was aimed at combating Communism through creating economic stability in Western Europe. Yet the western peoples would interpret a Russian refusal to cooperate in European recovery as a confession of expansion-mindedness. The American strategy was beginning to take shape.

A major problem of an American sponsored European recovery program was how to initiate such a program for nations which had not asked for it. On this question the report distinguished between an American program and a European program which the United States would underwrite. The report made it clear that the European community should make the first move. Incidentally, the report made no mention of what nations should take the initiative and thus, through silence, did not preclude the possibility of Eastern European or Soviet participation.

²Harry B. Price, The Marshall Plan and Its Meaning (New York: Cornell Press, 1955), p. 22.

The declaration that future American aid would be directed not against Communism, but toward the economic rehabilitation of Europe was not enough to ensure a favorable reception of the American offer at home and in Europe. To this end the Policy Planning Committee recommended the need to remove certain negative aspects of the Truman doctrine, namely:

- a.) that the United State's approach to world problems is a defensive reaction to Communist pressure and that the effort to restore sound economic conditions in other countries is only a by-product of this reaction and not something we would be interested in doing if there were no Communist menace;
- b.) that the Truman doctrine is a blank check to economic and military aid to any area in the world where the Communists show signs of being successful.³

The report made it clear that the Administration should attempt to de-emphasize to the public the political and ideological objectives of American aid to Europe, and yet, because the United States recognized the Communist menace, it should not abandon the objective of containment.

Possibly the most delicate problem of all was not even breached by the Committee Report. Should the United States seek the participation of the Soviet Union and her iron curtain satellites? Marshall was faced here with a

³Ibid., p. 23.

dilemma of serious proportions. If he closed the entrance to Communist cooperation he would shoulder the responsibility for further separating Eastern from Western Europe at a time when their interdependence was painfully evident. On the other hand, if he opened the door to Communist participation and the Soviets and their allies agreed to enter, the American people and Congress were likely to balk, as they had against U.N.R.R.A., because American dollars were wasted on Communist countries. What was worse, if Congress did allow a program to go through which included Eastern Europe and the Soviet Union, the Communists would be in an ideal position to wreck the entire program from within. Then too, the amount necessary to rehabilitate the whole of Europe would be astronomical. The prohibitive cost alone could doom the scheme, and the economy of the United States with it. The only alternative left to Marshall was the one he took. He kept his proposal open to Soviet participation and crossed his fingers that the Soviets would turn it down. It seemed clear at the time, that the Communist, for reasons explained later, would not cooperate.

Marshall presented his now famous speech at Harvard on June 5, 1947 from a carefully worded, painstakingly prepared manuscript. After briefly sketching the economic plight of Europe, Marshall inaugurated the Marshall plan. "It is logical," he proclaimed:

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 not directed 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 social and political ⁴ conditions in which free institutions can exist.

The invitation was made. The United States was willing to do all in her power to correct the economic ills of the whole of Europe. Although Marshall clearly did not intend American dollars to solidify Communist gains, or to expand them, he nevertheless unequivocally invited all European nations, no matter what their ideological background, to take advantage of his offer.

If Marshall had ended his speech at this point these conclusions would be valid. But he did not. Marshall continued to present in precise and well-chosen words the underlying thesis of his invitation. He warned that:

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.⁵

The underlying suppositions of these words were twofold. First, that the Communist designs of European domination would not permit the Soviets to participate in the Marshall

⁴Quoted in Jones, p. 253.

⁵Ibid., p. 222.

plan. Second, and much more important, Marshall aid would be a powerful two-edged sword--the first to cut a swath in the economic chaos of Europe, the second to implement the so recently enunciated Truman doctrine. Not only would those nations seeking to "perpetuate human misery" not get American aid, but they would "encounter the opposition of the United States" as well.

In view of the dire consequences which would have resulted had the Soviets agreed to participate, one might agree with a certain scholar of the post war period that, "American statesmen were . . . banking on Soviet rejection of the Marshall plan or assuming the probability of a rejection."⁶ In fact, not only did the Administration expect Soviet opposition, but it was actually fearful that the Soviets might accept. In this light it might well be said of Marshall's invitation to the Soviets that he didn't mean it at all.⁷

⁶James Chasteen, "American Public Opinion and Foreign Aid 1945-1952," (Unpublished Ph.D. dissertation, Department of History, University of North Carolina, 1958), p. 271.

⁷For similar evaluations of the Marshall proposal see the following: John C. Campbell et al., The United States in World Affairs, Council of Foreign Relations, (New York: Harpers and Brothers, 1959); Robert Murphy, Diplomat Among Warriors (New York: Doubleday, 1964); James F. Byrnes, Speaking Frankly (New York: Harpers and Brothers, 1947); and Peter Calvocoressi (ed.) Survey of International Affairs, Royal Institute (London: Oxford University Press, 1952).

All of the foregoing leaves one pivotal question unanswered. Although it is beyond the scope of this study to answer it comprehensively, it is also necessary to examine the problem at least superficially. If the Soviets could have wrecked the Marshall plan and could have delayed European recovery by cooperation, why did they strengthen the plan by opposition? Although it is impossible to answer with certainty, it is quite fruitful to examine the evidence and surmise some of the considerations which must have gone through the Russian's minds. Marshall was certainly aware of these considerations when he risked his invitation. To believe otherwise would be to underestimate the man.

If the invitation to Russia put the United States in a precarious position, it also placed the Soviets between the horns of an equally perplexing dilemma. On the one hand the United States was asking the Communist-controlled countries to participate in an economic program to contain Communism defensively and combat it actively. They were asked to cooperate in the economic implementation of the distinctly and almost pugnaciously anti-Communist Truman doctrine, whose stinging words had been uttered only three months before. On the other hand, if they refused to cooperate in the Marshall plan, or at least if they didn't present a very convincing reason for non-cooperation, Marshall made it very clear in his speech that not only would the Russians get no aid, but they would provoke the

active opposition of the United States. Furthermore, the Soviets would be charged before the world with "maneuvering to block the recovery of other countries . . . (and of) seeking to perpetuate human misery in order to profit therefrom." The essence of the dilemma then was whether to participate in a distinctly anti-Communist plan or, by non-cooperation, to be held responsible for widening the economic, ideological and political gap between East and West and to be accused of having no interest in the recovery of Western Europe.

As if these problems were not enough, the Soviets were confronted with others equally baffling. On the one hand, to be sure, Russia and Eastern Europe needed Marshall plan dollars. Yet if the Soviets accepted the Marshall proposal, this would necessarily mean that the Eastern European satellites would follow suit. To Russia, the Marshall plan was a threat to the not-yet-solidified hold which Russia had on Eastern Europe.

The Royal Institute of International Affairs has provided an interesting analysis of the Soviet dilemma. The report has admitted on one hand that Russia and Eastern Europe needed American assistance but has pointed out on the other that the Russians wondered whether Marshall plan aid would do them more harm than good. It would be helpful only if it succeeded, but given the Communist idea of capitalistic decadence, the Russians assumed, until

proven otherwise, that the Marshall plan would fail. The crucial question was how soon? It was crucial to the Russians because a Soviet rejection would mean also a rejection for Eastern Europe which was, to Russia's embarrassment, quite eager to participate. To justify their rejection, the Russians had to have very good reason and their arguments had to be born out by rapid failure of the plan. Russia could only reject the plan "if they had good reason for believing that it would soon fail and also some servicable means for accelerating its failure."⁸ This lack of faith in the capitalistic system, based on ideological grounds, might go far to explain the Russian refusal to participate even though they may have realized that participation was the surest way to secure the defeat of the Marshall plan.

Harold Callender in the N.Y. Times analyzing the recalcitrance of Molotov at the Paris Conference, wrote that the Soviets were opposing cooperation because they sincerely feared the spread of capitalistic influence not only into Eastern Europe but into the Soviet Union as well. In other words, the accusation that Russia was "widening the gap" was at least partially true. The Soviets had no desire to see Eastern and Western Europe become too inter-dependant.

⁸ Peter Calvocoressi (ed.), Survey of International Affairs, Royal Institute (London: Oxford University Press, 1952), p. 32.

Reporting further on Molotov's threat to the leaders of the Western World at the breakup of the Paris Conference, Callender commented that Russia also had basic economic motives for refusing to cooperate. He observed that, "the Soviet Union has trade agreements giving it the inside track in economic relations with its satellites and even with Sweden."⁹ Thus while the Soviets needed American dollars desperately, they could not risk losing their favored trade position with Eastern Europe which was exactly what might have happened had Western Europe established inroads into Eastern European trade. Yet the Soviets fully realized that if they took on the responsibility for coercing their satellites into non-participation, they would also have to accept the responsibility of helping Eastern Europe recover.

In June, 1947, a strange phenomena presented itself to the world. The United States was pretending to want Soviet participation in the Marshall plan, while privately she was praying that Russia would not accept. The Soviets were about to pretend to the world that they did not want Eastern Europe split from the West, while they were secretly hoping that the whole plan would collapse and Eastern Europe would tie itself permanently to the Soviet

⁹New York Times, July 1, 1947, Democratic National Committee Clipping File, Harry S. Truman Library (hereafter referred to as D.N.C.).

economic system. But if the United States and the Soviet Union turned a double diplomatic face to the world so also did Great Britain.

Britain was in the painstaking process of negotiating bilateral trade agreements with the U.S.S.R. and thus wanted to be very careful lest the Marshall plan appear to be a coalition of Western Europe against the Soviet Union. At least for the time being then, Bevin emphasized the theme that the Marshall plan was "a real attempt to (create) a healthy world . . . (and produce) cooperation between Europe and the Western hemisphere."¹⁰ Bevin stressed the cooperation of the whole of Europe in a recovery plan. This was soon to change.

On June 14, George Bidault, French foreign minister, invited Bevin to Paris to discuss the Marshall proposal. The next day Pravda announced the initial Soviet reaction to an American sponsored European recovery program: it denounced the program as "President Truman's plan for political pressure with dollars . . . a program of interference in the internal affairs of other states."¹¹ This renunciation of the E.R.P. affected the Bevin-Bidault talks which lasted from June 17-19 because although they decided

¹⁰New York Times, June 14, 1947, D.N.C.

¹¹Ibid., June 17, 1947, D.N.C.

to invite the Russians to Paris to confer, they certainly didn't look with enthusiasm upon Russian participation.

On June 19, the day after Molotov received the joint British-French invitation to come to Paris to discuss Marshall's offer, Bevin, speaking before Parliament, clearly discouraged Russian cooperation. With considerable impatience and some anger Bevin declared:

The guiding principal that I shall follow on any talks on this matter will be speed. I spent six weeks in Moscow trying to get a settlement. I shall not be a party to holding up the economic recovery of Europe by the finess of procedure or the terms of reference or all the paraphernalia which may go with it.¹²

In other words, Bevin was warning the Russians that he would stand no delaying tactics. If Russia were to cooperate, it would have to be immediately and sincerely. At the same time, Bevin was telling the world that delay and subversion was exactly what he expected from the Soviets. Carrying the analysis of Bevin's remarks further, John C. Campbell commented that, "his remarks indicated that he did not expect the Soviets to cooperate . . . and that he regarded with equanimity, even with anticipation the prospect of carrying through such a venture (E.R.P.) without the frustration which went with trying to negotiate with the Russians."¹³ If this analysis of the British

¹²Quoted in John C. Campbell, The United States in World Affairs, Council of Foreign Relations, (New York: Harpers and Brothers, 1959), p. 420.

¹³Ibid.

attitude is correct, one might wonder how earnestly the British courted Russian cooperation at the Paris conference--an intriguing question which is beyond the scope of this inquiry. The Daily Worker was probably correct when it commented, the day after Bevin's outburst, that Bevin had "made it crystal clear that he neither wanted nor expected Mr. Molotov to accept an invitation to discuss American aid to Europe."¹⁴

Moscow too had a few more tricks to play before she unequivocally committed herself. On June 15, the same day that Pravda denounced the Marshall invitation, Ce Soir a French Communist organ had cryptically commented that "The British Foreign Secretary, Bevin, will appear in Paris as a travelling salesman of Wall Street banks putting forward an attempt to Americanize Europe as a demonstration of international solidarity."¹⁵ L. Humanite, another Communist newspaper, accused the United States of dividing Europe in two and of turning to Europe because Communism was crushing Chiang Kai Shek and the United States needed markets. Yet the day after Bevin had delivered his speech, Pravda reported the Soviets interested in the Marshall plan. The report said that Moscow desired further information on conditions which the United States might ask and the relationship of E.R.P. to the United Nations. Then

¹⁴New York Times, June 20, 1947, D.N.C.

¹⁵New York Times, June 16, 1947, D.N.C.

on June 23 the Russians surprised everyone when they accepted the invitation to Paris. The next day Poland too agreed to cooperate.

American official reaction was skeptical and surprised. In his memoirs President Truman has revealed that he certainly hadn't expected the Russian's acceptance. "A little surprisingly (to say the least) Mr. Molotov agreed to come to a preliminary meeting."¹⁶ Appraising the Russian motives though, the President continues, "however, Ambassador Bedell Smith correctly advised us from Moscow that Molotov had no intention of taking part in any constructive undertaking . . . he was trying to exploit the situation for Russia's own propaganda purposes."¹⁷ Senator Vandenberg also showed his skepticism in a letter dated June 25, two days before Paris Conference, to Clark M. Eichelberger, director of the American Association for the United Nations, "It will be a miracle," he wrote, "if these four great powers can get together on this thing at all. Certainly they cannot hope to get together at anything but the highest level."¹⁸

¹⁶ Harry S. Truman, Memoirs Vol. II, Years of Trial and Hope (New York: Doubleday, 1956), p. 116.

¹⁷ Ibid.

¹⁸ Arthur H. Vandenberg Jr. (ed.), The Private Papers of Senator Vandenberg (Boston: Houghton Mifflin and Company, 1952), p. 381.

The meeting of the "highest level" of course, never took place, nor was it ever proposed. In its place, in an atmosphere of unhidden distrust and doubt, of standing for one thing publicly, another privately, the Paris Conference began on June 27, 1947. From the start it was clear that Molotov was on one end of the argument and Bevin and Bidault were on the other. The Anglo-French plan called for the creation of a supra-national Steering Committee which would coordinate the abilities and assets of the co-operating countries and would have access to complete accounts of their needs and shortcomings. The Steering Committee was to co-ordinate all the national sub-committees in their job of surveying natural resources and to plan a comprehensive program to cope with the rehabilitation problem. Molotov strenuously objected to the establishment of a supranational committee. He wanted to be sure that the United States would commit funds before he committed the Soviet Union to cooperation and he demanded that each nation survey its own needs and deal unilaterally with the United States.

On June 30, 1947, Tass broadcast the official Russian pronouncement. The message indicated a very cautious willingness to participate in E.R.P. and a firm conviction that the U.S.S.R. would accept no meddling in her own or her satellites internal affairs:

It is one thing to ascertain the economic needs of the European countries for American aid in the form of credits and deliveries of goods by means of the estimates drawn up by the European countries themselves. This is acceptable and may prove very useful It will be entirely different if the conference engages in drawing up an all embracing economic program for the European countries, as envisaged by the French project, and will only in passing ascertain their needs for American economic aid.¹⁹

There was no reason to believe that the Soviet fears were insincerely stated. As was shown earlier, the Soviets feared Western encroachment into their own economic sphere of influence.

Whatever his motives, Molotov ended the Foreign Ministers meeting in Paris on an ominous note. In a speech before the council on July 3, Molotov expressed his suspicion of a Steering Committee charged with, "assessing the resources and needs of European countries and even with determining the development of the main branches of industry of these countries and only after that with ascertaining the possibilities of American economic aid."²⁰ He showed very clearly that he distrusted the American promise of aid and he declared that the Marshall proposal as set up under the French and English plan would mean that the smaller countries of Europe "would lose

¹⁹"Tass on the Marshall Plan," New York Herald Tribune, June 30, 1947, D.N.C.

²⁰New York Times, July 3, 1947, D.N.C.

their former economic and national independence because it pleases certain strong powers."²¹ Molotov followed up these pronouncements with an ill-concealed threat:

The Soviet Government considers it necessary to caution the governments of Great Britain and of France against the consequences of such action which would be directed not toward the unification of the efforts of the nations of Europe in the task of their economic rehabilitation after the war, but would lead to opposite results which have nothing in common with the real interests of the peoples of Europe.²²

Molotov accomplished three things at Paris. First, he stated his case to the world. Second, he attempted to blame the West for the inevitable charge of weakening East-West relationships. Third, he publicized to the satellites of Eastern Europe especially, the excuse for the Soviet Union's active opposition to the Marshall plan.

The Paris Conference ended in discord. But in a sense, failure was its major success. The Russians, who feared East-West closeness, had remained out of the plan, and in the next week or so pressured her satellites to follow suit. At the same time, by attending the Paris meeting, Molotov had been able to assert to the world his good faith and propagandize the sinister motives behind America's offer of help. The Western powers, never very enthusiastic about Russian participation, had also benefited from the Paris

²²Ibid.

failure. Harold Callender reported that some foreign observers in official positions, "expressed relief that the long-awaited showdown had come at last and that Democratic Europe could approach the United States Congress with some chance of being headed."²³ Even more important the British and French had agreed that the principal of economic cooperation-limited though it might be-would replace the economic warfare of the past.

For the United States, a more than disinterested observer, the Soviet denunciation of the Marshall plan flashed the green light for the pursuit of American geopolitical interests in Europe. The battle to transpose the plan from paper to reality, however, was to be a long and bitter one. The debate which the plan engendered excited the entire spectrum of American public and rang shrilly through the halls of Congress. It is appropriate now to examine this exciting battle of ideas.

²³New York Times, July 1, 1947, D.N.C.

CHAPTER III

BIG BUSINESS VS. BIG GOVERNMENT The Fight Over Administration of E.R.P.

A month before Bevin, Bidault and Molotov broke off the Paris Conference, President Truman set the Marshall plan on its way toward implementation. Preliminary estimates indicated that 5 to 6 billion dollars per year in loans, grants and materials over a four year span would be required to put Western Europe back on the road to stability and self-sufficiency. A most immediate question was the ability of the economy of the United States to withstand such a sustained strain.

With this question in mind, Senator Vandenberg notified the White House that, "intelligent American self-interest immediately requires a sound overall inventory to determine the latitude within which we may consider these foreign needs."¹ He also indicated that until a committee was appointed to make such an inventory he would not support the Administration.

Truman, reacting with resolute speed, appointed not one, but three committees. The telegram of invitation

¹Arthur H. Vandenberg Jr. (ed.), The Private Papers of Senator Vandenberg (Boston: Houghton Mifflin and Company, 1952), p. 376.

for the Harriman Committee requested its members "to determine facts with respect to the character and quantities of United States resources available for economic assistance to foreign countries and to advise the President in the light of these facts of the limits within which the United States may safely and wisely plan to extend such assistance."² The other two committees were headed by Dr. Edwin G. Nourse, Chairman of the Council of Economic Advisers and Julius A. Krug, Secretary of the Interior.

After exhaustive research, the Krug Committee submitted its report to the President in early October, 1947. Supported by pages of graphs and statistical tables, it concluded that the U.S. economy could withstand a foreign aid program of the predicted magnitude of E.R.P. The report warned however, that there were shortages of such essential commodities as wheat, steel, coal and nitrogen fertilizer and that, "upon our intelligent and prompt handling of them (the materials in short supply) will depend our own continued well being as well as the effectiveness of the foreign aid program."³ The report mingled caution with support.

²Truman to Committee Members, June 22, 1947, O.P. p. 426, Truman Papers, Truman Library.

³Julius A. Krug Committee, National Resources and Foreign Aid (Washington: U.S. Government Printing Office, 1947), p. 208. Generally known as the Krug Committee Report, Truman Library.

If the Krug report were reserved in its endorsement of an aid program, the Nourse report was not. This report stressed the ill effects on the American economy if Europe were not aided by the United States. On the very important problem of foreign trade, the Nourse Committee Report warned that unless Europe and her markets were rebuilt, American exports would drop by as much as 8 billion dollars within the next year in comparison to the second quarter of 1947. Nourse spelled out the danger in reserved yet ominous terms. "While this rapid reduction in exports would probably not inflict serious short-run damage on our own economy, substantial problems of re-adjustment would be generated. Moreover, the industrial paralysis . . . in some other countries would have repercussions of major proportions upon our own economy and upon world stability."⁴ The report asserted further that although loans to foreign governments could probably only be repaid through their own increased exports which in turn would constitute a threat to American industry, nevertheless, "In the longer run, the economic restoration of Europe will benefit our own economy by enabling us to obtain more goods by advantageous trade."⁵

⁴Edwin G. Nourse Committee, The Impact of Foreign Aid Upon the American Economy (Washington: U.S. Government Printing Office, 1947), pp. 73-74. Generally known as the Nourse Committee Report, Truman Library.

⁵Ibid., p. 74.

The Nourse and Krug reports showed not only that the United States could withstand the impact of a stepped-up foreign aid program, but that such a program was an absolute necessity to the economic well being of the country. By implication therefore, the implementation of the Marshall plan and the subsequent recovery of Western Europe would be of vital interest to the American business community. This interest resulted in an issue as important as the Marshall plan itself-who would control E.R.P.?

Before examining the course of that struggle, however, it is necessary to examine the third committee report. It is the most significant of the three. The President's Committee on Foreign Aid, or the Harriman Committee as it came to be known, was composed of representatives of American business, finance, labor, agriculture and academic circles. Not until November 6, after a prolonged tour of the war-devastated areas in Europe, did the Harriman Committee report to the President. The report provided a frightening evaluation of the dangers of the world situation as the members saw it. Most significant were the reasons which, the Committee felt, compelled the United States to embark on a long range European recovery effort.

Making short shrift of humanitarian motives in two brief paragraphs, the report discussed economic self-interest. While recognizing the impact of the loss of European markets on American prosperity, the Committee was most alarmed by the prospect of the very future of the free

enterprise system.

The deterioration of the European economy for lack of means to obtain essential imports would force European countries to resort to trade by government monopoly--not only for economic but for political ends. The United States would almost inevitably have to follow suit. The resulting system of state controls, at first relating to foreign trade would soon have to be extended into the domestic economy to an extent that would endanger the survival of the American system of free enterprise.

The motives of humanitarianism and economic self interest consumed one page in the report. The next five pages presented the most compelling motive behind E.R.P. The broad political implications of the world situation were foremost in the minds of the members. The report revealed that the business-dominated Committee had developed a fear of the threat of Communism which neared panic. It also revealed that there were many who looked upon the Marshall plan as a potent weapon employed in a broad ideological conflict. Remnants of Marshall's assertion that the Marshall plan was directed against no ideology were nowhere to be found in the Harriman declaration. The following represented better than any other single document the fears of the business community:

⁶Averill W. Harriman Committee, European Recovery and American Aid (Washington: U.S. Government Printing Office, 1947) A B 4. Generally known as the Harriman Committee Report.

These formulations of the United State's humanitarian and economic interest in European recovery sufficiently indicate their importance. But it is United State's interest of a third kind which overshadows the others and with which any plan for the economic recovery of Western Europe is most directly concerned.

This third and most important interest, though it may for simplicity be called political, is in fact very much broader. It stems from the realization that the European recovery program is an investment in the continued survival of a world economically stabilized and peacefully conducted in which governments based on fundamental democratic principles can prosper, in which right, not might prevails and in which religious freedom, economic opportunity, and individual liberties are maintained and respected.

To state this aim is to recognize that we are faced in the world today with two conflicting ideologies. The basic characteristics of each are well known. One is a system in which individual rights and liberties are emphasized, where they are protected by basic constitutional guarantees, where the state is the servant of the people. The opposing system is one where iron discipline by the State ruthlessly stamps out individual liberties and obliterates all opposition.

The first regards the strength of international relationships as resting on the maxim of free association economically, personally and culturally--between individuals in different countries;

The opposing concept rests on the assumption that international life must be dominated by ideologies; that where ideologies differ, conflict is inevitable; . . . peace is only a military truce and the national state continues to conduct itself as a fortress besieged by mortal enemies

But the countries of Western Europe cannot continue unaided to play this role. (In the omitted paragraph Western Europe was described as, "a powerful stabilizing influence in world society and . . . the foundation stone of United States security"). Their peoples are sorely dissatisfied with their present plight. If by democratic means they do not soon obtain an improvement in their affairs they may be driven to turn in the opposite direction. Therein lies the strength of the Communist tactic: It wins by default when misery

and chaos are great enough. This is why any program for the democratic rehabilitation of Western Europe must overcome not only the complex economic problems resulting from the ravages of war, but also the deliberate sabotage by the Communists who see in the continuance of misery and chaos their best chance for ultimate victory.

Open ideological war has been declared already by the totalitarian nations and their satellites upon all other nations and peoples believing in individual liberty. It has been called the 'cold war'. The first great battle of the cold war is being fought right now in Western Europe The ideological war of the Communists is as ruthless and as determined to achieve world domination as a hot war.

The military results of World War II have already put a large segment of Europe under the domination of the totalitarians. The cold war is now being fought for the portions of Europe and Asia which have so far resisted this onslaught. In this struggle the police states have effective allies in every country beyond the iron curtain. Their allies are the indigenous Communist parties which have loyalty not to the country in which they live, but to the Kremlin. These well disciplined forces have been stripped for action by the open acknowledgement that the Comintern has been revived

If the countries of middle-Western and Mediterranean Europe sink under the burden of despair and become Communist, Scandinavia will fall into the same camp. The strategically and economically vital North Africa and Middle-Eastern areas will follow If it should prove that a weakened United Kingdom could not resist so powerful a current, then the shift (in the relationship between Europe and the United States) would be cataclysmic

In such prodigious terms is the interest of the United States in European recovery defined. The Committee is convinced that a sound program for Western European recovery should be formulated and adopted by the United States with the same boldness and determination and the same confidence in the worthiness of the democratic cause which characterized our action in World War II.⁷

⁷Ibid., pp. B 5-B 11.

As the report showed, the Committee was plainly frightened by the threat of world wide Communist domination. It was not in passing that it pictured the task of stopping Communism equal to any the United States faced in World War II. The danger which Communism posed however, was aimed most specifically at the economic institutions of free enterprise. Most of the Committee felt therefore, that since capitalism was attacked, the capitalists themselves were best equipped to be in charge of its defense. The basic issue which was quickly taking form was not whether there should be an E.R.P., but who should run it. The State Department feared that the business tycoons would be too inexperienced to handle delicate international relations, while business felt sure that the State Department would waste money, lose profits, and because of diplomatic protocol, not keep a close enough watch on the internal affairs of the European nations to protect them against Communist encroachment. In keeping with this distrust of the Department of State, the Committee recommended that an agency should be established outside of the State Department headed by one man, appointed by the President. A board of directors should also be appointed, "for the purpose of making broad policy decisions."⁸ While admitting that the Marshall plan would be an important part of foreign policy, the most authority the Committee was willing to grant the

⁸Ibid., p. C 21.

Secretary of State was membership in the board of directors of E.R.P. The Committee made it quite apparent that the Marshall plan should and would be as far removed from State Department control as possible.

If the European Recovery Program were to be a weapon in America's foreign policy arsenal, the Truman Administration had to face this direct challenge of business. It was now Truman's option to accept the challenge or acquiesce to the demands of business as the price for pushing the bill through Congress. The President and his whole team entertained no thoughts of surrendering foreign policy to the industrial leaders.

Actually, the Administration had given considerable attention to the problem of E.R.P. organization and control well before the Harriman report. On October 24, 1947 nearly two weeks before the committee report was laid on the President's desk, two members of the National Advisory Council Steering Committee, Southard and Lynch, presented a very revealing memorandum to Secretary of the Treasury John W. Snyder. (The first names of Messrs. Lynch and Southard were not given in the memo.). The memo posed the question of whether the new agency responsible for the administration of the European Recovery Program would be independent of the State Department, such as the Export-Import Bank, or under its complete control as in the Greek program. The answer revealed that the details of administration had not

yet been decided, but the principle, if not the extent, of State Department control was already unquestioned.

State and Treasury agree that the Administration must press strongly for effective executive control of the new agency. The nature and form of the executive control has not yet been decided. Treasury believes that complete State control . . . would be undesirable. Treasury has not yet formulated a view as to whether the proposal now being advanced by State is a satisfactory one.⁹

The proposal which the memo mentioned was that a new agency, the European Cooperation Administration (E.C.A.) should be created outside the Department of State. The new agency was to be headed by one man, appointed by the President, and confirmed by the Senate. The actual business of the new agency would be handled by existing government agencies. The main feature of the plan was that the Administrator of the E.C.A. would be directly responsible to the Secretary of State in all matters of foreign policy.

The idea of complete State Department control, however, was as rankling to the Treasury Department as it was to many Congressional and business leaders. The Secretary of the Treasury was chairman of the National Advisory Council (N.A.C.) whose job was to co-ordinate all foreign aid programs with overall foreign policy and economic capabilities of the United States. The N.A.C. was composed of the

⁹Southard and Lynch to Snyder, October 24, 1947, O.F. 426, Truman Papers.

Secretaries of State, Interior, Commerce and Agriculture and the directors of allied governmental corporations such as the Export-Import Bank. Obviously, if Secretary Marshall totally dominated E.R.P. the N.A.C. and the Treasury Department especially would lose influence in the policy making of E.R.P. The N.A.C. was to exert tremendous pressure to preserve its prerogatives and was ultimately successful in doing so.

Indecision brought about by interdepartmental quarrelling over the make-up of the draft bill caused considerable alarm in some circles. On October 28, the Bureau of the Budget sent an urgent request to the President to speed up the work on the draft bill. The Budget Bureau emphasized the importance of completing the work before the special session of Congress convened in November. The most important aspect yet undecided was that of administration on which the Budget Bureau recommended that:

The E.R.P. is essentially based upon foreign policy objectives to which the United States attaches very high priority. Because the plan is essential to the achievement of broad United States foreign policy objectives it must be identified administratively with . . . the State Department both at home and overseas.¹⁰

To obtain complete State Department control, Budget

¹⁰Bureau of the Budget to Truman, October 28, 1947, O.F. 426, Truman Papers.

suggested that the State Department should acquire new administrative machinery within the department with the primary responsibility of achieving foreign policy objectives. Furthermore the State Department should create a top level post to handle the execution of E.R.P. overseas.

By the beginning of November, most inter-departmental opposition had been smoothed over. The Harriman report was soon to formulate a proposal that was already feared in administrative circles--namely that control of E.R.P. be removed as far as possible from the hands of the Truman administration in general and the Department of State and N.A.C. in particular. United by this common threat, all departments of the administration concentrated their attack on the concept of corporate control of E.R.P.

On November 3, an eight page staff memo was drawn up devoted solely to the question of corporate vs. State Department control of E.R.P. Under the unambiguous heading The E.R.P. Is Not a Business Program the report asserted that:

The E.R.P. is predominantly political . . . (not commercial) in character. It is one of the most vital elements in the nation's current foreign policy. The program's success will not be measured in the terms of a 'balance sheet' showing profits and losses, but to the extent to which the United States achieves certain high policy objectives.

The basic policy decisions . . . will be primarily political not business decisions. The needs of individual nations for assistance

and the priorities to be fulfilled in granting such assistance cannot be determined solely on business grounds. Allocation of available resources among the competing demands of the domestic economy, strategic and military requirements, other foreign aid programs and the E.R.P. cannot be decided on a business basis.¹¹

After this direct assault on the corporate concept the memo also pointed out that a corporation would lead to confusion and blurred responsibility in the administration of E.R.P. It would duplicate the responsibility of the State Department, the N.A.C., Export-Import Bank, Commodity Credit Corporation and United States Commercial Company, and would make serious conflicts almost unavoidable. In addition, coordination with other post-war foreign policy programs would be made extremely difficult by divorcing E.R.P. from State Department control.

The report ended with an explanation of the motives behind the business community's efforts and a sobering warning of the consequences if they succeeded.

Most of the proposals for a corporation appear to be primarily designed . . . to insulate E.R.P. against the executive branch. For this reason it is proposed that control . . . be invested in a Board of Directors composed of non-partisan experts . . . who would be less susceptible to executive direction

¹¹Staff Memo, November 3, 1947, pp. 4-6, O.F. 426, Truman Papers. The Memo is not otherwise identified, but since it was in the Presidential files rather than the Snyder papers, it seems likely that the memo was prepared by the staff of the Department of State. The contents of the memo strongly support this conclusion.

Obviously the E.R.P. impinges upon an important segment of the Executive program To attempt to administer it as a thing apart would be to court disaster.¹²

The argument of the Administration was at last clear and on solid ground. The tasks which lay ahead were equally clear. Truman had to convince Congress that his Administration, not a business corporation, should command the E.R.P. He had to convince Congress that the existing governmental corporations were capable of handling the commercial transactions of E.R.P. and that therefore a separate institution removed from State Department control was unnecessary. Finally, Truman must placate Congress and business by assuring them that all efforts would be made to put the operative aspects of E.R.P. on a sound business basis and that the State Department was capable of halting the Communist advance.

By December 19, 1947 the Truman Administration had completed its European Recovery Program draft bill and was ready to present it to the special session of Congress. The bill established an operational agency known as the Economic Cooperation Administration which was to be headed by a single Administrator. The Administrator was appointed by the President with the advice and consent of the Senate. However, "All those functions of the Administrator which

¹²Ibid., p. 8.

affect the conduct of the foreign policy of the United States shall be performed subject to the direction and control of the Secretary of State."¹³ This single sentence made the power of the State Department complete. All the functions of the Administrator which even affect foreign policy were controlled by the Secretary of State. Once again the unmistakable markings of strategic foreign policy were evident in the Administrations view of the E.R.P. The one major concession which the Truman Administration had made to the business community - the creation of a separate agency outside the State Department to control E.R.P. was really no concession at all.

The bill included other measures to protect State Department control. To further insure the docility of the Administrator, the bill established a roving ambassador who would have the rank of "ambassador extraordinary and plenipotentiary,"¹⁴ and who would be a special representative of the United States - not the E.C.A. - to the sixteen participating European nations. This all-powerful envoy was to be responsible directly to the Department of State. In section 10 of the Bill

¹³U.S. Office of the President (Truman), Outline of the European Recovery Program, Draft Legislation (Washington: 1948), p. 4, Snyder Papers.

¹⁴Ibid., p. 4.

the Secretary of State was given the authority to conclude bi-lateral agreements not only with any or all of the sixteen nations, but any continuing organization of those countries without the advice and consent of the Senate.

The functions of the Administrator, on the other hand, were confined to operation only. Section fifteen of the Bill listed his duties and then condensed them in a single, revealing sentence. "The functions set forth in this section include procurement, processing, the storage and shipment of commodities and the providing of technical information."¹⁵ The Administrator had a great deal of responsibility at the operational level, but at the policy level, his power was practically non-existent.

If this were the dream of the Administration, it was destined to be rudely shattered during its duration in the Senate Chambers. If the Secretary of State went into the Senate fight as the real power behind the E.R.P., he emerged two months later a mere consultant to the Administrator. This amazing transformation was necessitated in part by the pressure of an aroused industrial class which made it clear to a receptive Congress that it would not accept such a minor role in the formulation

¹⁵Ibid., p. 17.

of policy decisions.

Actually, the business community was overwhelmingly in favor of the Marshall plan. While it is true that the spokesmen of industry differed on details, they agreed almost unanimously on the principle of rebuilding Europe. Their motives divided into three major categories. First, the post-war magnates were, as the tone of the Harriman report suggested, thoroughly frightened by the prospects of a Communist takeover in Western Europe and the disastrous ramifications that would have on the free enterprise system in America. Thus the first objective, as business saw it, was to stop the westward spread of Communism absolutely and permanently. Second, the industrialists were very much alarmed by the trends toward nationalization of industry in Western Europe. This represented as dangerous a threat to the existence of free enterprise as the menace of Soviet-style Communism. Thus the Marshall plan must act as a missionary vehicle spreading the gospel of capitalism and combatting the subversive shift toward socialism abroad. Finally, the E.R.P., with billions of dollars of foodstuffs and material involved, represented business opportunity of tremendous proportions to those who were ever on the lookout for profits. There was money to be made, and the captains of industry were eager to see that as much as possible fell into their pockets.

Of the three primary reasons which moved the business leaders to support the Marshall plan the most compelling was the dread of Communism. On January 20, 1947 Barron's Weekly carried an article which supported an American underwritten European recovery primarily out of what the author considered self-defense. The article was extremely anti-Communist in flavor and vividly described the alleged disasters which would befall the world if Communism were not immediately and completely stymied. The author concluded that,

The Marshall plan is much more than a means of European recovery. It is also an insurance of America. It is an insurance of our future peace and security, our future freedoms, our future economic and social welfare. It is . . . an insurance of our cities and of our children and of the continuing existence of all that America means to mankind.¹⁶

It was this self protective sentiment which Senator Vandenberg reflected in a letter written to his wife. "I cannot see how we can avoid the necessity of keeping ourselves insulated against world wide Communism by maintaining these sixteen nations of the Western Union and helping them to rebuild an anti-Communist, self supporting society."¹⁷ That the United States was to

¹⁶Livingston Hartle, XXVIII, No. 2 (January 12, 1948), Barron's Weekly, p. 13. The article was enclosed in a letter from Fredrick C. McKee, Chairman of the Committee of Public Affairs to John McGrath, Attorney General, January 20, 1948, McGrath Papers.

¹⁷Vandenberg to wife, November 13, 1947, Vandenberg Jr., p. 379.

build an anti-Communist society in Europe was significant. It meant that America must take measures to insure that Capitalism, the reliable bulwark against Communism, would be strengthened in the process of rebuilding Europe.

An excellent example of the missionary spirit was supplied by John Ben Sheppard representing the Junior Chamber of Commerce. While Sheppard asserted that humanitarianism and world peace were among the most important aspects of the Marshall plan, he added that the United States must impress upon the world why it was able to help and who the help was coming from. What was more, he suggested that, "With each grain of wheat and copper penny we should send . . . a dose of the old fashioned gospel of democracy - pointing out that only under our system of free . . . enterprise has a people been able to work and produce enough to relieve the chaos of a troubled world."¹⁸

It was this proselytizing zeal which prompted Max Lerner, who incidentally enthusiastically supported E.R.P. although he bitterly criticized the Truman doctrine, to write a scathing attack on one business leader who had said, "Our free food should be plastered with the American

¹⁸U.S. Senate, European Recovery Program, Hearings before the Foreign Relations Committee, 80th Cong., 2d Sess. (Washington: U.S. Government Printing Office, 1948), p. 1028. Hereafter referred to as Senate Hearings.

flag - every package. Every box, every bale, every bag, should be stenciled in indelible ink 'free from the U.S.A.'"¹⁹ Lerner declared that the Marshall plan should be passed because of, "What we owe to them and to ourselves as moral human beings."²⁰

If the desire of businessmen to convert the world to capitalism were a problem to the Truman Administration, there was a negative aspect of the same problem which was even more troublesome. That was the capitalists' desire not only to preach their creed but also to prevent those trends away from the free enterprise system which were so evident in many of the European nations. As early as October 31, 1947 Earl Bunting, the President of the powerful National Association of Manufacturers, requested an appointment with President Truman for his Chairman of International Relations Committee, Clarence Calder. The telegram assured the President that N.A.M. was wholeheartedly behind the Marshall plan but had, "a number of specific suggestions for its implementation."²¹ The President approved an appointment.

¹⁹P.M., October 16, 1947, D.N.C.

²⁰Ibid.

²¹Bunting to Truman, October 31, 1947, O.F. 426, Truman Papers.

Although there were no accounts of the meeting in the Presidential files, there was an exquisite blue and gold leather book which clearly explained the N.A.M. position. The first suggestion the book made was in regard to socialization of industry in Europe.

The American people have fresh in their minds the dampening effect peacetime governmental controls had on production here at home. They therefore are convinced Europe's production expansion will not take place until the myriad of peacetime controls now being emphasized by socialistic governments are eliminated or at least drastically modified.²²

Three months later when Calder appeared before the Senate Foreign Relations Committee he proposed that as a condition to United States aid, each European nation must pledge itself not to nationalize industry. Ironically he was attacking the draft bill on the grounds that if the Secretary of State were at the helm of E.R.P., the European nations might think that the United States was trying to interfere in their internal affairs!

At least as influential as the other two motives in putting the shoulder of business behind E.R.P., was the opportunity to reap fabulous profits. The Kiplinger Letter, circulated privately to businessmen, instructed its readers in February, 1948 that E.R.P. was assured of passage, that it would be a six year program rather than the four years

²²Recommendations of the N.A.M. on the Principles, Conditions, and Administration of Economic Aid to Europe,
p. 6, O.P. 426, Truman Papers.

proposed, and that it would cost considerably more than the \$18 billion estimate. Then the letter pronounced the significance of these predictions for the industrial community.

The Marshall plan is Big Business--50 billions of exports, the twenty to be subsidized by government, the thirty more to come in natural trade. So a big government purchasing and distributing agency will be created. Run like a business--hundreds of employees It will be one of the biggest C U S T O M E R S of business in the whole country.²³

A similar, though much more subdued version of the same sentiment was expressed publicly in Barron's Weekly. The article warned that if the Marshall plan were to be successful in reviving Europe, the U.S. could not afford to skimp on the funds. It must provide enough funds to do the job right. Then, almost incidentally, the magazine continued, "none but relatively minor disturbance can occur in the active flow of business for possibly four years more."²⁴

These three basic motives in the business mind - the critical necessity of stopping Communism in all its forms, the intention to strengthen the forces of capitalism, and the somewhat greedy eye on the profits involved - were less important in themselves than they were in determining

²³Kiplinger Washington Letter, February 14, 1948, McGrath Papers. Item was not further identified.

²⁴"Niggardly Giving Would Defeat E.R.P.," Barron's Weekly, xxviii, No. 16, (January 5, 1948), p. 2 McGrath Papers.

the business attitude on the crucial problem of the administration of E.R.P. This attitude was accurately summarized by J. D. Zellerbach, business representative of the International Labor Organization, when he testified before the Senate Committee. "I believe I reflect the viewpoint of American business generally when I say that the program must be viewed as a long range business enterprise and administered accordingly."²⁵

The administrative structure which the business community envisioned was far removed from the ediface which the draft bill erected with the Secretary of State at the top. Clarence Calder best presented the business ideal when he appeared before the Senate Committee. Instead of one Administrator at the head of the E.C.A., Calder suggested that a separate corporation be established controlled by a board of directors which could, "deal on a business basis with the countries receiving economic aid and extend such aid on the basis of conditions which would protect American taxpayers . . ."²⁶

Business generally was extremely critical of the Truman Administration's draft bill on this matter. Calder again gave a lucid account of the business line of attack. He asserted that, the recovery of Europe could be achieved

²⁵Senate Hearings, p. 1131.

²⁶Ibid., p. 807.

much more economically and successfully if E.R.P. were administered by an agency independent of the State Department. In conclusion he warned what would happen if the Marshall plan were not put under business control. He stated that:

If the provisions as to the furnishing and financing of assistance as set forth, are carried out by people inexperienced in business the cost will be considerably higher. If economic considerations are made primarily for foreign policy reasons, by definition the cost will be secondary. The program could be futile abroad and disastrous at home.²⁷

While it is true that the various spokesmen of the business outlook disagreed as to the exact extent to which the new agency was to be free of the State Department and to the precise details of the administrative set-up, all were agreed in principle - the E.R.P. was a business enterprise and must be so conducted. They agreed that emphasis on the foreign policy aspects of E.R.P. would result in waste and rising costs (with proportionally smaller profits). Finally behind all their arguments was the fear that diplomatic protocol might sacrifice the interests of private enterprise, especially in those countries which already seemed bent on what business considered disastrous nationalization and socialization programs.

Such was the powerful opposition which the draft

²⁷ Ibid., pp. 809-810.

bill faced when it was reported to the Senate Foreign Relations Committee. Such were the obstacles which the Administration's top salesmen had to overcome if they were to sell their bill to a wary, Republican-dominated Committee. For this task, all salesmen were recruited, all techniques polished.

The testimony of the Administrative representatives should be analyzed in the light of this challenge of business to gain control of E.R.P. Practically speaking, the entire Cabinet appeared before the Senate Foreign Relations Committee along with Lewis W. Douglas, the United States Ambassador to Great Britain, William McChesney Martin Jr., Chairman of the Board of Directors of the Export-Import Bank and John J. McCloy, President of the Bank for Reconstruction and Development. All appeared on behalf of the original draft legislation. Their message was two fold. First, E.R.P. must be closely controlled by the State Department because it was an integral part of American foreign policy. Second, the existing governmental corporations could well insure that E.R.P. would function efficiently and economically and that therefore no new policy making board of directors was needed or desirable.

The Committee hearings opened on Tuesday, January 13, 1948. On the fifteenth, Secretary Marshall himself testified. He tried to impress upon the Senators that

E.R.P. was a vital part of foreign policy, that there could not be two Secretaries of State, and that in case of conflict between the Administrator and himself, "my decision would determine."²⁸ At the same time though, Marshall assured the Committee that he would interfere in the affairs of the Administrator only when absolutely necessary. Secretary of Interior, Krug and Secretary of Commerce, Harriman testified that the American economy could withstand the strain of E.R.P. and then rather successfully parried the trusts of the Committee members concerning specific commodities in short supply. Secretary Harriman particularly emphasized the danger to the United States economy if E.R.P. was not enacted. In other words, the Marshall plan made good business sense. Ambassador Douglas explained in great detail how E.R.P. would actually work. He took great pains to emphasize that a high degree of cooperation between the Secretary of State and the Administrator would be the key to successful operations and was envisioned by the State Department. Secretary of Agriculture Anderson stressed the low calorie intake of the European nations and their critical need for help. He ended his statement though with the sound judgment that American scientific farming techniques made overabundance of farm production in the

²⁸Ibid., p. 19.

near future a certainty and that disintegration of European markets, "would not be pleasant to contemplate."²⁹ Secretary of Defense Forrestal and Secretary of the Army Royall told the Committee that if the economic chaos in Europe were allowed to continue the United States would have to increase its military commitments by as much as fifty percent--a cost which would be totally lost to constructive recovery efforts. Finally William McChesney Martin and John J. McCloy assured the Committee that their institutions could well absorb the financial responsibilities, the dispersal of loans and grants, and that, by implication, a new corporation was therefore unnecessary. McCloy especially pleased the Senators when he asserted that the International Bank could "insure that proceeds of our loans are used only for the purposes for which the loan was granted, . . . and we have to see that they are not diverted for purposes for which we have not approved them."³⁰ All of the testimony of the Cabinet members and Messrs. McCloy and Martin was meant to appeal to the business-oriented Senate Committee. Business wanted to hear that waste would be kept to a minimum by close capitalist supervision. It wanted to hear that E.R.P. would open up new markets and profit potential.

²⁹Ibid., p. 315.

³⁰Ibid., p. 540

The industrialists, however, were hardly willing to see control of their vast business enterprise in the hands of an Administration so recently saved from the clutches of the New Dealers. Furthermore, although the State Department might have recognized its own deficiencies in business experience and thus authorized a separate agency to run mechanical affairs of E.R.P., clearly policy decisions were to be made by non-business personnel using non-business criteria. No amount of cajoling by Truman Administration officials could convince big business or their friends in the Senate to accept such a proposal.

On January 19, elder statesman Bernard Baruch testified before the Committee. He presented a penetrating analysis of the situation in Europe and suggested that the United States embark upon a war-time economy in peacetime in order to pull Europe through her crisis. He admitted, under prodding from Senator Vandenberg, that he had drawn up a plan for the administration and organization of E.C.A. He submitted that not only should the agency be separate and independent from the Department of State, but it should be headed by a mixed Board of Directors made up of five representatives of business and the Cabinet members. The corporation plan had appeared again, but this time with the prestige that only the venerated Mr. Baruch could give it. With virtually all of the business community pressuring for essentially the same fundamental change in E.R.P. organization,

the draft bill was clearly in trouble.

By the end of January, Senator Vandenberg appeared to be ready to recommend the corporate structure for E.R.P. and no department of the Truman Administration was more alarmed than the National Advisory Council. Lynch and Southard sent an urgent message to Secretary of the Treasury Snyder.

It seems quite clear . . . that Senator Vandenberg . . . is giving serious consideration to the use of a new advisory board as a forum for the coordination of E.R.P. policies. He seems to be thinking of a 'mixed' board of nine members consisting of the E.R.P. Administrator, four public members, and four Cabinet members (the Secretaries of State, Commerce, Treasury and Agriculture). This is essentially the Baruch plan.

As we indicated to you . . . , it is our view that the establishment of a new advisory board on which a number of Cabinet members are represented seriously threatens the future of the N.A.C. As we further indicated, the most desirable formula from the point of view of preserving the N.A.C. would be the appointment of an Administrator with Cabinet rank who would be made a member of the N.A.C. Under this plan the special position of the State Department would be protected by an arrangement for consultation under the supervision of the President

. . . .
In view of these developments it is recommended: 1) That the Treasury explore at once with the State Department and the Budget Bureau the position to be taken by the administration on the question of organization. The Treasury now has a very legitimate reason for intervening in this question since the future of the N.A.C. is concerned.³¹

³¹Lynch and Southard to Snyder, February 10, 1948, Snyder Papers.

The N.A.C. felt that it was in a fight for its life. Lynch and Southard, both prominent members of N.A.C., urged Snyder to do everything in his power to co-ordinate intra-departmental efforts in behalf of N.A.C.

Ironically, five days before Lynch and Southard sent their frantic plea to Secretary Snyder, the tide of battle was already turning in their favor. On January 24, the Brookings Institute submitted its report on the organization of E.R.P., acting on the request of Senator Vandenberg three weeks earlier. This brief report turned out to be the single most influential testimony of the Senate hearings for it ultimately settled the issue of administration and was almost verbatim written into law.

The Brookings report made eight specific recommendations.

- 1) A new agency should be created which would function in close relationship with the Department of State.
- 2) This agency should be headed by a single man because centralization of responsibility and quick decisions were essential.
- 3) As long as the agency was kept flexible in structure and operations, and if Congress allowed the agency exemptions from existing regulations, a corporate form would neither be necessary nor desirable.
- 4) An advisory board should be established composed of citizens of broad economic experience to act in advisory capacity only to the Administrator.
- 5) The Administrator should have all executive powers necessary to perform all aspects of operations. On matters of broad

financial policy however, the Administrator should act in consultation with the N.A.C. 6) Since overall foreign policy implications were involved in E.R.P., the Secretary of State and the Administrator should keep each other fully and currently informed. Furthermore the Secretary, "should have the right to enter objections to any proposed action by the Administrator, to make proposals to the Administrator, and to call attention to the consequences of failure to act."³² In case differences could not be mutually decided, the President would mediate with finality. 7) The special representative to the participating countries should be directly responsible to the Administrator but should keep the Ambassador fully and currently informed. Unresolved differences between the E.C.A. representative and the Ambassador should be referred to the Administrator and the Secretary of State and to the President if necessary. 8) The "Roving Ambassador" should represent the United States to the joint European Organization (Council for European Economic Cooperation) and then should be responsible directly both to the Secretary of State and the Administrator.³³

This report had more impact on the final outcome of the E.R.P. than all the pressure of big business or the pleadings and threats of the Truman Administration. The

³²Senate Hearings, p. 857.

³³Ibid., pp. 854-860.

Institute had proposed a sensible compromise. On the one hand, it supported the contentions of the State Department that E.R.P. could not be divorced from strategic foreign policy objectives and, on the other, by broadening the powers of the Administrator and suggesting Cabinet status for him, it gave notice to the State Department that the Administrator would not be the puppet of the Secretary of State.

On February 10, while the Senate Committee was in Executive session, Lynch and Southard were able to report to their chief that, "the committee would largely write into the bill the administrative organization proposed by the Brookings Institution . . . and that the supplementary suggestions of Vandenberg for a mixed Government and private board would probably be dropped . . . in view of the doubts expressed by the Brookings Institute."³⁴ In fact, the bill which the Senate Committee recommended on February 26 not only incorporated all the proposals of the Brookings report but was enacted into law with only minor changes.

There was no doubt that the Senate bill differed substantially from the draft bill on matters of Administration. Instead of the Administrator being responsible to the Secretary of State in all matters affecting foreign policy, the Senate draft stated that, "the Administrator

³⁴Lynch and Southard to Snyder, February 10, 1948, Snyder Papers.

shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided . . . the administration of the provisions of this act is hereby vested in the Administrator and his functions shall be performed under control of the President."³⁵

The Secretary of State, on the other hand was given the right to consult with the Administrator whenever he believed that, "any action, proposed action or failure to act on the part of the Administrator is inconsistent with the foreign policy objectives of the United States" ³⁶ In case the two men could not agree on policy, they were to present their conflict to the President whose decision would be final.

In addition to these severe restrictions placed on the State Department, the Senate bill broadened the authority of the Administrator. He was specifically empowered to

- 1) review and appraise the requirements of the participating countries
- 2) formulate programs of assistance
- 3) provide for efficient execution of his programs and
- 4) terminate assistance under the act if in his opinion the European nations were not living up to their agreements.³⁷

³⁵U.S. Senate, The European Recovery Program, Senate Report 935, 80th Cong. 2d. Sess., (Washington, February 26, 1948), p. 2. Referred to hereafter as Senate Report 935.

³⁶Ibid., p. 7.

³⁷Ibid., p. 3.

The Administrator and his E.C.A. were clearly given considerable autonomy from State Department control. The amount of influence which the Truman Administration would be able to exert on E.R.P. policy would obviously be dependent on the relationship between the Secretary of State and the Administrator. Who was chosen for this post, then, was of crucial importance to both business and government. This choice led to the final engagement in the battle over E.R.P. organization.

The first suggestion of the Truman Administration, for the post of E.R.P. Administrator, was William L. Clayton, Undersecretary of State for Economic Affairs. When Vandenberg heard of the proposal he immediately wrote to Marshall the following tactful but firm rejection:

I have had very unhappy repercussions today on the Hill from story this morning on the front page of the Washington Post that Mr. Clayton is slated to head E.R.P. This is no reflection on Mr. Clayton. It is simply reflection of the overriding Congressional desire that the E.R.P. Administrator shall come from the outside business world with strong industrial credentials, and not via the State Department. I want to sound this warning for the sake of E.R.P. itself - now and hereafter. I am sure there would be widespread acceptance of Mr. Clayton or Mr. (Ambassador Lewis) Douglas as "Roving Ambassador" under the terms of the new Bill. They are held in great Congressional respect. But this job as E.R.P. Administrator stands out by itself - as demonstrated in all of the Congressional debates - as requiring particularly persuasive economic credentials unrelated to diplomacy. I think it is seriously necessary - for the sake of E.R.P.

to keep this fact in mind. I am sure I do not need to add that my personal attitude toward Mr. Clayton is one of greatest respect and affection.³⁸

Congress was hardly about to lose their fight for business prerogatives by allowing the appointment of an E.R.P. Executive who might be too amenable to the State Department.

Shortly after this exchange the President called Senator Vandenberg into his office and personally proposed former Undersecretary of State Dean Acheson for the post. Vandenberg replied flatly that he had, "no doubt but that Acheson has great ability and might do a fine job - but the Senate won't confirm him for the position."³⁹ The Senate would concede to the State Department no more power. The Administrator of E.R.P. was going to be a man of broad business background, and that was all there was to it.

It is only in the light of this critical battle over control of E.R.P. that the appointment of Paul G. Hoffman, President of Studebaker Corporation is meaningful. Here was a man who made it clear to the State Department from the beginning that attempts of the President, or anyone under him, to dictate the choice of his personnel, would result, "in his immediate resignation."⁴⁰ In Paul Hoffman

³⁸ Vandenberg to Marshall, March 24, 1948, Vandenberg Jr.

³⁹ Ibid., p. 394.

⁴⁰ Ibid., p. 395.

the business community and Congress found a man who would clearly be no tool of the Truman Administration. The Department of State lost its final battle.

In summary, the issue of control of E.R.P. was a clash of ideology and interest between Government and business. If the latter was motivated in part by the selfish desire to absorb every last ounce of profit from E.R.P., it also contributed much toward the careful elimination of waste and sound financial order. Under the proddings of their constituents and friends in business, the Senators thoroughly probed such touchy subjects as the liquidation of foreign-held assets to help the E.R.P. effort, the paradox of sending huge quantities of oil-using machines to Europe when the United States would have to supply much of the oil from its already depleted reserves, and the problem of paying premium prices for Argentine wheat to supplement the United States supply. The business community was an indispensable asset to the Truman Administration in spite of the bitter controversy between the two. On the other hand, the Truman Administration impressed upon the business community and the Republican Congress, at least in a limited way, the importance of E.R.P. to overall foreign policy. The Republicans benefited immeasurably by their new responsibilities in the role of leaders instead of negative dissenters. The Senate Committee report gave evidence of the realization

on the part of the Republicans that E.R.P. was much more intricate than they and the industrialists had at first suspected. The report stated that:

The administration of such a program with its wide ramifications abroad, is much more than a business venture. It involves our relations with foreign nations, and is, in many of its aspects, inextricably bound up with United States foreign policy at the highest level.⁴¹

The battle of Administrative control of E.R.P. was fought and compromised at the highest level of American political and business life. A compromise was inevitable. Despite their differences, business and Government agreed on the utter necessity of stopping the advance of Communism. It was just that each side thought that it could best do the job. In the end, however, business conceded that the State Department could not be divorced from E.R.P. and recognized that both the Secretary and the Administrator must act in close co-operation and that their differences should be resolved by Presidential action. Each side retreated from its extreme positions. It was simply a case of necessity being the mother of concession.

This exciting struggle was carried on far above the level of the average American. To the average American, the debate was not over who would control, but whether there should be a Marshall Plan. It is now desirable to turn to the popular side of the debate.

⁴¹Senate Report 935, p. 14.

CHAPTER IV

PUBLIC RESPONSE TO E.R.P.

The most striking aspect of the Marshall plan was its enormous popular support. The Gallup poll indicated that during the Winter months of 1947-48 the percentage of the American public opposing the plan never exceeded 18%. Yet, by March, 1948, 57% of the public backed E.R.P.¹

Even more important than the percentage of public approval of E.R.P. was the broad spectrum of special interest groups of which it was composed. Approval of the Marshall proposal was so inclusive that Ferdinand Kuhn was prompted to remark, "When a single piece of legislation wins the support of all the great labor, veteran, and farm organizations of America - that's news. When the same legislation also gets the general backing of the main businessmen's groups, the applause of Church groups, women's clubs, student organizations and racial and nationality groups, it becomes a phenomenon."²

This compelling popular pressure was at once impressive

¹"Gallup Poll", Washington Post, March 3, 1948, Democratic National Committee Clipping File (D.N.C.)

²Washington Post, February 8, 1948, D.N.C.

and perplexing to the Republican 80th Congress. It presented G.O.P. leaders with a dilemma. If the Republicans, by bickering over cost and minutae, blocked passage of E.R.P., they ran the risk of facing the wrath of an indignant public in the 1948 elections. Yet if they passed the bill, the Truman Administration would appear before the electorate in all the glory of a major legislative victory. The pressure of public opinion which created this dilemma is well worth examining.

Enthusiasm for the Marshall plan was slow building up. In fact, as late as October, 1947, five months after Secretary Marshall's Harvard address, only 49% of the public had even heard of the Marshall plan.³ There were several reasons for this public ignorance. First, not until at least November did the Administration embark upon a program of educating the public to the problem of E.R.P. Second, President Truman did not actually present a legislative program which could be debated until December 19, before a special session of Congress. Thus there was not anything really solid to debate. Finally, the vagueness of the Marshall proposal combined with what seemed to be indecision within the Truman Administration itself promoted confusion in the public mind.

³Ibid., "Gallup Poll", October 8, 1947, D.N.C.

A good example of this latter reason was the remarks of Secretary of the Treasury Snyder shortly after Marshall's June 5th address. When he was asked to give his appraisal of Marshall's proposal Snyder answered, "My interpretation is that he (Marshall) is asking them to make a self inventory and see what they can do for themselves."⁴ When Snyder was pushed further as to whether Marshall had made an offer of aid to Europe he replied, "no more than we have had evidence of all along."⁵ Snyder could make no public commitments at least until the problem of Soviet participation had been resolved. Nevertheless, his words certainly could have lead even the most informed to wonder whether there was a Marshall plan at all.

The people of the United States paid increasing attention to the Marshall plan after November 1947, despite its previous lack of publicity. One of the most important instruments in presenting E.R.P. to the people was the Committee for the Marshall Plan which began its campaign in November, 1947. The board of advisors of the Committee included such notables as Henry Stimson, former Secretary of War, Robert Patterson, Undersecretary of War during the Second World War, and Dean Acheson who had recently resigned his post as Undersecretary of State

⁴Washington Post, June 28, 1947, D.N.C.

⁵Ibid., D.N.C.

The activities of the Committee ranged from placing full page advertisements in the nation's leading newspapers, to circulating petitions, to answering the charges of the opponents of E.R.P. For example, during the House Committee hearings, Ernest T. Weir, Chairman of National Steel Corporation and Henry Wallace attacked the Marshall plan from the Right and Left respectively. Weir complained that E.R.P. was too costly and that the American economy would collapse if its cost was not substantially reduced. Wallace argued that the plan was grossly inadequate and that Eastern Europe and the Soviet Union as well should be included. The Committee answered both of them in the nation-wide press. "Both viewpoints," the article read, "can only result in a collapse of that part of Europe still friendly to us and may well bring about the domestic chaos that Mr. Weir fears and Mr. Wallace ignores."⁶

Needless to say, the Committee spent considerable sums of money in its effort to mold public opinion in favor of E.R.P. Operating from Washington, D.C. and New York, the Committee spent nearly \$50,000 in February, 1948 alone.⁷

⁶ Press Release, February 26, 1948, Committee for the Marshall Plan file, Truman Library.

⁷ Statement of Expenditures, March 31, 1948 Committee for the Marshall plan file. The statement follows:

Expenditures	N. Y.	Wash.	Total
Nov. and Dec., 1947	34,455.33	5,720.69	40,214.02
January, 1948	29,277.20	4,310.62	33,587.82
February, 1948	42,779.97	6,052.66	48,829.63
March, 1948	23,998.27	5,467.30	29,465.53
	130,545.77	21,551.27	152,097.00

It increased its expenditures as the Congressional vote neared. By April, 1948, the Committee had spent over \$160,000.⁸

It is difficult to estimate the effect of the Committee's activities on public opinion. Some indications are available, however. During the first month of the Committee's activities, November, the percentage of people who knew of the Marshall plan jumped from 49% to 61%. This is particularly significant because the 49% mark had remained the same since July.⁹ In addition, as will be shown later in this chapter, 52% of the farmers, with whom the Committee did not work, remained unaware of the Marshall plan until February or March, 1948. These facts would indicate that the Committee may have had considerable affect on public opinion.

While the Marshall plan became better known and publicized, its popularity increased. In October, when 49% of the public had heard or read of the Marshall plan, only 47% of those were in favor of it. In March, 1948, 79% had heard of E.R.P. and 57% approved while only 18% were against it.¹⁰ Although the Committee for the Marshall

⁸Haskins and Sells Accountant's Certificate, August 30, 1948, Committee for the Marshall plan file.

⁹"Gallup Poll", Washington Post, March 3, 1948, D.N.C.

¹⁰Ibid., D.N.C.

plan was not alone responsible for this rise in public favor it was certainly of considerable importance. One news analyst, noting that there was tremendous popular support for E.R.P., attributed much of it to the activities of the Committee. He pointed out that it had launched a nation-wide campaign which collected over six million signatures on petitions urging immediate enactment of the program.¹¹

As indicated, the Marshall plan received enthusiastic support from all the major business, labor, and farm groups in the United States. On the other hand, E.R.P. aroused considerable opposition from the extreme Right and the extreme Left. A more detailed examination of both the support and the opposition is in order.

The farm interests were well represented in the Committee hearings. From the West, the fruit growers sent their leaders to argue for more fresh and dried fruit shipments to Europe. The grain and cattle farmers were ably spoken for by the National Grange, the National Farmers Union and the American Farm Bureau Federation. The testimony of these major organizations disclosed a major inconsistency in farm opinion.

Representing the conservative American Farm Bureau Federation, Allan B. Kline testified before both the House

¹¹Stephen Winship, New York Herald Tribune, February 8, 1948, D.N.C.

and Senate Foreign affairs committees. He told the Congressmen that the American farmer was wholeheartedly behind the Marshall plan. He expressed his faith that American agriculture could well stand the strain of the E.R.P. He cautioned however that, "the American farmer is a strong believer in the free enterprise system. He feels that one of the major long-time contributions that can be made to civilization is for this country to maintain a strong, virile and productive system of free enterprise, to serve as a citadel of democracy in these troubled times."¹² To support his opinion he presented a resolution of the Farm Bureau which read in part, "We favor a policy which will encourage the making of private loans and investments abroad. We believe that private foreign investments can be mutually beneficial to both this nation and the receiving nation."¹³ Kline made it clear that the Farm Bureau favored the Marshall plan primarily out of self-interest. Also evident in his testimony was the spirit of evangelism much akin to that of big business; the gospel of capitalism must be propagated.

¹²U.S. Senate, European Recovery Program, Hearings before the Foreign Relations Committee, 80th Cong., 2d. Sess., (Washington: U.S. Government Printing Office, 1948), p. 1116. Hereafter referred to as Senate Hearings.

¹³Ibid.

A bit less enthusiastic about the missionary spirit was J. T. Sanders of the National Grange. He pledged the support of his organization to E.R.P. and, although his statement showed cognizance of the geo-political implications of the program, he cautioned that, "we should not make the mistake of thinking that the European recovery program is primarily a means of combating Communism or of promoting our own type of democracy. It is primarily a recovery program"14 He added a more positive attack on the remarks of Kline when he asserted that,

We should defend the right of any people to freely choose, by democratic means, the type of government they want, whether that be democracy, Communism, or dictatorship We have no more right to try to force other nations to accept our particular form of representative government than has Russia to demand that they accept Communism, dictatorship or both.15

Despite these warnings against interfering in the sovereign rights of the European peoples, Sanders soundly endorsed the E.R.P. It was not only the humanitarian duty of the American people as moral human beings to feed the hungry of Europe, but it was in the economic self-

14 U.S. House of Representatives, United States Foreign Policy for a Post-War Recovery Program, Hearings before the Committee on Foreign Affairs, 80th Cong., 2d. Sess., (Washington: United States Government Printing Office, 1948), p. 1381. Hereafter referred to as House Hearings.

15 Ibid., p. 1386.

interest of the farmers to rebuild export markets destroyed by war.

If the Farm Bureau and the Grange, though from slightly different points of view, were in favor of the Marshall plan, the National Farmers Union, represented by its President, James Patton had serious reservations. In fact, Patton's position had much in common with that of the radical Left who opposed E.R.P. altogether. Patton complained that the 6.8 billion dollars for the first year was totally inadequate to fulfill the needs of European recovery. He argued that the recovery of Western Europe would be impossible without the recovery of Eastern Europe. He condemned the plan most of all however, because it was unilateral and ignored the U.N. He presented a resolution of the North Dakota Farmers Union which stated the following:

We strongly condemn the growing tendency of the present Government of the United States to deal unilaterally and on a piecemeal relief basis with the problems of world rehabilitation. Only by strengthening the United Nations . . . can real progress be made toward one world of peace and abundance What now needs to be done is to execute such policies as these (E.R.P.) through the Economic Commission for Europe or some other United Nations agency.¹⁶

Patton added that the United States had no right to ask military concessions or attach economic or political conditions to the aid.

¹⁶ Senate Hearings, p. 928.

Yet, in spite of all his admonishments, Patton endorsed the overall objectives of the Marshall plan. He even stated that, "The world today is torn in two by mutual fears and suspicions. This European recovery program, adequately launched (by about twice the initial proposed outlay of funds) and wisely administered, can serve as an important trial bridge across the chasm which widens before our feet."¹⁷ The endorsement admittedly contained serious conditions. The Farmers Union backed E.R.P. if it were administered through the U.N., if it included Eastern Europe, if it accelerated its financial output, and if the United States allowed no intervention, strategic quid pro quo, or political conditions to the aid.

Unfortunately, when Kline, Sanders and Patton claimed to be speaking for the farmers of America, they were seriously mistaken. In depicting the farmers as well aware of the implications involved in E.R.P., the farm leaders painted a picture, far removed from real life. The truth was, that as late as January, 1948, despite the last two months of torrid debate over European recovery, most farmers neither understood nor even heard of the Marshall plan. Successful Farming magazine conducted a poll of over six million farmers from across the nation. In response to

¹⁷Ibid., p. 932.

the question, "Have you heard or read about the Marshall plan?", the editors expressed shock at discovering that 52% of the nation's farmers had never heard of it, and of the 48% who had, only 11% knew what it was, 48% had rather vague notions, and 41% hadn't the slightest idea!¹⁸ In other words, while the leaders of the three major farm organizations were telling Congress how the farmer felt about E.R.P., more than one half of the American farmers had never even heard of the Marshall plan and only about 5% knew what it was.

There were several reasons for this morose condition of farm interest in E.R.P. First, the farm journals and magazines offered practically no information concerning the European recovery program. Second, the farmer himself had little time to study the complex problems of foreign affairs. Third, the Truman Administration was forced to propagandize the Marshall plan in terms least likely to attract the farmer's attention.

To verify the first point, one need only survey some of the farm magazines during the years 1947-1948. Only one editorial on the Marshall plan appeared in any of six major farm journals (The Kansas Farmer, The Ohio Farmer, The Rural New Yorker, Country Gentlemen, Wallace's Farmer and Successful Farming.) This was an editorial by Senator

¹⁸"The Farmer Speaks," Successful Farming, XLVI, No. 1 (January, 1948), p. 8.

Arthur Capper in the Kansas Farmer in March, 1948. In that statement, prompted by the Czechoslovakian coup, Capper commented that Congressional debate would stress, "the hope that the aid extended to Western Europe will encourage these nations to hold out against Soviet penetration, rather than on relief of Europe."¹⁹ It was curious that Senator Capper remained silent so long in view of his position on the Senate Foreign Relations Committee. Even more curious was his erroneous report that the Administrator of E.C.A. would "outrank cabinet members."²⁰ Furthermore, throughout the entire period June, 1947 to May, 1948 (the month after E.R.P. became law) not a single letter concerning the Marshall plan was in any of the above journals. In short, the farm publications, paid astonishingly little attention to the European recovery program.

This is not to say that the farm journals completely ignored the Marshall plan. In fact, there were a few articles which dealt, though quite innocuously, with E.R.P. One in particular illustrated well the attitude of the farmer to the program. Claude Pagels, describing himself as "just a dairy farmer from Mollenry County, Illinois"²¹ wrote a feature

¹⁹Arthur Capper, "As I See It," Kansas Farmer, LXXIV No. 5, (March 6, 1948), p. 8.

²⁰Ibid.

²¹Claude Pagels, "A Farmer Talks to General Marshall," Country Gentlemen, CXVIII, No. 3, (March, 1948), p. 15.

describing his interview with Secretary of State Marshall. Explaining somewhat apologetically how he was chosen to speak with Marshall, Pagels wrote, "Well, like you, I'd heard a lot about this Marshall plan - they now call it the European Recovery Program - and I knew it was important. But when you run 400 acres of land and milk 50 cows, it doesn't give a man much time to really study outside things."²² The average farmer was not completely apathetic. He simply couldn't afford the luxury of examining "outside things."

The interesting question posed here is, why was the Marshall plan beyond the immediate interests of the farmer? It involved fifty to sixty billions of dollars in trade during the next five years. It called for the shipment of large quantities of farm machinery, grain, meat and fruit. Finally, it was of crucial importance in re-establishing lucrative produce markets in a revitalized Europe. How could the farmer possibly mistake the European Recovery Program to be beyond his concern?

One answer can be found in the manner in which the Administration and the Press advertised the Marshall plan to the people. Dating back to its Truman doctrine background the fundamental concept behind E.R.P. was strategic, geo-political foreign policy. Vandenberg and the other Congressional leaders had made it clear that only on this basis would they

²²Ibid.

support the Marshall plan. The Harriman Report devoted almost its entire report to the political implications of the recovery plan. Furthermore, the State Department was in a fight for its life over who was to control the E.C.A. Its whole argument had to be based on the premise that the E.R.P. was not a big business enterprise but a crucial and integral part of U.S. foreign policy. Finally, the Administration did not dare to emphasize the business aspects of E.R.P. because this would play directly into the hands of the Communists who were telling the Europeans that E.R.P. was capitalistic imperialism, designed to monopolize their markets, and needed to avert a business crisis within the United States. For these reasons, the Truman administration was compelled to suppress the business aspect of the Marshall plan - the very feature of the program which the farmers would have found most alluring. Conversely, by asserting that the diplomatic, geo-political implications of E.R.P. were all important, the administration used the plea least likely to appeal to the average farmer. Strategic foreign policy objectives were, after all, "outside things."

If the farmers took relatively little interest in the Marshall plan, the opposite was true of labor. Many unions sent their representatives to both the House and the Senate hearings and most fell into line with their parent organizations the American Federation of Labor or the Congress of Industrial Organizations. Like the major farm organizations,

labor split into three rather distinct groups in regard to E.R.P. Unlike the farm groups, however, one faction of labor fiercely condemned E.R.P.

The A.F. of L. held its 66th convention in San Francisco, in October, 1947 and considered a full range of topics including the Marshall plan. Asserting that "the U.S.S.R. does not want peace and . . . finds the method of force and aggression more suitable to its objectives,"²³ the A.F. of L. asked for immediate implementation of the Marshall plan. Stressing the threat of Communist expansion, the resolution continued, "The cost to the American people in assisting the sixteen nations of Western Europe to rehabilitate their economies will be small as compared to the alternative of an unaided Europe falling under totalitarian dominance with the ultimate possibility of war."²⁴ The main arguments of the A.F. of L. were unmistakably clear. Communism, an enemy of trade unionism and capitalism alike must be stopped no matter what the cost.

As early as November, 1947, Matthew Woll, Chairman of

²³James Chasteen, "American Public Opinion and Foreign Aid 1945-1952," (Unpublished Ph.D. dissertation, Department of History, University of North Carolina, 1958), p. 177. Quoted from Report of the Proceedings of the 66th Convention of the A.F. of L., October 6-16, 1947.

²⁴"Annual Conventions of the A.F. of L. and C.I.O." Monthly Labor Review, LXV, No. 5, (November, 1947), p. 530.

the International Relations Department of the A.F. of L. urged President Truman to adopt a five point program to implement the Marshall plan and Truman doctrine (which he significantly found indistinguishable) 1.) A special liaison should be assigned between the State Department and the A.F. of L. 2.) A high ranking labor official should be appointed to an important diplomatic post in Germany to strengthen the cause of free organized labor there. 3.) General Mark Clark should replace General Lucius Clay as Commander-in-chief of European operations. 4.) Although no specific proposal was made, the U.N. should be strengthened. 5.) The International Labor Organization of the U.N. should make a thorough study of, "the extent of forced labor in all member nations"²⁵ especially the former Sudetan Germans. In this message, Woll outlined the major concern of labor in the E.R.P. There was a distinct threat to European organized labor. Only if labor and the State Department cooperated to the fullest could labor overcome the threats to its welfare materializing from dictatorship of the Right and Left. The alternative to a vigorous, free labor system in Europe was forced, sweat-shop labor. The A.F. of L. dreaded the prospect of competing against such a slave labor system.

²⁵ Matthew Woll to President Truman, November 28, 1947, O.F. 386, Truman Papers.

When William Green, President of the A.F. of L. appeared before the Senate Committee, he reiterated the position of his organization. First, he emphasized that the first object of E.R.P. should be to stop the aggression of Communism. "Our unions have been at war against Communism," he proclaimed, "since the revolution in which the Communist Party gained control of Russia and set up the U.S.S.R. . . . We realize the Communists are carrying on an undeclared war against democracy (We are) dedicated to winning the war and the peace for human freedom with individual rights."²⁶ Next, Green put forth his plea on humanitarian grounds:

Because we want to preserve free institutions (labor unions in particular) and escape the suffering and deterioration of world wide depression, and because we cannot close our eyes to human misery and degradation, on behalf of the American Federation of Labor, I urge early and favorable action upon . . . the European recovery program.²⁷

To be sure, Green was well aware of the battle going on between business and government over who was to run the program. The A.F. of L., not surprisingly, urged that E.R.P. be operated, "within the policies determined by the President through the Secretary of State."²⁸ He opposed the erection

²⁶Senate Hearings, p. 834.

²⁷Ibid., p. 834.

²⁸Ibid., p. 835.

of an administrative corporation. Instead he proposed a joint board to act in advisory capacity only. Finally he made a plea for labor representation on such a board and insinuated that a business-dominated board would give the impression that the Marshall plan was merely an ugly vestige of dollar diplomacy. He urged, "this responsibility for American labor because (it) can best convince the workers of Europe of the integrity of the Government's purposes and guarantee that no aggression or domination will follow."²⁹

Three points stand out in the A.F. of L. testimony. First, it rigorously endorsed E.R.P. and in so doing explicitly stressed the peril of Communism. Second, the A.F. of L. reservedly warned against business control of E.R.P. Finally, Green made a strong bid for greater representation of labor in the administration of the Marshall plan.

Like the A.F. of L., the Congress of Industrial Organizations held its convention in October, 1947. Unlike the A.F. of L., the C.I.O. refused to endorse the Marshall plan and completely ignored the cold war. This reaction reflected the effects of the power struggle over Communist influence within the C.I.O. itself.

George Marshall made a personal plea on behalf of

²⁹Ibid.

E.R.P. at the convention. In it he told the C.I.O. in perspicuous terms that, the fight for European recovery was the fight for free labor. "Among the first victims of any dictatorial regime," Marshall declared, "and notably of a police state, is the right for labor to organize itself for the protection of its interests."³⁰

Despite the Secretary's analysis of labor's interest in the Marshall plan, the resolution adopted by the convention endorsed only, "programs for postwar rehabilitation (including) prompt action to provide food and other economic aid."³¹ The resolution tempered its approval even further by warning that, "under no circumstances should food or any other aid . . . be used as a means of coercing free but needy people in the exercise of their right of independence and self government or to fan the flames of civil warfare."³²

In addition, the resolutions hailed the World Federation of Trade Unions as working for, "a common program for the preservation of peace, the full enjoyment of democracy and economic security and abundance for the peoples of the world."³³ This statement differed sharply

³⁰Monthly Labor Review, p. 530.

³¹Senate Hearings, p. 1308.

³²Ibid.

³³Ibid., p. 1309.

from that of William Green of the A.F. of L. who said, "The World Federation of Trade Unions is a Communist-dominated organization We refused to become affiliated . . . because it was Communist dominated and Communist controlled, and formed for political purposes rather than trade union purposes."³⁴

Philip Murray, President of the C.I.O. presented some explicit suggestions for the administration of E.R.P. when he testified before the Senate Committee. He maintained that E.R.P. organization must gain the respect and the faith of the people of Europe as well as the United States. For this reason, he said, "The Administration must rise above all party and sectarian considerations. It must represent . . . the people of the United States. It cannot be permitted to be representative solely of one or a few groups in our population"³⁵ If this were a subtle attack on the big business attempt to control the C.E.C., he continued in more obvious terms. "We are opposed to placing the responsibility and administration in a board of directors. In fact (sic. that?) direction lie the long, time-consuming delays which will serve to perpetuate evil conditions."³⁶ Murray argued that E.R.P. must be closely

³⁴ Ibid., pp. 838-839.

³⁵ Ibid., p. 1300.

³⁶ Ibid., p. 1301.

aligned with the major objectives of the Department of State, but this juxtaposition must not sacrifice the rehabilitation and relief objectives to those of foreign policy.

On the whole, Murray's assault on big business was reserved. Walter Reuther, representing the United Automobile Workers of the C.I.O., appearing a few days later however, resumed the offensive in a most challenging manner. Singling out the corporate proposal of Clarence Calder, Reuther had this to say:

When I read this testimony by an official spokesman of the National Association of Manufacturers, and I'm sure that the cominform has a copy of it, it strikes me that they (N.A.M.) could not have given better ammunition than this it proposes that this whole administration of E.R.P. be put in the hands of a business board, a sort of glorified holding company board of directors, and they will have the power to determine not only how much relief each country gets, but . . . how the internal economy of that country shall be operated That is just the kind of meat that the Cominform needs for its grinder. This is just the sort of propaganda that they need to convince people that the American program is essentially a tool of Wall Street This sort of thing is very dangerous because it plays right into the hands of the people we are fighting.³⁷

Reuther presented a very telling argument against business domination of E.R.P. Furthermore he put it in terms to which the Senators could be most responsive - anti-Communism. Reuther concluded his testimony with a very

³⁷ Ibid., p. 1394.

logical plea that labor should be represented in the administration of the program. Only if this were done could, "the working people in Europe . . . (have) confidence and belief in the basic motives behind this program."³⁸

At no time, however, did Mr. Murray or Mr. Reuther endorse the Marshall plan. They supported a European rehabilitation program for all the devastated countries of Europe. They supported a program void of political or economic conditions of any kind. They supported an organization closely tied to the State Department but which would be advised by an advisory board on which labor would be well represented. The C.I.O. left no doubt that they would have no part of a relief program perverted by Wall Street into a weapon of capitalistic imperialism.

The unwillingness of the C.I.O. to endorse the Marshall plan stemmed, at least in part, from the pressure of the extreme left wing factions within the organization. These groups also presented their opinion to Congress. While the A.F. of L. voiced exuberant support for E.R.P. and the C.I.O. qualified approval, the extreme Left voiced indomitable opposition.

William Glazier, Washington representative of the International Longshoreman's and Warehousemen's Union, lucidly

³⁸Ibid., p. 1395.

expressed the objections of the Left. It was the stand of the I.L.W.U. that Marshall's original declaration of June 5, 1947, against no ideology or people, had no resemblance to the E.R.P. "The Marshall plan is no longer the idea expressed by General Marshall last June," Glazier declared before the House Committee on Foreign Affairs, "it has been developed into an extension of the Truman doctrine to combat Communism and Socialism" ³⁹

The I.L.W.U. convened in December, 1947 and resolved that the Wall Street interests had distorted the goals of the original plan until they were to: 1.) re-establish Germany and German industry, "under the direction and control of the same German and American Wall Street business which financed and supported . . . Hitler." ⁴⁰ 2.) to force upon an unwilling Europe the capitalist economic system and 3.) to bring about a world boycott of all those nations in the world which, "refuse to knuckle under to American dollar control . . . of their economic, social and political life." ⁴¹

The statement concluded in three biting resolutions:

- 1.) We condemn outright the Marshall plan and recognize that the aims and purposes of our present foreign policy is detrimental to . . . the American people.

³⁹House Hearings, p. 2009.

⁴⁰Ibid.

⁴¹Ibid.

2.) We support wholeheartedly the principles set forth in the resolution on foreign policy of the National C.I.O. . . . (calling) for all out aid for the hungry people in devastated countries throughout the world without interference in their economic, social or political affairs.

3.) We pledge ourselves to work for closer understanding and greater solidarity among the working people of the United States and the working people of the countries of the world and to aid them in breaking free from the rule of despotic and reactionary kings, landlords and military dictators.⁴²

If the spectrum of labor reaction to E.R.P. ran from exhilaration to disgust, there was, nonetheless, striking consistency within that spectrum. All of labor favored a foreign assistance program of some kind, opposed the intentions of business to control the administration of E.R.P., stressed the importance of not allowing the foreign policy aspects of the program to overshadow its primary purpose - the economic recovery of Europe, and recognized the effect of poor labor conditions in any part of the world, on the welfare of labor in the United States. Those who opposed the Marshall plan outright represented only a small minority of the whole of organized labor.

Since organized labor, all the major farm spokesmen (if not the farmers themselves), and big business rather solidly supported the Marshall plan, one might well ask who was against it. As one might expect of a program which

⁴²Ibid., p. 2010.

pre-empted the enthusiasm of the center and near center, the opposition came from the extreme fringes of Right and Left. This was exactly the public reaction to E.R.P. The extreme Right and the extreme Left reacted angrily to the Marshall plan, but for drastically different reasons.

The arguments of the opponents from the Right fell into four major categories. The Marshall plan 1.) cost too much and would lead to inflation. 2.) continued the Rooseveltian trend toward internationalism 3.) encouraged socialism and its indistinguishable companion Communism abroad and 4.) strengthened the already unbearable bureaucracy of Washington and thus contributed to Communism in this country.

The objection to the cost of the program was not used only by those who condemned the Marshall plan. In fact, many of the most enthusiastic supporters of E.R.P. were quite concerned over whether the economy could withstand the added burden of E.R.P. The right wing opposition however, saw the Marshall plan as a continuance of a dangerous trend toward expenditure of unbearable amounts of money in a futile effort to resurrect a decadent world already beyond hope. Representing the American Coalition of Patriotic Societies, John B. Trevor admonished the Senate Committee to beware lest the cost of E.R.P. submerge the United States, "in an inflationary crisis which may well threaten the existence of Constitutional government" ⁴³ Henry

⁴³Senate Hearings, p. 1263.

Hazlitt, giving the opposition the support of his pseudo-economics asserted that already the interim aid to Europe "have sent food prices skyrocketing, have boosted everyone's cost of living and have already distorted and strained our internal economic relationships."⁴⁴

The second argument was, in effect, an indictment of the entire Roosevelt era. Merwin K. Hart, President of the ultra conservative National Economic Council denounced the Marshall plan as, "a continuation of the socialistic policy that seems to have possessed our administration to a greater or less extent for nearly 15 years (since 1933)."⁴⁵ It was plain to the Coalition of Patriotic Societies that this Rooseveltian contamination was especially acute in the State Department. "With all respect to General Marshall as a great soldier," Trevor protested, "we realize that it is impossible for him, as Secretary of State, to disassociate himself from the unscound and even calamitous policies heretofore pursued by the Department he represents."⁴⁶

The symptoms of this socialistic disease were particularly evident in what the Marshall plan was trying to do overseas. Asserting that the plan was, "un American

⁴⁴Ibid., p. 688.

⁴⁵Ibid., p. 871.

⁴⁶Ibid., p. 1263.

and unrealistic," Hart accused the administration of lending aid to countries dominated by, "impractical Marxists . . . (and that) our whole policy has been to a greater or less extent to encourage socialism, if not Communism, in various countries in Europe."⁴⁷

One major fault of the foreign policy of the United States according to the Right was its internationalism. Under the hostile questioning of the Senate Committee members, Trevor remonstrated against the Bretton Woods agreement, the International Monetary Fund, the International Bank and the United Nations. In short Trevor declared, "we object to the surrender of the sovereignty of the United States to any foreign agency."⁴⁸ The Marshall plan meant cooperation with the Committee on European Economic Cooperation and dedication to the principles of the U.N. To the extreme Right, this was reprehensible.

Finally, the ultra conservatives were fearful that E.R.P. would further the tendency toward socialism at home. Arnold J. Wilson, representing the Illinois Manufacturers Association protested against the tendency of the Federal government to, "force upon our own people, through unwarranted governmental restrictions, allocations, priorities, controls and other devices for expanding political control

⁴⁷Ibid., p. 871.

⁴⁸Ibid., p. 1277.

over our economy."⁴⁹ A major concern of the ultras, then, was that the Marshall plan would be used as a pretext by the Administration to re-inaugurate price controls, possibly even the despised OPA, and to augment an already dangerously stifling bureaucracy. Merwin Hart went so far as to warn the Senators that if E.R.P. were passed, "it would quite possibly insure the re-election of the present administration, for hordes of men and women . . . would go back on the payroll, and they and their friends would vote to keep their jobs. And we know . . . what to expect from the New Deal Congress that would doubtless follow."⁵⁰

The most striking fact about the arguments of the extremists from the Right was their close resemblance to those of the majority of the business community. Big business too was fearful of bureaucracy, high cost and socialism abroad and at home. Yet business, in general, was indisputably behind the Marshall plan. The reasons for business support has already been shown, but one more observation should be made. If the lure of high profits were more enticing to business than the fear of socialism at home, it was because the capitalist community realized that it had an excellent chance of getting everything it wanted. As the frantic messages sent back and forth between the N.A.C.

⁴⁹Ibid., p. 1026.

⁵⁰Ibid., p. 876.

and the Treasury Department indicated, even the Cabinet leaders expected the business interests to gain control of E.R.P. through the corporate plan. Furthermore, Clarence Calder's proposal that no aid be given to governments intent on nationalization programs had strong support in both House and Senate. The business community envisioned a very bright future; not only would they reap fantastic profits through E.R.P. shipments, but with the help of the Republican Congress, they would control the administration of the program as well. The extreme right wing opponents of the Marshall plan were thus out adrift from the only body which could have lent them support.

Paradoxically, the ultra Right was joined by the ultra Left in opposition to the Marshall plan. The antagonism from the Left, however, was much more exciting and animated. It had found a champion, indeed, to some, a savior - Henry Wallace. The Wallace world would be one of universal peace and understanding, of harmonious One World government, and of a withering away of the present conflict between Communism and Capitalism. When Secretary Marshall promised that his program was aimed not against any ideology or nation, but against hunger, poverty and chaos, Henry Wallace rejoiced that at last the world would be rehabilitated for peace. When the plan was presented to Congress, Wallace's warm reception began to cool. When the coalition of Wall Street and the Republican Congress began to tighten their grip on

the administration of E.R.P. Wallace's coolness turned to open hostility and disappointment. When he declared himself a candidate for Presidency in 1948, he carried with him all those disillusioned souls to whom One World seemed so close and yet so rapidly slipping away.

The arguments of the Wallace Left were exactly opposite those of the opposition Right. If the Right condemned the Marshall plan as too dedicated to the United Nation's principles of internationalism, Wallace called it a desertion of those principles. If the Right accused E.R.P. of costing too much, Wallace charged that its funds were insufficient. If the Right were appalled at promoting Communism abroad, Wallace stigmatized it with the resurrection of Fascism.

The indictment of the Marshall plan was emphatically presented to the Senate Committee by Arthur Schultzer of the American Labor Party who appeared to plead for the adoption of Wallace's proposals. "The Marshall plan is the most disguised program in the legislative history of Congress," Schultzer fumed:

It mouths phrases of peace, but it is a blueprint for atomic war.
 It pretends concern for the suffering peoples of Europe, but enriches the monopolies of America.
 It denies political strings, yet usurps the right of Europe's peoples to governments of their own choosing.
 It speaks of democracy, yet it restores the Nazi war industry.

It seeks the aid of labor, yet it leads to death penalties for strikes in Greece, . . . and increased attacks on labor's basic rights here at home.⁵¹

When Wallace declared himself for the Presidency he relinquished his post as editor of the New Republic. Before he left however, he explained why he was organizing a third party. He explained that he gave full support to Marshall's proposal of June 5, 1947. Since that time, however, big business had distorted those goals to their own ends. "These reactionaries" he scoffed,

Want political strings and unilateral action. They are interested in political meddling abroad It is curious to see men who have never displayed real interest in the health, education and social security at home, pull out all the stops when they talk about the needy people of Europe. They are not genuinely concerned with the welfare of these people, . . . their program will make us the most hated nation in the world.⁵²

Because the principles of the original Marshall proposal were perverted by the conservatives into little more than dollar diplomacy and because E.R.P. had become unilateralized and had thus abandoned the gospel of internationalism, Wallace proposed a program of his own. It called for 1.) U.N. administered recovery program void of all economic or political conditions and 2.) price control programs at home

⁵¹ Ibid., p. 933.

⁵² Henry Wallace "Stand Up and Be Counted," New Republic, (XVIII, No. 1, January 5, 1948), p. 6.

to halt inflation. The failure to inaugurate such controls, Wallace warned, "will result in a resurgence of isolationist sentiment that may be ruinous to all hopes of One World."⁵³

Before a House Committee dedicated to free enterprise and dedicated against the Soviet Union, Henry Wallace appeared to encourage United States-Soviet cooperation and to berate capitalism. He found reprehensible the fact that,

Instead of helping European recovery, the E.R.P. has become the blueprint of the aims of American monopoly. The American people still do not realize that the real principles of E.R.P. - which bear no resemblance to the principles laid down by Secretary Marshall at Harvard - reflect the aims of big bankers, the monopolists and the militarists.⁵⁴

Wallace censured the infiltration of the monopolist into government circles, whom, he claimed, were dictating the terms of E.R.P. Finally, after presenting his alternative plan of U.N. administration, Wallace announced that, "Because my plan is a United Nations plan, it is a plan for cooperation between the United States and Soviet Russia."⁵⁵ He could hardly have said anything less welcome to the Republican House Committee.

Representative Sol Bloom (R. N.Y.) clearly reflected the attitude of the Committee when he asked sarcastically,

⁵³Ibid., p. 7.

⁵⁴House Hearings, p. 1585.

⁵⁵Ibid., p. 1599.

"Mr. Wallace, would you kindly explain . . . the difference between your objection (to E.R.P.) and the Communist objection?"⁵⁶ Reacting to Wallace's plan of cooperation between the United States and the U.S.S.R., William M. Colmer (D. Miss.) presented the objection that was, as even Wallace admitted, representative of the average American and certainly of Congress. Colmer declared that, "all of Soviet Russia's movements, overt acts, the placing of hurdles, barriers and obstacles in the way of world cooperation, have been such that we cannot hope . . . to expect any cooperation from Russia, unless we cooperate on a one way street, which seems to be Russia's conception of cooperation. Have we not exerted every effort to cooperate with them?"⁵⁷ To Congress, the time for appeasement was long past: direct confrontation with and opposition to the Soviet Union was the only sensible course. To Congress, E.R.P. had come to represent that confrontation.

In the light of such congressional opposition, it was not hard to predict that the Wallace Left would have little affect on the outcome of E.R.P. There were, however other reasons, equally fundamental, for the failure of the Left.

First, other organizations considered left of center, from which Wallace might have expected to find support gave

⁵⁶Ibid., pp. 1603-1604.

⁵⁷Ibid., p. 1624.

total endorsement to E.R.P. For example, the Americans for Democratic Action, represented by David D. Lloyd, fully supported the program. Also, Norman Thomas of the Socialist Party, while backing E.R.P., said the Wallace proposal, "Would only have been possible if the development of the United Nations had been very different than it is, and which today is not possible at all."⁵⁸ Wallace received no support from his cousins of the Left.

Second, the Czechoslovakian coup early in March, 1948, destroyed what little appeal that remained of the Wallace concept of cooperation with the Soviets. The Coup left no doubt in the minds of Congress and the American people of the nature of Soviet intentions. The New Republic which had faithfully followed the Wallace approach, until March, 1948, reversed its stand and formally endorsed the Marshall plan. Even the leaders of the C.I.O., heretofore split on E.R.P. urged all locals to endorse the program.

The fact was that Wallace was turning further to the Left just when American public opinion was leaning in the opposite direction. At the St. Patrick's day dinner, March 17, 1948, President Truman could slander Wallace with impunity and the American people believed him. "I do not want and I will not accept," the President scowled, "the support of Henry Wallace and his Communists. If joining them on

⁵⁸Senate Hearings, p. 950.

permitting them to join me is the price of victory, (in the 1948 Presidential campaign) I recommend defeat any price for Wallace and his Communists is too much for me to pay.⁵⁹ Wallace had unwittingly, identified himself and his arguments with Communism. It was little wonder that the opposition of the Left was so impotent with such a leader.

Finally, Wallace and his followers were attempting to return the Marshall plan to first principles which never existed. Secretary Marshall had never intended that the Soviet Union participate in E.R.P. He certainly never intended, nor did the Truman Administration ever sponsor, a program that would be directed by the U.N. If Congress and the State Department did not have enough faith in the U.N. to allow it to dispense aid to Greece and Turkey, certainly to allow it control of the vast E.R.P. was unthinkable. The American people, to say nothing of Congress, would hardly stand for eighteen billion American dollars distributed throughout the world - free and Communist alike - by an agency over which the United States had no ultimate control. Wallace made his case even more hopeless by espousing a ten year 50 billion dollar program. Although

⁵⁹ Public Papers of the President Harry S. Truman 1948, (Washington: U.S. Government Printing Office, 1964), p.650. There were only a handful of protest letters to this remark in the Truman Papers P.F.F. 200.

Wallace was sincerely looking for world peace, he was asking the impossible of the American people and certainly of the business-minded Congress.

In the final analysis, an ostrich-like Right and a heads-in-the-clouds Left had no chance to stop a program which could boast of the support of all the major organizations of businessmen, farmers, and laborers.

SUMMARY OF CONCLUSIONS

In retrospect, there can be little doubt that the Truman doctrine and the Marshall plan, despite their professed differences, had the identical objective of halting the expansion of Soviet-directed Communism. The two differed only in their approach to that objective. The Truman doctrine seemed to pledge American economic and even military aid to the impossible task of warring against Communism anywhere in the world. The Marshall plan more realistically limited the geographic scope of containment, and emphasized the positive task of rebuilding Western Europe. Nonetheless, the State Department made it perfectly clear that the primary reason for rehabilitating Western Europe was to insure that "free institutions" would flourish.

This being true, it was curious to find Secretary Marshall inviting not only the Eastern European satellites to participate in his program, but the Soviet Union as well. The Secretary certainly must have realized that neither Congress nor the American people would approve spending the astronomical sums necessary to rebuild all of Europe and the Soviet Union. Even if the Congress did approve an aid program which included the Soviet bloc, Secretary Marshall surely realized that the Russians would be in a perfect

position to destroy the entire program by subterfuge.

In view of these considerations, Marshall's invitation could not have been meant. Yet it was a stroke of diplomatic genius, for when the Soviets refused the invitation, as Marshall was sure they would, the United States accused the Russians of ulterior motives in prolonging the chaos of Western Europe and of widening the gap between East and West. This was precisely what Marshall planned.

Simply because the State Department thus positioned the Soviets out of E.R.P. did not mean that Congress would automatically approve the bill. Quite the contrary, a long and bitter struggle was developing at home not over whether there would be a Marshall plan, but who would run it. The battle was an outgrowth of two conflicting philosophies. The State Department, backed by the Truman Administration, believed the Marshall plan to be the economic implementation of the Truman doctrine and a major weapon of United States foreign policy. As such, its machinery and operations were to be carefully controlled by the Department of State. To the business community, on the other hand, the Marshall plan represented a business venture of immense proportions. As such, its success depended upon its being controlled by men of sound business background. Business proposed that E.R.P. be controlled by a board of directors completely free of the State Department. Reconciling these two views was the most crucial task of the 80th Congress.

Actually, events conspired to force a compromise.

The overwhelming public approval of the Marshall plan left Congress no choice. If the Republican 80th had turned its back on the force of public opinion it would have undoubtedly paid dearly in the 1948 elections. Thus the Brookings Institute compromise, allowing neither business nor the State Department complete control of E.R.P., came as a welcome solution to a thorny problem.

In examining the pressure of public opinion which made compromise on the administration problem both inevitable and welcome, certain conclusions can be drawn. First, all the major farm, business, and labor organizations, together with ethnic, racial, women's veteran and religious groups solidly supported the Marshall plan. Furthermore, the only outright opposition to E.R.P. came from the fringes of Right and Left.

The farm opinion provided a curious paradox. Even though the Farm Bureau, National Grange and Farmer's Union supported the Marshall plan, and even though E.R.P. was of vital concern to the agricultural community, the farmer's themselves were amazingly apathetic. Two reasons lie at the heart of this disinterest. First, the Farm journals were sadly lacking in providing informed leadership for the farmers to follow. Second, the Truman administration was forced to "sell" the Marshall plan in terms of geo-political foreign policy rather than in terms of profitable business enterprise.

Thus, for a variety of reasons, the Government had to forsake those selling points most alluring to the farmers, and emphasized instead those aspects which the farmer considered outside his immediate interest.

Unlike the farmers, organized labor realized its stake in E.R.P. and publicized it as much as possible. Not only would more jobs be created by reviving trade with a rejuvenated Europe, but the lot of labor in the United States was inextricably bound up with that of European labor. Thus the E.R.P., if properly guided by labor representatives, could improve the conditions of European labor and thus remove the unwelcome prospect of competing with European sweatshop labor. This was the major reason that the A.F. of L. heartily supported the Marshall plan. In addition, although their internal struggles would not allow complete endorsement, the representatives of the C.I.O. certainly indicated a favorable response. There were hostile reactions to E.R.P. from the extreme Left wing unions, but even they were in favor of the original Marshall proposal.

Antagonism toward E.R.P. was generated from the extremes of both Right and Left. The ultra Right failed to do any damage to the program, not only because it was flying in the face of public opinion, but because virtually all of the business community, from whom the ultras might have expected support, was busily working to mold E.R.P. to its liking and realized that it had an excellent chance of succeeding. The

extreme Left, on the other hand, failed miserably in its efforts to stop the E.R.P. despite, or possibly because of its leader Henry Wallace. To a Republican Congress which championed the cause of free enterprise, Wallace condemned capitalism. To an America growing increasingly wary of the Soviets, Wallace preached the gospel of U.S.-Soviet co-operation. To a nation crystalizing in its Anti-Communism as the Cold War itself crystalized, Wallace identified himself and his cause with Marxism-Leninism. In the final analysis, the extreme Right, glorying in an isolationism recently discredited, and, the extreme Left, in a world which no one else believed could ever be, could bring but little weight against a program to which the rest of America lent such compelling approval.

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**THE MARSHALL PLAN:
STRATEGIC FOREIGN POLICY OR BIG BUSINESS ENTERPRISE**

by

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ABSTRACT

The purpose of this thesis is to examine certain aspects of the American sponsored European recovery program, better known as the Marshall plan. The major points of this study are an evaluation of the origins and development of the plan, a study of the battle to obtain Congressional approval, in which the emphasis is placed on the power struggle between the Truman Administration and the business community over who would control the program, and an analysis of public reaction to the Marshall proposal.

The documents available at the Harry S. Truman Library were invaluable in all phases of this study. They were particularly serviceable in tracing the development of thought within the Truman Administration and therefore the origins of the Marshall plan. The testimony of the Cabinet members before the Senate Foreign Relations Committee and the House Committee on Foreign Affairs was also useful in this regards. Business periodicals, the Committee hearings and the letters from businessmen in the President's Private File were employed in determining the attitude of the capitalists to E.R.P. and the subsequent Congressional struggle with the Truman Administration. Newspapers, general periodicals and farm and labor journals, in addition to the President's private letter file

and the Committee hearings were especially beneficial in reconstructing the attitudes of the various public opinion groups with which this study deals. The Democratic National Committee Clipping File at the Truman Library, a collection of newsclippings from papers across the nation, has been indispensable throughout this study.

The analysis of the origins and development of the Marshall plan warrants certain important conclusions. First, the Marshall plan and its parent, the Truman doctrine were one in philosophy and in the ultimate objective of containment. Second, when Secretary Marshall invited the Soviets to join in his program, he neither expected or desired them to participate. Nonetheless, by doing so, he shifted the blame of widening the gap between East and West from his own shoulders to the Communist's. Furthermore, when the Soviets boycotted E.R.P., he was able to accuse them of deliberately prolonging the economic chaos of Europe for their own ulterior motives. Thus Marshall's famous invitation, though specious, was a stroke of diplomatic genius.

In following the course of E.R.P. through Congress one cannot escape the conclusion that the critical issue was not whether there would be a program but who would control it. This struggle was the result of two conflicting philosophies. On the one hand, the State Department demanded a predominant position because it believed E.R.P. to be essentially and primarily an instrument of United States foreign policy.

Big business, on the other hand, asserting that the program was essentially and primarily a business venture, decreed that final power should rest in its own hands. The overwhelming approval which the Marshall plan received from the American people, the urgency of the European situation and the growth of what America thought to be the Communist menace made compromise inevitable. In the singular most important testimony of the Committee hearings, the Brookings' Institute provided that compromise.

Finally, certain general observations can be made concerning the attitude of farm, labor, and opposition groups which together with business comprise a major segment of public opinion. First, the major farm organizations supported the Marshall plan even though the farmers themselves remained apathetic to or ignorant of its existence. Second, spurred by the fear of competing against European sweatshop labor and by the lure of more jobs, the vast majority of the labor unions favored E.R.P. This friendliness was tempered, however, by the open hostility of the extreme left-wing unions. Lastly, the opposition to the Marshall plan came from the extremes of Right and Left. Their efforts to block passage of E.R.P. failed miserably essentially because the American public was so undeniably in its favor.